APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL X RE-ENTER OLD WELL □

NAME OF COMPANY OR OPERATOR
ARIZONA ENERGY PARTNERS, LLC

Address          City         State         Phone Number
2999 NORTH 44TH STREET, SUITE 620       Phoenix AZ 85018

Drilling Contractor: AEP DRILLING, LLC
Address          City         State         Phone Number
2999 NORTH 44TH STREET, SUITE 620       Phoenix AZ 85018

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor
ASLD 13-177048

Well number 2-1 NAVADO ANTICLINE 5849'

Elevation (ground)

Nearest distance from proposed location to property or lease line: 1244 feet

Distance from proposed location to nearest drilling, completed or applied-for well on the same lease: NONE

Number of acres in lease 658.04

Number of wells on lease, including this well, completed or drilling to this reservoir:

If lease purchased with one or more wells drilled, from whom purchased: Name Address

Well location (give footage from section lines)

Field and reservoir (if wildcat, so state) BLACK WILDCAT

Distance in miles and direction from nearest town or post office FROM EXIT #326 21° N 219° E 2.61 MILES

Proposed depth 2,000' Rotary or cable tools ROTARY

Bond status ON FILE Organization Report

Bond amount $25,000 On file OR attached X

Remarks AP 02-001-2058

AEP CUSTOMER #89542 PLACE #150861

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: MANAGER/ PRESIDENT of the ARIZONA ENERGY PARTNERS LLC (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature APRIL 14, 2017

Date

Mail completed form to: Oil and Gas Program Administrator Arizona Department of Environmental Quality 1110 W. Washington Street Phoenix, AZ 85007
e-mail completed form to: ogcc@azdca.gov

Permit / LTF No. 1217/65852

Approval Date: 4/26/2017

Approved By: DEAN L. TULLMAN

NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

STATE OF ARIZONA

OIL & GAS CONSERVATION COMMISSION
Application to Drill or Re-enter
File two copies: one by mail, one electronically

Form No. 3

(COMPLETE REVERSE SIDE)
1. Operator shall outline on the plat the acreage dedicated to the well in compliance with A.A.C. R12-7-107.

2. A registered surveyor shall show on the plat the location of the well and certify this information in the space provided.

3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.

4. Is the operator the only owner in the dedicated acreage outlined on the plat below? YES \(\times\) NO

5. If the answer to question four is no, have the interests of all owners been consolidated by communitization agreement or otherwise? YES NO If answer is yes, give type of consolidation

6. If the answer to question four is no, list all the owners and their respective interests below:

<table>
<thead>
<tr>
<th>Owner</th>
<th>Land Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona Energy Partners, LLC</td>
<td>SW1/4 NE1/4 S. 2, T20NR26E, G&amp;SRM</td>
</tr>
</tbody>
</table>

**CERTIFICATION**

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Gordon LeBlanc Jr  
Manager/President

**PROPOSED CASING PROGRAM**

<table>
<thead>
<tr>
<th>Size of Casing</th>
<th>Weight</th>
<th>Grade &amp; Type</th>
<th>Top</th>
<th>Bottom</th>
<th>Cementing Depths</th>
<th>Sacks Cement</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 5/8</td>
<td>26#</td>
<td>H40</td>
<td>0</td>
<td>90</td>
<td>0-90</td>
<td>80</td>
<td>51D</td>
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<tr>
<td>7</td>
<td>23#</td>
<td>S65</td>
<td>0</td>
<td>350</td>
<td>0-350</td>
<td>110</td>
<td>TK1</td>
</tr>
<tr>
<td>4 1/2</td>
<td>11.6#</td>
<td>L80</td>
<td>0</td>
<td>2000</td>
<td>0-2000</td>
<td>315</td>
<td>TK1</td>
</tr>
</tbody>
</table>

Date Surveyed: 02/10/17

Registered Land Surveyor: [Signature]

Certificate No. Az RLS No. 31028
CERTIFICATE for PERMIT to DRILL an
OIL, GAS, INJECTION or GEOTHERMAL WELL

PERMIT / LTF NUMBER  1217/ LTF 65852

Has been issued to  Arizona Energy Partners, LLC (AEP)
to drill a well known as  AEP 2-1 Navajo Anticline (State 13-117068)
located  1451 FNL  1244 FEL
located in Section  2  Township  20N  Range  26E,  Apache County, Arizona

The entirety of Sec 2, T12N, R24E (655.04 acres) of said Section, Township and Range is dedicated to this well.

Said well shall be drilled substantially as described in the Application and as approved by the OGCC’s letter dated April 26, 2017. Arizona Energy Partners, L.L.C. is subject to terms and conditions of the permit to drill and all applicable Arizona Revised Statutes (A.R.S.) Title 27, Chap. 4, Art. 1 and 4, and the Arizona Administrative Code (A.A.C.) R12-7-104, R12-7-106 to 107 and R12-7-175 to 176.

API No.:  02-001-20507  
Check No.  1067

Issued:  April 26, 2017
Expires*:  October 23, 2017

*The permit to drill expires if operations are not commenced within 180 days from date of this certificate (see A.A.C R12-7-104(D))

Dennis L. Turner, Oil & Gas Program Administrator
(602)771-4501

OPERATOR SHALL DISPLAY THIS CERTIFICATE IN A CONSPICUOUS PLACE ON-SITE