



PyroPhase INC.

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February 18, 2020

Mr. Jerry W. Mansfield
Resource Specialist
State of Utah, School and Institutional Trust Lands Administration
675 East 500 South, Suite 500
Salt Lake City, UT 84102-2818

Regarding: OBA Proposal – Asphalt Ridge

Group A Lands – Collier Family and Affiliates claimed lands since approximately 1921
Uintah County, T4S R20E Section 25, NW4 of SW4 and NE4 of SW4 and SE4 of SW4 and
SW4 of SE4

Uintah County, T4S R20E Section 36, NW4 of NE4 and SW4 of NE4 and SE4 of NE4
Uintah County, T5S R21E Section 14, SW4 of SW4

Group B Lands - Direct bid for adjacent SITLA controlled acreage

Uintah County, T4S R20E Section 25, SW4 of SW4 and NW4 of SE4 and NE4 of
SE4 and SE4 of SE4

Uintah County, T4S R20E Section 36, NE4 of NE4 and S2 and NW4

Uintah County, T4S R21E Section 30, SW4

Uintah County, T4S R21E Section 31, W2 of SW4 and NE4 of SW4

Uintah County, T5S R21E Section 14, NW4 of SW4

Uintah County, T5S R21E Section 15, SE4 of NE4

Group C Lands – Direct bid for adjacent SITLA controlled acreage subject to existing
gravel leases

TBD, but expected in Uintah County, T4S R20E Section 25, NW4

Dear Mr. Mansfield:

Initially, we would like to thank you for your continuing assistance in providing general information as to the process of securing SITLA lands for possible development at Asphalt Ridge, Uintah County, Utah. PyroPhase, Inc. and the Collier family and affiliates continue to be quite keen in pursuing resource development at Asphalt Ridge. To that end, a Utah LLC has been established to hold title to the leases and to be the legal entity under which the project operates. New Day Energy Development, LLC is that

entity and its managing member is Mr. Steve Young who has been intimately involved in this process. PyroPhase, Inc. will be part of New Day and will be bringing all of its RF Heating technologies to bear.

New Day Energy Development, LLC is interested in in situ production as a main component to establishing a commercially viable resource development system. PyroPhase, a major part of New Day, has many patents for using Radio Frequency heating to lower viscosity of heavy oil and bitumen and produce the resources conventionally, without the footprint of a full-fledged mining operation. Further, PyroPhase has been working on many methods that it wishes to deploy that would mitigate the vexatious problem of fines in the produced materials and, as such, would make the resource far more valuable for all concerned. Should additional information be desired, we will gladly provide such.

Details of our proposal are as follows. First, the New Day Group would transfer, by quit claim deed, its interests in the Group A properties above in exchange for a lease on those properties and the adjacent properties set forth in Groups B and C. As we understand that certain of the properties are subject to gravel leases (Group C), our new leases would be subject to those leases and not interfere with their operations. This formula would be mutually beneficial for many reasons. First, as the Collier family has maintained ownership claims on the properties dating back to the 1920s and continues to file annually its notices on those properties, it would clarify the status of the title of the properties which have been the subject of many legal disputes through the decades. Next, much of the property sought under the Group B lands above has substantial overburden issues and an in situ solution is realistically the only economically sound approach that is presently foreseeable. Finally, PyroPhase's Chief Scientist, Dr. Richard Snow, was a driving force in the first, and perhaps only, successful in situ resource extraction back in the early 1980s at Asphalt Ridge. Since that time, PyroPhase, Inc. has been established and many new RF Heating solutions have been developed and patented by the company. Using earlier iterations of RF Heating systems, 35% resource recovery was achieved in 21 days on a limited scale. PyroPhase believes 70% ultimate recovery is achievable using its tools and knowledge base. Therefore, we feel that commercialization is realistic in a relatively short time period and that both SITLA and the New Day Group would see significant short term and long-term benefits of substantial size should our proposal be accepted. Attached is a map of the lands involved.

As to our proposal for securing the above lands, there appear to be three components to be contained in a State of Utah Mineral Lease for Bituminous-Asphaltic Sands:

- The bonus bid
- The annual rental
- The minimum royalty

Accordingly, we propose and seek acceptance of \$1,000 for the bonus bid, annual rental of \$1 per acre on the approximate 1,520 acres referenced lands and a minimum royalty of 8% (\$10 per acre per year minimum). Applied to those designated lands above, this would total out as follows:

The bonus bid	\$1,000
The annual rental	\$1,520
The minimum royalty	<u>\$15,200</u>
Total	\$17,720

As for the immediate particulars of our intended approach, we would start by taking at least 20 core samples on the subject properties. We would intend to commence coring activities on the heels of all required regulatory filings, etc. (such as cultural inventories and the like). We think that would be conducted as soon as paperwork clears. We would like to be able to start core drilling in early summer. We will not know the exact pattern of the coring until a site inspection is done by our selected geologists, but such information will be provided promptly. Of course, if core samples show an area is particularly conducive to in situ recovery at any point in the drilling sequence, we would likely change the drilling pattern of remaining coring holes and use such as part of a collection grid. In any event, we would make core samples publicly available within the statutorily prescribed period. Precise mapping of the bitumen resource is certainly to everyone's benefit. We look forward to your input so that activities on this project can commence quickly.

Please let us know if the above would meet your criteria and is acceptable. As mentioned before, should additional information be needed, please contact us. The writer will be the contact person for this project and my contact information is:

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and
Lance.Hannah2020@gmail.com

Also please send copies of all matters pertaining to this project to:

Steve Young
Managing Member
New Day Energy Development, LLC
9930 Segoe Lily Drive
Sandy, UT 84094
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E-mail: th46young@q.com

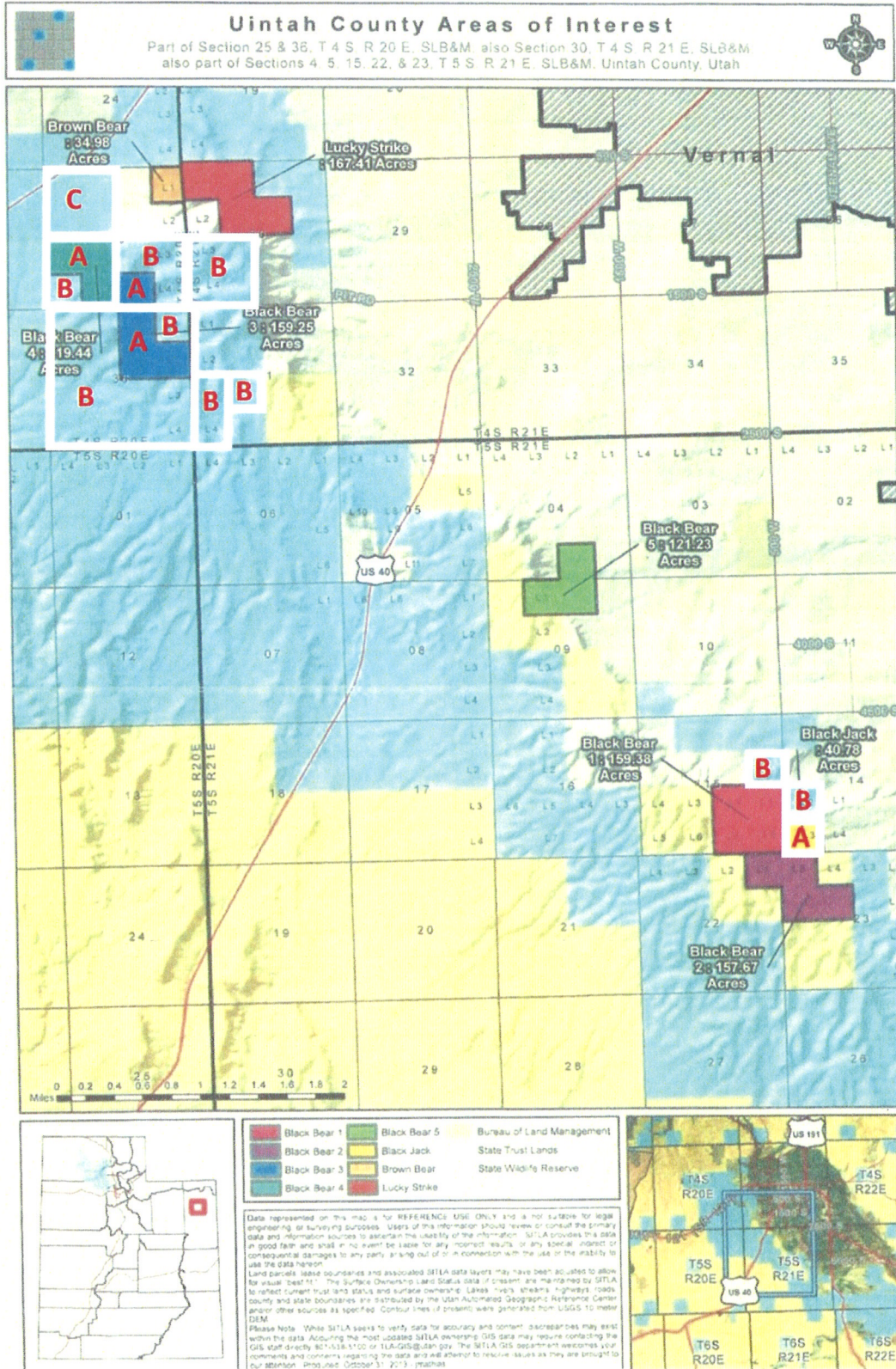
We look forward to hearing from you and appreciate the help received to date.

Sincerely,

Lance Hannah
VP of Project Development

Attachments: as indicated

- KEY:** "A" markings indicate Collier claimed lands to be quit claimed to SITLA and leased back to the PyroPhase Group
 "B" markings indicate adjacent lands sought to be leased under OBA provisions
 "C" markings indicate adjacent lands sought to be leased under OBA provisions, but subject to gravel mining grant rights



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