May 25, 2021

George Stapleton
Petroteq Oil Recovery, LLC
15315 W, Magnolia Blvd. Suite 120
Sherman Oaks, CA 91403

RE: Findings of Fact and Order Resulting from Stop Work Conference of Cessation Order MC-2021-60-01

Dear Petroteq Energy:

Pursuant to a Stop Work Conference held on May 21, 2021, the following contains the Findings of Fact and Order of Dana Dean, Deputy Director of the Utah division of Oil, Gas and Mining ("Division") who acted as the Division representative who accepted oral arguments and other relevant information pursuant to Utah Admin. Code R647-6-102.4.15.

April Abate, Environmental Scientist III, provided testimony and evidence on behalf of the Division and was assisted by Haley Sousa, Assistant Attorney General. George Stapleton, John Potter, John Gefferth, and Steven Byler provided testimony and evidence on behalf of Greenfield Energy, LLC ("Greenfield"), who requested the Stop Work Conference as operator with the permission of Petroteq Oil Recovery, LLC ("Petroteq"), who is the permittee. Denise Dragoo of Snell & Wilmer assisted Greenfield. Charles Lyons, Assistant Attorney General, assisted Ms. Dean.

Findings of Fact

The Stop Work Conference was conducted in accordance with the requirements of Utah Admin. Code R647-6-102.4 for the purpose of reviewing the Cessation Order ("CO") MC-2021-60-01 issued on May 14, 2021, and modified on May 20, 2021 for the TMM Asphalt Mine ("Subject Mine").

The Subject Mine is located in Uintah County and operates pursuant to an NOI to Commence Large Mining Operations naming TMC Capital, LLC as the operator, which was approved by the Division on October 24, 2017. Petroteq submitted an Amendment to the NOI on March 28, 2019, which was tentatively approved by the Division on July 23, 2019. However, the amended NOI never received final approval and the 2017 NOI remains in effect.
On January 14, 2021, the Division issued Petrotecq a Division Directive to Provide an Update to the Tentatively Approved NOI. The Division Directive required Petrotecq to provide an updated NOI by no later than March 1, 2021. On February 25, 2021, the Division extended the deadline for providing an updated NOI to July 1, 2021.

On May 12, 2020, the Division was contacted by the lessor of the Subject Mine site informing the Division of materials from off-site sources being staged and processed at the Subject Mine in violation of the NOI. Therefore, the Division issued the May 14, 2021 CO stating the “Facility is processing material from an off-site source and staging waste products from off-site sources not in accordance with the most recently approved Notice of Intent (“NOI”) dated October 27, 2017.” The CO stated further that, “Mining and processing activities are approved for on-site use only. Until the NOI is updated with any new processing[] processing activities must cease . . . until an updated NOI is approved. All material from off-site sources must be removed from the property immediately.” The CO included an abatement period for waste removal to be completed by June 1, 2021.

On May 16, 2021, Greenfield requested a stop work conference as the operator of the Subject Mine with the permission of Petrotecq, referred to as the permittee in the request.

On May 18, 2021, the Division conducted an inspection of the Subject Mine and found stockpiles of sands sourced from an off-site pit and resulting sand products on the permit area, which were not accounted for in the NOI. On May 20, 2021, the Division issued a modified CO amending the CO to say, “Oil sands may remain on-site pending an approved NOI. The NOI must include an update of all mining and processing activities, a reclamation plan, and bond calculations submitted no later than July 1, 2021. In addition, a waste characterization analysis on the sand products must be included in the NOI. All activities must cease until an updated NOI is approved.”

At the May 20, 2021 stop work conference, the parties discussed the work that was taking place at the Subject Mine and Greenfield stated that the facilities have been improved, while the materials have remained the same except for the fact that it is being sourced from off-site. When asked if Greenfield understood it could not bring materials from off-site, Mr. Stapleton answered that this was communicated to the division when it committed to submitting an updated NOI. The Division clarified that it approved the extension to submit information, but never authorized bringing material from off-site.

Order

Based on the evidence presented and the statements of those present at the Stop Work Conference, the Division representative hereby modifies the amended CO and issues the following Order:

1. Petrotecq will provide the Division a complete updated NOI by no later than July 1, 2021 addressing all requirements contained in Utah Admin. Code R647-4, including: company contact information, mineral processing methods and facilities, waste
handling and management, and reclamation plan. If Petroteq does not provide the Division a complete updated NOI by July 1, 2021, Petroteq must cease all mining activities until an updated NOI is approved by the Division.

2. Petroteq is allowed to operate the Subject Mine until June 30, 2021, on the condition that Petroteq provides the Division with weekly reports accounting for all volumes of materials being brought into the permitted area and those volumes do not exceed the volume for on-site materials contemplated in the NOI.

3. If Petroteq decides to mine on-site material between now and June 30, 2021, Petroteq will report the volumes of waste material generated to the Division and will ensure that the waste material on-site does not exceed what is contemplated in the NOI.

Right to Appeal

This Order may be appealed by submitting a written request for an informal conference as provided for in Utah Admin. Code R647-7-106.1 within 30 days of the Order, or by filing a request for formal adjudication before the Utah Board of Oil, Gas and Mining (“Board”) by submitting a Request for Agency Action to the Board as required by Utah Code Ann. § 40-8-9(5) and the Rules of Practice Before the Board (Utah Admin. Code R641-100).

Sincerely,

[Signature]

Dana Dean
Deputy Director