UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2019**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to _________

Commission file number 000-55872

FOOTHILLS EXPLORATION, INC.
(Exact name of registrant as specified in its charter)

Delaware	**27-3439423**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10940 Wilshire Blvd., 23rd Floor Los Angeles, California	**90024**
(Address of principal executive offices)	(Zip Code)

(424) 901-6656
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.0001 per share	Otcmarkets.com

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes [ ] No [X]

Indicate by checkmark whether the registrant has (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[X]	Smaller reporting company	[X]
Emerging Growth Company	[X]		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	FTXP	Otcmarkets.com

As of May 20, 2019, there were 23,610,738 shares of common stock outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Interim Consolidated Financial Statements

FOOTHILLS EXPLORATION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

		March 31, 2019		December 31, 2018
		(Unaudited)		
Assets				
Current assets:				
Cash and cash equivalents	$	3,616	$	1,139
Restricted cash		120,000		120,000
Accounts receivable - trade		-		10,090
Accounts receivable – oil and gas		155,723		-
Prepaid expenses		82,745		6,086
Other receivable		171,254		-
Total current assets		533,338		137,315
Oil and gas properties, full cost accounting				
Properties not subject to amortization		106,299		106,299
Properties subject to amortization, net		12,900,661		12,036,804
Support facilities and equipment, net		295,973		284,157
Net oil and gas properties		13,302,933		12,427,260
Property and equipment, net		4,491		6,337
Other assets:				
Right of use assets		170,663		-
Surety and performance bonds		145,000		145,000
Total assets	$	14,156,425	$	12,715,912
Liabilities and Stockholders' Deficit				
Current liabilities:				
Accounts payable and accrued liabilities	$	4,214,718	$	4,320,261
Accounts payable – related party		987,050		794,529
Accrued interest		552,212		375,232
Accrued interest - related party		951,798		760,188
Notes payable		1,780,603		1,595,697
Notes payable - related party		7,250,000		7,250,000
Convertible note payable, net		487,100		181,637
Derivative liabilities		7,173,844		661,320
Leasing liabilities		98,217		-
Other liabilities		303,794		282,676
Total Current Liabilities		23,799,336		16,221,540
Long-Term Liabilities:				
Asset retirement obligation		568,977		340,117
Leasing liabilities		75,660		-
Convertible note payable, net		-		32,898
Total Liabilities		24,443,973		16,594,555
Commitment and Contingencies		-		-
Stockholders' Deficit:				
Preferred stock, $0.0001 par value; 25,000,000 shares authorized; no shares outstanding		-		-
Common stock, $0.0001 par value; 100,000,000 shares authorized; 23,610,739 and 22,075,738 shares issued and outstanding, respectively		2,362		2,208
Additional paid in capital		16,860,431		11,173,120
Accumulated deficit		(27,150,341)		(15,053,971)
Total stockholders' deficit		(10,287,548)		(3,878,643)
Total Liabilities and Stockholders' Deficit	$	14,156,425	$	12,715,912

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FOOTHILLS EXPLORATION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Revenue	$ 996,819	$ 728,230
Operating expenses		
Lease operating expense	393,803	467,855
Selling, general and administrative expense	775,722	730,425
Depreciation, depletion, amortization and accretion expense	210,083	114,375
Total operating expenses	1,379,608	1,312,655
Loss from operations	(382,789)	(584,425)
Other income (expenses):		
Interest and debt amortization expense and change in derivative liabilities	(7,468,864)	(294,600)
Other income	18,905	17,180
Gain on extinguishment of debt	732,353	-
Total other income (expenses)	(6,717,606)	(277,420)
Net Loss	$ (7,100,395)	$ (861,845)
Net loss per share – basic and diluted	(0.31)	(0.06)
Weighted average common shares – basic and diluted	22,648,738	14,900,627

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FOOTHILLS EXPLORATION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited)

	Preferred stock		Common stock		Additional Paid in	Stock	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Payable	Deficit	Equity
Balance as of December 31, 2017	**-**	**$ -**	**14,900,627**	**$ 1,490**	**$ 8,847,394**	**$ 93,900**	**$ (8,468,465)**	**$ 474,319**
Shares issued for inducement of note payable	-	-				105,075		105,075
Options issued for services	-	-	-	-	239,259	-	-	239,259
Net income	-	-	-	-	-	-	(861,845)	(861,845)
Balance as of March 31, 2018	**-**	**$ -**	**14,900,627**	**$ 1,490**	**$ 9,086,653**	**$ 198,975**	**$ (9,330,310)**	**$ (43,192)**

	Preferred stock		Common stock		Additional Paid in	Stock	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Payable	Deficit	Equity
Balance as of December 31, 2018	**-**	**$ -**	**22,075,738**	**$ 2,208**	**$ 11,173,120**	**$ -**	**$ (15,053,971)**	**$ (3,878,643)**
Common issued for services	-	-	200,000	20	9,980			10,000
Options issued for services	-	-	-	-	212,255	-	-	212,255
Fair value of warrants issued with note payable	-	-			469,235		-	469,235
Deemed dividend on warrant repricing					4,995,975		(4,995,975)	-
Shares returned	-	-	(650,000)	(65)	65			-
Warrant exercises	-	-	1,985,000	199	(199)			-
Net income	-	-	-	-	-	-	(7,100,395)	(7,100,395)
Balance as of March 31, 2019	**-**	**$ -**	**23,610,738**	**$ 2,362**	**$ 16,860,431**	**$ -**	**$ (27,150,341)**	**$ (10,287,548)**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

FOOTHILLS EXPLORATION, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash Flows from Operating Activities		
Net loss	$ (7,100,395)	$ (861,845)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation, depletion, amortization and accretion	210,083	114,375
Interest, amortization of debt discount and change in derivative liabilities	7,100,082	102,884
Gain on extinguishment of debt	(732,353)	-
Common stock and warrants issued for inducement of the note extension	-	105,075
Common stock and stock payable issued for services and fair value of options	222,255	239,259
Premium on rent	3,214	123
Changes in operating assets and liabilities:		
Accounts receivable	(145,633)	(363,957)
Prepaid expenses	(76,659)	(13,898)
Other receivables	(171,254)	-
Accounts payable and accrued liabilities	(112,132)	264,779
Accounts payable and accrued liabilities - related party	384,131	390,694
Other liabilities	21,118	21,956
Net cash provided by (used in) operating activities	(397,543)	(555)
Cash Flows from Investing Activities		
Payments for acquisition of oil and gas property	(78,981)	-
Net cash used investing activities	(78,981)	-
Cash Flows from Financing Activities		
Proceeds from notes payable	176,001	-
Proceeds from convertible note payable	303,000	-
Net cash provided by (used in) financing activities	479,001	-
Net increase in cash, cash equivalents and restricted cash	2,477	(555)
Cash, Cash Equivalents and Restricted Cash, beginning of period	121,139	-
Cash, Cash Equivalents and Restricted Cash, end of period	$ 123,616	$ (555)
Reconciliation of Cash and Cash Equivalents and Restricted Cash:		
Cash and cash equivalents at beginning of period	$ 121,139	$ -
Restricted cash at beginning of period	120,000	240,000
Cash and cash equivalents and restricted cash at beginning of period	$ 1,139	$ (240,000)
Cash and cash equivalents at end of period	$ 123,616	$ (555)
Restricted cash at end of period	120,000	240,555
Cash and cash equivalents and restricted cash at end of period	$ 3,616	$ (240,000)
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Supplemental disclosures of cash flow information:		
Asset Retirement Obligation	$ 222,194	$ -
Debt discount	$ (1,211,675)	$ -
Notes payable issued against payment of notes payable	$ (110,000)	$ -
Notes payable against acquisition of assets	$ 592,500	$ -
Leasing Assets recognized under ASC 842	$ (170,663)	$ -
Deemed dividend	$ 4,995,975	$ -
Unpaid liabilities in acquisition of oil and gas property	$ -	$ 1,830,141

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Note 1 – Organization

Business

Foothills Exploration, Inc., ("Company", "Foothills Exploration", or "Foothills") was incorporated in the state of Delaware on May 13, 2010, under the name "Key Link Assets Corp." for the purpose of acquiring a portfolio of heavily discounted real estate properties in the Chicago metropolitan area. The Company changed its focus and planned to acquire small and medium sized grocery stores in non-urban locales that are not directly served by large national supermarket chains.

On May 2, 2016, Foothills Petroleum Inc., a Nevada corporation ("FPI"), acquired over 14.1 million pre-split (56.4 million post-split) shares of the Company's common stock constituting approximately 96% of our then issued and outstanding shares ("FPI Acquired Shares"). As of May 16, 2016, we effected a 4:1 forward split of our shares of common stock.

On May 27, 2016, the Company entered into a Share Exchange Agreement with shareholders of FPI.

Prior to the Share Exchange, the Company had minimal assets and recognized no revenues from operations and was accordingly classified as a shell company. In light of closing the Share Exchange transaction with the shareholders of FPI, the Company became actively engaged in oil and gas operations and is no longer a shell company.

The consolidated balance sheets include the accounts of the Company, and its wholly-owned direct and indirect subsidiaries, Foothills Exploration, Inc. ("FTXP"), Foothills Petroleum, Inc. ("FPI"), Foothills Exploration, LLC ("FEL"), Foothills Petroleum Operating, Inc. ("FPOI"), Foothills Exploration Operating, Inc. ("FEOI"), Tiger Energy Partners International, LLC ("TEPI"), Tiger Energy Operating, LLC ("TEO"), and Tiger Energy Mineral Leasing, LLC ("TEML").

The Company's oil and gas operations are conducted by its wholly owned indirect subsidiaries. FEL is a qualified oil and gas operator in the states of Wyoming and Colorado, and TEO is a qualified oil and gas operator in the state of Utah.

The Company's operating entities have historically employed, and will continue in the future to employ, on an as-needed basis, the services of drilling contractors, other drilling related vendors, field service companies and professional petroleum engineers, geologists, and landmen as required in connection with future drilling and production operations.

Going Concern

The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has incurred recurring losses from inception through March 31, 2019, has a working capital deficit at March 31, 2019, of $23,265,998, and has limited sources of revenue. These conditions have raised substantial doubt as to the Company's ability to continue as a going concern for one year from the issuance of the financial statements. These financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

To address these matters, the Company is actively meeting with investors for possible equity investments, including business combinations; investigating other possible sources to refinance our existing debt; and in continuing discussions with various individuals and groups that could be willing to provide capital to fund operations and growth of the Company.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The financial statements include the accounts of Foothills Exploration, Inc., and all of its direct and indirect wholly-owned subsidiaries including Foothill Petroleum, Inc., Foothills Petroleum Operating, Inc., Foothills Exploration Operating, Inc., Foothills Exploration LLC, Tiger Energy Partners International, LLC, Tiger Energy Operating, LLC and Tiger Energy Mineral Leasing, LLC. Intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation and Functional Currency

Pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10-Q, the unaudited condensed consolidated financial statements, footnote disclosures and other information normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. The condensed consolidated financial statements contained in this report are unaudited but, in the opinion of management, reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the consolidated financial statements. All significant inter-company accounts and transactions have been eliminated in consolidation. The results of operations for any interim period are not necessarily indicative of results for the full year. The condensed consolidated balance sheet at March 31, 2019 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

These condensed consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States of America and are expressed in United States dollars (USD).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date(s) of the financial statements and the reported amounts of revenues and expenses during the reporting period(s). Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates. Significant estimates include those related to assumptions used in impairment testing of long-term assets, accruals for potential liabilities and valuing equity instruments issued for services. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to amounts in prior year to conform to the current year presentation. All reclassifications have been applied consistently to the periods presented and had no effects on previously reported results of operations.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid debt instruments with maturity of three months or less.

Restricted Cash

Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in restricted cash in the current assets section of our consolidated balance sheet. At March 31, 2019 and December 31, 2018, the Company had restricted cash of $120,000 and $120,000, respectively. This amount is being held in escrow for the benefit of the State of Utah for certain properties located in Utah, covered under a certain Modification to Stipulated Order between the Utah Division of Oil, Gas and Mining and TEPI dated August 1, 2014 (Case No. SI/TA-102). These funds held in escrow, will be released to the Company once the Company finishes its reclamation of the various wells in question.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are stated at the historical carrying amount net of an allowance for uncollectible accounts. The carrying amount of the Company's accounts receivable approximates fair value because of the short-term nature of the instruments. The Company routinely assesses the collectability of all material trade and other receivables.

Trade accounts receivable comprise receivables from joint interest owners which are recorded when the Company incurs expenses on behalf of the non-operator interest owners of the properties the Company operates.

The Company's oil and gas revenues receivable comprise receivables from purchasers of the Company's production of oil and gas and other hydrocarbons and from operators of properties in which the Company has a non-operated interest, as well as from joint interest owners of properties the Company operates. During the three months ended March 31, 2019, the Company accrued $155,723 of net revenue receivable related to GRB Assets. See Note 4 – Property and Equipment. EOG Resources, Inc. ("EOG"), the operator of two wells in which the Company has a 21.62% working interest. The Company has been informed that EOG will apply to unpaid invoices of the Company's share of costs to drill two wells until EOG has recovered those costs. During the three months ended March 31, 2019, those costs were $190,527, of which $170,122 were capitalized. See Note 4 – Property and Equipment.

The Company's reported balance of accounts receivable, net of allowance for doubtful accounts, represents management's estimate of the amount that ultimately will be realized in cash or used in the future to offset an operator's joint interest billings.

The Company reviews the adequacy of the allowance for doubtful accounts on an ongoing basis, using historical payment trends, the age of the receivables and knowledge of the individual customers or joint interest owners. When the analysis indicates, management increases or decreases the allowance accordingly. However, if the financial condition of our customers were to deteriorate, additional allowances might be required.

Oil and Gas Properties

The Company follows the full cost method of accounting for its investments in oil and gas properties. Under the full cost method, all costs associated with the exploration of properties are capitalized into appropriate cost centers within the full cost pool. Internal costs that are capitalized are limited to those costs that can be directly identified with acquisition, exploration, and development activities undertaken and do not include any costs related to production, general corporate overhead, or similar activities. Cost centers are established on a country-by-country basis.

Capitalized costs within the cost centers are amortized on the unit-of-production basis using proved oil and gas reserves. The cost of investments in unevaluated properties and major development projects are excluded from capitalized costs to be amortized until it is determined whether or not proved reserves can be assigned to the properties. Until such a determination is made, the properties are assessed annually to ascertain whether impairment has occurred. The costs of drilling exploratory dry holes are included in the amortization base immediately upon determination that the well is dry.

For each cost center, capitalized costs are subject to an annual ceiling test, in which the costs shall not exceed the cost center ceiling. The cost center ceiling is equal to: (i) the present value of estimated future net revenues computed by applying current prices of oil and gas reserves (with consideration of price changes only to the extent provided by contractual arrangements) to estimated future production of proved oil and gas reserves as of the date of the latest balance sheet presented, less estimated future expenditures (based on current costs) to be incurred in developing and producing the proved reserves computed using a discount factor of ten percent and assuming continuation of existing economic conditions; plus (ii) the cost of properties not being amortized; plus (iii) the lower of cost or estimated fair value of unproved properties included in the costs being amortized; and less (iv) income tax effects related to differences between the book and tax basis of the properties. If unamortized costs capitalized within a cost center, less related deferred income taxes, exceed the cost center ceiling, the excess is charged to expense and separately disclosed during the period in which the excess occurs.

Support Facilities and Equipment

Our support facilities and equipment are generally located in proximity to certain of our principal fields. Depreciation of these support facilities is calculated on a units-of-production basis.

Maintenance and repair costs that do not extend the useful lives of property and equipment are charged to expense as incurred.

Proved Reserves

Estimates of the Company's proved reserves included in this report are prepared in accordance with US GAAP and guidelines from the United States Securities and Exchange Commission ("SEC"). The Company's engineering estimates of proved oil and natural gas reserves directly impact financial accounting estimates, including depreciation, depletion, and amortization expense and impairment. Proved oil and natural gas reserves are the estimated quantities of oil and natural gas reserves that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under period-end economic and operating conditions. The process of estimating quantities of proved reserves is very complex, requiring significant subjective decisions in the evaluation of all geological, engineering and economic data for each reservoir. The accuracy of a reserves estimate is a function of: (i) the quality and quantity of available data; (ii) the interpretation of that data; (iii) the accuracy of various mandated economic assumptions, and (iv) the judgment of the persons preparing the estimate. The data for a given reservoir may change substantially over time as a result of numerous factors, including additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions. Changes in oil and natural gas prices, operating costs, and expected performance from a given reservoir also will result in revisions to the amount of the Company's estimated proved reserves. The Company engages independent reserve engineers to estimate its proved reserves.

Fixed Assets

The Company capitalizes expenditures related to property and equipment not directly associated with our production of oil and gas, subject to a minimum rule, that have a useful life greater than one year for: (1) assets purchased; (2) existing assets that are replaced, improved or the useful lives have been extended; or (3) all land, regardless of cost, acquisitions of new assets, additions, replacements and improvements (other than land) costing less than the minimum rule in addition to maintenance and repair costs, including any planned major maintenance activities, are expensed as incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Office equipment – 3 years
Vehicle(s) – 5 years
Land – not depreciated

Asset Retirement Obligations

The Company follows the provisions of the Accounting Standards Codification ASC 410 - Asset Retirement and Environmental Obligations. The fair value of an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The present value of the estimated asset retirement costs is capitalized as part of the carrying amount of the long-lived asset. The Company's asset retirement obligations relate to the abandonment of oil and gas producing facilities and facilities that support the production of oil and gas. The amounts recognized are based upon numerous estimates and assumptions, including future retirement costs, future inflation rates and the credit-adjusted risk-free interest rate. After recording these amounts, the ARO will be accreted to its future estimated value using the same assumed cost of funds, and the capitalized costs are depreciated on a unit-of-production basis. Both the accretion and the depreciation will be included in depreciation, depletion and amortization expense on our consolidated statements of operations.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and equivalents, restricted cash, accounts receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities. ASC Topic 820, "Fair Value Measurements and Disclosures," requires disclosure of the fair value of financial instruments held by the Company. ASC Topic 825, "Financial Instruments," defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The carrying amounts reported in the consolidated balance sheets for receivables and current liabilities each qualify as financial instruments and are a reasonable estimate of their fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels of valuation hierarchy are defined as follows:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Company considers active markets as those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis

- Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. This category includes those derivative instruments that the Company values using observable market data. Substantially all of these inputs are observable in the marketplace throughout the term of the derivative instruments, can be derived from observable data, or supported by observable levels at which transactions are executed in the marketplace.

- Level 3: Measured based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources (i.e. supported by little or no market activity). Level 3 instruments include derivative warrant instruments. The Company does not have sufficient corroborating evidence to support classifying these assets and liabilities as Level 1 or Level 2.

The Company analyzes all financial instruments with features of both liabilities and equity under ASC 480, "Distinguishing Liabilities from Equity," and ASC 815. The carrying amounts of the Company's financial assets and liabilities, including cash, prepaid expenses, accounts payable, accrued expenses, and other current liabilities, approximate their fair values because of the short maturity of these instruments. The fair value of notes payable and convertible notes approximates their fair values since the current interest rates and terms on these obligations are the same as prevailing market rates.

Certain of the Company's debt and equity instruments include embedded derivatives that require bifurcation from the host contract under the provisions of ASC 815-40, Derivatives and Hedging. The estimated fair value of the derivative warrant instruments was calculated using a Black Scholes valuation model.

The following table sets forth by level within the fair value hierarchy our financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 31, 2019 and December 31, 2018:

	Carrying Value	**Fair Value Measurement at March 31, 2019**		
		Level 1	**Level 2**	**Level 3**
Derivative assets, debt and equity instruments	$ —	$ —	$ —	$ —
Derivative liabilities, debt and equity instruments	7,173,844	—	—	7,173,844

	Carrying Value	Fair Value Measurement at December 31, 2018		
		Level 1	Level 2	Level 3
Derivative assets, debt and equity instruments	$ —	$ —	$ —	$ —
Derivative liabilities, debt and equity instruments	661,320	—	—	661,320

The Company did not identify any other assets and liabilities that are required to be presented on the consolidated balance sheet at fair value.

Revenue Recognition

The Company recognizes revenue in accordance with the requirements of ASC 606, which directs that it should recognize revenue when a customer obtains control of promised goods or services for an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. All of our revenue is attributable to sales of oil, gas, and other hydrocarbons which are sold daily, with sales aggregated on a monthly basis. In the case of revenue received for a non-operated working interest, we are paid by the operator, which is a joint interest partner and not the purchaser of the product. In the case of revenue received for an operated working interest, we are paid by the marketer to whom we sell the commodities directly pursuant to contractual arrangements.

Debt Issuance Costs, Debt Discount and Detachable Debt-Related Warrants

Costs incurred to issue debt are deferred and recorded as a reduction to the debt balance in our consolidated balance sheets. We amortize debt issuance costs over the expected term of the related debt using the effective interest method. Debt discounts relate to the relative fair value of warrants issued in conjunction with the debt and are also recorded as a reduction to the debt balance and accreted over the expected term of the debt to interest expense using the effective interest method.

Net Earnings (Loss) Per Common Share

The Company computes earnings per share under ASC 260-10, "Earnings Per Share." The Company's earnings (loss) per share are computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution of securities, if any, that could share in the earnings (loss) of the Company and are calculated by dividing net income by the diluted weighted average number of common shares. The diluted weighted average number of common shares is computed using the treasury stock method for common stock that may be issued for outstanding stock options, warrants, and convertible debt.

	For the Three Months Ended March 31,	
	2019	2018
Numerator:		
Net income (loss) available to stockholders	$ (7,100,395)	$ (861,845)
Basic net income allocable to participating securities (1)	—	—
Income (loss) available to Foothills Exploration, Inc.'s stockholders	$ (7,100,395)	$ (861,845)
Denominator:		
Weighted average number of common shares outstanding-Basic	22,648,738	14,900,627
Effect of dilutive securities:		
Options and warrants (2)	68,917,489	—
Stock payable (3)	—	655,000
Convertible notes (4)	35,530,178	3,647,105
Weighted average number of common shares outstanding-Diluted	127,096,405	19,202,732
Net income (loss) per share:		
Basic	$ (0.31)	$ (0.06)

(1) Restricted share awards that contain non-forfeitable rights to dividends are participating securities and, therefore, are included in computing earnings using the two-class method. Participating securities, however, do not participate in undistributed net losses.

(2) For the three months ended March 31, 2019, "out of the money" stock options representing 2,050,000 shares and warrants representing 2,516,015 shares were antidilutive and, therefore, excluded from the diluted share calculation. For the three months ended March 31, 2018, "out of the money" stock options representing 2,050,000 shares and warrants representing 2,683,515 shares were antidilutive and, therefore, excluded from the diluted share calculation.

(3) For the three months ended March 31, 2018, stock payable representing 655,000 shares were anti-dilutive.

(4) For the three months ended March 31, 2019 and 2018, convertible notes representing 35,530,178 and 3,647,105 shares were anti-dilutive.

Income Taxes

The Company accounts for income taxes using the asset and liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Stock-Based Compensation

All share-based payments, including grants of stock to employees, directors and consultants, are recognized in the consolidated financial statements based upon their estimated fair values.

The Company accounts for stock, stock options, and stock warrants issued for services and compensation by employees under the fair value method. For non-employees, the fair market value of the Company's stock is measured on the date of stock issuance or the date an option/warrant is granted as appropriate under ASC 718 "Compensation – Stock Compensation". The Company determined the fair market value of the warrants/options issued under the Black-Scholes Pricing Model. Under the provisions ASC 718, share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant).

The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows ASC Topic 505. As such, the value of the applicable stock-based compensation is periodically re-measured and income or expense is recognized during their vesting terms. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is primarily recognized over the term of the consulting agreement. In accordance with FASB guidance, an asset acquired in exchange for the issuance of fully vested, non-forfeitable equity instruments should not be presented or classified as an offset to equity on the grantor's balance sheet once the equity instrument is granted for accounting purposes.

Recent Accounting Pronouncements

In November 2016, the FASB issued ASC Update No. 2016-18 (Topic 230) Statement of Cash Flows – Restricted Cash (a consensus of the FASB Emerging Issues Task Force). The amendments in this update require that restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Current GAAP does not include specific guidance on the cash flow classification and presentation of changes in restricted cash. The updated guidance is effective for interim and annual periods beginning after December 15, 2017 and is required to be applied using a retrospective transition method to each period presented. The Company implemented this guidance effective January 1, 2018. Implementing this guidance did not have a material impact on the Company's statement of cash flows.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, *Clarifying the Definition of a Business* ("ASU 2017-01"). The standard clarifies the definition of a business by adding guidance to assist entities in evaluating whether transactions should be accounted for as acquisitions of assets or businesses. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Under ASU 2017-01, to be considered a business, the assets in the transaction need to include an input and a substantive process that together significantly contribute to the ability to create outputs. Prior to the adoption of the new guidance, an acquisition or disposition would be considered a business if there were inputs, as well as processes that when applied to those inputs had the ability to create outputs. Early adoption is permitted for certain transactions. Adoption of ASU 2017-01 will not have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, *Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"). ASU 2017-04 simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation and may require the services of valuation experts. ASU 2017-04 is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019 and should be applied on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not carry any Goodwill on its Consolidated Balance Sheets and does not anticipate the adoption of ASU 2017-04 will have a material impact on its consolidated financial statements.

In July 2017, the FASB issued Accounting Standards Update No. 2017-11, *Accounting for Certain Financial Instruments with Down Round Features* ("ASU 2017-11"). When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. ASU 2017-11 is effective for annual or interim periods within those fiscal years beginning after December 15, 2018 and should be applied on a retrospective basis. Early adoption is permitted for all entities, including adoption in an interim period. The Company adopted ASU 2017-11 on its consolidated financial statements.

In June 2018, the FASB issued "ASU 2018-07 - Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting". The amendments in this update expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. An entity should apply the requirements of Topic 718 to nonemployee awards except for specific guidance on inputs to an option pricing model and the attribution of cost (that is, the period of time over which share-based payment awards vest and the pattern of cost recognition over that period). The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. The amendments also clarify that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Topic 606, Revenue from Contracts with Customers. The updated standard is effective for the Company beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption of the new guidance is permitted, but no earlier than an entity's adoption date of Topic 606. The Company does not expect that the adoption of this standard will have a material effect on its consolidated financial statements.

Effective January 1, 2019 the Company adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update No. 2016-02, "Leases (Topic 842)" which superseded previous lease guidance ASC 840, Leases. Topic 842 is a new lease model that requires a company to recognize right-of-use ("ROU") assets and lease liabilities on the balance sheet. The adoption of Topic 842 did not have a material impact on the Company's consolidated income statement or consolidated cash flow statement.

The Company adopted the package of practical expedients and transition provisions available for expired or existing contracts, which allowed the Company carryforward its historical assessments of 1) whether contracts are or contain leases, 2) lease classification and 3) initial direct costs. Additionally, for real estate leases, the Company adopted the practical expedient that allows lessees to treat the lease and non-lease components of leases as a single lease component. The Company also elected the hindsight practical expedient to determine the reasonably certain lease term for existing leases. Further, the Company elected the short-term lease exception policy, permitting it exclude the recognition requirements for leases with terms of 12 months or less. See Note 11 for additional information about leases.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

Note 4 – Property and Equipment

Oil and Gas Properties

The Company's oil and gas properties at March 31, 2019 and December 31, 2018 are located in the United States of America.

The carrying values of the Company's oil and gas properties, net of depletion, depreciation, amortization, and impairment at March 31, 2019 and December 31, 2018 are set forth below in the following table:

	March 31, 2019	December 31, 2018
Unproved leasehold (1)	$ 106,299	$ 106,299
Proved leasehold	12,607,287	11,915,695
Properties subject to depletion, net of depletion	293,374	121,110
Exploratory wells – construction-in-progress (1)	-	-
Total	$ 13,006,960	$ 12,143,103

(1) Not subject to depletion;

Year Incurred	Acquisition Costs	Exploration and Development Costs	Disposition of Assets	Depreciation, Depletion, Amortization, and Impairment	Total
2016 and prior	$ 10,252,568	$ 1,181,421	$ —	$ —	$ 11,433,989
2017	—	3,223,931	—	(1,525,784)	1,698,147
2018	—	1,897,502		(2,886,535)	(989,033)
2019	657,304	407,305		(200,752)	863,857
Total	$ 10,909,872	$ 6,710,159	$ —	$ (4,613,071)	$ 13,006,960

- In 2017, the Company acquired a 21.62% non-operated working interest with a 17.1% net revenue interest in two exploratory horizontal gas wells in the Uinta Basin from an undisclosed party, and the Company incurred $1,479,282 in well costs. During the year ended December 31, 2018, the company incurred an additional $1,868,370 of well costs. At December 31, 2018, the Company's share total costs for drilling and completing the two wells was $3,347,776. Although these wells produced economic quantities of natural gas liquids and residue gas through December 31, 2017, well completion activities were completed during the year ended December 31, 2018, so costs were reclassed from construction-in-progress to proved properties subject to depletion through December 31, 2018. As of December 31, 2018, we recorded impairment expense of $1,521,776 for the amount exceeding the ceiling test limitation. During the three months ended March 31, 2019, the company capitalized additional costs of $170,112.

- In 2017, the Company drilled a test well on the Labokay prospect to the total measured depth of 8,795 feet, where hydrocarbons shows were not in commercial quantities to warrant completion. This well was plugged and abandoned. Since the well was not commercially viable the Company's working interest in the underlying mineral lease terminated and we no longer have a right to acquire title to said property. During the year ended December 31, 2017, we incurred costs of $1,209,675 in the drilling of this well and $1,352,982 was charged to impairment expense. Civil lawsuits were filed against FPOI arising from unpaid accounts in connection with drilling of this well – see Note 11 – Commitments and Contingencies for additional information on the lawsuits.

- In 2017, the Company worked over two Duck Creek wells obtaining production from the Green River formation. We incurred $79,989 in capitalized workover costs associated with these wells. The wells require additional workover and were shut-in in July 2017. The Company recorded asset retirement costs of $291,659 related to Duck Creek wells. During the year ended December 31, 2018, we incurred $8,821 in capitalized workover costs associated with these wells. As of December 31, 2018, due to the Duck Creek wells subsequently becoming subject to a Sherriff's sale stemming from a legal matter with our indirect subsidiary, the Duck Creek wells should be impaired to the extent of total intangible costs, which were capitalized for these properties during 2017 and 2018. Accordingly, the impairment expense for the period ending December 31, 2018 is $88,810. We did not incur any cost during the three months ended March 31, 2019.

- In 2017, the Company incurred costs of $22,691 for bonding, legal, title, engineering, geological and surveying in our Ladysmith project in Fremont County, Wyoming.

- In 2017, the Company incurred costs of $3,750 related to Springs Project. The Company allowed the BLM leases for the Springs project to expire without paying additional delay rental payments. The primary terms on these leases were due to expire in Q4 2018 and in the view of management it was not in the best interest of the Company to continue exploratory efforts on this speculative play. Management concluded that Company resources would be better redirected to continue seeking lower-risk acquisitions of producing oil and gas properties rather than take additional wildcat drilling risk on this prospect. The Company currently no longer owns the mineral rights for this project. As the result, the Company recognized impairment of oil and gas property in amount of $154,787, during the year ended December 31, 2017. During the year ended 31, 2018, the Company has decided to allow Ladysmith leases to expire without making further delay rental payments to the BLM, as the result we recorded impairment expense of $78,469.

- In 2017, the Company incurred costs of $100,191 for exploration and development efforts associated with the proved oil and gas assets in Utah, which were acquired on December 30, 2016, from Total Belief Limited, a wholly owned subsidiary of New Times Energy Corporation Limited. These assets include certain oil and gas wells throughout the Uinta Basin in Utah on acreage with over 30 proved undeveloped drilling locations, additional non- operating interest in other leases, and access to approximately 6,000 acres in the Uinta Basin with proven and probable reserves and existing infrastructure in place. In connection with the TBL acquisition, Foothills entered into a promissory note in the amount of $6,000,000. This note bears no interest during its term. The Company recorded ($342,804) of imputed interest as debt discount. Starting from July 1, 2018 the note bears 10% annual interest. During the year ended December 31, 2018, we incurred cost of $20,000 exploration and development efforts associated with these properties. During the three months ended March 31, 2019, we incurred costs of $15,000 exploration and development efforts associated with these properties.

- In 2017, the Company incurred costs of $379,498 for exploration and development efforts associated with numerous unproved oil and gas properties in the Company's geographic areas of interest, including farmout properties (Paw Paw and Ironwood) and numerous others that were being evaluated and considered for a prospective acquisition and/or farmout by the Company. During the year ended December 31, 2018, we incurred cost of $312 exploration and development efforts associated with these properties. As of December 31, 2018, the Company determined it is unlikely that it will be able to obtain enough production from this test well at the present time to warrant continued development. As the result we recorded $778,034 impairment expense of Pawpaw during the year ended December 31, 2018.

- On March 6, 2019, the Company, through its indirect wholly-owned subsidiary, Foothills Exploration, LLC, closed on the acquisition of 22 natural gas wells and approximately 18,214 gross acres (14,584 core), 78% held by production, located in the Greater Green River Basin in Wyoming (the "GRB Assets"). Some of the underlying leases come with certain depth restrictions and roughly 80% of the acreage remains undeveloped. The GRB assets were purchased for $671,481, in an all-cash transaction, which was financed through Company borrowings. The Company's optimization program targeting the first several wells has already generated an 11% increase in production rates and as such the Company is continuing to optimize additional wells to further increase production. $657,304 were recorded in oil and gas and property and $14,177 were allocated to Support Facilities and Equipment. We recorded $222,194 as asset retirement cost related to these wells.

- In 2017, we recorded depreciation, depletion and amortization cost related to oil and gas properties of $18,017. During the year ended December 31, 2018, we recorded depreciation, depletion, amortization costs related to oil and gas properties of $411,821. During the three months ended March 31, 2019 and 2018, we recorded depreciation, depletion, amortization costs related to oil and gas properties of $200,752 and $109,428, respectively.

Support Facilities and Equipment

The Company's support facilities and equipment serve its oil and gas production activities. The following table summarizes these properties and equipment, together with their estimated useful lives:

	March 31, 2019	December 31, 2018
Tank	$ 30,000	$ 30,000
Vehicle	69,446	69,446
Uinta Basin facilities	184,887	186,428
Sweetwater facilities	14,177	—
Accumulated depreciation	(2,537)	(1,717)
Construction in progress (1)	-	-
Total support facilities and equipment, net	$ 295,973	$ 284,157

(1) Facilities constructed in conjunction with drilling for our two exploratory horizontal wells in Uintah County, Utah, not subject to depreciation. During the months ended March 31, 2019, construction-in-progress was reclassified to Uinta Basin facilities and became eligible for depreciation upon the completion of the construction.

The Company recognized depreciation expense of $820 and $185 during the three months ended March 31, 2019 and 2018, respectively.

Office Furniture, Equipment, and Other

As of March 31, 2019 and December 31, 2018, office furniture, equipment, and other consisted of the following:

	March 31, 2019		December 31, 2018	
Computer equipment and fixtures	$	22,453	$	22,453
Accumulated depreciation		(17,962)		(16,116)
Office furniture, equipment, and other, net	$	4,491	$	6,337

During the three months ended March 31, 2019 and 2018, we recorded depreciation expense of $1,845 and $1,846, respectively.

Note 5 – Asset Retirement Obligation

The following table provides a reconciliation of the changes in the estimated present value of asset retirement obligations for the three months ended March 31, 2019 and December 31, 2018.

	For the period ended			
	March 31, 2019		December 31, 2018	
Beginning asset retirement obligations	$	340,117	$	303,327
Liabilities established		222,194		23,709
Accretion expense		6,666		13,081
Ending asset retirement obligations	$	568,977	$	340,117

Accretion expense for the three months ended March 31, 2019 and 2018 was $6,666 and $2,917, respectively.

Note 6 – Notes Payable

A summary of the outstanding amounts of our notes payable as of March 31, 2019 and December 31, 2018 is as follows:

	March 31, 2019		December 31, 2018	
13.5% unsecured note payable due September 8, 2017 (1)	$	1,050,000	$	1,050,000
0% unsecured note payable due January 2, 2018 (2)		250,000		250,000
12% unsecured note payable March 31, 2019 (3)		120,629		120,629
0% unsecured note payable due August 6, 2018 (4)		38,000		38,000
9% unsecured note payable due December 15, 2018(5)		100,000		100,000
8% unsecured note payable due October 22, 2018(6)		50,000		50,000
15% unsecured note payable due February 5, 2020(7)		209,525		—
Less: unamortized discount		(37,551)		(12,932)
Total debt	$	1,780,603	$	1,595,697
Less: current maturities		1,780,603		1,595,697
Long-term debt, net of current maturities	$	-	$	-

At March 31, 2019, the principal amounts due under our debt agreements were all classified as current on our Consolidated Balance Sheets.

(1) Effective August 9, 2017, Foothills borrowed $1,050,000 from Profit Well Limited, a Hong Kong limited liability company. The Company executed a Bridge Note with an annual percentage interest rate of 13.5% and a maturity date of September 8, 2017. Proceeds of this Bridge Note were primarily used to repay Full Wealth for the debenture dated June 1, 2017. On November 3, 2017, Profit Well Limited agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture. Profit Well Limited also reaffirmed its belief that the Company will either extend or repay the obligation to the satisfaction of Profit Well. As partial consideration for the deferment, the Company agreed to issue Profit Well Limited 100,000 shares of its restricted common stock, valued at $48,000. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50"). On February 28, 2018, Profit Well and the Company agreed to extend the maturity date of the debenture to June 30, 2018, and as consideration for the extension, the Company agreed to compensate Profit Well with 200,000 shares of restricted common stock valued at $46,700. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50"). In addition, the parties agreed that if payment of said principal and interest due and payable is made late, then a penalty payment of $100,000 shall become due and payable to Profit Well by the Company. On June 30, 2018, we recorded $100,000 penalty as additional interest payable. The penalty payment was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50"). On July 29, 2018, Profit Well Limited agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture, and as consideration for the extension, the Company agreed to compensate Profit Well with 100,000 shares of restricted common stock valued at $12,000. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50").

(2) On September 29, 2017, the Company issued to an unaffiliated investor a promissory note and three tranches of warrants for an aggregate consideration of $250,000. The Note recites that it accrues no interest if paid when due and is due and payable on January 2, 2018. If principal is not paid on or before maturity, interest will accrue at the rate of 15% per year until paid. On November 6, 2017, the Company agreed to compensate the investor with 75,000 shares of the Company's restricted common stock in connection with a more favorable term of a note entered into with FirstFire Global Opportunities Fund, LLC ("FirstFire"). On December 30, 2017, the Company and the investor agreed to extend the maturity date of this Note to January 23, 2018, in return for a payment at maturity of the principal, accrued interest as provided in the Note, plus 30,000 shares of the Company's restricted common stock. Because the fair value of the shares was greater than 10% of the present value of the remaining cash flows under the Note, the issuance of the shares in connection with a more favorable term of a note entered with FirstFire was treated as a debt extinguishment and reissuance of a new debt instrument pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50").

Since January 23, 2018, the Company and the investor have been in ongoing discussions to extend the term of this Note. On March 28, 2018, the investor acknowledged that the Company is not in default regarding this Note and reaffirmed its belief that the Company will either extend the Note's due date or repay its obligation on terms that are mutually satisfactory. The warrants have the following terms:

- 375,000 warrants to purchase 375,000 shares of common stock of the Company at a strike price of $0.665 per share expiring on September 29, 2019;
- 375,000 warrants to purchase 375,000 shares of common stock of the Company at a strike price of $1.25 per share expiring on September 29, 2020; and
- 185,000 warrants to purchase 185,000 shares of common stock of the Company at a strike price of $2.00 per share expiring on September 29, 2020.

The aggregate relative fair value of three tranches of warrants was determined to be $105,000 on September 29, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 94%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 2-3 years. $2,536 imputed interest was recorded as debt discount. $2,536 was determined using the present value method based on the following assumptions: (i) adjusted interest rate 4% (ii) expected life of 0.26 year. The aggregate value of the warrants and imputed interest of $107,536 was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note. At March 31, 2019, $250,000 of principal was outstanding under the Note.

Each tranche of warrants is subject to down round adjustment provisions if the Company during the term of that tranche issues additional securities for consideration per share, after giving effect to fees, commission and expenses, that is less, or which on conversion or exercise of the underlying security is less, than $0.665 per share (as adjusted for any change resulting from forward or reverse splits, stock dividends and similar events).

To satisfy most favored nation provisions in previously entered securities purchase agreements that are triggered by the transaction described above, the Company issued 136,015 shares of common stock and warrants to purchase 136,015 shares of common stock, in the aggregate, to certain investors who purchased units from the Company, at a $1.00 per unit, with each unit consisting of one share and one warrant. See the Company's Current Report on the Form 8-K filed with the SEC on June 5, 2017. Of this amount, 100,752 shares and warrants to purchase 100,752 shares of common stock will be issued to Wilshire Energy Partners LLC, an entity controlled by Kevin J. Sylla, our Executive Chairman and Chief Executive Officer of FPI. The exercise price of these investor warrants was adjusted to $0.665 per share. We measured the value of the effect of the down round feature as the difference between the fair value of the financial instrument at an original exercise price of $1.50 and an adjusted exercise price of $0.665 and, as a result, $59,801 was recorded as down round feature as interest expense under ASC 260-10-30-1. Foothills determined the amount of $59,801 using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 94%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 3 years.

(3) A promissory note was issued on November 1, 2017, for services rendered, bearing an interest rate of 12% per annum and with a maturity date of June 30, 2018. On August 22, 2018, the Note Holder agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture. As partial consideration for the deferment, the Company agreed to issue the Note Holder 60,000 shares of its restricted common stock. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50").

(4) On July 19, 2018, the Company borrowed $38,000 from an unaffiliated investor with an original discount of $3,207. The Note recites that it accrues no interest if paid when due and is due and payable on August 6, 2018. If principal is not paid on or before maturity, interest will accrue at the rate of 10% per year until paid. In connection with the issuance of this note, the Company issued 300,000 shares for late SEC filing, valued at $36,000. $74 imputed interest was recorded as debt discount. $74 was determined using the present value method based on the following assumptions: (i) adjusted interest rate 4% (ii) expected life of 0.05 year. The relative aggregate value of the shares and imputed interest was determined to be $32,793 using the allocation of proceed, $32,793 was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note. Pursuant to this Note, the investor shall be assigned an undivided two percent (2%) overriding royalty of all oil, gas, and other minerals and hydrocarbons produced, saved, and sold from each well now or hereinafter located on certain leases and wells owned by the Company. On August 23, 2018, the lender agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture, and as consideration for the extension, the Company agreed to compensate the lender with 15,000 shares of restricted common stock valued at $1,950. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50"). At March 31, 2019, $38,000 of principal was outstanding under the Note.

(5) On September 14, 2018, the Company borrowed $100,000 from an unaffiliated investor, bearing an interest rate of 9% per annum and with a maturity date of December 15, 2018. In connection with the issuance of this note, the Company issued 250,000 shares of its common stock, valued at $22,500, which was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note. At March 31, 2019, $100,000 of principal was outstanding under the Note.

(6) On October 22, 2018, the Company issued a term sheet to an unaffiliated investor for a promissory note in the principal amount of $50,000 with a Volumetric Production Payment ("VPP") equal to 1,250 barrels of oil equivalent ("BOE"). The Note has a maturity date of October 22, 2019, with the Principal and accrued unpaid interest due in full at Maturity. VPP will be made after deduction of 20% royalties due to mineral owners, paid within the term on the Note and at the discretion of the Company as to amount and volume; *provided, however,* that the VPP for any month shall not be less than 5% of the month's total crude oil sales. Payment may be made "in-kind" at the election of the Investor. If election is made by Investor to be paid "in-kind," then Investor shall bear responsibility for paying mineral owner royalties due on said "in-kind" payments. All VPP's to be made from the production of the Company's operating subsidiaries, Foothills Exploration Operating, Inc. and Tiger Energy Operating, LLC, from the well bores of the Company's Duck Creek wells, subject to the terms of the Leases covering such wells. Such VPP will continue until paid in full, regardless of payment in full of the Note and shall be secured by the assets. In the event that the West Texas Intermediate (WTI) crude oil market price closes below USD $40.00 per barrel for 10 consecutive trading days, the Investor shall be allocated a revised VPP equal to 2 times the remaining VPP barrels left over at that time.

Pursuant to this Note, the investor shall be assigned an un undivided one-half percent (0.5%) overriding royalty interest ("ORRI") in all oil, gas and other minerals produced, saved, and marketed from each well now or hereinafter located on wells owned by the Company, subject to the terms of the Leases covering such wells. Upon any default in payment of principal hereunder, the Company shall pay interest on the principal balance of this Note then outstanding and on the accrued but unpaid interest from the date of such default until such default is cured and the Note paid in full at the rate of Fifteen Percent (15%). The Company agreed to issue the investor 200,000 shares of the Company's restricted common stock as additional consideration for entering into the Note with the Company, valued at $16,000, which was considered as debt discount upon issuance and will be amortized as interest over the term of the Note or in full upon the conversion of the Note.

Pursuant to this Note, Investor has the right to participate in any future offering by the Company for a period of twelve (12) months for an amount equal to the principal amount detailed in this Term Sheet. So long as the Note is outstanding, if the Company enters into a subsequent financing with another individual or entity (a third party) on terms that are more favorable to that third party, the agreements between the Company and the investor shall be amended to include such better terms. During the three months ended March 31, 2019, the Company amortized $3,945 of such discount to interest expense. At March 31, 2019, unamortized debt discount was $8,986 and $50,000 of principal was outstanding under the Note.

(7) On February 5, 2019, the Company borrowed $209,525 from an unaffiliated investor with an original discount of $33,524. The Note has a maturity date of February 5, 2020 and bears 10% interest. The Company failed to pay $71,000 principal payment, which was due on March 15, 2019. As the result, we incurred $100,000 penalty and interest were increased to 15%. As of March 31, 2019, $209,525 of principal was outstanding under the Note.

During the three months ended March 31, 2019 and 2018, respectively, we incurred $164,656 and $87,485 of interest expense, including amortization of discount of $8,905 and $2,264 and shares issued for extension of $0 and $46,700 and penalty of $100,000 and $0, respectively.

Note 7 – Notes Payable - Related Party

	March 31, 2019		December 31, 2018	
13.25% unsecured note payable due May 5, 2017 (1)	$	1,250,000	$	1,250,000
10% unsecured note payable due December 31, 2018 (2)		6,000,000		6,000,000
Less: unamortized discount of imputed interest of 4% (2)		-		-
Total debt		7,250,000		7,250,000
Less: current maturities		7,250,000		7,250,000
Long-term debt, net of current maturities	$	-	$	-

(1) Effective January 5, 2017, Foothills borrowed $1,250,000 from Berwin Trading Limited that, due to its 20% beneficial ownership in the Company, is a related party. This note called for interest at 9% per annum; but because it was not paid when due interest was to have accrued at a default rate of 11% from the due date of the note. The Company used net proceeds of this loan to satisfy certain obligations under a Purchase and Sale Agreement with Total Belief Limited, dated December 30, 2016, for general working capital and to support certain target drilling activities.

On May 4, 2017, the Company and Berwin agreed to extend the maturity date of the debenture to June 20, 2017, in return for an annual interest rate increase from 9% to 13.5% per annum for the life of the debenture. On November 3, 2017, Berwin agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture. As partial consideration for the deferment, the Company issued Berwin 100,000 shares of its restricted common stock, valued at $48,000. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50"). On February 28, 2018, Berwin and the Company agreed to extend the maturity date of the debenture to June 30, 2018, and as consideration for the extension, the Company agreed to compensate Berwin with 250,000 shares of restricted common stock valued at $58,375. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50"). In addition, the parties agreed that if payment of said principal and interest due and payable is made late, then a penalty payment of $125,000 shall become due and payable to Berwin by the Company. On June 30, 2018, we recorded $125,000 penalty as additional interest payable. The penalty payment was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50"). The Company and Berwin are in ongoing discussions to extend the term of this Note and the Company believes it will either extend, rework or repay the obligation to the satisfaction of Berwin. On July 29, 2018, Berwin agreed to defer repayment of this note to a later date and acknowledged that the Company is not in default regarding this Debenture, and as consideration for the extension, the Company agreed to compensate Berwin with 100,000 shares of restricted common stock valued at $12,000. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50").

(2) On December 30, 2016, in connection with the TBL acquisition, Foothills entered into a promissory note in the amount of $6,000,000. This note bears no interest during its term. The Company calculated and recorded $342,804 of imputed interest as debt discount. Starting from July 1, 2018, the note bears 10% annual interest.

During the three months ended March 31, 2019 and 2018, respectively, we incurred $191,610 and $157,119 of interest expense, including amortization of discount of $0 and $57,134 and shares issued for extension of $0 and $58,375, respectively.

Note 8 – Convertible Note Payable

	March 31, 2019		December 31, 2018	
10% convertible note payable due May 10, 2018 (1)	$	50,000	$	50,000
13.5% convertible note payable due February 11, 2020 (2)		44,000		44,000
12% convertible note payable due May 1, 2019 (3)		270,000		380,000
12% convertible note payable due December 6, 2019 (4)		45,000		45,000
10% convertible note payable due September 19, 2019 (5)		58,300		58,300
10% convertible note payable due September 1, 2019 (6)		705,882		-
12% convertible note payable due September 6, 2019 (7)		380,000		-
10% convertible note payable due December 19, 2019 (8)		52,250		-
12% convertible note payable due March 20, 2020 (9)		40,018		-
Less: unamortized debt discount on convertible notes		(1,158,850)		(363,265)
Total debt		487,100		214,535
Less: current maturities		487,100		181,637
Long-term debt, net of current maturities	$	-	$	32,898

(1) On May 10, 2017, we entered into a convertible note agreement with an unrelated party, pursuant to which we borrowed $50,000 at an annual percentage rate of 10% with a term of 12 months, which is due on May 10, 2018. This note may, at the option of the lender, be converted at any time prior to May 10, 2018, into fully-paid, restricted and non-assessable shares of common stock of the Company at a price equal to 100% of the selling price of such common stock in a private placement to institutional and/or accredited investors initiated by the Company during the term of this convertible note until May 10, 2018. On November 7, 2017, the Company issued 50,000 warrants to purchase 50,000 shares of common stock of the Company at a strike price of $1.00 per share expiring on May 7, 2019. If the Company fails to pay the principal and accrued unpaid interest due and payable to Lender on or before the due date of the convertible note, then the Lender shall be provided the right to convert at either $0.665 per share or upon the same terms offered in FirstFire Global Opportunities Fund, LLC Note's conversion options. The relative fair value of warrant was determined to be $3,381 on November 7, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 77%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.5 years. The issuance of the warrants in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50"). On September 17, 2018, the note holder agreed to defer repayment of this note to December 15, 2018, the Company agreed to compensate the note holder with 50,000 shares of restricted common stock valued at $4,500. On April 4, 2019, note holder confirmed that the Company is not in default with respect to this note. The issuance of the shares in exchange for the maturity extension was treated as a modification of existing debt pursuant to the guidance of ASC 470-50 "Debt – Modifications and Extinguishments" ("ASC 470-50").

(2) On August 11, 2018, the Company borrowed $44,000 from an unaffiliated investor, bearing an interest rate of 12.5% per annum and with a maturity date of February 11, 2020. As part of this transaction the Company also issued (i) warrants having a 24-month term, to purchase 100,000 shares of the Company's common stock at an exercise price of $0.665 per share and (ii) 44,000 shares of the Company's restricted common stock. The Note agreements give the lender the right to convert the loan amounts due into common stock at a fixed conversion price of $0.20. The aggregate relative fair value of the warrant was determined to be $9,035 on August 11, 2018, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 221%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 2 year. Fair value of 44,000 shares of common stock was determined to be $5,280 using market price. The aggregate value of the warrant and 44,000 shares of common stock of $14,315 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. During the three months ended March 31, 2019, the Company amortized the $2,836 of such discount to interest expense. At March 31, 2019, unamortized debt discount was $8,266 and $44,000 of principal was outstanding under the Note.

(3) On November 1, 2018, the Company entered into a loan transaction with an unaffiliated investor ("Holder"), which funded and closed on November 5, 2018. The Company issued the lender a convertible promissory note ("Note") dated November 1, 2018, in the principal amount of $380,000 with an original issue discount of 10% and received proceeds of $342,000, before giving effect to certain transactional costs including legal fees on November 5, 2018. As part of this transaction the Company also issued (i) 650,000 shares of the Company's restricted common stock and two tranches of warrants : (ii) tranche 1 are warrants having a 5-year term to purchase 687,500 shares of the Company's restricted common stock at an exercise price of $0.20 per share with cashless exercise option and (ii) tranche 2 are warrants having a 5-year term to purchase 2,062,500 shares of the Company's restricted common stock at an exercise price of $0.20 per share with cashless exercise option. Tranche 2 warrants may be redeemed by the Company for $20,000 ("Call Payment") beginning on the date of issuance, November 1, 2018, and ending on the date which is 180 calendar days following the issuance date (the "Call"). If Company exercises the Call, then the Company shall make the Call Payment to the Holder within five business days of the date that the Company exercises the Call. If the Call Payment is not made within the required time frame, then the Company will lose its right to exercise the Call for the tranche 2 warrants.

The Note accrues interest at 12% per year, and is due and payable on May 1, 2019 ("Maturity Date"). The Company may prepay the Note without prepayment penalty if prepaid during the first 180 days following issuance date. No prepayment is permitted after the initial 180 days from issuance. The Note agreements give the lender the right to convert the loan amounts due into common stock at a conversion price equal to the lesser of (i) 50% multiplied by the lowest trading price during the previous twenty (20) trading day period ending on the latest complete trading day prior to the date of this Note and (ii) 50% multiplied by the during the twenty (20) trading day period ending on the latest complete trading day prior to the conversion date.

The aggregate relative fair value of the warrant was determined to be $89,908 on November 1, 2018, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 226%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5.0 year. Fair value of 650,000 shares of common stock was determined to be $53,300 using allocation of proceeds. The Company accounted for the conversion feature as a derivative valued at $558,923, of which $364,131 was expensed immediately to interest expense. $194,792 was determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 226%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 0.50 year. The aggregate value of the original debt discount, warrant, conversion feature and 650,000 shares of common stock of $380,000 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. On March 6, 2019, we paid $110,000 towards principal. As of March 31, 2019, $270,000 principal were outstanding under the Note.

(4) On December 6, 2018, Foothills Exploration, Inc. (the "Company"), entered into a convertible loan transaction with an unaffiliated investor ("Holder") in the principal amount of $136,500 (the "Note"). The Note is divided into three tranches, the first tranche of which, in the face amount of $45,500, funded and closed on December 7, 2018, before giving effect to certain transactional costs including legal fees yielding a net of $41,500. The Note carries an original issue discount of $12,000 (the "OID") prorated to each tranche, to cover the Holder's accounting fees, due diligence fees, monitoring, and/or other transactional costs incurred in connection with the negotiation, purchase and sale of the Note, which is included in the principal balance of this Note.

For each tranche funded under the Note, the Company agreed to issue warrants having a 5-year term to purchase up to 227,500 shares of the Company's restricted common stock at an exercise price of $0.20 per share with a cashless exercise option. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities.

The Note agreements give the Holder, after the 180th calendar day after the issue date, the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of this Note due into fully paid and non-assessable shares of Common Stock at 50% multiplied by the lowest trading Price for the Common Stock during the twenty (20) Trading Day period prior to the Conversion Date.

Each tranche of the Note funded accrues interest at 12% per year. The maturity date for each tranche funded shall be twelve (12) months from the effective date of each payment (each a "Maturity Date"), and is the date upon which the principal sum of each respective tranche, as well as any accrued and unpaid interest and other fees relating to that respective tranche, shall be due and payable. This Company may prepay any amount outstanding under each tranche of this Note, during the initial 60 calendar day period after the issuance of the respective tranche of this Note, by making a payment to the Holder of an amount in cash equal to 125% multiplied the amount that the Company is prepaying Notwithstanding anything to the contrary contained in this Note, the Company may prepay any amount outstanding under each tranche of this Note, during the 61st through 120 calendar day period after the issuance of the respective tranche of this Note, by making a payment to the Holder of an amount in cash equal to 135% multiplied the amount that the Company is prepaying. Notwithstanding anything to the contrary contained in this Note, the Company may prepay any amount outstanding under each tranche of this Note, during the 121st through 180 calendar day period after the issuance of the respective tranche of this Note, by making a payment to the Holder of an amount in cash equal to 145% multiplied the amount that the Company is prepaying.

The Company may not prepay any amount outstanding under each tranche of this Note after the 180th calendar day after the issuance of the respective tranche of this Note. Any amount of principal or interest due pursuant to this Note, which is not paid by the Maturity Date, shall bear interest at the rate of the lesser of (i) fifteen percent (15%) per annum or (ii) the maximum amount permitted by law from the due date thereof until the same is paid ("Default Interest"). Interest shall commence accruing on the date that each tranche of the Note is fully paid and shall be computed on the basis of a 365-day year and the actual number of days elapsed. Net proceeds obtained in this transaction will be used for general corporate and working capital purposes. No assurance can be given that any other tranche of the Note will be funded or that any amount due there under will be prepaid. No broker-dealer or placement agent was retained or involved in this transaction.

The aggregate relative fair value of the warrant was determined to be $7,880 on December 6, 2018, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 225%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5.0 year. The Company accounted for the conversion feature as a derivative valued at $74,970, of which $42,850 was expensed immediately to interest expense. $74,970 was determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 225%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.00 year. The aggregate value of the original debt discount, warrant and conversion feature of $45,500 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note.

(5) On December 19, 2018, Foothills Exploration, Inc. (the "Company"), entered into a convertible loan transaction with an unaffiliated investor ("Holder") in the principal amount of $58,300 (the "Note"), which funded and closed on December 21, 2018, before giving effect to certain transactional costs including legal fees yielding a net of $53,000. The Note carries an original issue discount of $5,300 (the "OID"), to cover the Holder's accounting fees, due diligence fees, monitoring, and/or other transactional costs incurred in connection with the negotiation, purchase and sale of the Note, which is included in the principal balance of this Note.

The Note agreements give the Holder, after the 180th calendar day after the issue date, the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of this Note due into fully paid and non-assessable shares of Common Stock at the Conversion Price which equal the lesser of (i) 60% multiplied by the lowest Trading Price during the previous twenty-five (25) Trading Day before the Issue Date of this Note or (ii) 60% multiplied by the lowest Trading Price for the Common Stock during the twenty-five (25) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date.

The Note accrues interest at 10% per year. The maturity date for the Note is September 19, 2019 ("Maturity Date"), and is the date upon which the principal sum, as well as any accrued and unpaid interest, shall be due and payable. This Company may prepay any amount outstanding under this Note, during the initial 60 calendar day period after the issuance of this Note, by making a payment to the Holder of an amount in cash equal to 125% multiplied the amount that the Company is prepaying Notwithstanding anything to the contrary contained in this Note, the Company may prepay any amount outstanding under each tranche of this Note, during the 61st through 120 calendar day period after the issuance of the respective tranche of this Note, by making a payment to the Holder of an amount in cash equal to 135% multiplied the amount that the Company is prepaying. Notwithstanding anything to the contrary contained in this Note, the Company may prepay any amount outstanding under each tranche of this Note, during the 121 st through 180 calendar day period after the issuance of the respective tranche of this Note, by making a payment to the Holder of an amount in cash equal to 140% multiplied the amount that the Company is prepaying.

The Company may not prepay any amount outstanding under each tranche of this Note after the 180th calendar day after the issuance of the respective tranche of this Note. Any amount of principal or interest due pursuant to this Note, which is not paid by the Maturity Date, shall bear interest at the rate of the lesser of (i) eighteen percent (18%) per annum or (ii) the maximum amount permitted by law from the due date thereof until the same is paid ("Default Interest"). Interest shall commence accruing on the date that each tranche of the Note is fully paid and shall be computed on the basis of a 360-day year and the actual number of days elapsed. Net proceeds obtained in this transaction will be used for general corporate and working capital purposes. No broker-dealer or placement agent was retained or involved in this transaction.

The Company accounted for the conversion feature as a derivative valued at $102,942, of which $52,942 was expensed immediately to interest expense. $102,942 was determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 228%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 0.75 year. The fair value of the conversion feature of $50,000 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note.

(6) On March 4, 2019, the Company closed on a loan transaction with FirstFire Global Opportunities Fund, LLC, ("FirstFire") pursuant to which the Company issued FirstFire a senior secured convertible promissory note ("FirstFire Note") in the principal amount of $705,882, and received proceeds of $592,500, with original discount of $113,382. As part of this transaction the Company issued (i) warrants having an 18-month term, to purchase 1,125,000 shares of the Company's common stock at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) $0.5 or (ii) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the exercise price upon issuance.

The Note accrues interest of 10% per annum, and matures on September 1, 2019, which is the date upon which the principal sum, the original issue discount, as well as any accrued and unpaid interest and other fees, shall be due and payable. The Company has agreed to make payments of $20,000 per month pursuant to a cash management agreement as described in the note agreements. The Note is collateralized by the GRB Assets, which principally are being acquired by the Company with the net proceeds of this Note.

The Note Holder has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of this Note due into fully paid and non-assessable shares of Common Stock at the Conversion Price which equal the lesser of (i) $0.5 or (ii) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Conversion Date.

The aggregate relative fair value of the warrant was determined to be $3,553,635 on March 4, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.5 year. The fair value of the warrant of $273,735 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. The conversion feature as a derivative valued at $4,135,070, of which $3,816,305 was expensed immediately to interest expense. $4,135,070 was determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 0.50 year. The fair value of the conversion feature of $318,765 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note.

(7) On March 6, 2019, the Company closed on a loan transaction with Labrys Fund, L.P., a Delaware limited partnership, ("Labrys"), pursuant to which, the Company issued a convertible promissory note dated March 6, 2019, in the principal amount of $380,000, with an original issue discount of 10% and received proceeds of $338,000, with original discount of $42,000 including legal fees (the "Labrys Note"). The Company utilized proceeds in part to pay (i) $110,000 to Labrys as partial repayment of a convertible promissory note issued on November 1, 2018 and (ii) $40,000 to the Company's auditor. As part of this transaction the Company also issued Labrys warrants having a five-year term to purchase 608,000 shares of the Company's restricted common stock, at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Issuance Date. (ii) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Conversion Date.

The Labrys Note accrues interest at 12% per year and is due and payable on September 6, 2019. The Company may prepay the Labrys Note without prepayment penalty if prepaid during the first 180 days following issuance date. No prepayment is permitted after the initial 180 days from issuance. The warrants are subject to adjustment in certain events such as forward or reverse stock splits or if subsequent financings are at terms that are more favorable to persons in subsequent issuances of securities.

The Note Holder has the right to convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of this Note due into fully paid and non-assessable shares of Common Stock at the Conversion Price which equal the lesser of (i) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Issuance Date. (ii) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Conversion Date.

The aggregate relative fair value of the warrant was determined to be $2,306,364 on March 6, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5 years. The fair value of the warrant of $158,860 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. The conversion feature as a derivative valued at $2,599,866, of which $179,140 was expensed immediately to interest expense. $2,599,866 was determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 0.50 year. The fair value of the conversion feature of $179,140 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note.

(8) On March 19, 2019, the Company entered into a securities purchase agreement (the "JSC SPA") with Jefferson Street Capital, LLC, an unaffiliated investor ("JSC"), pursuant to which the Company issued and sold to JSC a convertible promissory note (the "JSC Note") in the principal amount of $52,250 (the "JSC Principal"). The foregoing transaction closed on March 28, 2019 and the Company received $40,000, with original discount of $12,250. As part of this transaction the Company also issued JSC warrants having a 18-month term to purchase 83,078 shares of the Company's restricted common stock, at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) 60% multiplied by the lowest Trading Price during the previous twenty-five (25) Trading Days before the Issue Date of this Note or (ii) 60% multiplied by the Market Price.

The JSC Note accrues interest at 10% per year and carries an original issue discount of $4,750. The maturity date for the JSC Note is December 19, 2019, at which time the JSC Principal, and any accrued but unpaid interest, is due and payable. The holder may convert after the 180th calendar day after the issue date of the JSC Note, all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the JSC Note due into shares of common stock of the Company at the conversion price that is equal to the lesser of (i) 60% multiplied by the lowest Trading Price during the previous twenty-five (25) Trading Days before the Issue Date of this Note or (ii) 60% multiplied by the Market Price.

The aggregate relative fair value of the warrant was determined to be $296,143 on March 19, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 266%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.5 year. The fair value of the warrant of $18,160 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. The conversion feature as a derivative valued at $356,844, of which $335,004 was expensed immediately to interest expense. $356,844 was determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 266%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 0.75 year. The fair value of the conversion feature of $21,840 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note.

(9) On March 20, 2019, the Company, entered into Amendment #1 to the Securities Purchase Agreement dated December 6, 2018, with Crown Bridge Partners, LLC, an unaffiliated investor ("Holder") pursuant to which the Company closed on March 28, 2019 a second tranche under the note, dated December 6, 2017, with a face value of $40,018 (the "Second Tranche"). The Company received $35,000 with original discount of $5,018 including legal fees. The note carries an original issue discount of $12,000 (the "OID") to face value prorated to each tranche, to cover the Holder's transaction related costs incurred in connection with the negotiation, purchase and sale of the note. Each tranche of the note funded accrues interest at a rate of 12% per year. The principal amount of each respective tranche, as well as any accrued and unpaid interest and other fees relating to that respective tranche, is due and payable twelve (12) months from the date on which each respective tranche is delivered to the Company. The Company may not prepay any amount outstanding under each tranche of this Note after the 180 th calendar day after the issuance of the respective tranche received pursuant to the Note. As part of this transaction the Company also issued warrants having a 5 years term to purchase 80,036 shares of the Company's restricted common stock, at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to 50% multiplied by the lowest Trading Price during the previous twenty 20 Trading Days prior to notice of conversion.

The holder may convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Note due into shares of common stock of the Company at the conversion price that is equal to 50% multiplied by the lowest Trading Price during the previous twenty 20 Trading Days prior to notice of conversion.

The aggregate relative fair value of the warrant was determined to be $106,534 on March 20, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 266%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5 years. The fair value of the warrant of $18,480 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note. The conversion feature as a derivative valued at $95,370, of which $78,850 was expensed immediately to interest expense. $16,520 was determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 266%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1 year. The fair value of the conversion feature of $21,840 was considered as debt discount upon issuance and is being amortized to interest expense over the term of the Note or in full upon the conversion of the Note.

During the three months ended March 31, 2019 and 2018, respectively, the Company incurred $403,793 and $95,021 of interest expense, including amortization of discount of $382,565 and $88,511. At March 31, 2019, the unamortized discount was $1,158,850, respectively.

The following table reconciles, for the period ended March 31, 2019, the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements:

Balance of embedded derivative as of December 31, 2018	$	661,320
Additions related to embedded conversion features of convertible debt issued		7,187,150
Change in fair value of conversion features		57,727
Reductions in fair value due to principal repayments and conversion		(732,353)
Balance of embedded derivatives at March 31, 2019	$	7,173,844

Derivative liabilities were determined using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248 - 266 %, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 0.08 – 1.00 year.

Note 9 – Common Stock

During the three months ended March 31, 2019, the Company issued 200,000 shares to various consultants for services rendered, valued at $10,000.

On February 25, 2019, a third-party debt holder cashless exercised 875,000 shares of warrant to purchase common stocks.

On March 4, 2019, 650,000 shares were returned in connection with partial repayment made to debt holder and the same holder cashless exercised 1,110,000 shares of warrant to purchase common stocks.

As of March 31, 2019, the Company had 23,610,738 shares of common stock issued and outstanding.

Warrants

On May 27, 2016, the Company granted to Wilshire Energy Partners, LLC, warrants ("Wilshire Warrants") to purchase (i) 100,000 common shares at a strike price of $1.25 per share, (ii) 200,000 common shares at a strike price of $2.00 per share and (iii) 400,000 common shares at a strike price of $3.00 per share. The Wilshire Warrants commence to be exercisable on the earlier of (i) 12-month anniversary of the closing of a going public transaction or (ii) June 30, 2017 and expire on June 1, 2021.

On May 27, 2016, the Company granted to an unrelated party warrants to purchase (i) 125,000 common shares at a strike price of $1.25 per share, (ii) 100,000 common shares at a strike price of $2.00 per share and (iii) 100,000 common shares at a strike price of $3.00 per share. The warrants commence to be exercisable on the earlier of (i) 12-month anniversary of the closing of a going public transaction or (ii) June 30, 2017 and expire on June 1, 2021.

The fair value of above warrants was determined to be $2,144 on May 27, 2016, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 120%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5 years.

On November 7, 2017, the Company issued 50,000 warrants to purchase 50,000 shares of common stock of the Company at a strike price of $1.00 per share expiring on May 7, 2019 in connection with a senior convertible promissory note in the principal amount of $50,000. If the Company fails to pay the principal and accrued unpaid interest due and payable to Lender on or before the due date of the convertible note, then the Lender shall be provided the right to convert at either $0.665 per share or upon the same terms offered in FirstFire Global Opportunities Fund, LLC Note's conversion options. The relative fair value of warrant was determined to be $3,381 on November 7, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 77%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.5 years.

On November 17, 2017, the Company issued an unaffiliated investor warrants to purchase 267,500 shares of the Company's common stock at an exercise price of $1.00 per share and expires in 18 months, in connection with a senior convertible promissory note in the principal amount of $267,500. The aggregate relative fair value of warrant was determined to be $10,750 on November 17, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 78%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.5 year. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to March 4, 2019, which is $0.025. (ii) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Conversion Date. The fair value of the warrant was determined to be $1,381,963 on March 4, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 0.2 year. The same was considered as deemed dividend.

On August 11, 2018, the Company issued an unaffiliated investor warrants to purchase 100,000 shares of common stock at a strike price of $0.665 per share expiring in 24 months, in connection with a convertible promissory note in the principal amount of $44,000. The aggregate relative fair value of the warrant was determined to be $9,035 on August 11, 2018, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 221%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 2 year.

On November 1, 2018, the Company issued an unaffiliated investor two tranches of warrants in connection with a convertible promissory note in the principal amount of $380,000. (i) tranche 1 are warrants having a 5-year term to purchase 687,500 shares of the Company's restricted common stock at an exercise price of $0.20 per share with cashless exercise option and (ii) tranche 2 are warrants having a 5-year term to purchase 2,062,500 shares of the Company's restricted common stock at an exercise price of $0.20 per share with cashless exercise option. Tranche 2 warrants may be redeemed by the Company for $20,000 ("Call Payment") beginning on the date of issuance, November 1, 2018, and ending on the date which is 180 calendar days following the issuance date (the "Call"). The aggregate relative fair value of the warrant was determined to be $89,908 on November 1, 2018, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 226%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5.0 year. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to March 4, 2019, which is $0.025. (ii) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Conversion Date. The fair value of the warrant was determined to be $3,421,241 on March 4, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 4.7 year. The same was considered as deemed dividend.

On December 6, 2018 the Company issued an unaffiliated investor warrants to purchase 227,500 shares of common stock at a strike price of $0.20 per share expiring in 5 years, in connection with a convertible promissory note in the principal amount of $45,500. The relative fair value of the warrant was determined to be $7,880 on December 6, 2018, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 225%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5.0 year. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to March 4, 2019, which is $0.025. (ii) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Conversion Date. The fair value of the warrant was determined to be $299,594 on March 4, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 4.8 year. The same was considered as deemed dividend.

On March 4, 2019, the Company issued warrants having an 18-month term, to purchase 1,125,000 shares of the Company's common stock at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) $0.5 or (ii) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the exercise price upon issuance. The fair value of the warrant was determined to be $3,553,635 on March 4, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.5 year.

On March 6, 2019, the Company issued Labrys warrants having a five-year term to purchase 608,000 shares of the Company's restricted common stock, at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Issuance Date. (ii) 50% multiplied by the lowest Trading Price during the previous twenty (20) Trading Day prior to the Conversion Date. The fair value of the warrant was determined to be $2,306,364 on March 6, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 248%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5 years.

On March 19, 2019, the Company issued warrants having a 18-month term to purchase 83,078 shares of the Company's restricted common stock, at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to the lesser of (i) 60% multiplied by the lowest Trading Price during the previous twenty-five (25) Trading Days before the Issue Date of this Note or (ii) 60% multiplied by the Market Price. The fair value of the warrant was determined to be $296,143 on March 19, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 266%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 1.5 year.

On March 20, 2019, the Company also issued warrants having a 5 years term to purchase 80,036 shares of the Company's restricted common stock, at an exercise price of $0.50 per share, with a cashless exercise feature. The exercise price subject to adjustment if the Company at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or securities entitling any person or entity to acquire shares of Common Stock (upon conversion, exercise or otherwise) (including but not limited to under the Note), at an effective price per share less than the then Exercise Price. Exercise Price shall be reduced to equal the effective price, and the number of Warrant Shares issuable hereunder shall be calculated by the original total number of Warrant Shares multiplied by the initial Exercise Price divided by the effective price. As the result, the exercise price of the warrants was reset to 50% multiplied by the lowest Trading Price during the previous twenty 20 Trading Days prior to notice of conversion. The fair value of the warrant was determined to be $106,534 on March 20, 2019, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 266%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5 years.

The following table summarizes all stock warrant activity for the three months ended March 31, 2019 and 2018:

	Number of Warrants		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Balance outstanding, December 31, 2018	5,761,015		1.56	2.65
Granted	67,747,155		0.22	1.43
Exercised	(2,074,665)		0.55	2.61
Cancelled or expired	-		-	-
Balance outstanding, March 31, 2019	71,433,505	$	0.25	1.53
Exercisable, March 31, 2019	71,433,505	$	0.25	1.53

	Number of Warrants		Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Balance outstanding, December 31, 2017	2,683,515		1.56	2.65
Granted	-		-	-
Exercised	-		-	-
Cancelled or expired	-		-	-
Balance outstanding, March 31, 2018	2,683,515	$	1.56	2.65
Exercisable, March 31, 2018	2,683,515	$	1.56	2.65

Options

On May 19, 2016, the Company granted to each of its then three directors options to purchase (i) 50,000 common shares at a strike price of $2 per share, vesting when the Company achieves and maintains a total average daily production level of 100 barrels of oil equivalent per day ("BOE/D") for at least 30 days, (ii) 50,000 common shares at a strike price of $3 per share, vesting when the Company achieves and maintains a total average daily production level of 200 BOE/D for at least 60 days, and (iii) 50,000 common shares at a strike price of $4 per share, vesting when the Company achieves and maintains a total average daily production level of 500 BOE/D for at least 90 days.

On February 27, 2017, the Company granted to Mr. Christopher Jarvis, currently an officer and director, options to purchase 400,000 common shares at a strike price of $1.99 per share, vesting quarterly over two years commencing with the first quarter following the 90-day probationary period.

The fair value of 400,000 options was determined to be $616,055 on February 27, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 129%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 5 years.

On February 27, 2017, the Company granted to Mr. Kevin J. Sylla, currently our Executive Chairman of the Board, options to purchase 1,200,000 common shares at a strike price of $1.99 per share, vesting quarterly over the term of three years.

The fair value of 1,200,000 options was determined to be $1,986,902 on February 27, 2017, using the Black-Scholes option-pricing model based on the following assumptions: (i) volatility rate of 129%, (ii) discount rate of 0%, (iii) zero expected dividend yield, and (iv) expected life of 7 years.

During the three months ended March 31, 2019 and 2018, we recorded $212,254 and $239,259 option expense. As of March 31, 2019, the unamortized option expense was $604,236.

The following table summarizes all stock option activity for the three months ended March 31, 2019 and 2018:

	Number of Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Balance outstanding, December 31, 2018	2,050,000	2.21	5.26
Granted	-	-	-
Exercised	-	-	-
Cancelled or expired	-	-	-
Balance outstanding, March 31, 2019	2,050,000	$ 2.21	5.01
Exercisable, March 31, 2019	1,650,000	$ 2.29	5.04

	Number of Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Balance outstanding, December 31, 2017	2,050,000	2.21	6.26
Granted	-	-	-
Exercised	-	-	-
Cancelled or expired	-	-	-
Balance outstanding, March 31, 2018	2,050,000	$ 2.21	6.26
Exercisable, March 31, 2018	-	$ -	-

Note 10– Other Related Party Transactions

Wilshire Energy Partners, LLC

Wilshire Energy Partners, LLC, is controlled by Kevin J. Sylla, our Executive Chairman and Chief Executive Officer of FPI, and has been determined to be a Related Party. During the three months ended March 31, 2019 and 2018, Wilshire advanced the Company $0 and $55,210 for operating purposes and the Company repaid $15,973 and $0, respectively.

As of March 31, 2019, and December 31, 2018, total amount due to officers and directors were $899,764 and $687,770.

Note 11 – Commitments and Contingencies

During the audit process, a vendor for whom the Company has recorded $50,000 in accounts payable, confirmed an open invoice due to them that was greater than what was reported on the Company's financial statements. The Company believes that this invoice is legally disputable, as follows:

1. The invoice was only prepared and submitted after the request for a confirmation letter. No demand has ever been made to the Company for payment either orally, invoice or letter.

2. The invoice fails to reflect any payments made to the account, although Company records show that certain amounts were paid to this account.

3. The invoice includes a bonus fee for services rendered in connection with a lease transfer. This fee was not earned in that the milestone for the bonus was a lease transfer which remains in litigation and the terms of the oral modification of the written contract between the parties required the successful completion of the transfer as the milestone.

4. The contract between the parties was terminated in May, 2018.

The Company believes that the invoice is completely irregular and does not represent any legitimate debt of the Company to this vendor.

Contractual Obligations

Leases

Effective March 4, 2019, the Company entered into a sublease agreement, expiring November 30, 2020, for approximately 3,236 square feet of office space in Los Angeles, California, at a monthly rental amount of $9,500, and subsequently moved its corporate headquarters to the new location.

The Company records the lease asset and lease liability at the present value of lease payments over the lease term. The leases typically do not provide an implicit rate; therefore, the Company uses its estimated incremental borrowing rate at the time of lease commencement to discount the present value of lease payments. The Company's discount rate for operating leases at March 31, 2019 was 12%. Lease expense is recognized on a straight-line basis over the lease term. Our weighted-average remaining lease term is 1.67 years.

As of March 31, 2019, the maturities of operating leases liabilities are as follows:

		Operating Leases
Remaining 2019	$	85,500
2020		107,350
Total		192,850
Less: amount representing interest		(22,187)
Present value of future minimum lease payments		170,663
Less: current obligations under leases		98,217
Long-term lease obligations	$	72,446

Rent expense is recognized on a straight-line basis over the life of the lease. Rent expense consists of the following:

		Three months ended March 31, 2019
Operating lease costs	$	18,964
Variable rent costs		(-)
Total rent expense	$	18,964

Other information related to leases is as follows:

		Three months ended March 31, 2019
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	15,750
Weighted-average remaining lease term - operating leases		1.67 yr
Weighted-average discount rate - operating leases		12%

Legal proceedings

The Company has determined that judgments rendered in the second quarter of 2018 in connection with all but four of the following legal proceedings against the Company are Type 1 subsequent events that provide additional evidence with respect to conditions that existed at the date of the balance sheet. Therefore, the financial statements reflect the effects of prejudgment judgments awards to plaintiffs through March 31, 2019, noted below in accordance with Auditing Standard 2801.03.

Utah Wells

Graco Fishing & Rental Tools, Inc. vs. Tiger Energy Operating LLC (Case No. 160800005 8th Judicial District Court, Duchesne County, State of Utah)

Plaintiff in this case sought collection of unpaid debt incurred by TEO for services rendered in connection with its workover of wells in Duchesne County, Utah. On June 1, 2016, a default judgment of $159,965 was obtained against TEO by Plaintiff. Graco filed a writ of execution against the A Rust 2, Dye-Hall 2-21 A1, Wilkins 1-24 A5 and Rust 3-22A-4 wells located in Duchesne County executing on properties not owned by us. A Motion to Set Aside the sheriff's sale of these properties was filed with the court based on the fact that TEO was not the owner of these properties. A hearing for this matter was held on May 1, 2017, in Duchesne County, Utah, at which time a Company representative was present to comply with the court's order to produce documents. Prior to the hearing, TEO made an initial settlement offer, which was eventually rejected by Graco. A writ of execution was issued to seize the property subject of litigation on March 8, 2018.

Graco had scheduled certain foreclosure sales of TEO's interests in various oil and gas wells to take place on May 3, 2018 (the "Sales"). On April 27, 2018, the parties reached a settlement and release agreement whereby TEO agreed to make five (5) payments totaling $163,964.59 to Graco. The first payment due on May 9, 2018, has already been made to the judgment holder. The second payment of $32,792.92 is due on July 9, 2018; the third payment of $32,792.92 is due on September 9, 2018; the fourth payment of $32,792.92 is due on November 9, 2018; and fifth and final payment of $32,792.92 is due on January 9, 2019. If any of the above payments are not made when due, Grace will have the right to immediately execute the Sales. Graco will maintain and apply liens and notices of its judgment until the total payment has been paid in full by TEO. TEO shall be provided with a 10-day period within which to cure any default under the settlement agreement, other than making the first payment described above. TEO made its second payment of $32,793 on July 19, 2018, within the 10-day cure period provided in the settlement agreement. TEO made its third payment of $32,793 on September 11, 2018, within the 10-day cure period provided in the settlement agreement. TEO also made its fourth payment of $32,793 on November 15, 2018. On January 25, 2019, the Plaintiff issued a Writ of Execution Notice. A Notice of Sheriff Sale was filed on February 1, 2019.

Regarding the Company's Utah properties, there was a settlement agreement between Graco Fishing & Rental Tools, Inc. ("Graco") and Tiger Energy Operating, LLC ("TEO"), an indirect subsidiary of the Company and the Operator of the Duck Creek wells. Graco obtained a default judgment of $159,965 against TEO, subsequent to which they were also issued Writs of Execution against the certain TEO wells, located in Uintah and Duchesne County, Utah.

Graco had scheduled foreclosure sales of TEO's interests in four wells (A Rust 2, Dye-Hall 2-21-A1, Wilkins 1-24A5, and Rust 3-22A4), which was to take place on May 3, 2018 (the "Sales"). On April 27, 2018, the parties reached a settlement and release agreement whereby TEO agreed to make five (5) payments totaling $163,965 to Graco. If any of the above payments were not made when due, Graco had the right to immediately execute the Sales. Graco also had the right to maintain and apply liens and notices of its judgment until the total payment has been paid in full by TEO. On June 27, 2018, Finley Resources, Inc. ("Finley"), acquired all of Graco's right, title and interest in the settlement agreement.

The first four settlement payments to the judgment holder were made timely but the last and final payment was made late, and the judgment holder (i.e. Finley) rejected TEO's final payment. The Company disputes this because the final date of the 10-day cure period was on a Saturday, which is not considered a business day and therefore, the payment was made on the following business day. On January 25, 2019, Finley issued a Writ of Execution Notice and a Notice of Sheriff Sale was filed on February 1, 2019, for the four wells: A Rust 2, Dye-Hall 2-21-A1, Wilkins 1-24A5, and Rust 3-22A4. While it believes it could prevail should it protest Finley's actions, the Company believes that the production value of the affected properties is limited. For additional details, please review the Legal Proceedings section of the 10-K report.

Conquest Well Servicing, LLC vs. Foothills Exploration Operating, Inc. (Case No. 179800421 8th Judicial District Court in and for Uintah County, State of Utah)

Plaintiff filed this action on September 11, 2017, for collection of unpaid services and materials in the amount of $49,689 in connection with a workover of wells in Uintah County, Utah. A Settlement Agreement and Stipulation to Entry of Judgment was agreed to by the parties and filed with the court on October 10, 2017. Judgment in the amount of $54,937.10 including $5,248.10 in pre-judgement interest was filed on December 18, 2017. An order requesting company asset inquiry was issued on February 20, 2018. As of March 31, 2019, we recorded $13,489 of prejudgment interest expense. A hearing on contempt by FEOI for failure to appear and an answer as to assets was set for September 13, 2018. A stipulation was filed with the court to continue the hearing to October 22, 2018. FEOI inadvertently failed to appear at this hearing, resulting in a contempt of court citation being issued. Currently, FEOI is seeking to reschedule this hearing and intends to purge any contempt by compliance with the court's order.

BIA Administrative Appeal – Tiger Energy Partners International, LLC

Notice of Appeal:	Dated May 8, 2013
Appellant:	Tiger Energy Partners International, LLC
Appellee:	Superintendent Uintah and Ouray Agency
Decision	April 12, 2013
Concerning:	Notice of Expiration of Oil and Gas Leases

This Administrative appeal concerns the ownership and validity of Northern Ute (the "Tribe") Tribal leases acquired by Tiger Energy Partners International, LLC (TEPI) in a transaction with Mountain Oil and Gas and its affiliated companies. Pursuant to the Global Settlement Agreement (GSA) negotiated between the Tribe and TEPI, the Company proposes to resolve any issues regarding the ownership of the subject leases and other lands thus acquired. The status of the appeal by TEPI remained unchanged at March 31, 2019, awaiting decision by the Regional Director of the BIA on the merits of the appeal. The decision of the Regional Director is stayed by the parties having entered into the GSA. The Tribe and Tiger remain in discussion regarding approval of the Global Settlement Agreement by the Regional Director. There has been no change in the status of this matter as of the date of this current report.

Labokay Well – Parish of Calcasieu, State of Louisiana

R.W. Delaney Construction Company vs. Foothills Petroleum Operating, Inc. (Cause No. 2017-CV-0330 – County Court of Adams County, Mississippi)

This case was filed on September 18, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $72,495 in connection with drilling the Labokay test well in Calcasieu Parish, Louisiana.

A judgment was entered on January 22, 2018, in the County Court of Adams County, Mississippi in the principal amount of $72,495, plus pre-judgement interest in the amount of $12,763, plus attorney's fees in the amount of $18,124, plus costs in the amount of $196, for a total amount of $103,578, plus post-judgment interest at the rate of 8% per annum. On May 9, 2018, District Court for the City and County of Denver, Colorado, granted plaintiff with an order granting their petition to domesticate this foreign judgment with the Denver District Court, which now has the same effect and is subject to the same procedures, defenses, and proceedings for reopening, vacating, or staying as a judgment from the Denver District Court, and may be enforced or satisfied in like manner. No further action has been filed in this matter as of the date of this current report.

Performance Drilling Company, LLC vs. Foothills Petroleum Operating, Inc. (Case No. 2017-3916 DIV G 14th Judicial District Court in Parish of Calcasieu, State of Louisiana)

This case was filed on September 25, 2017, for payment of services performed by plaintiff in the amount of $205,251 for unpaid accounts in connection with its drilling of the Labokay test well. On January 16, 2018, a default judgment was entered against FPOI, in the amount of $205,251.24; together with accrued interest of $29,861 from March 18, 2017, through December 31, 2017; plus, additional interest from January 1, 2018, at the rate of one and one-half percent (1.5%) per month until paid (a per diem rate of $103.69); plus, an additional sum for reasonable attorney's fees of $2,500, and all costs of the court proceedings. FPOI was cited to appear through its authorized representative, B.P. Allaire, in Open Court, on 27th of July at 9:00 a.m. to be examined as a Judgment Debtor. FPOI was ordered to produce at the above time and place all the books, papers and other documents so requested in the petition. FPOI inadvertently failed to appear at this hearing and is currently seeking to reschedule this hearing. No further action has been taken as of the date of this current report.

Monster Rentals, LLC dba Deepwell Equipment Rentals vs. Foothills Petroleum Operating, Inc. (Case No. 2017-11013 DIV E – 15th Judicial District Court in Parish of Acadia, State of Louisiana)

This case was filed on October 24, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $53,943.53 in connection with the Labokay test well in Calcasieu Parish, Louisiana. On December 5, 2017, a default judgement was entered against FPOI in favor of Plaintiff in the amount of $53,943.53, plus attorneys' fees of $3,483 and court costs and expenses in the amount of $476.84, plus judicial interest from the date of the judicial demand, until paid, and for all costs of these proceedings. No further action has been filed in this matter as of the date of this current report.

Canal Petroleum Products, Inc. vs. Foothills Petroleum Operating, Inc. (Case No. 2017-6574; DIV. C – 15th Judicial District Court, Lafayette Parish, Louisiana)

This case was filed on November 14, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $35,981 for unpaid accounts in connection with its drilling of the Labokay test well.

On January 25, 2018, a default judgment was entered against FPOI in the amount of $35,981 inclusive of interest as of September 6, 2017; plus, finance charges to accrue after September 6, 2017, of one and one-half percent per month (18% per annum) until paid on the unpaid principal amount of $32,956; plus, legal fees of $8,239 together with related court costs. No further action filed in this matter as of the date of this current report.

Smith International, Inc. vs. Foothills Petroleum Operating, Inc. (Case No. 2017-004617; DIV. E – 14th Judicial District Court, Calcasieu Parish, Louisiana)

This case was filed on November 7, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $30,244 in connection with its drilling of the Labokay test well.

On March 23, 2018, the court issued a preliminary judgement in favor of plaintiff in the amount of $30,244, plus interest in the contractual amount of 18% per annum from the date the payment was originally due until the judgment date, plus legal interest from the judgment date until amounts are paid, plus reasonable attorneys' fees. On April 3, 2018, a final judgment was entered in favor of plaintiff. No further action filed in this matter as of the date of this current report.

M-I, L.L.C. d/b/a MI-SWACO vs. Foothills Petroleum Operating, Inc. (Case No. 2017-004616; DIV. G – 14th Judicial District Court, Calcasieu Parish, Louisiana)

This case was filed on November 7, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $51,275 in connection with the Labokay test well.

On March 23, 2018, the court issued a preliminary judgment in favor of plaintiff in the amount of $51,275, plus interest in the contractual amount of 1.5% per month from the date the payment was originally due until the judgement date, plus legal interest from the judgment date until amounts are paid, plus reasonable attorney's fees expended in the prosecution and collection of debt. On April 3, 2018, a final judgment was entered in favor of plaintiff. No further action has been filed in this matter as of the date of this current report.

Schlumberger Technology Corporation vs. Foothills Petroleum Operating, Inc. (Case No. 2017-004618; DIV. E – 14th Judicial District Court, Calcasieu Parish, Louisiana)

This case was filed on November 7, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $28,904 for unpaid accounts in connection with its drilling of the Labokay test well in Calcasieu Parish, Louisiana.

On March 23, 2018, the court issued a preliminary judgment in favor of plaintiff in the amount of $28,904, plus interest in the contractual amount of 1.5% per month from the date the payment was originally due until the judgment date, plus legal interest from the judgment date until amounts are paid, plus reasonable attorney's fees expended in the prosecution and collection of debt. On April 3, 2018, a final judgment was entered in favor of plaintiff. No further action has been filed in this matter as of the date of this current report.

Zealous Energy Services, LLC vs. Foothills Petroleum Operating, Inc. (Docket No. 086708 Div. C 16th Judicial District Court, Parish of St. Martin, Louisiana)

On September 28, 2018, the Court after reviewing the record of these proceedings, found the law and evidence supported Plaintiff's demands and, without holding a hearing, ruled as follows: the Court ordered, adjudged and decreed that a money judgement be rendered in favor of Zealous Energy Services, LLC and against Foothills Petroleum Operating, Inc. in the full and true amount of $53,026.58, plus interest at the judicial interest rate of 5% per annum from January 24, 2018, the date of judicial demand, until finally paid, plus attorney's fees of $1,260.00 and all cost. On March 1, 2019, a Motion to Examine Judgment Debtor was filed with the court.

633 17th Street Operating Company LLC v. Foothills Exploration, Inc. (Case No. 2019CV30189, District Court, City and County of Denver, Colorado)

This case was filed on January 16, 2019, seeking unpaid leasehold obligations in the amount of $75,107 from the Defendant. No service has been affected. The Company is seeking to resolve this claim without further litigation.

As of March 31, 2019, and December 31, 2018, the balance of other liabilities was $303,794 and $282,676, respectively.

Note 13 – Subsequent Events

Extension of Debt – 12% convertible redeemable note due May 1, 2019

On May 3, 2019, Foothills Exploration, Inc. (the "Company"), entered into an Amendment #1 to the Convertible Promissory Note Issued on November 1, 2018 (the "Amendment") with Labrys Fund, L.P. ("Lender") pursuant to which the maturity date of the convertible promissory note originally issued by the Company to Lender on November 1, 2018, in the original principal amount of $380,000.00 (the "Note") has been extended to May 31, 2019.

Pursuant to the Amendment, should the Company fail to repay remaining balance in the amount of $295,751.25 by May 31, 2019, the Lender shall automatically, immediately and without further action be entitled to all its rights, privileges, and preferences under the Note and the principal balance of the Note shall be deemed to have increased by $2,928.23 effective as of May 3, 2019. The Lender is not permitted to effectuate any conversions under the Note from May 3 until May 31, 2019 unless an event of default occurs under the Note.

The Amendment was deemed a part of, but did not take precedence over and supersede any provisions to the contrary contained in the Note. Except as specifically modified thereby, all of the provisions of the Note, which are not in conflict with the terms of the Amendment, shall remain in full force and effect.

Debt – 12% convertible redeemable note due May 15, 2020

Subsequent to the period ended March 31, 2019 and on May 15, 2019, the Company closed on a loan transaction with Odyssey Capital Funding, LLC ("Odyssey"), pursuant to which the Company issued Odyssey a convertible redeemable promissory note ("Odyssey Note") in the principal amount of $131,250, and received proceeds of $125,000, before giving effect to certain transactional costs. The Odyssey Note accrues interest of 12% per annum, and matures on May 15, 2020, which is the date upon which the principal sum and any accrued and unpaid interest and other fees, shall be due and payable.

Odyssey is entitled, at its option, at any time after the 180th daily anniversary of the Note, to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price ("Conversion Price") for each share of Common Stock equal to 55% of the lowest trading price of the Common Stock as reported on the National Quotations Bureau OTC Marketplace exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the twenty (20) prior trading days including the day upon which a Notice of Conversion is received by the Company or its transfer agent (provided such Notice of Conversion is delivered by fax or other electronic method of communication to the Company or its transfer agent after 4 P.M. Eastern Standard or Daylight Savings Time if the Odyssey wishes to include the same day closing price).

Interest on any unpaid principal balance of this Note shall be paid at the rate of 12% per annum. Interest shall be paid by the Company in Common Stock ("Interest Shares"). Odyssey may, at any time, after the 180th daily anniversary of the Note, send in a Notice of Conversion to the Company for Interest Shares based on the formula described above. The dollar amount converted into Interest Shares shall be all or a portion of the accrued interest calculated on the unpaid principal balance of this Note to the date of such notice.

The maturity date for this Note is May 15, 2020 ("Maturity Date"), and is the date upon which the principal sum, as well as any accrued and unpaid interest, shall be due and payable. This Note may be prepaid or assigned with the following penalties/premiums: (i) during the initial 60 calendar day period after the issuance of the Note, by making a payment to the Odyssey of an amount in cash equal to 125% multiplied by the principal, plus accrued interest; (ii) during the 61st through 120th calendar day period after the issuance of the Note, by making a payment to the Odyssey of an amount in cash equal to 135% multiplied by principal, plus accrued interest; (iii) during the 121st through 180th calendar day period after the issuance of the Note, by making a payment to the Odyssey of an amount in cash equal to 145% multiplied by principal, plus accrued interest.

The Company may not prepay any amount outstanding under this Note after the 180th calendar day after the issuance of the Note. Any amount of principal or interest due pursuant to this Note, which is not paid by the Maturity Date, shall bear interest at the rate of the lesser of (i) twenty-four percent (24%) per annum or (ii) the maximum amount permitted by law from the due date thereof until the same is paid ("Default Interest"). If this Note is not paid by the Maturity Date, the outstanding principal due under this Note shall increase by 10%. Interest shall commence accruing on the date the Note is fully paid and shall be computed on the basis of a 360-day year and the actual number of days elapsed. Net proceeds obtained in this transaction will be used for general corporate and working capital purposes. No broker-dealer or placement agent was retained or involved in this transaction.

Pursuant to terms of the Note, the Company covenanted to the Odyssey to reserve with its transfer agent 1.4 million shares of its Common Stock for conversions (the "Share Reserve"). The Company further covenanted that at all times it would reserve a minimum of four times the number of shares required if the Note would be fully converted. On April 18, 2019, a majority of shareholders of the Company ratified the resolution of the Board of Directors approving an amendment to the Certificate of Incorporation of the Company that would increase authorized Common Stock of the Company from 100 million shares to 475 million shares (the "Certificate Amendment"). The Company anticipates that the Certificate Amendment will be filed and become effective with the state of Delaware within 30 days from the date of this Report. To accommodate the covenant of the Company in the interim, Kevin Sylla, our Executive Chairman, delivered to the Company 1.4 million shares of common stock beneficially owned by him to permit the required reservation for the benefit of Odyssey. The Company will return 1.4 million shares of common stock to Mr. Sylla upon the increase in the Company's authorized shares being effected after the filing of the Certificate Amendment. Upon full conversion of the Note, any shares remaining in the Share Reserve will be cancelled.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This report contains forward-looking statements. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including without limitation, statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations regarding our financial position, estimated working capital, business strategy, the plans and objectives of our management for future operations and those statements preceded by, followed by or that otherwise include the words "believe," "expects," "anticipates," "intends," "estimates," "projects," "target," "goal," "plans," "objective," "should" or similar expressions or variations on such expressions are forward-looking statements. We can give no assurances that the assumptions upon which the forward-looking statements are based will prove to be correct. Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements, including, but not limited to, our inability to obtain adequate financing, insufficient cash flows and resulting illiquidity, our inability to expand our business, government regulations, lack of diversification, volatility in the price of oil and/or natural gas, increased competition, results of arbitration and litigation, stock volatility and illiquidity, our failure to implement our business plans or strategies and general economic conditions. A description of some of the risks and uncertainties that could cause our actual results to differ materially from those described by the forward-looking statements in this Quarterly Report on Form 10-Q appears in the section captioned "Risk Factors" in our 2018 Annual Report on Form 10-K.

Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this Quarterly Report on Form 10-Q to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Going Concern

The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has incurred recurring losses from inception through March 31, 2019, has a working capital deficit at March 31, 2019, of $23,265,998, and has limited sources of revenue. These factors raise substantial doubt about the Company's ability to continue as a going concern. The condensed consolidated financial statements included elsewhere herein do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Our financial statements reflect that our current liabilities exceed our current assets and it is possible that the historical value of the assets that we record on our books may not be attained on a sale or other disposition for cash. We require substantial additional operating capital to maintain current operations and to implement even a portion of our identified acquisitions and workovers. Additional capital, if available at all, will likely be on onerous terms that are also dilutive to our shareholders. No assurance can be given that we will obtain any additional capital. As a consequence, an investment in our shares or other securities is extremely speculative and may result in a complete loss of your investment.

To address these matters, the Company is actively meeting with investors for possible equity investments, including business combinations; investigating other possible sources to refinance our existing debt; and in continuing discussions with various individuals and groups that could be willing to provide capital to fund operations and growth of the Company.

Results of Operations

Three months ended March 31, 2019 compared to three months ended March 31, 2018

Revenue

The following table summarizes our revenues from commodity sales during the three months ended March 31, 2019 and 2018.

	Three Months March 31, 2019	Three Months March 31, 2018	Difference	Percentage Change
Revenues				
Oil	$ 4,978	$ 1,870	$ 3,108	166%
Natural gas	350,717	187	350,530	187449%
Natural gas liquids	27,053	90,950	(63,897)	-70%
Residue Gas	614,071	635,223	(21,152)	-3%
Total	$ 996,819	$ 728,230	$ 268,589	37%
Sales volumes				
Oil (Bbls)	105	35	70	199%
Natural gas (MCF)	68,080	69	68,011	98567%
Natural gas liquids (Bbls)	2,523	4,583	(2,060)	-45%
Residue Gas (MCF)	129,605	240,913	(111,308)	-46%
Total BOE	35,575	44,770	(20,542)	-46%
Total BOE/D	391	115	(56)	-49%
Average prices				
Oil (per Bbl)	$ 47.50	$ 53.91	$ (6.41)	-12%
Natural gas (per MCF)	5.15	2.72	2.43	89%
Natural gas liquids (per BOE)	10.72	19.85	(9.13)	-46%
Residue gas (per MCF)	4.74	2.64	2.10	79%
Total per BOE	$ 28.02	$ 70.26	$ $0.00	0%

Operating Expenses

Operating expenses for the three months ended March 31, 2019 and 2018, are set forth in the table below.

	Three Months March 31, 2019	Three Months March 31, 2018	Difference	Percentage Change
Costs and Expenses				
Lease operating expense	$ 344,095	$ 467,044	$ (122,949)	-26%
Production and ad valorem taxes (1)	49,708	811	48,897	6029%
Depletion, depreciation, amortization, accretion, and impairment expense (2)	210,083	114,375	95,708	84%
General and administrative expense	775,722	730,425	45,297	6%
Total operating expenses	$ 1,379,608	$ 1,312,655	$ 66,953	5%

1) GRB Assets producing in the three months ended March 31, 2019 which only started producing in Q1 2019.
2) GRB Assets producing in the three months ended March 31, 2019 which only started producing in Q1 2019.

Operating expenses expressed in BOE for the three months ended March 31, 2019 and 2017 are set forth in the table below:

	Three Months March 31, 2019	Three Months March 31, 2018	Difference	Percentage Change
Costs and Expenses				
Lease operating expense	$ 9.67	$ 10.43	$ (0.76)	-7%
Production and ad valorem taxes	1.40	0.02	1.38	6886%
Depletion, depreciation, amortization, accretion, and impairment expense	5.91	2.55	3.36	132%
General and administrative expense	21.81	16.32	5.49	34%
Total operating expenses	$ 38.78	$ 29.32	$ 9.46	32%

Interest Expense and Gain on Change in Derivative Value

Interest expense and Gain on Change in Derivative Value for the three months ended March 31, 2019 and 2018, was $7,468,864 and $294,600, respectively. The increase in interest expense and derivative value is primarily attributed to additional compensation related to notes payable extensions during the three months ended March 31, 2019.

Other Income

Other income for the three months ended March 31, 2019 and 2018, was $18,905 and $17,180, respectively. The increase in other income is primarily attributed to a credit provided by the lessor of our Denver office for an unused allowance for tenant improvements which was contractually allowed to offset monthly rental payments for the three months ended March 31, 2019.

Loss on extinguishment of debt

Loss on extinguishment of debt for the three months ended March 31, 2019 and 2018, was $732,353 and $0, respectively. The increase in loss on extinguishment of debt is primarily attributed to common stock shares exchanged for the reduction of officers and directors' accrued unpaid wages issued below market price.

Net Loss

As a result of the foregoing, our net loss for the three months ended March 31, 2019, was $7,100,395 ($0.31) per basic and diluted common share. Our net loss for the three months ended March 31, 2018, was $861,845 ($0.06) per basic and diluted common share.

Liquidity and Capital Resources

Overview

As of March 31, 2019, the Company had a working capital deficit of $23,265,998. As of December 31, 2018, the Company had a working capital deficit of $16,084,225. The increase of $7,181,773, in the working capital deficit was attributable as follows:

Decrease in current assets of which $2,477 was decreased cash	$	(396,023)
Increase in accounts payable and accrued liabilities		71,437
Increase in accounts payable and accrued liabilities – related party (1)		384,131
Increase in current portion of notes payable and convertible notes payable		490,369
Increase in current portion of notes payable and convertible notes payable – related party		-
Increase in derivative liabilities		6,512,524
Increase in leasing liabilities		98,217
Decrease in contingent liabilities primarily associated with legal proceedings		21,118
Sum of changes in working capital	$	7,181,773

(1) Accrued payable to management for unpaid compensation of $899,764.

Cash, Cash equivalents, restricted cash and Accounts Receivable

As of March 31, 2019, the Company had cash of $3,616, compared to $1,139 at December 31, 2018.

As of March 31, 2019, the Company has restricted cash of $120,000, compared to $120,000 at December 31, 2018.

As of March 31, 2019, the Company had accounts receivable of $155,723, compared to $10,090 at December 31, 2018. This increase in accounts receivable is due primarily to 22 gas wells we acquired in Q1 2019.

Liabilities

As of March 31, 2019, the outstanding balance of principal on notes and convertible notes payable net of debt discount was $9,517,703 a net increase of $490,368 from the outstanding balance of $9,024,334 as of December 31, 2018. This net increase was due to additional notes we entered into during Q1 2019.

Accounts payable and accrued expenses increased by $455,568 to $6,705,778 at March 31, 2019, from $6,250,210 at December 31, 2018. Included in accounts payable and accrued expenses are $899,764 and $687,770 as of the March 31, 2019 and December 31, 2018, respectively, primarily associated with accrued payable to management for unpaid compensation. These unpaid liabilities are aged from 1 days to 635 days, and the Company lacks the liquidity to pay them until it obtains additional capital.

Management knows that its existing cash on hand is insufficient to fund its current operations. The Company is currently in discussions with multiple parties interested in providing additional capital investment to fund the Company's current operations, development plans for current assets, and acquisitions of producing properties presently under consideration. The Company also continues to search for producing and/or additional productive properties and seeks to strategically lease additional acreage positions adjoining leases currently owned by the Company. There can be no assurance that the Company's efforts will be successful in any of these endeavors, or that those efforts will translate in a beneficial manner to the Company. The accompanying statements do not include any adjustments relating to the recoverability and classification of assets and/or liabilities that might be necessary, should the Company be unable to continue as a going concern.

Operating Activities

During the three months ended March 31, 2019 and 2018, the Company used $397,543 and used $555 of cash in operating activities, respectively. Non-cash adjustments included $222,255 and $239,259 related to stock compensation expense, $3,214 and $123 in rent related, $7,100,082 and $102,884 related to amortization of debt discount, warrant and conversion feature that exceeded notes, depreciation, depletion, amortization and accretion, common stock and warrants issued for inducement of the note extension and change in derivative liabilities and extinguishment of debt of ($732,353) and $0, and net changes in operating assets and liabilities of $100,429 and $299,574, respectively.

Investing Activities

During the three months ended March 31, 2019 and 2018, respectively, $78,981 and $0 net cash was used in investing activities, an increase of $78,981. This increase is primarily due to 22 gas wells acquired in Q1 19.

Financing Activities

During the three months ended March 31, 2019 and 2018, $479,001 and $0 net cash used and provided by financing activities, an increase of $479,001. This change is primarily due to notes payable entered into during Q1 19 during three months ended March 31, 2019.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Policies

Our discussion and analysis of our financial condition, results of operations, liquidity and capital resources are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In accordance with GAAP, we are required to make estimates and assumptions that affect the reported amounts included in our financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe the following critical accounting policies affect our most significant judgments and estimates used in preparation of our financial statements. On an ongoing basis, management reviews and refines those estimates. Management's judgments are based on information including, but not limited to, historical experience, industry trends, conventional practices, expert opinions, terms of existing agreements and information from outside sources. Judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from these estimates.

Oil and Gas Properties, Full Cost Method. The Company follows the full cost method of accounting for its investments in oil and gas properties. Under the full cost method, all costs associated with the exploration of properties are capitalized into appropriate cost centers within the full cost pool. Internal costs that are capitalized are limited to those costs that can be directly identified with acquisition, exploration, and development activities undertaken and do not include any costs related to production, general corporate overhead, or similar activities. Cost centers are established on a country-by-country basis, and all of the Company's capitalized costs associated with oil and gas properties are located within a single cost center, which is the United States.

Capitalized costs within the cost centers are amortized on the unit-of-production basis using proved oil and gas reserves. The cost of investments in unevaluated properties and major development projects are excluded from capitalized costs to be amortized until it is determined whether or not proved reserves can be assigned to the properties. Until such a determination is made, the properties are assessed annually to ascertain whether impairment has occurred. The costs of drilling exploratory dry holes are included in the amortization base immediately upon determination that the well is dry.

For each cost center, capitalized costs are subject to an annual ceiling test, in which the costs shall not exceed the cost center ceiling. The cost center ceiling is equal to: (i) the present value of estimated future net revenues computed by applying current prices of oil and gas reserves (with consideration of price changes only to the extent provided by contractual arrangements) to estimated future production of proved oil and gas reserves as of the date of the latest balance sheet presented, less estimated future expenditures (based on current costs) to be incurred in developing and producing the proved reserves computed using a discount factor of ten percent and assuming continuation of existing economic conditions; plus (ii) the cost of properties not being amortized; plus (iii) the lower of cost or estimated fair value of unproved properties included in the costs being amortized; and less (iv) income tax effects related to differences between the book and tax basis of the properties. If unamortized costs capitalized within a cost center, less related deferred income taxes, exceed the cost center ceiling, the excess is charged to expense and separately disclosed during the period in which the excess occurs.

Revenue Recognition. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" ("ASC Topic 606"). This standard provides a single set of guidelines for revenue recognition to be used across all industries and requires additional disclosures. The updated guidance introduces a five-step model to achieve its core principal of the entity recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted the updated guidance effective January 1, 2018 using the full retrospective method. The new standard did not have a material impact on its financial position and results of operations, as it did not change the manner or timing of recognizing revenue. Under ASC Topic 606, in order to recognize revenue, the Company is required to identify an approved contract with commitments to perform respective obligations, identify rights of each party in the transaction regarding goods to be transferred, identify the payment terms for the goods transferred, verify that the contract has commercial substance and verify that collection of substantially all consideration is probable. The adoption of ASC Topic 606 did not have an impact on the Company's operations or cash flows.

Stock-Based Compensation. Pursuant to the provisions of FASB ASC 718, Compensation – Stock Compensation, which establishes accounting for equity instruments exchanged for employee service, we utilize the Black-Scholes option pricing model to estimate the fair value of employee stock option awards at the date of grant, which requires the input of highly subjective assumptions, including expected volatility and expected life. Changes in these inputs and assumptions can materially affect the measure of estimated fair value of our share-based compensation. These assumptions are subjective and generally require significant analysis and judgment to develop. When estimating fair value, some of the assumptions will be based on, or determined from, external data and other assumptions may be derived from our historical experience with stock-based payment arrangements. The appropriate weight to place on historical experience is a matter of judgment, based on relevant facts and circumstances. We estimate volatility by considering historical stock volatility. We have opted to use the simplified method for estimating expected term, which is equal to the midpoint between the vesting period and the contractual term.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not required under Regulation S-K for smaller reporting companies.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures.

The Company is required to maintain "disclosure controls and procedures" as such term is defined in Rule 13a-15(e) under the Act. Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, B.P. Allaire, who is both the Chief Executive Officer and Interim Chief Financial Officer, has concluded that the Company's disclosure controls and procedures were not effective to ensure that the information relating to our company, required to be disclosed in our Securities and Exchange Commission reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure as a result of material weaknesses in our internal control over financial reporting. Notwithstanding the existence of the material weaknesses discussed below, our management, including our CEO/CFO, has concluded that the consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in this Quarterly Report on Form 10-Q in conformity with GAAP.

This quarterly report does not include an attestation report from the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to the Jumpstart Our Business Startups Act (the "JOBS Act"). Under the JOBS Act the Company is not required to comply with Section 404(b) because it is an "emerging growth company."

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of these controls. Based on this assessment, the Company's management has concluded that as of March 31, 2019, the Company's internal control over financial reporting was not effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles as a result of material weaknesses.

The Company has identified the following factors that have led management to determine that material weaknesses exist in the Company's internal control over financial reporting as of March 31, 2019:

1. The Company does not have written documentation of its internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act. Management evaluated the impact of the Company's failure to have written documentation of its internal controls and procedures on its assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

2. The Company does not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of the Company's failure to have segregation of duties on the Company's assessment of its disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

These factors represent material weaknesses in the Company's internal controls over financial reporting. Although the Company believes the possibility of errors in its financial statements is remote and expects to continue to use a third party accountant to address shortfalls in staffing and to assist the Company with accounting and financial reporting responsibilities in an effort to mitigate the lack of segregation of duties, until such time as the Company hires a full time principal financial officer and expands its staff with qualified personnel, the Company expects to continue to report material weaknesses in our internal control over financial reporting.

Changes in Internal Control over Financial Reporting.

There have been no changes in the Company's internal control over financial reporting during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls.

The design of any system of control is based upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated objectives under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Because of its inherent limitations, disclosure controls and procedures may not prevent or detect all misstatements. Accordingly, even effective disclosure controls and procedures can provide only reasonable assurance of achieving their control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in routine legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of our business. The ultimate amount of liability, if any, for any claims of any type (either alone or in the aggregate) may materially and adversely affect our financial condition, results of operations and liquidity. In addition, the ultimate outcome of any litigation is uncertain. Any outcome, whether favorable or unfavorable, could materially and adversely affect us due to legal costs and expenses, diversion of management attention and other factors. We expense legal costs in the period incurred. We cannot assure you that additional contingencies of a legal nature or contingencies having legal aspects will not be asserted against us in the future, and these matters could relate to prior, current or future transactions or events.

At March 31, 2019, our indirect subsidiaries were parties to the following contested matters:

Legal proceedings

The Company has determined that judgments rendered in the second quarter of 2018 in connection with all but four of the following legal proceedings against the Company are Type 1 subsequent events that provide additional evidence with respect to conditions that existed at the date of the balance sheet. Therefore, the financial statements reflect the effects of prejudgment judgments awards to plaintiffs through March 31, 2019, noted below in accordance with Auditing Standard 2801.03.

Utah Wells

Graco Fishing & Rental Tools, Inc. vs. Tiger Energy Operating LLC (Case No. 160800005 8th Judicial District Court, Duchesne County, State of Utah)

Plaintiff in this case sought collection of unpaid debt incurred by TEO for services rendered in connection with its workover of wells in Duchesne County, Utah. On June 1, 2016, a default judgment of $159,965 was obtained against TEO by Plaintiff. Graco filed a writ of execution against the A Rust 2, Dye-Hall 2-21 A1, Wilkins 1-24 A5 and Rust 3-22A-4 wells located in Duchesne County executing on properties not owned by us. A Motion to Set Aside the sheriff's sale of these properties was filed with the court based on the fact that TEO was not the owner of these properties. A hearing for this matter was held on May 1, 2017, in Duchesne County, Utah, at which time a Company representative was present to comply with the court's order to produce documents. Prior to the hearing, TEO made an initial settlement offer, which was eventually rejected by Graco. A writ of execution was issued to seize the property subject of litigation on March 8, 2018.

Graco had scheduled certain foreclosure sales of TEO's interests in various oil and gas wells to take place on May 3, 2018 (the "Sales"). On April 27, 2018, the parties reached a settlement and release agreement whereby TEO agreed to make five (5) payments totaling $163,964.59 to Graco. The first payment due on May 9, 2018, has already been made to the judgment holder. The second payment of $32,792.92 is due on July 9, 2018; the third payment of $32,792.92 is due on September 9, 2018; the fourth payment of $32,792.92 is due on November 9, 2018; and fifth and final payment of $32,792.92 is due on January 9, 2019. If any of the above payments are not made when due, Grace will have the right to immediately execute the Sales. Graco will maintain and apply liens and notices of its judgment until the total payment has been paid in full by TEO. TEO shall be provided with a 10-day period within which to cure any default under the settlement agreement, other than making the first payment described above. TEO made its second payment of $32,793 on July 19, 2018, within the 10-day cure period provided in the settlement agreement. TEO made its third payment of $32,793 on September 11, 2018, within the 10-day cure period provided in the settlement agreement. TEO also made its fourth payment of $32,793 on November 15, 2018. On January 25, 2019, the Plaintiff issued a Writ of Execution Notice. A Notice of Sheriff Sale was filed on February 1, 2019.

Regarding the Company's Utah properties, there was a settlement agreement between Graco Fishing & Rental Tools, Inc. ("Graco") and Tiger Energy Operating, LLC ("TEO"), an indirect subsidiary of the Company and the Operator of the Duck Creek wells. Graco obtained a default judgment of $159,965 against TEO, subsequent to which they were also issued Writs of Execution against the certain TEO wells, located in Uintah and Duchesne County, Utah.

Graco had scheduled foreclosure sales of TEO's interests in four wells (A Rust 2, Dye-Hall 2-21-A1, Wilkins 1-24A5, and Rust 3-22A4), which was to take place on May 3, 2018 (the "Sales"). On April 27, 2018, the parties reached a settlement and release agreement whereby TEO agreed to make five (5) payments totaling $163,965 to Graco. If any of the above payments were not made when due, Graco had the right to immediately execute the Sales. Graco also had the right to maintain and apply liens and notices of its judgment until the total payment has been paid in full by TEO. On June 27, 2018, Finley Resources, Inc. ("Finley"), acquired all of Graco's right, title and interest in the settlement agreement.

The first four settlement payments to the judgment holder were made timely but the last and final payment was made late, and the judgment holder (i.e. Finley) rejected TEO's final payment. The Company disputes this because the final date of the 10-day cure period was on a Saturday, which is not considered a business day and therefore, the payment was made on the following business day. On January 25, 2019, Finley issued a Writ of Execution Notice and a Notice of Sheriff Sale was filed on February 1, 2019, for the four wells: A Rust 2, Dye-Hall 2-21-A1, Wilkins 1-24A5, and Rust 3-22A4. While it believes it could prevail should it protest Finley's actions, the Company believes that the production value of the affected properties is limited. For additional details, please review the Legal Proceedings section of this 10-K report.

Conquest Well Servicing, LLC vs. Foothills Exploration Operating, Inc. (Case No. 179800421 8th Judicial District Court in and for Uintah County, State of Utah)

Plaintiff filed this action on September 11, 2017, for collection of unpaid services and materials in the amount of $49,689 in connection with a workover of wells in Uintah County, Utah. A Settlement Agreement and Stipulation to Entry of Judgment was agreed to by the parties and filed with the court on October 10, 2017. Judgment in the amount of $54,937.10 including $5,248.10 in pre-judgement interest was filed on December 18, 2017. An order requesting company asset inquiry was issued on February 20, 2018. As of March 31, 2019, we recorded $12,115.31 of prejudgment interest expense. A hearing on contempt by FEOI for failure to appear and an answer as to assets was set for September 13, 2018. A stipulation was filed with the court to continue the hearing to October 22, 2018. FEOI inadvertently failed to appear at this hearing, resulting in a contempt of court citation being issued. Currently, FEOI is seeking to reschedule this hearing and intends to purge any contempt by compliance with the court's order.

BIA Administrative Appeal – Tiger Energy Partners International, LLC

Notice of Appeal:	Dated May 8, 2013
Appellant:	Tiger Energy Partners International, LLC
Appellee:	Superintendent Uintah and Ouray Agency
Decision	April 12, 2013
Concerning:	Notice of Expiration of Oil and Gas Leases

This Administrative appeal concerns the ownership and validity of Northern Ute (the "Tribe") Tribal leases acquired by Tiger Energy Partners International, LLC (TEPI) in a transaction with Mountain Oil and Gas and its affiliated companies. Pursuant to the Global Settlement Agreement (GSA) negotiated between the Tribe and TEPI, the Company proposes to resolve any issues regarding the ownership of the subject leases and other lands thus acquired. The status of the appeal by TEPI remained unchanged at March 31, 2019, awaiting decision by the Regional Director of the BIA on the merits of the appeal. The decision of the Regional Director is stayed by the parties having entered into the GSA. The Tribe and Tiger remain in discussion regarding approval of the Global Settlement Agreement by the Regional Director. There has been no change in the status of this matter as of the date of this current report.

Labokay Well – Parish of Calcasieu, State of Louisiana

R.W. Delaney Construction Company vs. Foothills Petroleum Operating, Inc. (Cause No. 2017-CV-0330 – County Court of Adams County, Mississippi)

This case was filed on September 18, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $72,495 in connection with drilling the Labokay test well in Calcasieu Parish, Louisiana.

A judgment was entered on January 22, 2018, in the County Court of Adams County, Mississippi in the principal amount of $72,495, plus pre-judgement interest in the amount of $12,763, plus attorney's fees in the amount of $18,124, plus costs in the amount of $196, for a total amount of $103,578, plus post-judgment interest at the rate of 8% per annum. On May 9, 2018, District Court for the City and County of Denver, Colorado, granted plaintiff with an order granting their petition to domesticate this foreign judgment with the Denver District Court, which now has the same effect and is subject to the same procedures, defenses, and proceedings for reopening, vacating, or staying as a judgment from the Denver District Court, and may be enforced or satisfied in like manner. No further action has been filed in this matter as of the date of this current report.

Performance Drilling Company, LLC vs. Foothills Petroleum Operating, Inc. (Case No. 2017-3916 DIV G 14th Judicial District Court in Parish of Calcasieu, State of Louisiana)

This case was filed on September 25, 2017, for payment of services performed by plaintiff in the amount of $205,251 for unpaid accounts in connection with its drilling of the Labokay test well. On January 16, 2018, a default judgment was entered against FPOI, in the amount of $205,251.24; together with accrued interest of $29,861 from March 18, 2017, through December 31, 2017; plus, additional interest from January 1, 2018, at the rate of one and one-half percent (1.5%) per month until paid (a per diem rate of $103.69); plus, an additional sum for reasonable attorney's fees of $2,500, and all costs of the court proceedings. FPOI was cited to appear through its authorized representative, B.P. Allaire, in Open Court, on 27th of July at 9:00 a.m. to be examined as a Judgment Debtor. FPOI was ordered to produce at the above time and place all the books, papers and other documents so requested in the petition. FPOI inadvertently failed to appear at this hearing and is currently seeking to reschedule this hearing. No further action has been taken as of the date of this current report.

Monster Rentals, LLC dba Deepwell Equipment Rentals vs. Foothills Petroleum Operating, Inc. (Case No. 2017-11013 DIV E – 15th Judicial District Court in Parish of Acadia, State of Louisiana)

This case was filed on October 24, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $53,943.53 in connection with the Labokay test well in Calcasieu Parish, Louisiana. On December 5, 2017, a default judgement was entered against FPOI in favor of Plaintiff in the amount of $53,943.53, plus attorneys' fees of $3,483 and court costs and expenses in the amount of $476.84, plus judicial interest from the date of the judicial demand, until paid, and for all costs of these proceedings. No further action has been filed in this matter as of the date of this current report.

Canal Petroleum Products, Inc. vs. Foothills Petroleum Operating, Inc. (Case No. 2017-6574; DIV. C – 15th Judicial District Court, Lafayette Parish, Louisiana)

This case was filed on November 14, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $35,981 for unpaid accounts in connection with its drilling of the Labokay test well.

On January 25, 2018, a default judgment was entered against FPOI in the amount of $35,981 inclusive of interest as of September 6, 2017; plus, finance charges to accrue after September 6, 2017, of one and one-half percent per month (18% per annum) until paid on the unpaid principal amount of $32,956; plus, legal fees of $8,239 together with related court costs. No further action has been taken as of the date of this current report.

Smith International, Inc. vs. Foothills Petroleum Operating, Inc. (Case No. 2017-004617; DIV. E – 14th Judicial District Court, Calcasieu Parish, Louisiana)

This case was filed on November 7, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $30,244 in connection with its drilling of the Labokay test well.

On March 23, 2018, the court issued a preliminary judgement in favor of plaintiff in the amount of $30,244, plus interest in the contractual amount of 18% per annum from the date the payment was originally due until the judgment date, plus legal interest from the judgment date until amounts are paid, plus reasonable attorneys' fees. On April 3, 2018, a final judgment was entered in favor of plaintiff. No further action filed in this matter as of the date of this current report.

M-I, L.L.C. d/b/a MI-SWACO vs. Foothills Petroleum Operating, Inc. (Case No. 2017-004616; DIV. G – 14th Judicial District Court, Calcasieu Parish, Louisiana)

This case was filed on November 7, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $51,275 in connection with the Labokay test well.

On March 23, 2018, the court issued a preliminary judgment in favor of plaintiff in the amount of $51,275, plus interest in the contractual amount of 1.5% per month from the date the payment was originally due until the judgement date, plus legal interest from the judgment date until amounts are paid, plus reasonable attorney's fees expended in the prosecution and collection of debt. On April 3, 2018, a final judgment was entered in favor of plaintiff. No further action has been filed in this matter as of the date of this current report.

Schlumberger Technology Corporation vs. Foothills Petroleum Operating, Inc. (Case No. 2017-004618; DIV. E – 14th Judicial District Court, Calcasieu Parish, Louisiana)

This case was filed on November 7, 2017 and concerns the collection of amounts incurred by FPOI for services performed by plaintiff in the amount of $28,904 for unpaid accounts in connection with its drilling of the Labokay test well in Calcasieu Parish, Louisiana.

On March 23, 2018, the court issued a preliminary judgment in favor of plaintiff in the amount of $28,904, plus interest in the contractual amount of 1.5% per month from the date the payment was originally due until the judgment date, plus legal interest from the judgment date until amounts are paid, plus reasonable attorney's fees expended in the prosecution and collection of debt. On April 3, 2018, a final judgment was entered in favor of plaintiff. No further action has been filed in this matter as of the date of this current report.

Zealous Energy Services, LLC vs. Foothills Petroleum Operating, Inc. (Docket No. 086708 Div. C 16th Judicial District Court, Parish of St. Martin, Louisiana)

On September 28, 2018, the Court after reviewing the record of these proceedings, found the law and evidence supported Plaintiff's demands and, without holding a hearing, ruled as follows: the Court ordered, adjudged and decreed that a money judgement be rendered in favor of Zealous Energy Services, LLC and against Foothills Petroleum Operating, Inc. in the full and true amount of $53,026.58, plus interest at the judicial interest rate of 5% per annum from January 24, 2018, the date of judicial demand, until finally paid, plus attorney's fees of $1,260.00 and all cost. On March 1, 2019, a Motion to Examine Judgment Debtor was filed with the court.

633 17th Street Operating Company LLC v. Foothills Exploration, Inc. (Case No. 2019CV30189, District Court, City and County of Denver, Colorado)

This case was filed on January 16, 2019, seeking unpaid leasehold obligations in the amount of $75,107 from the Defendant. No service has been affected. The Company is seeking to resolve this claim without further litigation.

We currently are not a party to any other material legal proceedings. However, legal claims are inherently uncertain, and we cannot assure you that we will not be adversely affected in the future by legal proceedings.

Item 1A. Risk Factors

No material changes in risk factors as previously disclosed in Amendment No. 1 to the Company's annual report on Form 10-K/A have occurred.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

During the three months ended March 31, 2019, the Company issued 200,000 shares to various consultants for services rendered, valued at $10,000.

On February 25, 2019, a third-party debt holder cashless exercised 875,000 shares of warrant to purchase common stocks.

On March 4, 2019, 650,000 shares were returned in connection with partial repayment made to debt holder and the same holder cashless exercised 1,110,000 shares of warrant to purchase common stocks.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
2.1	Share Exchange Agreement between Registrant and Foothills Petroleum, Inc., dated May 27, 2016 (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on June 10, 2016)
3.1	Certificate of Incorporation of the registrant as amended (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 9, 2016)
3.2	Bylaws of the Company (incorporated by reference to the Company's Registration Statement on Form S-1 filed with the SEC on August 27, 2013)
10.1	Form of Executive Employment Agreement between registrant and Ritchie Lanclos dated August 15, 2016 (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on August 19, 2016)
10.2	Form of Executive Employment Agreement between registrant and Eleazar Ovalle dated August 15, 2016 (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on August 19, 2016)
10.3	Services Agreement between registrant and Wilshire Energy Partners dated August 15, 2016 (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on August 19, 2016)
10.4	Securities Purchase Agreement between Registrant and Alternus Capital Holdings Ltd. dated December 23, 2015**
10.5	Securities Purchase Agreement between Registrant and Alternus Capital Holdings Ltd. dated April 5, 2016**
10.6	Securities Purchase Agreement between Registrant and Berwin Trading Limited dated June 30, 2016 (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on July 7, 2016)
10.7	Form of Convertible Promissory Note**
10.8	Form of Wilshire Warrant**
10.9	Business Development Services Agreement with Wilshire Energy Partners LLC and Aegis International LLC**
10.10	Executive Director Agreement between Foothills Petroleum, Inc. and Alex M. Hemb dated March 24, 2016**
10.11	Executive Director Agreement between Foothills Petroleum, Inc. and Christopher Jarvis dated March 24, 2016**
10.12	Form of Stock Purchase Agreement, dated as of May 2, 2016, between Shawn Clark, Christopher J. Dunkel, Glenn Petersen, Dena M. Womack, Tysen J. Kamin and Foothills Petroleum, Inc. (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on May 6, 2016)
10.13	Participation Agreement between registrant and Magna Operating, LLC (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on December 16, 2016)
10.14	Purchase and Sale Agreement between Total Belief Limited and Foothills Exploration Operating, Inc.***
10.15	Form of Promissory Note issued to Total Belief Limited by registrant***
10.16	Form of Note Transfer and Assumption Agreement***
10.17	Purchase and Sale Agreement between Green Stone Capital Partners Limited and Foothills Exploration Operating, Inc.***
10.18	Debenture - Berwin Trading Limited (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on January 11, 2017)
10.19	Debenture - Full Wealth Investment Hong Kong Limited (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on January 11, 2017)
10.20	Offer Letter between registrant and Christopher Jarvis (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on March 6, 2017)
10.21	Offer Letter between registrant and Kevin J. Sylla (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on March 6, 2017)
21.1	Subsidiaries and indirect subsidiaries of Registrant****

31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to Section 906 Certifications under Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.
** Incorporated by reference to the registrant's 8-K filed with the Securities and Exchange Commission on June 10, 2016
*** Incorporated by reference to the registrant's 8-K filed with the Securities and Exchange Commission on January 6, 2017
**** Incorporated by reference to the registrant's 10-K filed with the Securities and Exchange Commission on April 14, 2017

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FOOTHILLS EXPLORATION, INC.

Dated: May 20, 2019

By: */s/ B. P. Allaire*
Name: B. P. Allaire
Title: Chief Executive Officer and Interim Chief Financial Officer (Principal Executive Officer and
Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, B. P. Allaire, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Foothills Exploration, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

May 20, 2019

/s/ B. P. Allaire

B. P. Allaire
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, B. P. Allaire, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Foothills Exploration, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

May 20, 2019

/s/ B. P. Allaire

B. P. Allaire
Interim Chief Financial Officer
Principal Financial and Accounting Officer

Exhibit 32.1

Certifications of Principal Executive Officer and Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

The undersigned, B. P. Allaire, Chief Executive Officer (Principal Executive Officer and Principal Financial and Accounting Officer) of Foothills Exploration, Inc., (the "Company") hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q (the "Report") of the Company for the quarter ended March 31, 2019, fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for periods indicated.

Dated: May 20, 2019

By:	*/s/ B. P. Allaire*
Name:	B. P. Allaire
Title:	Chief Executive Officer and Interim Chief Financial Officer (Principal Executive Officer and Principal Financial and Accounting Officer)