APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☐ RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR
Southwest Exploration, Inc. / Passport Potash, Inc.

Address 3266 W. Galveston #101
City Apache Junction
State Arizona
Phone Number 480-288-6530

Drilling Contractor K & M Drilling
Address 2432 Private Drive, Camp Verde, Arizona 86322

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if lease, name of lessor
ASLD 08-113256

Well number PP-2011-03

Elevation (ground) 6347.0

53301

Nearest distance from proposed location to property or lease line:

1923 feet

Distance from proposed location to nearest drilling, completed or applied for well on the same lease:

S 2654-3

N/A

Number of wells in lease

640

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

0

If lease purchased with one or more wells drilled, from whom purchased.

Name Address

Well location (give footage from section lines)
S 2654-3 W 2692-2 E 1923 N 2687 E 1

Section - Township - Range or Block and Survey
S20 - T16N - R23E

Dedication per A.A.C. R12-7-104(A)(3)
N/A

Field and reservoir (if wildcat, so state)
Wildcat - Stratigraphic - Potash

County Navajo

Distance in miles and direction from nearest town or post office
Approx. 15 miles SE of Holbrook, AZ

Proposed depth: 1450'

Rotary or cable tools Rotary / Core
On File Organization Report

Filing Fee of $25.00

Approximate date work will start
February 2011

Bond status On File Bond Amount $50,000

Organization Report

On file X Or attached

Attached X

Remarks Amended location

API 02-017-20038

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: Agent of the
Southwest Exploration, Inc. / Passport Potash, Inc.

company), and that I am authorized by said company to make this report; and that this
report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature /-21-2011

Date

Mail completed form to:
Oil and Gas Program Administrator
Arizona Geological Survey
419 W. Congress, #100
Tucson, AZ 85701-1315

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Application to Drill or Re-enter
File Two Copies

Form No. 3

(Complete Reverse Side) 5/96
1. Operator shall outline on the plat the acreage dedicated to the well in compliance with A.A.C. R12-7-107.

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

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

4. Is the operator the only owner in the dedicated acreage outlined on the plat below?  **YES X**  **NO**

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

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

<table>
<thead>
<tr>
<th>Owner</th>
<th>Land Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest Exploration, Inc. / Passport Potash, Inc.</td>
<td>S20 -T16N - R23E</td>
</tr>
</tbody>
</table>

![Diagram of well location]

**CERTIFICATION**

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

**Name:** Joshua Bleak  
**Position:** Agent  
**Company:** Southwest / Passport  
**Date:**  

I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

**Date Surveyed:** 11/10/2011  
**Registered Land Surveyor:** Gerald K. Wood  
**Certificate No:** LS 22290  

**PROPOSED CASING PROGRAM**

<table>
<thead>
<tr>
<th>Size of Casing</th>
<th>Weight</th>
<th>Grade &amp; Type</th>
<th>Top</th>
<th>Bottom</th>
<th>Cementing Depths</th>
<th>Sacks Cement</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.625' 4.5&quot;</td>
<td>20.1</td>
<td>PWT HWT</td>
<td>5347'</td>
<td>1450' TD</td>
<td>50' Plug at Fresh / Salt Interval</td>
<td>6-9 Bags for Surface Casing</td>
<td>Driller Supplied</td>
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**APPLICATION FOR PERMIT TO DRILL OR RE-ENTER**

**APPLICATION TO DRILL [x] RE-ENTER OLD WELL [ ]**

**NAME OF COMPANY OR OPERATOR**
Southwest Exploration, Inc. / Passport Potash, Inc.

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<tr>
<td>3266 W. Galveston #101</td>
<td>Apache Junction</td>
<td>Arizona</td>
<td>480-298-6530</td>
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**Drilling Contractor:**
K & M Drilling

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**DESCRIPTION OF WELL AND LEASE**

- **Federal, State or Indian Lease Number, or if fee lease, name of lessor:**
  - Twin Buttes Ranch

- **Well number:**
  - PP-2011-03

- **Elevation (ground):**
  - 5330'

- **Nearest distance from proposed location to property or lease line:**
  - 1923 feet

- **Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:**
  - 1923 feet

- **Number of acres in lease:**
  - 640

- **Number of wells on lease, including this well, completed in or drilled to this reservoir:**
  - 1

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

**Well location (give footage from section lines):**

- 1923.3' FSL, 2006.7' FEL

**Section - Township - Range or Block and Survey:**

- S20 - T16N - R23E

**Dedication per A.A.C. R12-7-104(A)(3):**

- N/A

**Field and reservoir (if wildcat, no state):**

- Wildcat - Stratigraphic - Potash

**County:**

- Navajo

**Distance in miles and direction from nearest town or post office:**

- Approx. 15 miles SE of Holbrook, AZ

**Proposed depth:**

- 1450

**Bond status:**

- On File

**Bond Amount:**

- $50,000

**Rotary or cable tools:**

- Rotary / Core

**Organization Report:**

- On file

**Remarks:**

- X

**Certification:**

- I, the undersigned, under the penalty of perjury, state that I am the: Passport Potash of the company, and that I am authorized by said company to sign this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

- Signature

- Date

**Permit Number:**

- 1921

**Approval Date:**

- 5-13-11

**Approved By:**

- St. Ranz

**Notice:**

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

**State of Arizona**

**Oil & Gas Conservation Commission**

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<td>520 T16N R23E</td>
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**CERTIFICATION**

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

**Allen Wells**

**Position** Passport Potash

**Company** Passport Potash

**Date** 5/12/2011

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