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.

<table>
<thead>
<tr>
<th>Address</th>
<th>City</th>
<th>State</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>3266 W. Galveston #101</td>
<td>Apache Junction</td>
<td>Arizona</td>
<td>480-288-6530</td>
</tr>
</tbody>
</table>

Drilling Contractor: K & M Drilling

Address: 2432 Private Drive, Camp Verde, Arizona 86322

DESCRIPTION OF WELL AND LEASE

<table>
<thead>
<tr>
<th>Federal, State or Indian Lease Number, or if lease, name of lessor</th>
<th>Well number</th>
<th>Elevation (ground)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASLD 08-113273</td>
<td>PP-2011-07</td>
<td>-5490.0 - 5440'</td>
</tr>
</tbody>
</table>

Nearest distance from proposed location to property or lease line:
2,147 feet
-2740 ft

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

Number of acres in lease: 640

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

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

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<th>Name</th>
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<td></td>
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</tbody>
</table>

Well location (give footage from section lines)
S 2787.46'E 2740.5' 2227.5' N 2197.5'
Section - Township - Range or Block and Survey: S20 - T16N - R24E
Dedication per A.A.C. R12-7-104(A)(3) N/A

Field and reservoir (if wildcat, so state): Wildcat - Stratigraphic - Potash
County: Navajo
Apache

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: Organization Report
Rotary / Core: On file
Approximate date work will start: February 2011

Bond status: On File
Amount: $50,000

Remarks: Amended location

API #: 02-001-20395

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: [Signature]
Date: 1-21-2011

Permit Number: 1025

Approval Date: 2-4-2011

Approved By: [Signature]

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

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

Form No. 3

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

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

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

4. Is the operator the only owner in the dedicated acreage outlined on the plat below?   YES  ☒  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 - R24E</td>
</tr>
</tbody>
</table>

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**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: 11/11
Registered Land Surveyor: Gerald K. Wood
Certificate No. L522290

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**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>
</tr>
</thead>
<tbody>
<tr>
<td>6.625&quot; 4.5&quot;</td>
<td>20.1</td>
<td>PWT</td>
<td>5430'</td>
<td>1450' TD</td>
<td>50' Plug at Fresh / Salt Interval</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sacks Cement</th>
<th>Type Driller Supplied</th>
</tr>
</thead>
</table>
| 6-9 Bags for Surface Casing | }
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Apache Junction

State
Arizona

Phone Number
480-288-8530

Drilling Contractor
K & M Drilling

Address
2432 Private Drive, Camp Verde, Arizona 88322

DESCRIPTION OF WELL AND LEASE

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

Well number
PP-2011-07

Elevation (ground)
7540

Nearest distance from proposed location to property or lease line:
2197 feet

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

Number of acres in lease
540

Number of wells on lease, including this well, completed in or drilling 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)
2266.6' FSL; 2197.3' FEL

Section - Township - Range or Block and Survey
S20 - T16N - R24E

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

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

County
Naco

Apache

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

Proposed depth:
1450

Rotary or cable tools
Rotary / Core

Organization Report

Filing Fee of $25.00

Remarks
Amended location

AP1 02-001 - 20395

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: mine operator of the Passport Potash (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

Date
5/12/2011

Permit Number: 1026

Approval Date: 5-13-11

Approved By: SL Rains

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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 communitization agreement or otherwise?  **YES ____ NO ____**  If answer is yes, give type of consolidation __________________________
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**CERTIFICATION**

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

[Signature]

Name: [Signature]  
Mine Engr: [Signature]

[Registered Land Surveyor]

Certified by: [Signature]  
[Registered Land Surveyor]

Date Surveyed: 4/29/2011

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