APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☒ RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR
Southwest Exploration Inc

Address
3266 W Galveston Dr #107

City
Apache Jct

State
AZ

Phone Number
480-577-5039

Drilling Contractor
Boart Longyear

Address
12225 W Peoria Ave, El Mirage, AZ 85335

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor
ASLD Lease #08-113251

Well number
HB-68 #1

Elevation (ground)
5403'

Nearest distance from proposed location to property or lease line:

feet

Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:
09-13, NMA #83 6-24-1965 500' feet

Number of acres in lease
727.03

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

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

Well location (give footage from section lines)
1496F61 + 1959F61

Section - Township - Range or Block and Survey
S6 T16N R23E

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

Field and reservoir (if wildcard, so state)
Stratigraphic Well (Potash)

County
Navajo

Distance in miles and direction from nearest town or post office
AZMUTH 295.3° 13.32 miles to Holbrook

Proposed depth:
1120'

Rotary or cable tools
Rotary & Core

Organization Report

Approximate date work will start
May 2009

Bond status
On file

Amount
$25,000

On file

Attached

Remarks

API # 02-017-20073

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: Agent of the Southwest Exploration 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

Date
April 3, 2009

Mail completed form to:
Oil and Gas Program Administrator
Arizona Geological Survey
416 W. Congress, #130
Tucson, AZ 85701-1315

Permit Number:
982

Approval Date:
6-12-2009

Approved By:
SC Range

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

Form No. 3

(Check 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></td>
<td>NE 45 T16N R23E</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CERTIFICATION</th>
</tr>
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<tbody>
<tr>
<td>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
<th>Date</th>
</tr>
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| 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. |

<table>
<thead>
<tr>
<th>Date Surveyed</th>
<th>Registered Land Surveyor</th>
</tr>
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<tbody>
<tr>
<td>3-30-2009</td>
<td>Gerald K. Wood</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>PROPOSED CASING PROGRAM</th>
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<tr>
<td>Size of Casing</td>
</tr>
<tr>
<td>6.625&quot;</td>
</tr>
</tbody>
</table>

4.5" | 11.8125#/ft | HWT | | | | | |