

## 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 <b>ASLD Lease # 08-113259</b>	Well number <b>HB-08-#3</b>	Elevation (ground) <b>5295'</b>
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: <b>9-19, CT #14      3-8-1965      500'</b> feet	
Number of acres in lease <b>640.0</b>	Number of wells on lease, including this well, completed in or drilling to this reservoir: <b>2 Stratigraphic Wells</b>	

If lease purchased with one or more wells drilled, from whom purchased. Name \_\_\_\_\_ Address \_\_\_\_\_

Well location (give footage from section lines) **842FNL + 842FEL** Section - Township - Range or Block and Survey **S26 T16N R23E** Dedication per A.A.C. R12-7-104(A)(3)

Field and reservoir (if wildcat, so state) **Stratigraphic Well (Potash)** County **Navajo**

Distance in miles and direction from nearest town or post office **AZMUTH 301.0°      18.85 Miles to Holbrook**

Proposed depth: <b>1090'</b>	Rotary or cable tools <b>Rotary &amp; Core</b>	Approximate date work will start <b>May 2009</b>
Bond status <u>on file</u> Amount <b>\$ 25,000</b>	Organization Report On file      Or attached <input checked="" type="checkbox"/>	Filing Fee of \$25.00 Attached <input checked="" type="checkbox"/>

Remarks  
  
**API # 02-017-20025**

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

**April 3, 2009**  
Date

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

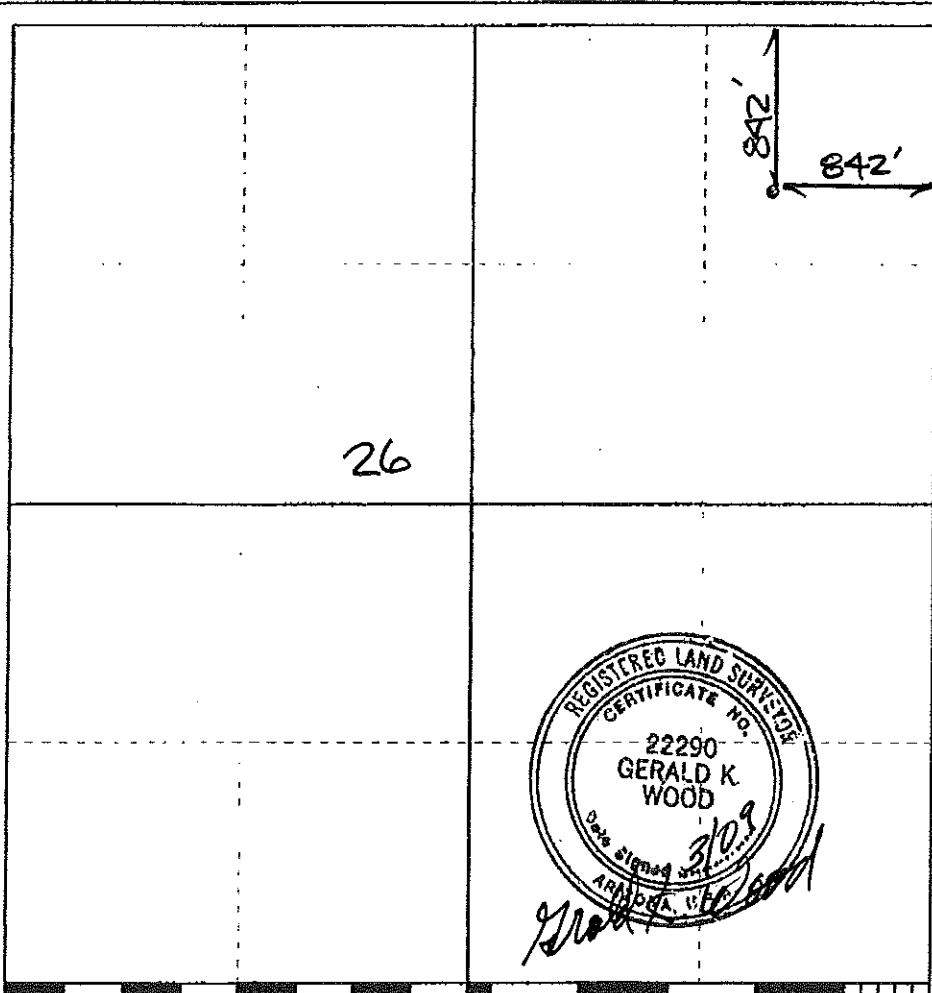
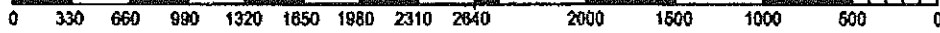
Permit Number: 984  
Approval Date: 6-12-2009  
Approved By: SL Rainey

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

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

Form No. 3

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 communitization 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:

Owner	Land Description <b>NE 1/4 S26 T16 N R23E</b>
<div style="font-size: 2em; font-weight: bold;">26</div> 	<p style="text-align: center;"><b>CERTIFICATION</b></p> <p>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</p> <p>Name _____</p> <p>Position _____</p> <p>Company _____</p> <p>Date _____</p> <p>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.</p> <p>Date Surveyed <b>3-30-2009</b></p> <p>Registered Land Surveyor <i>Gerald K. Wood</i></p> <p>Certificate No. <b>RLS 22290</b></p>
	

**PROPOSED CASING PROGRAM**

Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type
6.625"	20.1 lbs/ft	PWT	5295'	1090'	890'-940'	6-9 bags for Surface Casing	Prescribed by Board Mud Engineer
4.5"	11.8 lbs/ft	HWT		(TS)			