

BLM approves federal wells in potash area so we do not have to worry about this.

STATE & FEE LEASES

Post to map and if within the potash area outlined on map or within 1 mile of that area do the following:

- 1) Make certain operator has filed a plat of the area showing the potash lessees for the area where the well is located as well as the 1-mile radius referred to.
- 2) Make certain operator has notified all of the potash lessees by certified mail of the APD. They must send copy of delivery notice to us since 20-day waiting period starts from delivery date.
- 3) Send letter to BLM and SLO advising them of this APD and request they advise if this location is within LMR or buffer zone.

BUFFER ZONE -- shallow well is 1/4 mile of LMR
-- deep well is 1/2 mile of LMR

- 4) If application is within LMR or buffer zone you must DENY it under R-111-P unless, there is a mutual agreement of lessor and lessees of oil & gas and potash interests. Copy of this agreement must be submitted with APD.

- 5) If application is outside LMR or buffer zone and no objection is received within 20 days from date of receipt by potash lessees of certified notice, the APD may be approved.

CHECK LIST FOR PROCESSING APD IN POTASH AREA

OPERATOR: CDG Operating LLC

LEASE & WELL USP Fee #3.m

LOCATION 9-23s-29e, 100/s & 200/w PROPOSED DEPTH 14788'

DATE APD RECEIVED 6/23/10 WAS PLAT OF AREA ATTACHED _____

WERE ALL POTASH LESSEES NOTIFIED BY CERTIFIED MAIL? Yes

20-DAY WAITING PERIOD BEGINS _____ ENDS _____

WERE WAIVERS RECEIVED? _____

DATE SLO NOTIFIED 6/23/10 DATE REPLY RECEIVED 6/25/10

DATE BLM NOTIFIED 6/23/10 DATE REPLY RECEIVED 6/28/10

IS LOCATION INSIDE LMR OR BUFFER ZONE? YES _____ NO X

IF LOCATION INSIDE LMR OR BUFFER ZONE WAS LESSEE/LESSOR AGREEMENT FURNISHED _____

DATE APD APPROVED 6/28/10 DATE APD DENIED _____

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
GovernorJim Noel
Deputy Cabinet Secretary

RECEIVED

JUN 25 2010

HOBBSOCD

Mark Fesmire
Division Director
Oil Conservation DivisionBUREAU OF LAND MANAGEMENT
ATT: Potash
P O Box 1778
Carlsbad, NM 88221STATE LAND OFFICE
ATT: Joe Mraz
P O Box 1148
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR COB Operating LLCLEASE NAME USP Fee #3PROPOSED LOCATION M-9-235-290, 100/5 & 200/WPROPOSED DEPTH 14788'

Gentlemen:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R-111-P, please advise this office whether the location is within an established Life-of-Mine-Reserve are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Larry Hill
Supervisor, District I

RESPONSE:

The above referenced location is in LMR (____ year) _____ Yes _____ No XThe above referenced location is within the Buffer Zone _____ Yes _____ No XSigned Jami Bailey

Date _____

Printed Signature JAMI BAILEYRepresenting JLOmosaic map
4-15-2010
Jm
6-23-10Oil Conservation Division * 1625 N. French Dr.*
* Hobbs, New Mexico 88240* Phone: (505) 393-6161 * Fax (505) 392-0720* <http://www.emnrd.state.nm.us>

New Mexico Energy, Minerals and Natural Resources Department

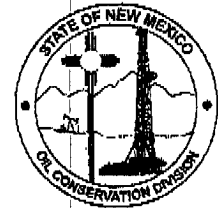
Bill Richardson
Governor

RECEIVED

Jim Noel
Deputy Cabinet Secretary

JUN 28 2010

Mark Fesmire
Division Director
Oil Conservation Division

**HOBBSOCD**

BUREAU OF LAND MANAGEMENT
ATT: Potash
P O Box 1778
Carlsbad, NM 88221

STATE LAND OFFICE
ATT: Joe Mraz
P O Box 1148
Santa Fe, NM 87504

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR C06 Operating LLCLEASE NAME USP Fee #3PROPOSED LOCATION M-9-23s-29e-100/s & 200/wPROPOSED DEPTH 14788'

Gentlemen:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R - 111 - P, please advise this office whether the location is Within an established Life-of-Mine-Reserve are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Larry Hill
Supervisor, District I

RESPONSE:

The above referenced location is in LMR 200 year) Yes No ☒The above referenced location is within the Buffer Zone Yes No ☒

Signed

Date 6-24-10

Printed Signature

Representing

JAMES RUTLEY
BLM-CFO

Oil Conservation Division * 1625 N. French Dr.*

* Hobbs, New Mexico 88240

* Phone: (505) 393-6161 * Fax (505) 392-0720* <http://www.emnrd.state.nm.us>

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mosaic Potash Carlsbad, Inc
Attn: Mr. Dan Morehouse
Mine Engineering Superinter
P O Box 71
Carlsbad, NM 88221-0071

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Matt Baltzer*☐ Agent☐ Addressee

B. Received by (Printed Name)

Matt Baltzer

C. Date of Delivery

*6/24/10*D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7002 3150 0005 0459 5110

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

United Salt Corp
P O Box 56 SS
Carlsbad, NM 88220

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *E. Hamel*☒ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7005 0390 0000 6041 5916

PS Form 3811, February 2004

Domestic Return Receipt

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