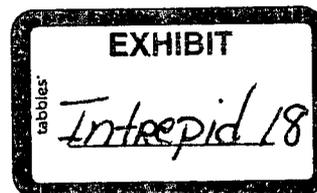


POTASH
GAS MIGRATION
PROJECT



INTRA-GOVERNMENTAL ORDER ARTICLES

I. PROJECT TITLE: POTASH GAS MIGRATION PROJECT
(Also known as Proposal #063070717)

II. OBJECTIVE: This is a collaborative work effort with the Sandia National Laboratories (SNL) and the Bureau of Land Management (BLM). Other entities, most likely the New Mexico Oil Conservation Division and the New Mexico Bureau of Geology and Mineral Resources at New Mexico Tech, may be involved, primarily as data providers. The project is designed to:

Develop a technically sound analysis of potential risks and risk resolutions associated with the concurrent development of both oil and gas and potash production within the Potash Enclave of southeastern New Mexico, with respect to issues of potential gas (and brine?) migration from well bores toward underground potash mines. This will help resolve oil & gas use authorization conflicts, regulated through CFR and Secretarial Orders.

III. STATEMENT OF WORK:

A. Sandia National Laboratories (SNL) agrees to:

1. Perform a scoping investigation of the issues and concerns related to gas migration from oil & gas wells to underground mines. This activity will involve contacts with stakeholders. Develop an issues-resolution strategy to guide the remainder of the project. This will be an open process, and both SNL and BLM will encourage dialogue and exchange of information & data with both the potash mining and oil & gas industries, and any other potential stakeholders. However it is understood that SNL will independently perform the technical analyses, and independently prepare the final report with conclusions and recommendations.
2. Define specific project approach. General considerations indicate application of geomechanical modeling, incorporating effects of salt creep, mine closure and ground subsidence, propagation of the resulting stress/strain field away from the mine openings, the influence of the modified stress/strain field on deformation of well casing and cement, possible hydrofracing of salt or non-salt interbeds, and the potential migration rates of gas, oil, and brine back towards the mine openings.
3. Acquire relevant data from the BLM Carlsbad Field Office, New Mexico Oil Conservation Division, New Mexico Bureau of Geology & Mineral Resources, Sandia WIPP project, and other sources.
4. Perform the modeling study

5. Prepare final comprehensive report, to include conclusions and recommendations regarding the scientific material.

B. Bureau of Land Management agrees to:

Provide payment in the amount of:

\$900,000.00 to SNL for the project from the following funds:

\$230,000.00 – NM-920-07-1310-EJ

\$ 70,000.00 – NM-920-07-1330-EJ

\$600,000.00 – NM-520-07-9141-EJ

The full level of effort for this contract is 1 1/2-2 FTE.

C. Period of Performance: Upon signature of the BLM Contracting Officer the period of performance shall commence upon receipt of funding and end approximately 10-12 months later.

IV. REPORTS: N/A

V. AVAILABILITY OF APPROPRIATED FUNDS: The ability of the parties to carry out their responsibilities under this agreement is subject to their respective funding procedures and the availability of appropriated funds. Should either party encounter budgetary problems in the course of respective internal procedures which may affect the activities to be carried out under this agreement, that party will notify the other party in writing in a timely manner.

VI. ADVANCED FUNDING: N/A

VII. SETTLEMENT OF DISPUTES: The parties under this agreement are responsible for resolving any disputes that may arise within 30 business days of the billing date. If the dispute cannot be resolved within this period, then the matter will be referred the following business day to the Department of Interior Financial Management Office (PFM).

VIII. FINANACIAL ARRANGEMENTS (PAYMENT): This order is not to exceed the amount of \$900,000.00. The charges for services will include both direct and indirect costs applicable to this agreement. For time and materials based agreements, the final charge for the work will be based on the actual costs incurred. For fixed price agreements, the final charge will be the charge negotiated between the Requesting Agency and the Servicing Agency. When advance payment has been made on a reimbursable based agreement and the actual costs are less than the estimate, the difference will be refunded.

The Servicing Agency shall submit their billing through the Intra-governmental Payment and Collection (IPAC) system or the Intra-governmental Transaction Portal – whichever is applicable. The bill will reference the Requesting Agency Dunn and Bradstreet Number, the Requesting Agency Location Code (ALC), the Treasury Account Symbol, the Accounting Classification Code(s), the Obligating Document Number, a brief description of the service performed, and the Accounts Payable (POC) name and phone number.

A copy of the supporting documentation shall be forwarded to the BLM initiating office when the billing is prepared. Payments will be made monthly.

The BLM shall not be obligated to pay for, nor shall SNL be obligated to perform any effort that will require the expenditure of Federal funds above the amount obligated.

- IX. TERM OF AGREEMENT:** This agreement shall become effective on the date of signature of the BLM Contracting Officer and shall remain in effect 10-12 months unless terminated in accordance with paragraph X.
- X. TERMINATION:** This agreement may be terminated by either party upon 30 days written. If the agreement is cancelled by the Requesting Agency, the Servicing Agency shall be reimbursed for costs incurred prior to cancellation, plus any termination costs. All costs claimed by the Servicing agency must be itemized and furnished to the Requesting Agency.
- XI. MODIFYING THE AGREEMENT:** Either party under this agreement may propose to make changes under this agreement by notifying the other party in writing. All changes under this agreement must be modified and agreed upon by both parties in writing.
- XII. POINTS OF CONTACT:** Changes to the Points of Contact identified below may be made by written notification to each of the parties under this agreement.

Bureau of Land Management

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Vince Vogt, Solid Minerals Program Lead
Ph: (505) 438-7455 Fax: (505) 438-7456
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Sandia National Laboratories

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Fax: (505) 844-0240
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David J. Borns, Program Manager
E-mail: djborns@sandia.gov

MUTUAL NONDISCLOSURE AGREEMENT

Sandia's Model Two-Way Nondisclosure Form
Template Last Revised, 10/03/07

THIS AGREEMENT is between the Bureau of Land Management (BLM), Department of the Interior having an office for the transaction of business at 1474 Rodeo Road (P.O. Box 27115) Santa Fe, NM 87502 and Sandia Corporation, a Delaware Corporation (SANDIA), operator of Sandia National Laboratories under Contract Number DE-AC04-94AL85000 for the U.S. Department of Energy (DOE), with principal offices located in Albuquerque, New Mexico.

WHEREAS, it is necessary and desirable for each party to have access to certain Proprietary Information (Information) developed by the other party relating to:

BLM: Data and evaluations provided by the stakeholders of interest for both the e-log and gas migration projects within the Permian Basin. Said data will be physically marked as proprietary.

SANDIA: Interim reports and final reports utilizing proprietary data for analysis of electric logs capability to access potash resources within the Permian Basin.

The sole purpose (Purpose) of this exchange of Information is to: model and assess the data as described in the Statement of Work for the e-log and gas migration studies as supported and funded by the BLM, pursuant to the following terms and conditions.

THEREFORE, BLM AND SANDIA AGREE:

1. Receiving party shall protect only supplying party's Information that is either:
 - a. disclosed in writing or other tangible form and plainly marked as the supplying party's Information.
 - b. disclosed in another manner and identified as proprietary at the time of disclosure, and summarized and designated proprietary in a written memorandum delivered to receiving party within thirty (30) days of the disclosure.
2. Receiving party shall:
 - a. not disclose Information to any third party.
 - b. use such Information only to the extent necessary for the aforesaid Purpose.
 - c. limit access to Information to such of its employees and contractors reasonably requiring same for the aforesaid Purpose and who are obligated to treat the same as confidential and in the same manner and equivalent extent as provided herein with regard to confidentiality, nonuse and nondisclosure.
 - d. not remove the proprietary marking from any of the supplying party's Information.

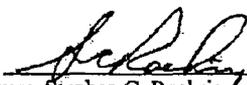
3. The nondisclosure obligations hereunder shall not apply to any Information that:
 - a. is or becomes part of the public domain through no fault of the receiving party, or other lawful means.
 - b. was already known to the receiving party prior to receipt from the supplying party.
 - c. is lawfully disclosed to receiving party by a third party who is not under any obligation of confidentiality to the supplying party with respect to such Information.
 - d. is at any time developed by receiving party independently without the use of supplying party's Information.
4. BLM acknowledges that Sandia National Laboratories is a government owned contractor operated facility and the United States Government has ownership, authority, control, audit and inspection rights over all activities conducted at Sandia's location. BLM hereby permits the exercise of such rights in conjunction with SANDIA's activities which may involve release of Information disclosed to SANDIA hereunder to government employees; provided, however, that any disclosure to government employees is further protected under 18 USC 1905.
5. No license to a party, under any patent, trademark, copyright, mask work or any other intellectual property right of either party, is either granted or implied by the conveying of Information to such party. None of the Information that may be disclosed or exchanged by the parties shall constitute any representation, warranty, assurance, guarantee or inducement by either party to the other party of any kind whatsoever other than as set forth herein to accomplish the purpose of this Agreement.
6. All Information shall remain the property of the supplying party and shall be returned upon the termination of this Agreement. All proprietary data received by SANDIA shall be returned to the provider, BLM.
7. Either party may upon sixty (60) days prior written notice to the other party of their intent to cease to provide and/or receive any further disclosures of Information from the other party. Within seven (7) days of the notice, both parties agree to meet to determine if resumption of data exchange can occur, with no prejudice on the outcome.
8. Any Information that is or will be provided under this Agreement is provided "as is" with no express or implied warranties whatsoever, including the implied warranties of merchantability and fitness for a particular purpose. Neither party shall have any liability whatsoever for direct, indirect, or consequential damages which arise out of receiving party's use of the Information under this Agreement.
9. The Term of this Agreement, which is the actual length of time during which Information will be disclosed, shall expire two (2) years from the date of acceptance of this Agreement by BLM and Sandia, whichever is the last to accept this Agreement.
10. Each party warrants that it has the right to disclose Information to the other.

11. The obligations of this Agreement with respect to confidentiality, nonuse and nondisclosure shall not expire for proprietary reports, core, geologic and geophysical data in accordance with federal regulations. At completion of these projects, such Information shall be returned to the provider, BLM, in accordance with Item 6. The obligations of this Agreement with respect to confidentiality, nonuse and nondisclosure of all other Information shall expire three (3) years from the date of expiration of this Agreement.
12. This Agreement shall be made under, and shall be governed by and construed in accordance with the laws of the United States.
13. Each Party agrees not to export Information obtained from the other Party without the express written consent of the disclosing Party. Each Party shall abide by the export control laws and regulations of the United States Department of Commerce and other United States' governmental agencies relating to the export of technology. Failure to obtain an export control license or other authority from the Government may result in criminal liability under U.S. laws. Express written consent from Sandia, although required under this Agreement, does not constitute a governmental authorization nor an export license.
14. All notices and/or correspondence hereunder, shall be mailed, faxed or hand-delivered and addressed as follows: for **SANDIA**: for e-log project: Scott P. Cooper, Org.6314-MS0750, Sandia National Laboratories, P. O. Box 5800, Albuquerque, New Mexico 87185-0750, Phone: 505-844-3977, e-mail: spcooper@sandia.gov; for the gas migration study: Brian L. Ehgartner, Org. 6312-MS0706, Sandia National Laboratories, P. O. Box 5800, Albuquerque, New Mexico 87185-0750, Phone: 505-844-5147, e-mail: blehgar@sandia.gov for **BLM**: John R. Matis, U.S. Department of the Interior, Bureau of Land Management, New Mexico State Office, 1474 Rodeo Road, P.O. Box 27115, Santa Fe, NM, 87502-0115, (505) 438-7681, and jmatis@blm.gov.

This Agreement states the entire agreement between the parties superceding all prior agreements. If any part is held invalid or unenforceable, such portion is stricken without effect on the remainder of the agreement.

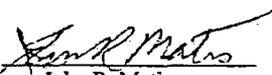
IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Agreement as set forth below.

SANDIA CORPORATION

By 
Name: Stephen C. Roehrig
Title: Director, Energy, Resources
and Systems Analysis Center

Date: 11/30/07

BUREAU OF LAND
MANAGEMENT

By 
Name: John R. Matis
Title: Contracting Officer's
Representative

Date: 11/30/07

**POTASH GAS MIGRATION PROJECT—TECHNICAL COMMUNICATIONS
LIST – EXTERNAL**

Updated December 3, 2007

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