

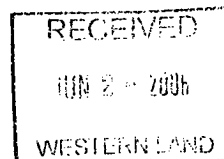
The logo for Devon Energy, featuring the word "devon" in a stylized, lowercase, serif font.

Devon Energy Corporation
70 North Broadway
Oklahoma City, Oklahoma 73102-8260
Fax 405-552-8113

30 - 015 - 35073

June 15, 2006

Mosaic Potash Carlsbad Inc.
1361 Potash Mines Road
Carlsbad, NM 88202
Attn: Scott G. Vail



Re: Laguna Salado 22 Federal #3
Section 22-T23S-R29E
Surface Use Agreement
Eddy County, New Mexico

Gentlemen:

Devon Energy Production Company, L.P. ("Devon"), as operator and Mosaic Potash Carlsbad Inc. ("Mosaic") hereby agree to the following terms and conditions concerning new oil and gas drilling and production activity conducted by Devon with regard to the referenced well located on the surface of Section 22-T23S-R29E, Eddy County, New Mexico described above and owned by Mosaic.

Devon shall pay Mosaic \$5,000.00 for the drilling location constructed for the Laguna Salado 22 Federal #3 .

Devon shall bury all flowlines and pay five dollars (\$5.00) per rod for all flowlines installed off the drill pad. When practical, the flowlines will be located along the existing road right-of-way.

New roads and power lines constructed will be located so as to cause the least interference with Mosaic's and other surface operator's use of the surface. The fee for new roads will be five dollars (\$5.00) per rod. If available from a nearby source on Mosaic lands, Devon shall pay Mosaic two dollars and fifty cents (\$2.50) per cubic yard for caliche of adequate quality for constructing roads and locations. The sale of caliche shall be contingent on available quantity and at Mosaic's discretion.

The following plats are attached hereto as Exhibits for construction governed under this agreement:

Exhibit 1 - Survey plat for the Laguna Salado 22 Federal #3 location.

Exhibit 2 - Topo Map showing the Laguna Salado 22 Federal #3 location

Exhibit 3 - Ownership Map

Rec'd
JUN 29 2006
email

June 15, 2006

Page 2

Devon will consult with Mosaic regarding the location of roads, locations and flowlines prior to commencement of construction.

Devon shall repair any damages to improvements of Mosaic, including roads, fences, gates and cattleguards caused by its operations.

Devon shall be responsible for maintaining existing roads and new roads constructed hereunder and keeping same in good condition for the duration of drilling and production.

Devon (including its employees, agents contractors or other invitees) shall have no right to use the surface of Mosaic lands for any purposes other than what is reasonably necessary to conduct its oil and gas operations. Devon agrees to keep any drillsite constructed hereunder clear of debris, trash and weeds.

Devon agrees to indemnify and hold Mosaic harmless for all liability, loss, damages and obligations resulting from injury to (including death of) persons or damage to property, pollution, environment, air space, surface, subsurface, of any kind arising out of or in connection with Devon's (including its employees, agents, contractors or other invitees) operations on Mosaic's lands and Devon's drilling location and related facilities.

Mosaic agrees to indemnify and hold Devon harmless for all liability, loss, damages and obligations resulting from injury to (including death of) persons or damage to property, pollution, environment, air space, surface, subsurface, of any kind arising out of or caused by Mosaic's operations (including its employees), provided Mosaic (and/or any of its officers, directors or employees) was actively involved in the event or events giving rise to the injury or damage and under the circumstances Mosaic (and/or any of its officers, directors or employees) failed to exercise reasonable care to prevent the event or events giving rise to injury or damage.

Devon agrees not to convert any well drilled under the terms of this agreement into a salt water disposal well without the consent of Mosaic.

Each drilling location constructed under the terms of this agreement will undergo reclamation based on whether it is a producer or a dryhole. In either event, drill cuttings will be disposed of in the reserve pit. Oil and condensate produced will be put in storage tanks and sold. The remaining drilling fluids in the reserve pits will be allowed to evaporate until the pits are dry enough to be broken out for further drying. If the drilling fluids do not evaporate in a reasonable time, they will be hauled off by transports to a state approved disposal site. The pit area will then be leveled and contoured to conform to the original and surrounding area. If the well is a dryhole or when the well ceases to produce, the surface area of each location and associated access road shall be returned to as near its original condition as is reasonably possible. Reclamation shall be completed within two (2) years of drilling a dry hole or when the well ceases production.

It is specifically understood by the parties hereto that this agreement as written herein constitutes the entire agreement between the parties, supersedes, voids and replaces all of the previous agreement of any kind between the parties dealing with the subject matter herein, and cannot be changed and/or amended unless such change and/or amendment be made in writing and signed by all parties hereto.


This agreement shall be governed and construed under the laws of the State of New Mexico.

This Surface Use Agreement shall be binding upon and shall inure to the benefit of the parties hereto their heirs, executors, successors and assigns.

If the above stated terms and conditions are acceptable to Mosaic, please so indicate by signing and returning one copy of this Surface Use Agreement to the undersigned.

Yours very truly,

DEVON ENERGY PRODUCTION COMPANY, L.P.



Ken Gray
Senior Land Advisor

K:\dh\surfaceuseagreement.ltr
Enclosures

Agreed to and Accepted this 22 day of June, 2006.

Mosaic Potash Carlsbad Inc.

By: 

Printed Name: Don J Purvis

Title: General Manager

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Devon Energy Production Company, L.P. Well Name & #: Laguna Salado 22 Fed. #3
Location 130 F S, L & 760 F W L; Sec. 22, T. 23 S., R. 29 E.
Lease #: NM-66425 County: Eddy State: New Mexico
Bottom Hole: 330 FNL & 660 FWL, Section 22, T. 23 S., R. 29 E

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

- () Lesser Prairie Chicken (stips attached) () Flood plain (stips attached)
() San Simon Swale (stips attached) (x) Other **See attached Visual Resource Management and Alkali Lakes and Playas Stipulations**

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(x) The BLM will monitor construction of this drill site. Notify the (x) Carlsbad Field Office at (505) 234-5972 () Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(x) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche upon completion of well and it is determined to be a producer.

() All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____ inches in depth. Approximately _____ cubic yards of topsoil material will be stockpiled for reclamation.

(x) Other. **V-Door East.**

III. WELL COMPLETION REQUIREMENTS

() A Communitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(x) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of 1/2 inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre.

- | | |
|---|---|
| () A. Seed Mixture 1 (Loamy Sites) | () B. Seed Mixture 2 (Sandy Sites) |
| Side Oats Grama (<i>Bouteloua curtipendula</i>) 5.0 | Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 |
| Sand Dropseed (<i>Sporobolus cryptandrus</i>) 1.0 | Sand Lovegrass (<i>Eragrostis trichodes</i>) 1.0 |
| | Plains Bristlegrass (<i>Setaria magrostachya</i>) 2.0 |
| () C. Seed Mixture 3 (Shallow Sites) | (x) D. Seed Mixture 4 (Gypsum Sites) |
| Side oats Grama (<i>Boute curtipendula</i>) 1.0 | Alkali Sacaton (<i>Sporobolud airoides</i>) 1.0 |
| | Four-Wing Saltbush (<i>Atriplex canescens</i>) 5.0 |

() OTHER SEE ATTACHED SEED MIXTURE

Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture.

() Other

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

VISUAL RESOURCES STIPULATIONS

The proposed project is located within a Class Three Visual Resource Area. The project will be built in a manner to minimize visibility. The proposed project will be a linear feature for the life of the project, impacting visual resources.

Surface Mitigation

The following stipulations will apply to minimize impacts during construction, drilling and production.

1. The proposed construction will be limited to the approved pad size.
2. All above ground facilities, structures, appurtenances, and pipelines will be low profile (less than 8 feet in height).
3. All above ground facilities, structures, appurtenances, and pipelines will be painted with the non-reflective (flat) paint color Shale Green.
4. Any existing tanks will be replaced with a low profile tank and painted the same color as the proposed tanks.
5. Upon completion of the well and installation of the production facilities (if the well is a producer) the pad will be reclaimed back to a size necessary for production operations only. The edges will be recontoured and the extra caliche and pad material will be hauled off-site. After one year, the BLM may require reclamation.
6. The reclaimed area will be grid rolled and reseeded.

Alkali Lakes and Playas

A playa is a small, ephemeral lake or pond sporadically filled by rainfall. Playas are formed where water collects in a shallow bowl, usually roundish to oval in shape, held by an impermeable soil layer located slightly below the surface. Playas develop in different ways depending on details of soil types and thicknesses, frequency of rainfall, size of the playa recharge area, depth of the underlying impermeable soil layer, etc. Where the water-holding layer is very close to the surface and/or there is no loam, playas normally form as very shallow bowls covered with a thin layer of barren, saline or alkaline earths. If the impermeable layer is deeper and the soils are loamy, playas are covered with increased and varied vegetation, thus creating xeric-riparian areas. A xeric-riparian area is a region where water is present sporadically, for brief periods seasonally, or held in shallow subsurface reservoirs away from animals, but available to vegetation. These areas provide drinking water only occasionally, but the improved plant life supplies increased food and nesting opportunities. While no single playa plays a critical role in maintenance of wildlife populations, in total they form a quite large and significant resource for increasing both numbers and diversity of regional plant and animal communities.

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of Playas or Alkali Lakes. Waiver of this requirement will be considered on a case-by-case basis for projects designed to enhance or protect renewable natural resources.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Devon Energy Production Company, LP Well No. 3 – Laguna Salado 22 Federal
Location: SH: 130' FSL & 760' FWL BH: 330' FNL & 660' FWL sec. 22, T. 23 S., R. 29 E.
Lease: NM-66425

.....

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) Carlsbad Field Office is to be notified at (505) 361-2822 in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 9-5/8 inch 7 inch 4-1/2 inch

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string.

4. A Hydrogen Sulfide Contingency Plan should be activated prior to drilling in the Delaware formation. A copy of the plan shall be posted at the drilling site.

5. Gamma-Ray/Neutron logs shall be run from the base of the Salado formation to the surface; cable speed not to exceed 30 feet per minute.

II. CASING:

1. 13-3/8 inch surface casing should be set at approximately 250 feet in the Rustler Anhydrite, below usable water and circulate cement to the surface. If cement does not circulate to the surface, the BLM Carlsbad Field Office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. Minimum required fill of cement behind the 9-5/8 inch salt protection casing is sufficient to circulate to the surface.

3. Minimum required fill of cement behind the 7 inch production casing is sufficient to circulate to the surface.

4. Minimum required fill of cement behind the 4-1/2 inch production liner is sufficient to tie back 200 feet into the 7 inch production casing set at approximately 6918 feet.

5. Whenever a casing string is cemented in the R-111-P Potash Area, cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

III. PRESSURE CONTROL:

1. Before drilling below the 13-3/8 inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

3. The BOPE shall be installed before drilling below the 9-5/8 inch salt protection casing and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

A. The results of the test will be reported to the BLM Carlsbad Field Office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292.

B. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

C. Testing must be done in a safe workman like manner. Hard line connections shall be required.

D. The requested variance to test the BOPE to the reduced pressure of 1200 psi using the rig pumps prior to drilling below the 13-3/8 inch surface casing is approved.