

# APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL

RE-ENTER OLD WELL

NAME OF COMPANY OR OPERATOR

**HNZ POTASH LLC**

Address City State Phone Number

**1900 N. Akard Dallas TX. 214.978.8684**

Drilling Contractor

Address

**DESCRIPTION OF WELL AND LEASE**

Federal, State or Indian Lease Number, or if fee lease, name of lessor <b>Fee Lease, HNZ Potash</b>	Well number <b>HNZ Potash #1</b>	Elevation (ground) <b>5505 ft.</b>
Nearest distance from proposed location to property or lease line: <b>2299.3'</b> feet	Distance from proposed location to nearest drilling, completed or applied-for well on the same lease: <b>N/A</b> feet	
Number of acres in lease <b>Approximately 74,000 acres</b>	Number of wells on lease, including this well, completed in or drilling to this reservoir: <b>N/A</b>	
If lease purchased with one or more wells drilled, from whom purchased. Name Address <b>N/A</b>		

Well location (give footage from section lines) <b>2293.6' and 1626.6'</b>	Section - Township - Range or Block and Survey sec. 1 <del>24N-24E</del> <b>17N-24E</b>	Dedication per A.A.C. R12-7-104(A)(3) <b>N/A</b>
---	--	---

Field and reservoir (if wildcat, so state) <b>Stratigraphic test well for potash</b>	County <b>Apache</b>
---	-------------------------

Distance in miles and direction from nearest town or post office  
**Approximately 24 miles to Holbrook, AZ.**

Proposed depth: <b>1650 ft. below surface elev.</b>	Rotary or cable tools <b>Rotary</b>	Approximate date work will start <b>1/2011</b>
Bond status <u>Posted</u> Amount <b>\$25,000 for up to 10 core hole wells</b>	Organization Report On file <input checked="" type="checkbox"/> Or attached	Filing Fee of \$25.00 Attached <input checked="" type="checkbox"/>

Remarks

Expected Tops: Chinle/Moenkopi Surface (0°5505', Coconino (845°4860', Supai (1025°4510', Salt (1115°4420', Upper Potash (1195°4330', Main Potash (1235°4290', Base of Salt (1595°3930'

**API # 02-001-20376**

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: General Manger of the HNZ Potash LLC (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.

**C. Brian Boutte**  
Digitally signed by C. Brian Boutte  
DN: cn=C. Brian Boutte, o=HNZ LLC, email=C.Boutte@honz.com, c=US  
E=3110293290411-0800

Signature *C. Brian Boutte*  
Date **10/20/10**

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

Permit Number: 1000

Approval Date: 10-26-2010

Approved By: S.L. Rainey

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

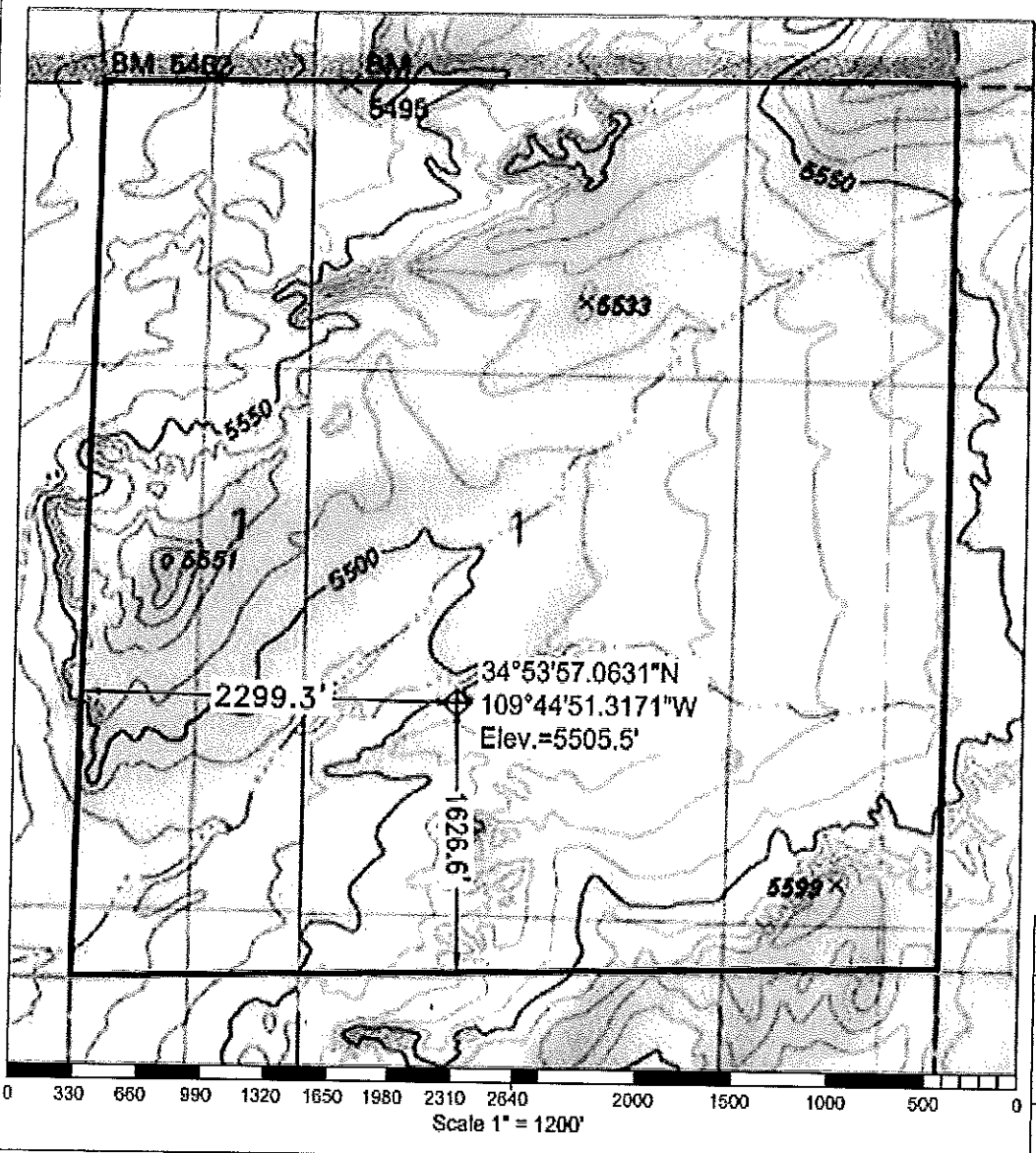
**STATE OF ARIZONA**  
**OIL & GAS CONSERVATION COMMISSION**

Application to Drill or Re-enter  
File Two Copies

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. *P/N 1000*
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:

Owner	Land Description Sec 01, T. 17 N., R. 24 E.
-------	--



**CERTIFICATION**

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Date \_\_\_\_\_

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.

Expires 12/31/2011

Date Surveyed 08/17/2010

Registered Land Surveyor  
Kenneth Flygare, PLS

Certificate No. LS 23947

**PROPOSED CASING PROGRAM**

Size of Casing	Weight	Grade & Type	Top	Bottom	Cementing Depths	Sacks Cement	Type
6.625"	20.1#	PWT	5477'	635' TD	Casing Temporary, Removed at completion of hole	6-9 Bags for surface casing	Driller Supply
4.5"	11.8#	HWT	(Surface)				