APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

NAME OF COMPANY OR OPERATOR
HZN POTASH LLC

Address: 1900 N. Akard  
Dwelling Contractor: 

City: Dallas  
State: TX.  
Phone Number: 214.978.8684

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if no lease, name of lessee: 

Well number: HZN Potash #2  
Elevation (ground): 5477 ft.

Nearest lease from proposed location to property or lease line:

2871' feel  
N/A  

Distance from proposed location to nearest drilling, completed or applied for well on the same lease:

N/A  

Number of wells on lease, including this well, completed in or drilling to this reservoir:

N/A

If lease purchased with one or more wells drilled, from whom purchased:

N/A

Well location (give footage from section lines):

112.5', 2276.2'.

Section - Township - Range or Block and Survey:

sec. 12 T17N, R24E

Dedication per A.C. R12-7-104(A)(3):

N/A

Field and reservoir (oil, wildcat, or state):

Stratigraphic test well for potash:

Apache

Distance in miles and direction from nearest town or post office:

Approximately 24 miles to Holbrook, AZ.

Proposed depth:

1250 ft. below surface elev.

Rotary or cable tools:

Rotary

Organization Report:

On file  

Filing Fee of $25.00:

Attached  

Remarks:

Expected Tops: Chino-Moenkopi Surface (0)5477', Coconino (585)6930', Supai (670)4445', Satt (1060)4355', Upper Potash (1140)4275', Main Potash (1180)4235', Base of Salt (1580) NR 3655'

API # 02-00-20377

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: General Manager of the

HZN 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  
Signature  
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:  
1001

Approval Date:  
10-26-2010

Approved By:  
SL Rain

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

Form No. 3

(Complete Reverse Side)

5/96
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 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:

<table>
<thead>
<tr>
<th>Owner</th>
<th>Land Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sec 12, T. 17 N., R. 24 E.</td>
</tr>
</tbody>
</table>

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**CERTIFICATION**

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

Name
Position
Company
Date

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**PROPOSED CASING PROGRAM**

<table>
<thead>
<tr>
<th>Size of Casing</th>
<th>Weight</th>
<th>Grade &amp; Type</th>
<th>Top Depth</th>
<th>Bottom Depth</th>
<th>Cementing Depths</th>
<th>Sacks Cement</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.625&quot;</td>
<td>20.1#</td>
<td>PWT</td>
<td>550'</td>
<td>690' TD</td>
<td>Casing Temporary, Removed at completion of hole</td>
<td>6-9 Bags for surface casing</td>
<td>Driller Supply</td>
</tr>
</tbody>
</table>