

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 Fee Lease HNZ Potash | Well number HNZ Potash #3 (Arkla 11 Twin) | Elevation (ground) 5526 ft. |
| Nearest distance from proposed location to property or lease line: 4593' | Distance from proposed location to nearest drilling, completed or applied-for well on the same lease: 517', Arkla Exploration #11 strat. well | |
| Number of acres in lease Approximately 74,000 acres | 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. | Name | Address |
| N/A | | |

| | | |
|---|---|---|
| Well location (give footage from section lines) 2096.9', 582.2' | Section - Township - Range or Block and Survey sec. 13 T17N, R24E | Dedication per A.A.C. R12-7-104(A)(3) N/A |
|---|---|---|

| | |
|---|-------------------------|
| Field and reservoir (if wildcat, so state) Stratigraphic test well for potash | County Apache |
|---|-------------------------|

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

| | | |
|--|---|---|
| Proposed depth: 1300 ft. below surface elev. | Rotary or cable tools Rotary | Approximate date work will start 1/2011 |
| Bond status Posted | Organization Report | Filing Fee of \$25.00 |
| Amount \$25,000 for up to 10 core hole wells | On file <input checked="" type="checkbox"/> Or attached | Attached <input checked="" type="checkbox"/> |

Remarks

Expected Tops: Chinle/Moenkopi Surface (0')5526', Coconino (627')4899', Supai (1007')4519', Salt (1100')4426', Upper Polash (1180')4275', Main Potash (1220')4235', Base of Salt (1580') NR 3855'

API # 02-001-20378

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 Potash LLC, ou=HNZ
 Exploration, email=cboutte@hntz.com, c=US
 Date: 2010.09.09 15:42:12 -0500

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

Not completed form to:
 Oil and Gas Program Administrator
 Arizona Geological Survey
 416 W. Congress, #100
 Tucson, AZ 85701-1315

Permit Number: 1002
 Approval Date: 10-26-2010
 Approved By: SL Rain

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

Form No. 3

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

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.

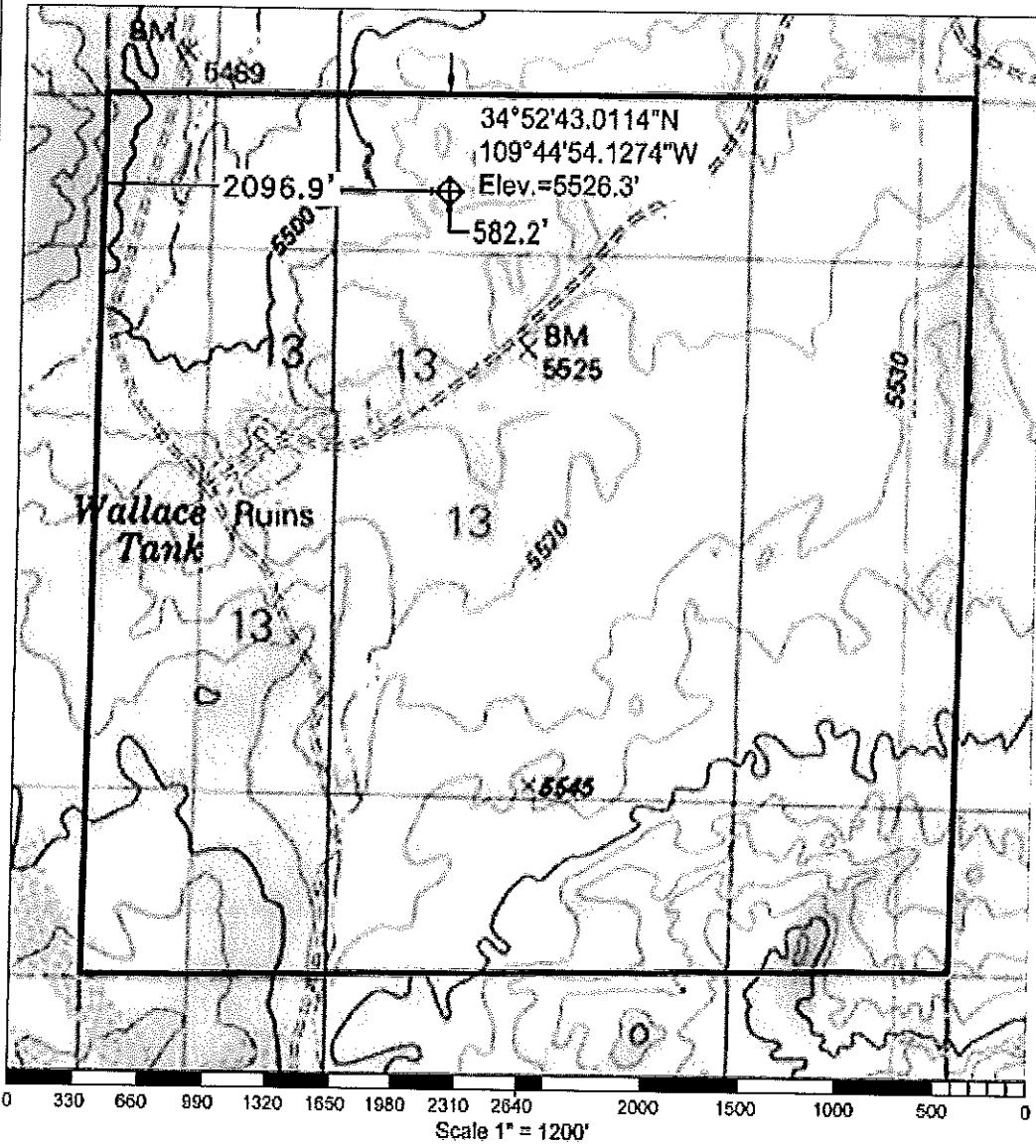
3. ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION.

4. Is the operator the only owner in the dedicated acreage outlined on the plat below? YES NO P/N 1002

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 13, 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 | 5526' | 665' TD | Casing Temporary, Removed at completion of hole | 6-9 Bags for surface casing | Driller Supply |
| 4.5" | 11.8# | HWT | (Surface) | | | | |