

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 #4	Elevation (ground) 5565 ft.
Nearest distance from proposed location to property or lease line: 4254'	Distance from proposed location to nearest drilling, completed or applied-for well on the same lease: 7371' to Arkla Exploration Strat. #11	
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) 1761', 2487.9'	Section - Township - Range or Block and Survey sec. 24 T17N, R24E	Dedication per A.A.C. R12-7-104(A)(3) N/A
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Field and reservoir (if wildcat, so state) Stratigraphic test well for potash	County Apache
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Distance in miles and direction from nearest town or post office
Approximately 24 miles to Holbrook, AZ.

Proposed depth: 1350 ft. below surface elev.	Rotary or cable tools Rotary	Approximate date work will start 6/2011
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') 5565', Coconino (863') 4902', Supai (1043') 4522', Salt (1133') 4432', Upper Potash (1213') 4352', Main Potash (1253') 4312', Base of Salt (1603') NR 3952'

API # 02-001-20379

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

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: 1003
Approval Date: 10-26-2010
Approved By: SL Rainey

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

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

Form No. 3

- Operator shall outline on the plat the acreage dedicated to the well in compliance with A.A.C. R12-7-107.
- A registered surveyor shall show on the plat the location of the well and certify this information in the space provided.
- ALL DISTANCES SHOWN ON THE PLAT MUST BE FROM THE OUTER BOUNDARIES OF THE SECTION. P/W 1003
- Is the operator the only owner in the dedicated acreage outlined on the plat below? YES NO
- If the answer to question four is no, have the interests of all owners been consolidated by communitization agreement or otherwise? YES NO If answer is yes, give type of consolidation _____
- If the answer to question four is no, list all of the owners and their respective interests below:

Owner	Land Description Sec 24, T. 17 N., R. 24 E.
<p style="text-align: center;">CERTIFICATION</p> <p>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</p>	
Name	
Position	
Company	
Date	
<p>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.</p>	
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	5565' (Surface)	705' TD	Casing Temporary, Removed at completion of hole	6-9 Bags for surface casing	Driller Supply
4.5"	11.8#	HWT					