

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 #5	Elevation (ground) 5645 ft.
Nearest distance from proposed location to property or lease line: 5326' feet	Distance from proposed location to nearest drilling, completed or applied-for well on the same lease: 8522' to Arkla Exploration Strat #27 feet	
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) 2526.9', 2548.9'	Section - Township - Range or Block and Survey sec. 25 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: 1400 ft. below surface elev.	Rotary or cable tools Rotary	Approximate date work will start 1/2011
Bond status <u>Posted</u> Amount \$25,000 for up to 10 core hole wells	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')5845', Coconino (743')4922', Supai (1123')4522', Salt (1213')4432', Upper Potash (1293')4352', Main Potash (1333')4312', Base of Salt (1693') NR 3952'

API # 02-001-20380

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=Oil and Gas Conservation Commission, email=cboutte@arizona.gov
 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: 1004

Approval Date: 10-26-2010

Approved By: SL Rainz

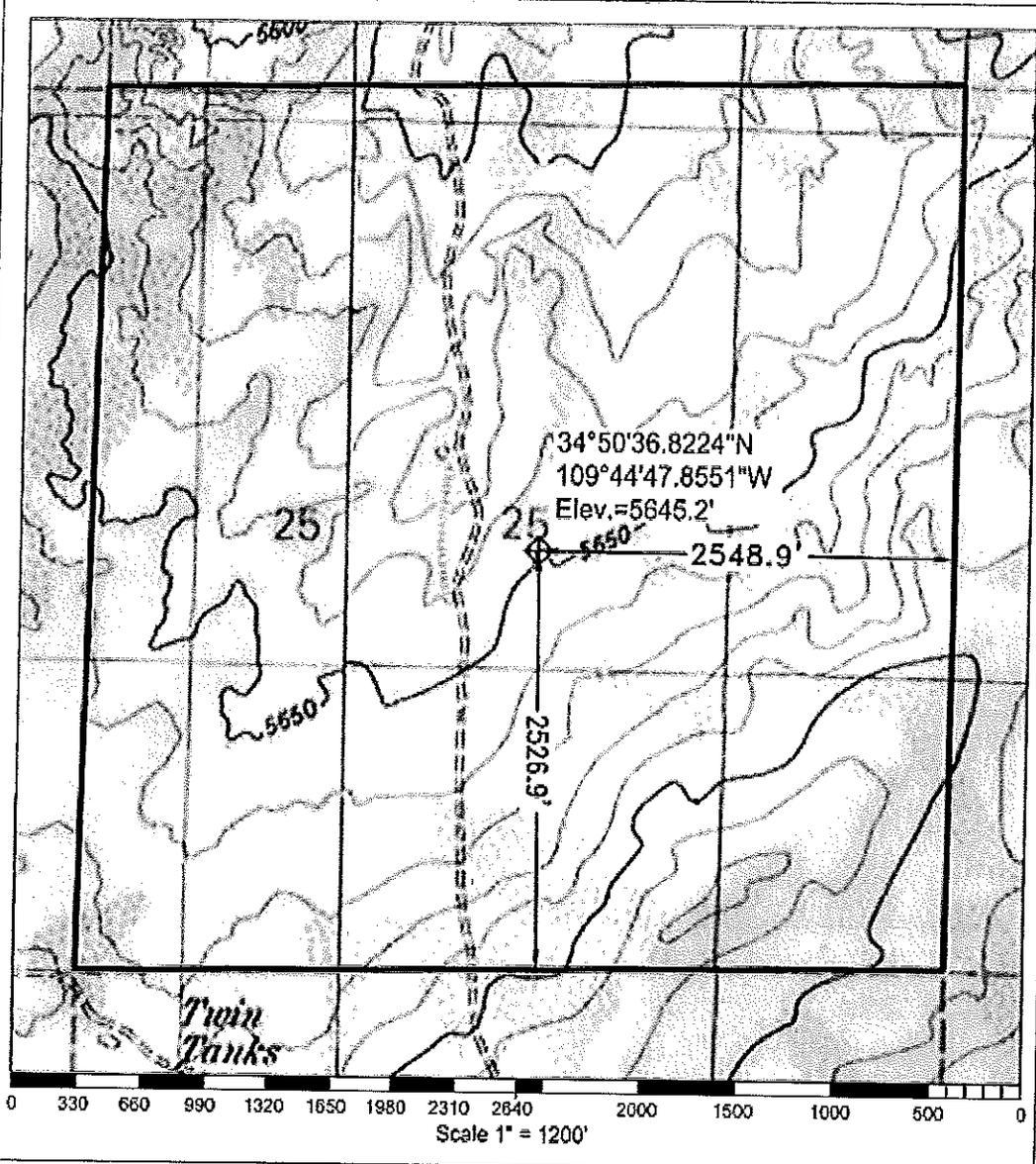
NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

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

Form No. 3

7. Operator shall outline on the plat the acreage dedicated to the well in compliance with A.A.G. RTZ-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. PIN 1004
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 communitization 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 25, 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.

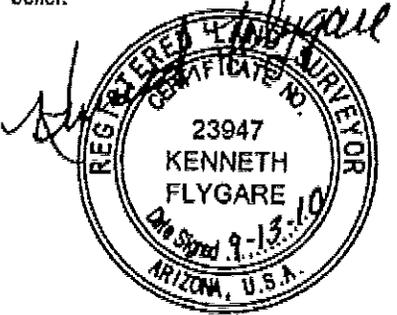
Name _____

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	5645' (Surface)	750' TD	Casing Temporary, Removed at completion of hole	6-9 Bags for surface casing	Driller Supply
4.5"	11.8#	HWT					