# Application for Permit to Drill or Re-Enter

**Name of Company or Operator:** HNZ Potash LLC  
**Address:** 1900 N. Akard, Dallas, TX 75219  
**Phone Number:** 214.978.8684

**Description of Well and Lease**

- **Well Number:** HNZ Potash #7  
- **Elevation (ground):** 5663 ft.  
- **Nearest distance from proposed location to property or lease line:** 2283'  
- **Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:** 12,543' to Arkla Exploration Strat #27  
- **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  

**Well Location:** (give footage from section lines)

- **2516.9', 2530.9'**

**Field and reservoir (if wildcat, so state):** Apache

**Stratigraphic Test Well for Potash:** N/A

**Proposed depth:** 1450 ft. below surface elev.

- **Rotary or Cable tools:** Rotary  
- **Bond status:** Posted  
- **Bond amount:** $25,000 for up to 10 core hole wells  
- **Organization:** Report On file  
- **Filing Fee of $25.00:** Attached

**Remarks:**

- **Expected Tops:** Chiricahua/Moonkeeps Surface (0)5663', Coconino (792')4871', Supai (1172')4401', Salt (1962')4401', Upper Potash (1382')4261', Main Potash (1382')4261', Base of Salt (1742') NR 3821'

**API #: 02-001-20382**

**Certificate:** I, the undersigned, under the penalty of perjury, state that I am the General Manager 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.

**Signature:** C. Brian Boutte  
**Date:** 10/26/2010

**Permit Number:** 1006  
**Approval Date:** 10-26-2010  
**Approved By:** SC Range

**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.

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 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:

**CERTIFICATION**

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

**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>5663'</td>
<td>835' TD</td>
<td>Casing Temporary, Removed at completion of hole</td>
<td>6-9 Bags for surface casing</td>
<td>Driller Supply</td>
</tr>
<tr>
<td>4.5&quot;</td>
<td>11.8#</td>
<td>HWT</td>
<td>(Surface)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>