APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

NAME OF COMPANY OR OPERATOR

HNZ POTASH LLC

Address City State Phone Number
1900 N. Akard Dallas TX. 214.978.8684

Drilling Contractor
Stewart Brothers Drilling
Address Milan, New Mexico

DESCRIPTION OF WELL AND LEASE

Federal, State or Indian Lease Number, or if fee lease, name of lessor

Fee Mineral Lease, HNZ Potash

Well number
HNZ Potash #16

Elevation (ground)
5393 ft.

Nearest distance from proposed location to property or lease line:

N/A

feet

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

Approx. 1.5 mile S. of HNZ 13

feet

Number of acres in lease

Approximately 74,000

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)

2244' from E. Line and 2158.9' from S. line Sec. 26

Secton - Township - Range or Block and Survey
Sec. 26, T. 18N., R. 24 E.

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

Field and reservoir (if wildcat, or state)

Stratigraphic test well for potash

County
Apache

Distance in miles and direction from nearest town or post office

Approximately 25 miles from Hoilbrook, AZ.

Proposed depth:

Approximately 1200'

Rotary or cable tools

Rotary

Organization Report

On file Yes Or attached

Filing Fee of $25.00

Yes

Remarks

API # 02-001-20418

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

Date

C. B. Bousie

Permit Number:

1067

Approval Date:

7-18-2011

Approved By:

SL Rains

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

(Check Reverse Side)
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 community agreement or otherwise?  
   YES ☑  NO  
   If answer is yes, give type of consolidation

6. If the answer to question four is no, list all of 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 26, T. 16 N., R. 24 E.</td>
</tr>
</tbody>
</table>

**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 survey made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

**REGISTERED LAND SURVEYOR**

23947  
KENNETH FLYGARE  
ARIZONA, U.S.A.

**Certificate No.**  LS 23947

**PROPOSED CASING PROGRAM**

<table>
<thead>
<tr>
<th>Size of Casing</th>
<th>Weight</th>
<th>Grade &amp; Type</th>
<th>Top</th>
<th>Bottom</th>
<th>Cementing Depths</th>
<th>Sacks Cement</th>
<th>Type</th>
</tr>
</thead>
</table>
| 13 5/8\*       | 23 #   | 4Ht          | 0'  | 0'     | 0 - 20'          | 25          | cement
| 20 #           |        | 4Ht          | 0'  | 65'    | 0 - 65'          | 200         | cement
| 7"             | 17 #   | 4Ht          | 0'  | 115'   | 110' - 115'      | 20°C        | cement

\* Left hand thread