APPLICATION FOR PERMIT TO DRILL OR REENTER

APPLICATION TO DRILL ☑

NAME OF COMPANY OR OPERATOR

HNZ POTASH LLC

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 #17

Elevation (ground)

5381 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. 2.5 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 footings from section lines)

2098.8' from W. Line and 2256.1' from S. line Sec. 35

Section - Township - Range or Block and Survey

Sec. 35, T. 16N., R. 24 E.

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

N/A

Stratigraphic test well for potash

Field and reservoir (if wildcat, so state)

Apache

Distance in miles and direction from nearest town or post office

Approximately 25 miles from Holbrook, AZ.

Proposed depth:

Approximately 1200'

Rotary or cable tools

Rotary

Organization Report

On file

Yes

Remarks

API # 02-001-20419

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

STATE OF ARIZONA

OIL & GAS CONSERVATION COMMISSION

Application to Drill or Re-enter

File Two Copies

Form No. 3

(Complete 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 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 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 35, 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

**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>
<tbody>
<tr>
<td>13 1/2&quot;</td>
<td>134 lb</td>
<td>Drill Pipe</td>
<td>0'</td>
<td>1150'</td>
<td>0-20' 20' - 650'</td>
<td>25</td>
<td>Central Clay</td>
</tr>
<tr>
<td>9 1/2&quot;</td>
<td></td>
<td>Helm</td>
<td>0'</td>
<td>1150'</td>
<td>1100' - 1150'</td>
<td></td>
<td>Central Clay</td>
</tr>
</tbody>
</table>

Scale 1" = 1200'

23947 KENNETH FLYGARE

Expires 12/31/2011

Certificato No. LS 23947

Date Surveyed 07/12/2011

Registered Land Surveyor

Kenneth Flygare, PLS