

## 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

**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.

Name

Address

**N/A**

Well location (give footage from section lines)  
**2096.8' from W. Line and 2258.1' 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**

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 25 miles from Holbrook, AZ.**

Proposed depth:  
**Approximately 1200'**

Rotary or cable tools  
**Rotary**

Approximate date work will start  
**8/15/11**

Bond status Posted \$50,000  
Amount

Organization Report  
On file **Yes** Or attached

Filing Fee of \$25.00 **Yes**  
Attached

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.

*C. B. Bonte*

Signature

*C. B. Bonte*

Date

**7/13-11**

Mail completed form to:  
Oil and Gas Program Administrator  
Arizona Geological Survey  
416 W. Congress, #100  
Tucson, AZ 85701-1315

Permit Number: 1068

Approval Date: 7-18-2011

Approved By: SL Rain

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

PN 1068

- 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.
- 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 35, T. 16 N., R. 24 E.
Scale 1" = 1200'	
<p><b>CERTIFICATION</b></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	07/12/2011
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
13 7/8"	23 #	Dwt	0'	20'	0-20'	25	Contractor
9 5/8"	20 #	HWT	0'	650'	0-650'	200	Cemex
7"	17 #	Reticulob *left hand thead HWT	0'	1150'	1100'-1150'	20 1/2	Cemex