APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☑
RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR
HNZ POTASH LLC

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

Drilling Contractor
Stewart Brothers Drilling
Address
Miami, 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 #18
Elevation (ground)
5535 ft.

Nearest distance from proposed location to property or lease line:
N/A

Distance from proposed location to nearest drilling, completed or applied-for
well on the same lease:
Approx. 2 mile SE of HNZ 12

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)
1588.8' from W. Line and 2340.2' from S. line Sec. 29
Section - Township - Range or Block and Survey
Sec. 23, T. 16N., R. 25 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

Organization Report
On the Yes Or attached

Filing Fee of $25.00
Attached

Remarks

API # 02-001-20 420

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the General Manager
HNZ Potash of the (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.B. Brouette
Date
9/13/11

Permit Number: 1069
Approval Date: 7-18-2011
Approved By: S. 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

(Complete Reverse Side) 5/98
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

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>
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<tbody>
<tr>
<td></td>
<td>Sec 29, T. 16 N., R. 25 E.</td>
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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.

Registered Land Surveyor

Kenneth Flygare, PLS

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>
<tbody>
<tr>
<td>13 3/8&quot; x 9 5/8&quot;</td>
<td>234#</td>
<td>DWT HWT</td>
<td>0'</td>
<td>0'</td>
<td>0-20' 650' 0-650'</td>
<td>25</td>
<td>200</td>
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<tr>
<td>9 7/8&quot;</td>
<td>17#</td>
<td>Retrievable</td>
<td>0'</td>
<td>11 50'</td>
<td>1100'-1150'</td>
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