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 lessee

Fee Mineral Lease, HNZ Potash

Well number

HNZ Potash #19

Elevation (ground)

5405 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. 3 mile W. of SW #9

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)

1514.9' from W. Line and 2840.5' from N. line Sec. 02

Section - Township - Range or Block and Survey

Sec. 02, T. 15N., R. 24 E.

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

N/A

Field and reservoir (if wildcard, 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

Organization Report

Filing Fee of $25.00

Remarks

Yes

API #: 02-001-20421

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: C.B. Boutte Date: 9/13/11

Permit Number: 1070

Approval Date: 7-18-2011

Approved By: S.L. Raiz

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)

5/66
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 02, T. 15 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 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 23847

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 3/4&quot; 9 15/8&quot;</td>
<td>23# 20#</td>
<td>DWT HWT</td>
<td>0'</td>
<td>20'</td>
<td>0 - 650'</td>
<td>25</td>
<td>Contractor Cement</td>
</tr>
<tr>
<td>7&quot; 17#</td>
<td>Retrievable</td>
<td></td>
<td>0'</td>
<td>0'</td>
<td>650' - 1150'</td>
<td>20</td>
<td>Cement</td>
</tr>
</tbody>
</table>