

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 (Milky) #20

Elevation (ground)

5646 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:

3 miles S from HNZ Milky #18 in sec.29 T 16N R25E

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

Stratigraphic test well for potash

Well location (give footage from section lines)

539.9' FEL, 2518.4' FSL sec. 8

Section - Township - Range or Block and Survey

sec. 8 T15N R25E

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

n/a

Field and reservoir (if wildcat, so state)

n/a

County

Apache

Distance in miles and direction from nearest town or post office

Approx. 25 miles from Holbrook, AZ.

Proposed depth:

Approx. 1200'

Rotary or cable tools

rotary

Approximate date work will start

Sept. 2011

Bond status Posted \$50,000

Amount

Organization Report

On file **Yes** Or attached

Filing Fee of \$25.00

Attached

Yes

Remarks

API 02-001-20422

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

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

Permit Number: 1075

Approval Date: 8-22-2011

Approved By: SL Rainz

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)

5/96

1075

- 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 08, T. 15 N., R. 25 E.
<p style="text-align: center;">Scale 1" = 1200'</p>	
<p>CERTIFICATION</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>	
<p>Expires 12/31/2011</p>	
Date Surveyed	08/09/2011
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 3/8"	23#	DWT	0'	20'	0-20'	25	Contractor Cemex
9 5/8"	20#	HWT	1'	650'	0-650'	200	
7"	17#	Retrievable LHT	0'	1150'	1100-1150'	± 20	