

## 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 <b>Fee Mineral Lease, HNZ Potash</b>	Well number <b>HNZ SW #14</b>	Elevation (ground) <b>5520 ft.</b>
Nearest distance from proposed location to property or lease line:  <b>n/a</b> feet	Distance from proposed location to nearest drilling, completed or applied-for well on the same lease:  <b>2 miles SW from HNZ SW #9</b> feet	
Number of acres in lease  <b>Approximately 74,000</b>	Number of wells on lease, including this well, completed in or drilling to this reservoir:  <b>n/a</b>	
If lease purchased with one or more wells drilled, from whom purchased. Name Address <b>Stratigraphic test well for potash</b>		
Well location (give footage from section lines) <b>2610.3 ft. FSL, 2495.6 ft. FEL sec. 15</b>	Section - Township - Range or Block and Survey <b>sec.15 T15N R24E</b>	Dedication per A.A.C. R12-7-104(A)(3) <b>n/a</b>
Field and reservoir (if wildcat, so state) <b>n/a</b>	County <b>Apache</b>	
Distance in miles and direction from nearest town or post office <b>Approx. 25 miles from Holbrook, AZ.</b>		
Proposed depth: <b>Approx. 1200'</b>	Rotary or cable tools <b>rotary</b>	Approximate date work will start <b>Sept. 2011</b>
Bond status <u>Posted \$50,000</u> Amount	Organization Report On file <b>Yes</b> Or attached	Filing Fee of \$25.00 Attached <b>Yes</b>

Remarks

**API 02-001-20423**

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.

*Christian Bonthe*  
Signature

**8/16/11**  
Date

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

Permit Number: 1076  
Approval Date: 8-22-2011  
Approved By: SL Rainey

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

- 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:

PN 1076

Owner	Land Description Sec 15, T. 15 N., R. 24 E.
	LOT 157, RIVER MEADOWS RANCH U2
Scale 1" = 1200'	
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.	
Expires 12/31/2011	
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 7/8"	230	DWT	0'	20'	0-20'	25	Contractor
9 5/8"	200	HWT	1'	650'	0-650'	200	Cemex
7"	170	Retrievable LHT	0'	1150'	1100-1150'	20±	