

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 SW #16	Elevation (ground) 5353 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: 2 miles W from HNZ SW #15 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) 394ft. FWL, 1799.8ft. FSL sec.17	Section - Township - Range or Block and Survey sec.17 T15N R24E	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 Amount <u>Posted \$50,000</u>	Organization Report On file Yes Or attached	Filing Fee of \$25.00 Attached Yes

Remarks

API # 02-001-20425

CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the: General Manager of the HNZ Potash LLC (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.

Cybrina Bente
Signature

8/22/11
Date

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

Permit Number: 1078
Approval Date: 8-23-2011
Approved By: SL Rainey

**STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION**

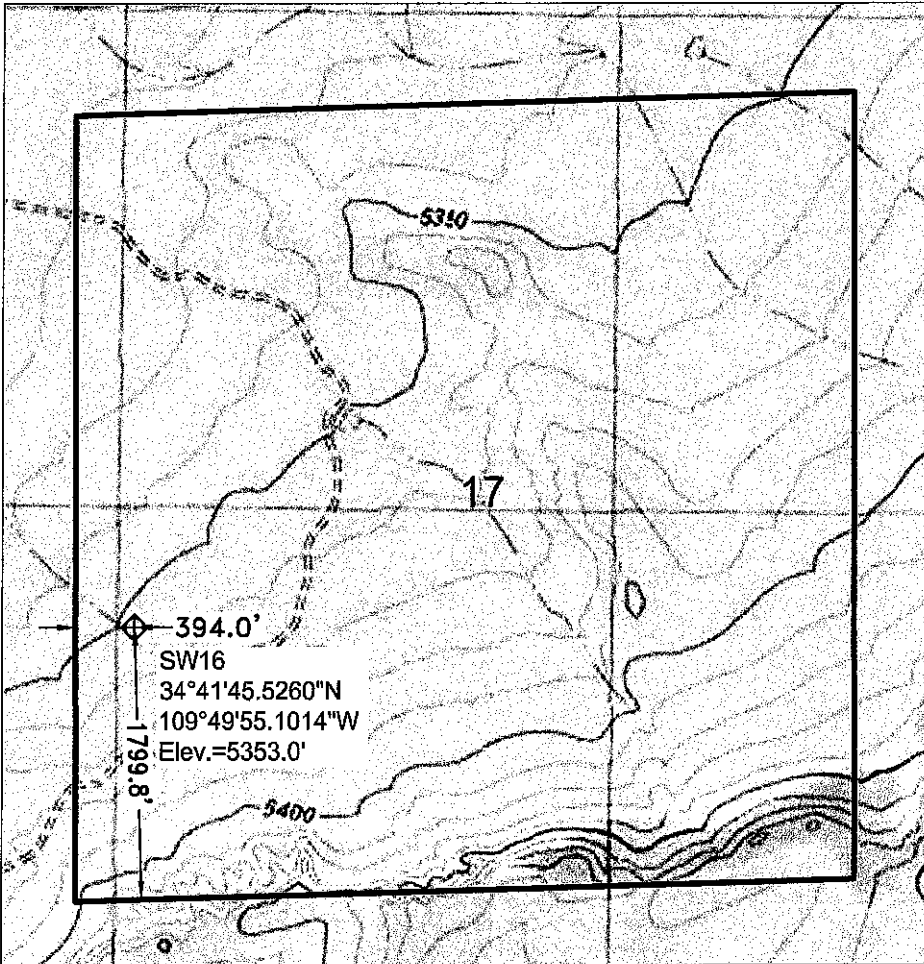
Application to Drill or Re-enter
File Two Copies

NOTICE: Before sending in this form be sure that you have given all information requested. Much unnecessary correspondence will thus be avoided.

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. PN 1078
- 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 HNT Potash Rec Owner on surveyed parcel in sec. 17
- If the answer to question four is no, list all of the owners and their respective interests below: 15N 24E.

Owner	Land Description Sec 17, T. 15 N., R. 24 E.
	TRACT 244, RIVER MEADOWS RANCHES U2



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 3/8"	23#	DWT	0'	20'	0-20'	25	Contractor
9 5/8"	20#	HWT	0'	650'	0-650'	200	Cemex
7"	17#	Retrievable LHT	0'	1150'	1100-1150'	20±	