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 #22

Elevation (feet)
5321 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:
About 2 miles east of HNZ Milky #8

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.

Stratigraphic test well for potash

Well location (give footage from section lines)
2560.9 ft. FEL and 2444.6 ft. FSL

Section - Township - Range or Block and Survey
sec. 9 T16N R25E

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

n/a

Field and reservoir (if wildcard, so state)

n/a

County
Apache

Distance in miles and direction from nearest town or post office
Aprox. 25 miles from Holbrook, AZ.

Proposed depth:
Aprox. 1200'

Rotary or cable tools rotary

Organization Report
On file

Bond status
Post $50,000

Filing Fee of $25.00

Bond Amount

Yes

Remarks

API 02-001-20426

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.

Signature
9/8/11

Date

Permit Number:

1081

Approval Date:

9-14-2011

Approved By:

SL Rains

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

Form No. 3

(Complete Reverse Side)
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 communityization 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 09, T. 16 N., R. 25 E.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CERTIFICATION</th>
</tr>
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<tbody>
<tr>
<td>I hereby certify that the information above is true and complete to the best of my knowledge and belief.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Company</th>
<th>Date</th>
</tr>
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<tbody>
<tr>
<td></td>
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<table>
<thead>
<tr>
<th>Field Notes Surveyn</th>
<th>Supervision, and that the same is true and correct to the best of my knowledge and belief.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>[Signature]</td>
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<table>
<thead>
<tr>
<th>Expires</th>
<th>12/31/2011</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Date Surveyed</th>
<th>Registered Land Surveyor</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/06/2011</td>
<td>Kenneth Flygare, PLS</td>
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<table>
<thead>
<tr>
<th>Certificate No.</th>
<th>LS 23947</th>
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<table>
<thead>
<tr>
<th>Size of Casing</th>
<th>Weight</th>
<th>Grade &amp; Type</th>
<th>Top Depth</th>
<th>Bottom Depth</th>
<th>Cementing Depths</th>
<th>Sacks Cement</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 3/8&quot;</td>
<td>23#</td>
<td>DWT</td>
<td>0'</td>
<td>1150'</td>
<td>0-20/0-650/1150'</td>
<td>25</td>
<td>Cement</td>
</tr>
</tbody>
</table>