APPLICATION FOR PERMIT TO DRILL OR RE-ENTER

APPLICATION TO DRILL ☐ RE-ENTER OLD WELL ☐

NAME OF COMPANY OR OPERATOR

HNZ Potash LLC

<table>
<thead>
<tr>
<th>Address</th>
<th>City</th>
<th>State</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900 N. Akard</td>
<td>Dallas</td>
<td>TX.</td>
<td>214.978.8684</td>
</tr>
</tbody>
</table>

Drilling Contractor

Stewart Brothers Drilling

Address Milan, New Mexico

DESCRIPTION OF WELL AND LEASE

<table>
<thead>
<tr>
<th>Federal, State or Indian Lease Number; or if lease, name of lessee</th>
<th>Well number</th>
<th>Elevation (ground)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee Mineral Lease, HNZ Potash</td>
<td>HNZ Milky #21</td>
<td>5529'</td>
</tr>
</tbody>
</table>

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 6 miles east of HNZ Milky #15

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

<table>
<thead>
<tr>
<th>Well location (give footage from section lines)</th>
<th>Section - Township - Range or Block and Survey</th>
<th>Dedication per A.A.C. R12-7-104(A)(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>552.4 ft. FSL and 2084.7 ft. FEL</td>
<td>sec. 15 T16N R25E</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Field and reservoir (if wildcat, 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 Yes Or attached Attached

Remarks

API 02-001-20427

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

Date 9/8/11

Permit Number: 1082

Approval Date: 9-14-2011

Approved By: S.L. Rennie

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)
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  x  NO  

5. 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  

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 15, T. 16 N., R. 25 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 made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Certification No. LS 23947

Registered Land Surveyor

Kenneth Flygare, PLS

Expires 12/31/2011

Date Surveyed 06/08/2011

**PROPOSED CASING PROGRAM**

<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>20'</td>
<td>0'-20'</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>9 5/8&quot;</td>
<td>20#</td>
<td>HT</td>
<td>20'</td>
<td>650'</td>
<td>0'-650'</td>
<td>200</td>
<td>20</td>
</tr>
<tr>
<td>7&quot;</td>
<td>17#</td>
<td>LHT</td>
<td>650'</td>
<td>1150'</td>
<td>1100'-1150'</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Contractor