KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

1029989

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Val Energy, Inc.

License Number: 5822

Operator Address: 200 W DOUGLAS AVE STE 520 WICHITA KS 67202

Contact Person: K. TODD ALLAM

Phone Number: 316-263-6688

Lease Name & Well No.: STAN MICHEL 4-16

Type of Pit:
☐ Emergency Pit ☐ Burn Pit
☐ Settling Pit ☐ Drilling Pit
☐ Workover Pit ☐ Haul-Off Pit
(If WP Supply API No. or Year Drilled)

Pit is:
☐ Proposed ☐ Existing
If Existing, date constructed: 6/9/2009
Pit capacity: 5000 (bbls)

Pit Location (QQQQ): N2 - SW - SE - SW
Sec. 16 Twp. 34 R. 11 ☐ East ☐ West
495 Feet from ☐ North / ☐ South Line of Section
1650 Feet from ☐ East / ☐ West Line of Section
Barber County

Is the pit located in a Sensitive Ground Water Area? ☐ Yes ☐ No

Chloride concentration: _____ mg/l
(For Emergency Pits and Settling Pits only)

Is the bottom below ground level? ☐ Yes ☐ No

Artificial Liner? ☐ Yes ☐ No

How is the pit lined if a plastic liner is not used?
CLAY BOTTOM

Pit dimensions (all but working pits): 175 Length (feet) 175 Width (feet) ☐ N/A: Steel Pits

Depth from ground level to deepest point: 4 (feet) ☐ No Pit

If the pit is lined give a brief description of the liner material, thickness and installation procedure.

Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.

Distance to nearest water well within one-mile of pit
4608 feet Depth of water well 32 feet

Depth to shallowest fresh water 8 feet.
Source of information:
☐ measured ☐ well owner ☐ electric log ☒ KDWR

Emergency, Settling and Burn Pits ONLY:

Producing Formation: _____

Number of producing wells on lease: _____

Barrels of fluid produced daily: _____

Does the slope from the tank battery allow all spilled fluids to flow into the pit? ☐ Yes ☐ No

Drilling, Workover and Haul-Off Pits ONLY:

Type of material utilized in drilling/workover: FRESH MUD

Number of working pits to be utilized: 1

Abandonment procedure: LET DRY & COVER

Drill pits must be closed within 365 days of spud date.

Submitted Electronically

KCC OFFICE USE ONLY Steel Pit ☐ RFAC ☐ RFAS ☒

Date Received: 07/23/2009 Permit Number: 15-007-23443-00-00 Permit Date: 07/27/2009 Lease Inspection: ☐ Yes ☐ No

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

KANSAS
CORPORATION COMMISSION

Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

HAUL-OFF PIT APPLICATION
FILING REQUIREMENTS

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

(a) Each operator shall perform one of the following when disposing of dike or pit contents:

(1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;

(2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or

(3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:

(A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);

(B) removal and placement of the contents in an on-site disposal area approved by the commission;

(C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or

(D) removal of the contents to a permitted off-site disposal area approved by the department.

(b) Each violation of this regulation shall be punishable by the following:

(1) A $1,000 penalty for the first violation;
(2) a $2,500 penalty for the second violation; and
(3) a $5,000 penalty and an operator license review for the third violation.

Complete and return with Haul-Off Pit Application, Form CDP1(2004)

Haul-off pit will be located in an on-site disposal area: ☑ Yes ☐ No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner: ☐ Yes ☐ No If yes, written permission from the landowner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: ☐ Yes ☐ No If yes, written permission from the landowner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.

KANSAS
CORPORATION COMMISSION

Mark Parkinson, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

July 27, 2009

K. TODD ALLAM
Val Energy, Inc.
200 W DOUGLAS AVE STE 520
WICHITA, KS67202-3005

Re: Haul-Off Pit Application
STAN MICHEL Lease Well No. 4-16
Sec.16-34S-11W
Barber County, Kansas

Dear K. TODD ALLAM:

District staff has inspected the above referenced location and has determined that the Haul-Off pit shall be constructed **without slots**, the bottom shall be flat and reasonably level and the free fluids must be removed. The fluids are to be removed from the Haul-Off pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the Haul-Off pit has occurred. The fluids should be removed again as soon as practical after drilling operations have ceased.

NO completion fluids or non-exempt wastes shall be placed in the Haul-Off pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: kcc.ks.gov/conservation/forms/

If you have any questions or concerns please feel free to contact the District Office at (620) 225-8888.