



1033646

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 - _____

Operator: _____

Lease: _____

Well Number: _____

Field: _____

Number of Acres attributable to well: _____

QTR/QTR/QTR/QTR of acreage: _____ - _____ - _____ - _____

Location of Well: County: _____

_____ feet from N / S Line of Section

_____ feet from E / W Line of Section

Sec. _____ Twp. _____ S. R. _____ E W

Is Section: Regular or Irregular

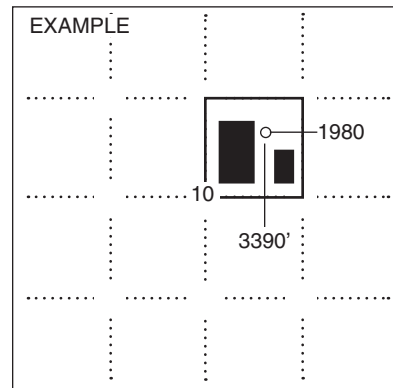
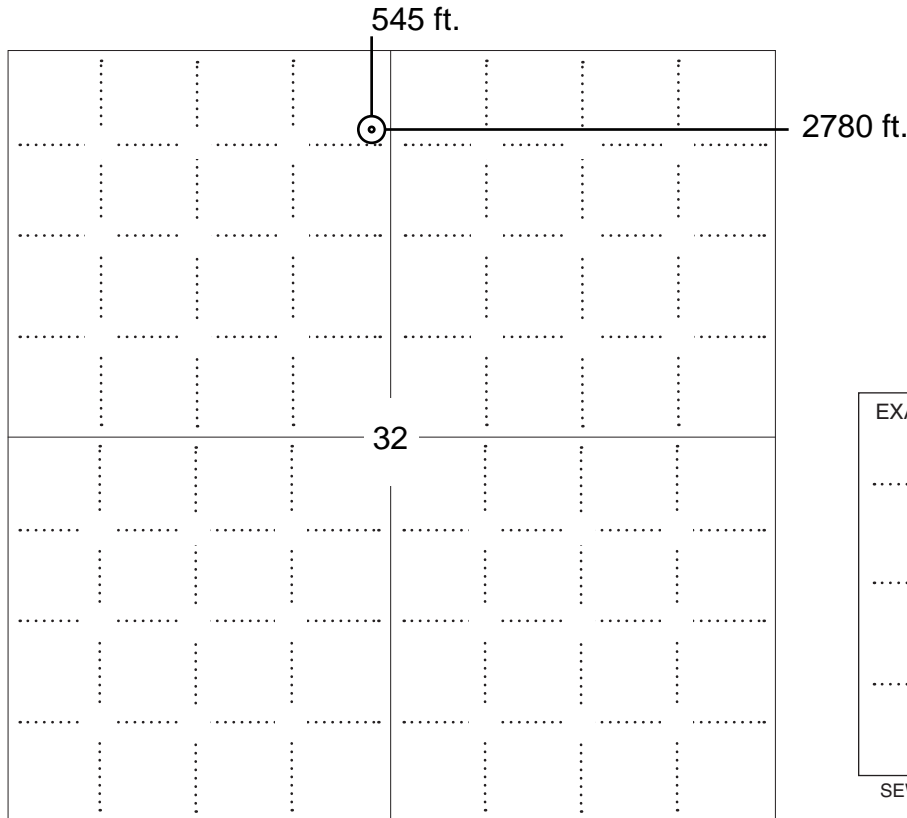
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)



NOTE: In all cases locate the spot of the proposed drilling locaton.

In plotting the proposed location of the well, you must show:

1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).



KANSAS CORPORATION COMMISSION 1033646
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: _____		License Number: _____	
Operator Address: _____			
Contact Person: _____		Phone Number: _____	
Lease Name & Well No.: _____		Pit Location (QQQQ): _____-_____-_____-_____	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used?		_____	
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: _____ (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 _____ feet Depth of water well _____ feet		Depth to shallowest fresh water _____ 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? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

KCC OFFICE USE ONLY		Steel Pit	RFAC	RFAS
Date Received: _____	Permit Number: _____	Permit Date: _____	Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No	

ADVANTAGE ELEVATIONS
 OIL FIELD SURVEYORS

BOX 8604 - PRATT, KS 67124
 (620) 672-6491

121091
 INVOICE NO

VAL ENERGY INC
 OPERATOR

3-32
 NO.

Rose Trust FARM

Barber COUNTY 32 S 34 E 11 W

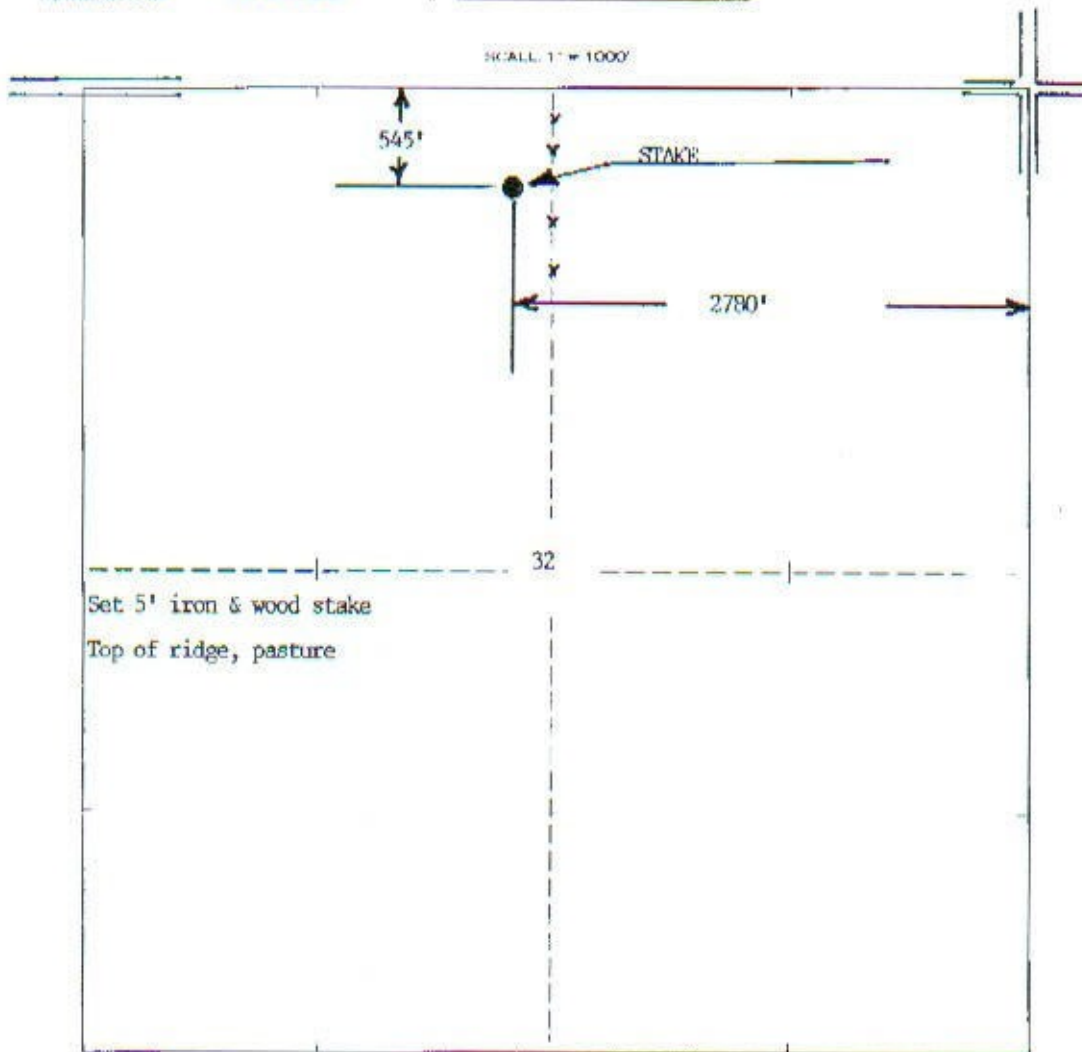
545' PNL & 2780' FEL
 LOCATION

ELEVATION 1393' gr



VAL ENERGY INC
 200 W Douglas Ste 520
 Wichita KS 67202-3005

AUTHORIZED BY: Todd Allan



Staked 12/02/09

COMMON TANK BATTERY AND GAS METER AGREEMENT
WITH EXTENSION OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS: That,

WHEREAS, Clarence E. Rose and Corrine M. Rose, Trustees of the Clarence E. Rose Revocable Trust under Trust Agreement dated May 3, 1996 and the Corrine M. Rose Revocable Trust under Trust Agreement dated May 3, 1996 (hereinafter collectively referred to as "Lessor"), are the owners in fee simple of all surface and mineral rights in and to the following-described lands in Barber County, Kansas:

The North Half (N/2) of Section 32, Township 34 South, Range 11 West;

WHEREAS, said lands are presently subject to the following Oil and Gas Leases of record:

1. Oil and Gas Lease dated January 4, 2006 from Corrine M. Rose, Trustee of the Corrine M. Rose Revocable Trust under Trust Agreement dated May 3, 1996, as lessor, to Lotus Operating Co., LLC, as lessee, covering the Northwest Quarter (NW/4) of Section 32, Township 34 South, Range 11 West, Barber County, Kansas for a primary term of three (3) years, recorded in the office of the Register of Deeds, Barber County, Kansas in O&G Book 309 at Page 356; and
2. Oil and Gas Lease dated January 4, 2006 from Corrine M. Rose, Trustee of the Corrine M. Rose Revocable Trust under Trust Agreement dated May 3, 1996, as lessor, to Lotus Operating Co., LLC, as lessee, covering the Northeast Quarter (NE/4) of Section 32, Township 34 South, Range 11 West, Barber County, Kansas for a primary term of three (3) years, recorded in the office of the Register of Deeds, Barber County, Kansas in O&G Book 309 at Page 358;

which leases have been assigned to, and are currently owned by, VAL Energy, Inc. (hereinafter referred to as "Lessee") pursuant to Assignments of Oil and Gas Leases executed November 13, 2007 by Lotus Operating Company, LLC and recorded in the office of the Register of Deeds, Barber County, Kansas in O&G Book 317 at Pages 184 and 185, and have been ratified, adopted and confirmed by Ratifications of Oil and Gas Lease executed September 23, 2008 by Corrine M. Rose, Trustee of the Clarence E. Rose Trust under Trust Agreement dated May 3, 1996, recorded in the office of the Register of Deeds, Barber County, Kansas in O&G Book 321 at Pages 158 and 159;

WHEREAS, wells capable of producing crude oil and/or natural gas have been or may be drilled on the above-described Oil and Gas Leases; and

WHEREAS, it is mutually desirable that the production of crude oil from the above-described Oil and Gas Leases be run, produced, and gathered into a single battery of measuring or receiving tanks, that natural gas produced from the above-described Oil and Gas Leases be run, produced, gathered and measured at a single gas meter, and that the term of Oil and Gas Lease Nos. 1 and 3, above-described, be extended in order to facilitate their development and operation as hereinafter provided.

NOW THEREFORE, in consideration of the premises and the mutual benefits and advantages to be derived by the parties therefrom, and in further consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration paid by Lessee to Lessor, the receipt and sufficiency of which is hereby acknowledged by Lessor, it is agreed by Lessor and Lessee as follows:

1. Lessee may run, produce, gather and store crude oil produced from any and all wells now or hereafter located upon the above-described Oil and Gas Leases into a single battery of measuring or receiving tanks, and may run, produce, gather and measure natural gas produced from any and all wells now or hereafter located upon the above-described Oil and Gas Leases at a single gas meter, thereby relieving Lessee of the obligation to separately meter, gauge or measure the production of oil and gas from the leases and lands described above.
2. The primary terms of Oil and Gas Lease No. 1, above-described, shall be, and is hereby, extended for a period of one (1) year to January 4, 2010.
3. Except as amended hereby, the above-described Oil and Gas Leases shall remain in full force and effect in accordance with their original terms, and are hereby ratified, affirmed, and approved in their entirety.
4. The terms and provisions of this Agreement shall be effective upon its execution, shall be binding upon, and inure to the benefit of, the heirs, executors, administrators, successors and assigns of the parties hereto, and shall run with the lands and Oil and Gas Leases subject hereto. No subsequent change in ownership of any interest affected hereby shall impair the effectiveness or validity of this Agreement.

EXECUTED this 5 day of December, 2008

VAL ENERGY, INC.

By: K. Todd Allam

K. Todd Allam, President

Corrine M. Rose
Corrine M. Rose, Trustee of the
Clarence E. Rose Revocable Trust under
Trust Agreement dated May 3, 1996

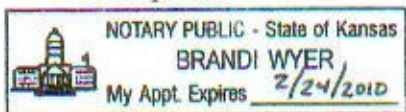
Corrine M. Rose
Corrine M. Rose, Trustee of the
Corrine M. Rose Revocable Trust under
Trust Agreement dated May 3, 1996

ACKNOWLEDGMENTS

STATE OF KANSAS)
) SS.
COUNTY OF SEDGWICK)

The foregoing instrument was acknowledged before me this 5 day of DECEMBER, 2008 by K. Todd Allam, President of VAL Energy, Inc., a Kansas corporation, for the uses and purposes therein set forth.

My commission expires:



Brandi Wyer
Notary Public

STATE OF KANSAS)
) SS.
COUNTY OF BARBER)

The foregoing instrument was acknowledged before me this 5 day of DECEMBER, 2008 by Corrine M. Rose, Trustee of the Clarence E. Rose Revocable Trust under Trust Agreement dated May 3, 1996 and the Corrine M. Rose Trust Agreement under Trust Agreement dated May 3, 1996, for the uses and purposes therein set forth.

My commission expires:



Brandi Wyer
Notary Public



State of Kansas, Barber Co., SS
This instrument was filed for record on
the 9 day of December
2008 at 9:14 o'clock A. M., and
duly recorded in book 321 on page 528
Betty J. Swinson
Register of Deeds
Fees \$16.00



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

December 09, 2009

K. TODD ALLAM
Val Energy, Inc.
200 W DOUGLAS AVE STE 520
WICHITA, KS 67202-3005

Re: Drilling Pit Application
ROSE TRUST 3-32
NW/4 Sec.32-34S-11W
Barber County, Kansas

Dear K. TODD ALLAM:

District staff has inspected the above referenced location and has determined that the reserve 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 reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 96 hours after drilling operations have ceased. Keep pits away from draw/drainage.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve 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 2008), Exploration and Production Waste Transfer, through SOLAR within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the District Office at (620) 225-8888.

CONSERVATION DIVISION

Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
(316) 337-6200 • Fax: (316) 337-6211 • <http://kcc.ks.gov/>