





1048506

For KCC Use ONLY

API # 15 - \_\_\_\_\_

### IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

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

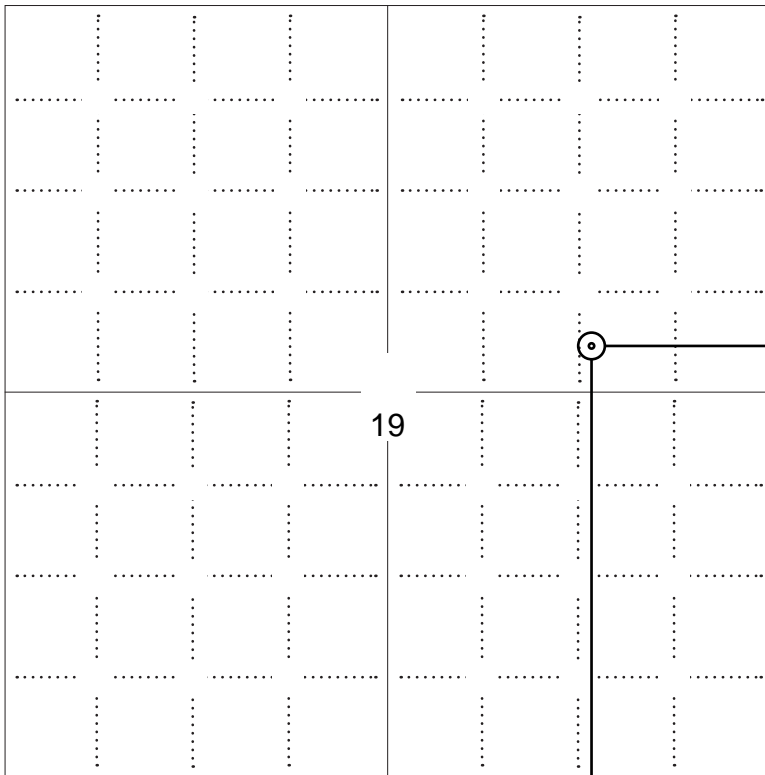
Is Section:  Regular or  Irregular

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

Section corner used:  NE  NW  SE  SW

### PLAT

Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.



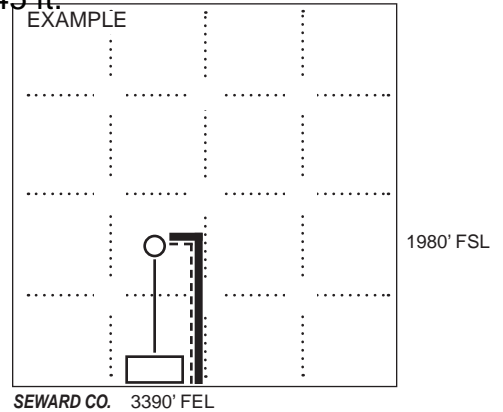
1245 ft.

19

2950 ft.

### LEGEND

- Well Location
- Tank Battery Location
- Pipeline Location
- Electric Line Location
- Lease Road Location



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

#### 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).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.



KANSAS CORPORATION COMMISSION 1048506  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
May 2010  
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) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) <input type="checkbox"/> 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: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> 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.	
<p><b>Submitted Electronically</b></p>			

**KCC OFFICE USE ONLY**

Liner     Steel Pit     RFAC     RFAS

Date Received: \_\_\_\_\_ Permit Number: \_\_\_\_\_ Permit Date: \_\_\_\_\_ Lease Inspection:     Yes     No



# CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

*This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.*

Select the corresponding form being filed:  C-1 (Intent)  CB-1 (Cathodic Protection Borehole Intent)  T-1 (Transfer)  CP-1 (Plugging Application)

OPERATOR: License # \_\_\_\_\_  
Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ Fax: ( \_\_\_\_\_ ) \_\_\_\_\_  
Email Address: \_\_\_\_\_

Well Location:  
\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West  
County: \_\_\_\_\_  
Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

*If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:*

### Surface Owner Information:

Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

*When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.*

*If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.*

### Select one of the following:

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

*If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.*

I Submitted Electronically

I



# ADVANTAGE ELEVATIONS

OIL FIELD SURVEYORS

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

1212102  
INVOICE NO.

VAL ENERGY, INC. OPERATOR 2-19 NO. Gibson FARM

Barber COUNTY 19 S 30s T 15w R 2950' ESL & 1245' FEL of Sec. LOCATION

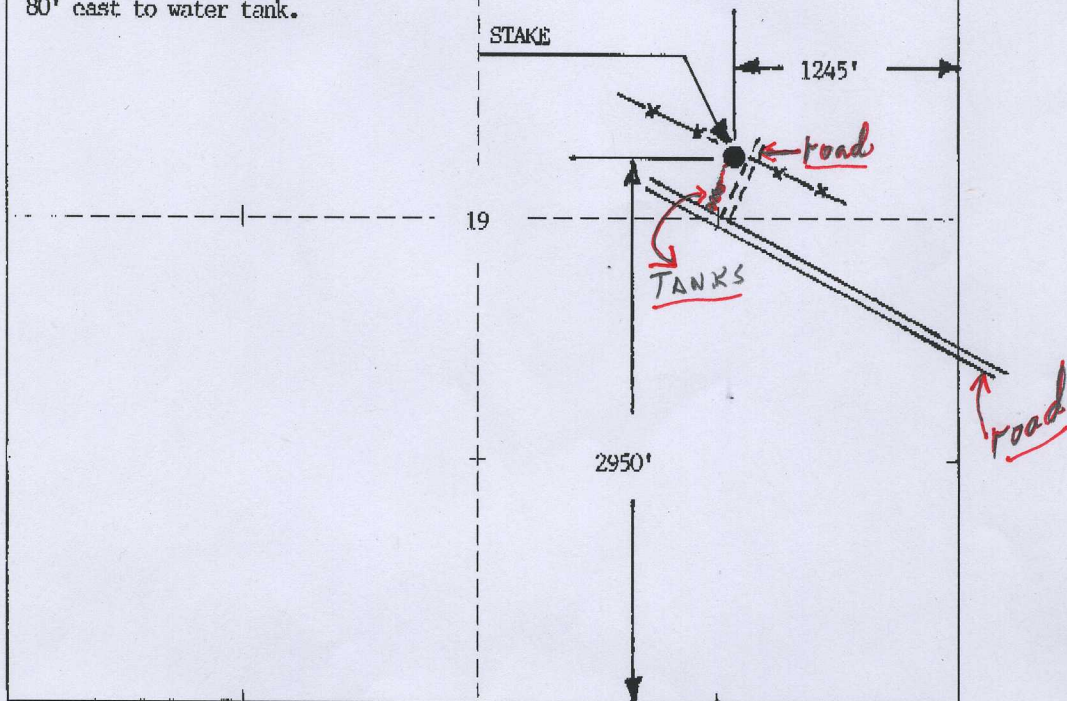
ELEVATION: 1757' GR

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

AUTHORIZED BY: Todd Allam

SCALE: 1" = 1000'

Set 5' & 3' wood stakes.  
Slight to moderate slope in CRP grass  
15' south of pasture fence.  
Stake is 340' northeast of centerline  
of county road.  
WATCH FOR PIPELINES IN SECTION.  
80' east to water tank.



Staked 12/13/10



# OIL AND GAS LEASE

AGREEMENT, made and entered into this 14<sup>th</sup> day of August, 2008 by and between

**Carrol W. Gibson (a/k/a Carrol Gibson) and Anita Gibson (a/k/a Anita Y. Gibson), husband and wife, 605 N. Cherry, Medicine Lodge, KS 67104**

hereinafter called **Lessor**, and

**VAL Energy, Inc.  
200 W. Douglas, Suite 520  
Wichita, Kansas 67202**

hereinafter called **Lessee**.

Lessor, in consideration of the sum of Ten Dollars (\$10.00) paid by Lessee, the receipt and sufficiency of which is hereby acknowledged, and in further consideration of the royalties herein provided and the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of exploring, by geophysical or other means, prospecting, drilling, mining, operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids and air into subsurface strata, laying pipe lines, storing oil, installing tanks, power stations, and other structures and things thereon, and to produce, save, take care of, treat, manufacture, store and transport oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, the following-described land, together with any reversionary rights, after-acquired interest therein and all accretions thereto, situated in the County of **Barber**, State of Kansas:

**Township 30 South, Range 15 West  
Section 17: SE/4  
Section 18: S/2 lying North and East of the railroad right-of-way  
Section 19: All lying North and East of the railroad right-of-way  
Section 20: NE/4, S/2NW/4, NW/4SE/4**

containing 938.000 acres, more or less.

This lease shall remain in force for a term of **Two (2)** years from the date hereof (hereinafter called the **primary term**) and as long thereafter as Lessee shall fulfill the test well drilling obligations hereinafter set forth, and upon completion of said drilling and development obligations, so long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land.

In consideration of the foregoing, Lessee covenants and agrees as follows:

1. Lessee shall deliver to Lessor, or to the credit of Lessor free of cost into the pipe line to which Lessee may connect wells on said land, as royalty, the equal one-eighth (1/8) part of all oil produced and saved from the lease premises; or at Lessee's option, Lessee may pay Lessor for such royalty monthly one-eighth (1/8) of the market price at the wellhead for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or storage tanks.
2. Lessee shall pay Lessor, as royalty for gas, gas condensate, gas distillate, casinghead gas, gas used in the manufacture of gasoline or any other product, and all other gas of whatever nature or kind, including its constituent parts, produced and sold or used off the premises, one-eighth (1/8) of the market price at the well (but, as to gas sold by Lessee, in no event more than one-eighth (1/8) of the proceeds received by Lessee from such sales), said payments to be made monthly. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender annually at or before the end of each year during which gas is not sold or used, as shut-in royalty, whether one or more wells, the sum of One Dollar (\$1.00) per net mineral acre retained hereunder per year, and if such payment or tender is made it will be considered that gas is being produced within the meaning of this lease.
3. This lease may be maintained during the primary term without further payment or drilling operations. In order to extend the term of this lease, Lessee shall commence the drilling of a test well for oil or gas at a location of its choice upon the lease premises during the primary term. Within nine (9) months following completion of drilling the first well drilled hereunder and production casing is set or the well is plugged and abandoned, Lessee shall commence operations for drilling a second well, and shall drill an additional test well for oil or gas on the lease premises every nine (9) months after drilling of the preceding well thereafter until this lease has been fully developed on the basis of forty (40) acre drilling units or spacing. Lessee shall be deemed to comply with the requirements of this paragraph if it shall commence to drill a well within the term of this lease or any extension thereof, or prior to the expiration of nine (9) months following the completion of drilling of any preceding well, and drills such well to completion with reasonable diligence and dispatch until it is determined to be a producer or dry hole. In the event that Lessee shall fail to fulfill its drilling commitment as to any well to be drilled hereunder, this lease shall be released as to all but forty (40) acres surrounding each well theretofore drilled by Lessee, but shall remain in full force and effect as to all lands retained by Lessee.
4. If Lessor owns less interest in the above-described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid to Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.
5. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to such party's heirs, executors, administrators, successors or assigns, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee, and no change of ownership in the land or in the royalties or any sum due under this lease shall be binding upon the Lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof, or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing the appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary to show the complete chain of title back to Lessor of the full interest claimed.
6. If the lease premises are now or shall hereafter be owned in severalty or in separate tracts, the premises may nonetheless be developed and operated as one lease, and all royalties accruing hereunder shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the Lessee to offset wells on separate tracts into which land covered by this lease may now or hereafter be divided by sale, devise, descent or otherwise, or to furnish separate measuring or receiving tanks.
7. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations thereon, except water from the wells of Lessor.
8. When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth. No well shall be drilled nearer than 200 feet from the house or barn now on said premises without written consent of Lessor. Lessee shall pay for damages caused by its operations to growing crops on said land.
9. If, after expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if: (a) Lessee continues development of this lease in the manner prescribed by Paragraph 3 hereof; or (b) following completion of the drilling and development obligations set forth in Paragraph 3, Lessee commences additional drilling or reworking operations within one hundred twenty (120) days thereafter, and this lease shall remain in force so long as such operations are prosecuted either on the same well or any other well thereafter commenced with no cessation of more than one hundred twenty (120) consecutive days, and if such operations result in production of oil or gas, this lease shall remain in effect so long thereafter as there is production of oil or gas under any provision of this lease.
10. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above-described premises and surrender this lease as to such portion or portions, and thereby be relieved of all obligations as to the acreage surrendered. Lessee shall have the right at any time to remove all machinery and fixtures placed on the lease premises, including the right to draw and remove casing.
11. All express or implied covenants of this lease shall be subject to all federal, state and local laws, orders, rules, regulations and ordinances, and this lease shall not be terminated in whole or in part, nor shall Lessee be held liable in damages, for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule, regulation or ordinance.





*Mark Parkinson, Governor  
Thomas E. Wright, Chairman  
Joseph F. Harkins, Commissioner  
Ward Loyd, Commissioner*

---

January 03, 2011

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

Re: Drilling Pit Application  
GIBSON 2-19  
NE/4 Sec.19-30S-15W  
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.

**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 KOLAR 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.