

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

050310

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: Emergency Pit Burn Pit Settling Pit Drilling Pit Haul-Off Pit (If WP Supply API No. or Year Drilled) Is the pit located in a Sensitive Ground Water A	Pit is: Proposed Existing If Existing, date constructed: Pit capacity: (bbls) Area? Yes No		SecTwpR East WestFeet from North / South Line of SectionFeet from East / West Line of SectionCounty Chloride concentration: mg/l mg/l				
Is the bottom below ground level? Yes No	Artificial Liner?		How is the pit lined if a plastic liner is not used?				
	g pits):Length (feet) Depth from ground level to deepest point:						
If the pit is lined give a brief description of the li material, thickness and installation procedure.			dures for periodic maintenance and determining acluding any special monitoring.				
Distance to nearest water well within one-mile of pit:		Depth to shallowest fresh water feet. Source of information:					
feet Depth of water wellfeet		measured	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		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Number of working pits to be utilized: Abandonment procedure:					
flow into the pit? Yes No Submitted Electronically		'	e closed within 365 days of spud date.				
KCC OFFICE USE ONLY Liner Steel Pit RFAC RFAS							
Date Received: Permit Num	ber:	Permi	t Date: Lease Inspection: Yes No				

Kansas Corporation Commission Oil & Gas Conservation Division

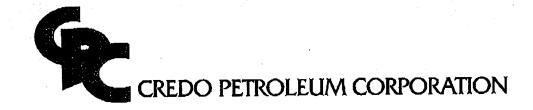
HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

82-3-607.	DISDOSVI	VE DIKE	VND	PIT CONTENTS.	
0Z-J-DU/.	DISPUSAL	OF DIVE	ANU	PII 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: \square Yes \square No
Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner: \square Yes \square No If yes, written permission from the land owner must be obtained. Attach writter 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: \square Yes \square No If yes, written permission from the land owner must be obtained. Attack 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.



DISPOSAL AGREEMENT

Now on this _____ day of January, 2011, this Agreement is executed and delivered by Harold Werth, Trustee of the Harold Werth Living Trust dated 5-3-2007 and the Betty Werth Living Trust dated 5-3-2007, HC-2, Box 23, Quinter, Kansas, 67752 hereinafter called WERTH, and Credo Petroleum Corporation, 1801 Broadway, Suite 900, Denver, Colorado 80202 hereinafter called CREDO.

The parties agree as follows:

 Werth and Credo have entered into an oil and gas lease dated August 5, 2009, and filed in Book 241 Page 661 of Records in the Graham County Register of Deeds Office covering:

The Southwest Quarter (SW/4) of Section Thirty-one (31), Township Nine (9) South, Range Twenty-five (25) West of the 6th P.M. Graham County, Kansas.

- 2. Credo has drilled an exploratory oil well and has established the drill site location including disposal pits on the above-referenced property.
- 3. Credo has an additional drill site location in the Southwest Quarter (SW/4) of Section Thirty (30), Range Ten (10) South, Township Thirty-one (31) West, Thomas County Kansas, and desires to haul off the products of this test well to the Werth location.
- 4. Credo will pay Werth One Thousand Dollars (\$1,000.00) for his allowing of this disposal on his property. The disposal will consist of twelve (12) to fifteen (15) loads of drilling mud and other solid and water waste.

This agreement shall be binding upon the heirs, administrators, executors, successors, and assigns of Werth and Credo.

In witness whereof, this instrument is signed on the date and year first above mentioned.

WERTH:

Harold Werth, Trustee of the Harold Werth Living Trust dated 5-3-2007 and the Betty Werth Living Trust dated 5-3-2007

CREDO:

John B. Parker, Landman Credo Petroleum Corporation