

For KCC	
Effective [ate:
District # _	1
60 42 F	

Spud date: _

_ Agent:

Kansas Corporation Commission OIL & GAS CONSERVATION DIVISION

1026713

Form C-1 October 2007

SGA? Yes No NOTICE OF IN	TENT TO DOU!	must be Typed nust be Signed must be Filled
Expected Spud Date: 3/10/2009 month day year	Spot Description:	——————————————————————————————————————
OPERATOR: License# Name: Val Energy, Inc. Address 1: 200 W DOUGLAS AVE STE 520	(OOO/OO) 330 feet from N / S 280 feet from E / W Is SECTION: Regular Irregular?	Line of Section
Address 2:	(Note: Locate well on the Section Plat on reverse side)	1
City: WICHITA State: KS Zip: 67202 + 3005 Contact Person: K. TODD ALLAM	County: Barber	2 22
Phone: 316-263-6688	Lease Name: MAY SPICER Well #: Field Name: UNKNOWN	
CONTRACTOR: License#_5822 Name:Val Energy, Inc.	Is this a Prorated / Spaced Field? Target Formation(s): MISSISSIPPIAN	Yes XNo
Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary line (in footage): 280	
☑Oil ☐ Enh Rec ☑Infield ☑Mud Rotary	Ground Surface Elevation: 1438 Estimated	feet MSL
Gas Storage Pool Ext. Air Rotary	Water well within one-quarter mile:	Yes X No
Disposal Wildcat Cable	Public water supply well within one mile: Depth to bottom of fresh water: 100	Ties Mino
Seismic ; # of Holes Other Other:	Depth to bottom of usable water: 180	
	Surface Pipe by Alternate: XI III	
If OWWO: old well information as follows:	Length of Surface Pipe Planned to be set: 200	
Operator:	Length of Conductor Pipe (if any):	
Well Name:	Projected Total Depth: 4850	
Original Completion Date: Original Total Depth:	Formation at Total Depth: MISSISSIPPIAN	
Directional, Deviated or Horizontal wellbore? Yes No If Yes, true vertical depth:	Water Source for Drilling Operations: Well Farm Pond Other: DWR Permit #:	
Bottom Hole Location:	(Note: Apply for Permit with DWR)	
KCC DKT #:		Yes X No
Oil & Gas Leases w/pooling clauses attached.	If Yes, proposed zone:	
AFFI The undersigned hereby affirms that the drilling, completion and eventual plugs It is agreed that the following minimum requirements will be met:	DAVIT ging of this well will comply with K.S.A. 55 et. seq.	
 Notify the appropriate district office <i>prlor</i> to spudding of well; A copy of the approved notice of intent to drill <i>shall be</i> posted on each of the standard of surface pipe as specified below <i>shall be set</i> by through all unconsolidated materials plus a minimum of 20 feet into the office well is dry hole, an agreement between the operator and the distriction. The appropriate district office will be notified before well is either plugger. If an ALTERNATE II COMPLETION, production pipe shall be cemented. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #13 must be completed within 30 days of the spud date or the well shall be presented. 	y circulating cement to the top; in all cases surface pipe shall be s underlying formation. ct office on plug length and placement is necessary prior to plug t d or production casing is cemented in; from below any usable water to surface within 120 DAYS of spud 3,891-C, which applies to the KCC District 3 area, alternate II cem	ging; date. nenting
Submitted Electronically	Remember to:	! د
For KCC Use ONLY	- File Drill Pit Application (form CDP-1) with Intent to Drill;	32
API # 15 - 15-007-23421-00-00	- File Completion Form ACO-1 within 120 days of spud date;	14.4
Conductor pipe required _0feet	- File acreage attribution plat according to field proration orders;	Santa i
Minimum surface pipe required 200 feet per ALT. I III Approved by: Rick Hestermann 03/04/2009	 Notify appropriate district office 48 hours prior to workover or re- Submit plugging report (CP-4) after plugging is completed (within obtain written approval before disposing or injecting salt water. 	- 1
This authorization expires: 03/04/2010 (This authorization void if drilling not started within 12 months of approval date.)	If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.	

Well Not Drilled - Permit Expired Date: Signature of Operator or Agent:



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 - 15-007-23421-00-00	
Operator: Val Energy, Inc.	Location of Well: County: Barber
Lease: MAY SPICER	feet from N / S Line of Section
Well Number: 2-32	280 feet from \times E / \square W Line of Section
Field: UNKNOWN	Sec. <u>32</u> Twp. <u>33</u> S. R. <u>10</u> E X W
Number of Acres attributable to well: QTR/QTR/QTR/QTR of acreage: E2	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.)

						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	330	Oft.
	•						<u></u>	- 280 ft.

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,								
			•		•		•	SEWARD CO.

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 OIL & GAS CONSERVATION DIVISION

1026713

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 DOUGLA	AS AVE STE	520	WICHITA KS 67202			
Contact Person: K. TODD ALLAM			Phone Number: 316-263-6688			
Lease Name & Well No.: MAY SPICE	R 2-3	2	Pit Location (QQQQ):			
Type of Pit:	Pit is:		<u>E2 NE NE NE</u>			
Emergency Pit Burn Pit	X Proposed	Existing	Sec. 32 _{Twp.} 33 _{R.} 10 East West			
Settling Pit Drilling Pit	If Existing, date co	nstructed:	330 Feet from North / South Line of Section			
Workover Pit Haul-Off Pit	Pit capacity:		Feet from East / West Line of Section			
(If WP Supply API No. or Year Drilled)	3,000	(bbls)	Barber County			
Is the pit located in a Sensitive Ground Water	Area? Yes X	No	Chloride concentration:mg/l			
			(For Emergency Pits and Settling Pits only) How is the pit lined if a plastic liner is not used?			
Is the bottom below ground level? Yes No	Artificial Liner? Yes XI	No	CLAY BOTTOM			
Pit dimensions (all but working pits):	20 Length (fe	et) 120	Width (feet) N/A: Steel Pits			
	om ground level to de		4 (feet) No Pit			
If the pit is lined give a brief description of the	liner	Describe proce	edures for periodic maintenance and determining ncluding any special monitoring.			
material, thickness and installation procedure	3 .	imer integrity, i	including any special monitoring.			
Distance to nearest water well within one-mile	e of pit	Depth to shall	owest fresh waterfeet.			
	0 0, p.	Source of info	rmation:			
N/A feet Depth of water well			well owner electric log X KDWR			
Emergency, Settling and Burn Pits ONLY		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: FRESH MUD				
Producing Formation:						
Number of producing wells on lease:		Number of working pits to be utilized:1 Abandonment procedure:ET DRY & COVER				
Barrels of fluid produced daily:		Abandonment	procedure: LET DRT & COVER			
Does the slope from the tank battery allow al flow into the pit? Yes No	Il spilled fluids to	Drill pits must	be closed within 365 days of spud date.			
Submitted Electronically						
	VOO	OFFICE USE (ONLY Steel Pit X RFAC X RFAS			
	KCC	OFFICE USE C	MEI Steel Fit [X] IN NO [X] IN NO			
Date Received: 03/04/2009 Permit Nur	15-007-2342 mber:	1-00-00 Perr	nit Date: 03/04/2009 Lease Inspection: X Yes No			



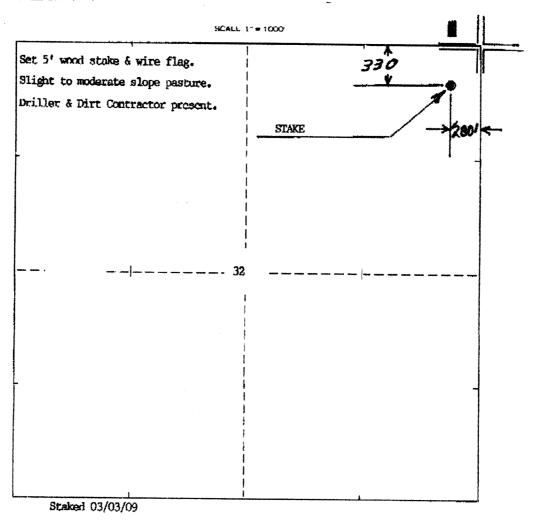
BOX 8604 - PRATT, KS 67124 (620) 672-6491

OIL FIELD SURVEYORS

__33091____

OPER	ATOR	2-32 May Spicer
Barber COUNTY	32 33s 10w	3301 FNL & 2801 FEL LOCATION
VAL ENE 200 W D Wichita	wglas Ste 520	elevation: 14361 CR

AUTHORIZED BY: Todd



LL88-1 Form 88 (producers) Rev. 1-04 Paid-up

OIL AND GAS LEASE

The Auditoriant Forward to the wear of the company	acional Colonia				
S.T. S., Sth. S.T. KICER, INS. GEODO M. VAL. DESCRY, M.C., P.C.A. DO. 106, Wilchitza, NS 67201-0116. M. VAL. DESCRY, M.C., P.C.A. DO. 106, Wilchitza, NS 67201-0116. M. VAL. DESCRY, M.C., P.C.A. DO. 106, Wilchitza, NS 67201-0116. M. VAL. DESCRY, M.C., P.C.A. DO. 106, Wilchitza, NS 67201-0116. M. The Latence, for and consideration of the sense of the control of the property of the sense of the control of the property of the sense of the control of the property of the sense of the control of the sense of the sense of the control of the sense		day of	and the second contract	were and the second a	20.05
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Exercising 35 South, Particle 10 West: **Continuing** -1(3)*	no the subsurface strate, said tract of land bein	g situated in the County of	Barber		
containing	ud describéd sa tollows:				
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6. If the leased promises are now or shall intendified on covined in severality or in separate tracts, the premises may nonetheless be developed and operated as one leases and all royalities accounting internuction shall be divided among and paid to such separate owners in the proportion that he accesses outset of the proportion of the part of the several services which he will be not interested and the control of the part of the several services and the proportion of the part of the several services and the proportion of the part of the several services and several the several services and services of the several services and service	irilied nearer than 200 feet to the house or by purietion of this tease to remove all machinery. 8. If the estate of either party herato is assevisees, executors, administrators, successor to obligations or diminish the rights of lessee, as been furnished with either the original recorded to the property of the pro	arn now on said premises without fixtures, houses, buildings, and of igned (and the privilege of assign buildings, but no change or and no change of ownership in the rided instrument of conveyance or dings showing the appointment of ance or duly certified copies there are or duly certified copies there	written consent of the Le ther structures placed on a sing in whole of in part is it/vision in ownership of the land of in the royalities or a duly certified copy there on administrator for the on depassary in showing.	each: Lessee shall have the right aid plansles, including the right to dr expressly sillowed), the covenants he tand; or royalties, however eccompli- any sum due under this tease shall b of, or a certified popy of the will of ar estate of any decessed owner, which complete chair of title back to Less	t any time during, or after the raw and remove all casing, recof shall extend to the heirs, shed, shall operate to enlarge a binding on the leasee until it ny deceased owner and of the hever is appropriate, together sor of the full interest claimed,
my taxes, mortgages, or other liters existing, tevied, or assessed on or against the above described lands and, in the event it exercises such options it shall be subrogated to reinging of any holder or holders thread and may reimbruss literally supplying to the discharge of any such mortgage, tax or other lies, any royalty accompany hereunder. 11. If after the expiration of the primary term, production of oil or gas should cease from any cause, this lease shall not terminate if lease commences additional drilling or revolution potentions within one hundred-twenty (120) days thereafter, or if at the application of the primary term, oil or gas in no being produced on said land, but leases it are all of difficults or revolution produced on said land, but leases the read of difficults or revolution of the primary term, oil or gas up operations are procedured efficient on the earner of the earner of the comment of the primary term, production of oil or gas, this lease shall make it is ease. 12. Leases may at any time surrender or cancel this lease in whole or in part by delivering or mailing such releases to the Leaser, or by placing same of record in the proper torult. In case said lease is surrender or cancel this lease in whole or in part by delivering or mailing such releases to the Leaser, or by placing same of record in the proper torult. In case said lease as to the portion canceled at the only a portion of the accreage overed threatby, then all payments and liabilities threreafter accruing under the terms of said lease as to the portion canceled at the only a portion of the accreage overed threatby, then all payments and liabilities threreafter accruing under the terms of said lease as to the portion canceled at the only a portion of the accreage overed threatby then all payments and liabilities threreafter accruing under the mine of said leases as the control of the accreage of the accreage to the control of all payments and liabilities threreafter accruing under the mine of the accreage to the control o	If the leased premises are now or shall? Ind all royalties accruing hereunder shall be di ntire leased acceage. There shall be no oblig	vided among and paid to such sep ation on the part of the lessee to o	parate owners in the propo offset wells on separate tra	rtion that the acreage owned by each	h separate owner bears to the
eworking operations within one hundred-twenty (120) days theresting, or if at the application of the primary term, oil or gas is not being produced on said land, but lesses is interenanged in drilling or reworking operations thereon, then in either event, this lesses shall remain in order and long as operations are prosecuted either on the same well or my other well thereafter commenced, with no cessation of more than one hundred twenty (120) consecutive days, and if they result in production of oil or gas, this lesses. 12. Lesses may at any time surrender or cancel this lesses in whole or in part by delivering or mailing such releases to the Lessor, or by placing same of record in the proper county. In case said lesses is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the arms of said lesses as to the portion canceled shall cesses and determine, but as to the portion of the acreage not released the terms and provisions of this lesses shall continue and remain in full force and effect for all purposes. 13. All provisions hereof, express or implied, shall be subject to all tecteral and state lews and the orders, rules, or regulations (and interpretations thereof) and committed aperciase administering the same, and this lesses shall not be in any way terminated wholly or partially nor shall the lesses be liable in demages for failure to comply with any of the express or implied, shall be subject to all tecteral and state lews and the orders, rules, or regulations (and interpretations thereof). It lesses at the continuent of the primary term hereof from diffulning a well herearcher by the order of any constitutes for interpretations thereof). It lesses at the option, is hereby given the right and power to pool or combine into one or more units and expressed by another lesse, or lesses when, in lesses is judgment, it is necessary or advisable to do so in order to property develop and operate shall develop and outliness to a	ny taxes, mortgages, or other liens existing, le	ivied, or essessed on or against th	ne above described lands	and, in the event it exercises such op	stions it shall be subrogated to
rounty, in case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the errors of said lease as to the portion canceled shall cease and determine, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes. 13. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof). It leases are comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules, or regulations for interpretations thereof). It leases around be prevented during the last six months of the primary term hereof from diffuling a well hereurder by the order of any constituted authority having jurisdiction thereofs, the prevented during the last six months of the primary term hereof from diffuling a well hereurder by the order of any constituted authority having jurisdiction thereofs, the primary term hereof the federal primary term hereoff the federal primary term of this lease shall continue until six months after said order is suspended. 13. Leases, at its option, is hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other and covered by another lease, or leases when, in leases is judgment, it is necessary or advisable to do so in order to properly develop and operate said leases premises so as or promote the conservation of such minerals in end under said land, such pooling to be in a unit or units not expecting 640 across sects in the event of any of units not exceeding 640 across sects in the event of any of units not exceeding 640 across sects in the event of any of units not exceeding 640 across sects in the event of any of units not exceeding 640 across across each in the event of all the such as a constitution o	eworking operations within one hundred-twent hen angaged in drilling or reworking operation my other well thereafter commenced, with no c	y (120) days thersalter, or if at the s thereon, then in either event, this reseation of more than one hundre	e expiration of the primar a lease shall remain in for id twenty (120) consecutiv	rtems, oil or gas is not being produc se so long as operations are prosecu	ed on said land, but issees is sted either on the same well or
covernmental approces definitistering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lease be liable in dentages for failure to comply with any of the express or implied provisions hereof it such failure accorded with any such leave, oregoing or reputations of reinterpotations thereof. It leases any other prevented during the last atx months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, the order of the primary term of this lease shall continue until atx months after said order is suspended. **Leases, at its option, in hereby given the right and power to pool or combine into one or more units the land covered by this lease, or any portion thereof, with other this covered by another lease, or leases when, in leases it upgment, it is necessary or advisable to do so in order to properly develop and operate said leases premises so as or promote the conservation of such minerals in and under said land, sich pooling to be in a unit or units or such minerals each in the event of a gas and/or condensatis or distillate well, plus a tolerance of ten person (10%) to conform to Governmental Survey purietre sections. Leases shall associate in writing and file for record in the county in which the land is altusted in interment identifying and describing the prodest consequence. The entire socregie so pooled into a unit or units strall be treated for all purposes, accept the payment of royalists on production is found on any part of the pooled accesses. The entire socregies of pooled into a unit or units strall be treated for all purposes, accept the payment of royalists on production in the content of the production is found in his lease. The entire socregies of pooled into a unit or units strall be treated for all purposes, accept the payment of royalists on production in the production in found any part of the production of the production of the royalist path and constitute a wall hardwards.	ounty. In case said lease is surrendered and erms of said lease as to the portion canceled a	canceled as to only a portion of half cease and determine, but as t	the acreage covered then	aby, then all payments and liabilities	thereafter accruing under the
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OIL AND GAS LEASE

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THIS AGREEMENT, Entered into this 25th		August	
Berniece Spicer, a si 517 S. 8th St.	ingle woman,	and an extension of the state of	nes also che construction de la
Kiowa, KS 67070	e enten entenne: el cel el la algue la cola el algue.	and a survey of the survey of	Control of the Contro
Val energy, Inc. P.O. Bo	x 116, Wich	ita, KS 67201-0116	
1. That Lessor, for and in consistention of the surcoverants and agreements hereinafter contained to be per inclusively unto the lessase the beginning the content and content of the lessase the termination of the content of the lessase to all or any part of the lends covered thereby a notucing core drilling and the drilling, mintip, and operation of constructing roads, laying pipe lines, building tanks, socionated operation of each land atons or conjointly with notine, and other substances.	m oftenand fromed by the lesses, ha with any reversionary rig as hereinafter provided, f ating for, producing and thereon, the exclusive rigit	MODES This day granted, leased, and let end by its thereis, and with the right to unitize this for the purpose of carrying on geological, to saving all of the oil; gas, gas condennant of injecting water, brine, and other fluids to finjecting water, brine, and other fluids.	Deltars in hand paid and of the these presents does hereby grant, lease, and is seese or any part thereof with other oil and gas phophysical and other exploitatory work thereon a, gas distillate, ossimplead gasoline and the and substances into the subsurface airsts, and
nto the subsurface strata, said tract of land being situated is not described as follows;	in the County of	Barber sum	xKansas
Cownship 33 South, Range 10) West:		
Section 32: NE%	7		
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ontaining ——————————————————————————————————	have a 121		
This lease shall remain in force for a term of ,	sessa is outestube blodno	≫ 0.	
The leasee shall deliver to Lessor as royalty, free of ill produced and saved from the leased premises, or at the ke grade and gravity prevailing on the day such oil is run in			I its wells the equal one-aighth (1/8th) part of all oyally the market price at the wellhead for oil of
4. The leases shall pay to the Leasor, as a royalty, asinghed gas, gas used for the manufacture of gasoline cuch gas is not sold by the leases, leases may pay or tenders or more wells, an amount equal to one oldar per net seas that gas is being produced in paying quantities. The figar.	one-eighth (1/8th) of the or any other product, and or arrusally at or before the	proceeds received by the lessee from the all other gases, including their constituent end of each yearly period during which as all other process.	parts, produced from the land herein leased. If uch gas is not sold, as a shut-in royalty, whether
5. This lease is a paid-up lease and may be maintained			
5. In the event said Leasor owns a less interest in the shall be paid to eaid Lessor only in the proportion which haver to Lessor, or his heirs, or his or their grantes, this lear	is mierest bears to the w ise shall cover such reven	rhole and undivided fee, however, in this e sion.	vent the title to any interest in said land should
7. The lesses shall have the right to use free of cost, graded by Lessor, the lesses shall bury its pipe lines belonitied nearer than 200 feet to the house or bern now on xpiration of this lesse to remove all machinery, flutures, how	ow plow depth and shall p said premises without w uses, buildings, and other	pay for damage caused by its operations tritten consent of the Lesson, Lasses shall retrictives placed on said premises, include the consent of the consent	a growing crops on said land. No well shall be i have the right at any time during, or after the ding the right to draw and remove all casing.
8. If the eatete of either-party hereto is assigned (and evidence, executors, administrators, successors, and assigned obligations or distinish the injulie of lesses, end no charas been furnished with either the original recorded instruminate been furnished with either the original recorded instruminate of the original recorded instruments of conveyance or duity and eli advance payments of rentals made hereunder beforeculor, or helf of Lessor.	ris, but no charge or dividence of ownership in the later of conveyance or a diring the appointment of army bertified copies thereof	stors in ownership of the land, or royalties; it and or in the poyalties or any sum due under fully certified copy theraof, or a bertified cop in administrator for the exists of any dece- necessary in showing a promises when or	however accomplished, shalf operate to enlarge it his lease shalf be binding on the leasee until it by of the will of any deceased owner and of the sted owner, whichever is appropriate, together fills have in I asset of the bit believed decision.
 if the lassed premises are now or shall hereafter be nd all royattee accrubing hereunder shall be divided among nitre leased acreage. There shall be no obligation on the a divided by sais, devises, descent or otherwise, or to furn 	g and paid to such separa	ate owners in the proportion into the acres	
10. Lessor heraby warrants and agrees to defend the titl ny taxes, mortgages, or other liens existing, levied, or asset to rights of any holder or holders thereof and may reimburs			
11. If after the expiration of the primary term, production sworking operations within one hundred-twerty (120) days nan engaged in drilling or reworking operations thereon, in ny other well thereafter commercial, with no ossastion of remain in effect so long thereafter as there is production of command in effect so long thereafter as there is production of command in effect so long thereafter as there is production of command in effect so long thereafter as there is production of command in effect so long thereafter as there is production of command in the commendation of the comm	of oil or gas should cass s thereafter, or if at the s sen in either event, this is more than one hundred b	ie from any cause, this lease shall not turn appration of the primary term, bit or gas is asse shall remain in force so long as opera worth (120) conservable death and if they a	minute if lessee commences additional drilling or not being produced on said tend, but lessee is
12. Lessee may at any time surrander or cancel this teas ounty. In case said lease is surrandered and canceled at oma of said lease as to the portion canceled shall cease as nd ramain in full force and effect for all purposes.	se in whole or in part by d	telivering or mailing such release to the Le	
13. All provisions hereof, express or implied, shall be overramental apercias administering the same, and this te omphy with any of the express or implied provisions hereof a prevented during the last six months of the primary term ilmary term of this lesse shall continue until six months afte.	if such failure accords wi	way terminated wholly or partiety nor shall ith any such laws, orders, rules or regulation wall be reminist by the project of any moneth	Il the lesses be liable in damages for failure to
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Kathleen Sebelius, Governor Thomas E. Wright, Chairman Michael C. Moffet, Commissioner Joseph F. Harkins, Commissioner

March 04, 2009

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

Re: Drilling Pit Application
MAY SPICER Lease Well No. 2-32
NE/4 Sec.32-33S-10W
Barber County, Kansas

Dear K. TODD ALLAM:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at this location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you utilized to dispose of the contents in the steel pits and the amount of fluid that was disposed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal.

Should a haul-off pit be necessary please file form CDP-1 (April 2004), Application for Surface Pit, through SOLAR. This location will have to be inspected prior to approval of the haul-off pit application.



82-3-607.

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

HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

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; dispose of reserve pit waste down the annular space of a well completed (2) 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 dispose of the remaining solid contents in any manner required by the (3) commission. The requirements may include any of the following: Burial in place, in accordance with the grading and restoration (A) requirements in K.A.R. 82-3-602 (f); removal and placement of the contents in an on-site disposal area (B) approved by the commission; removal and placement of the contents in an off-site disposal area on (C) 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 removal of the contents to a permitted off-site disposal area approved (D) by the department. Each violation of this regulation shall be punishable by the following: (b) A \$1,000 penalty for the first violation; (1) (2) a \$2,500 penalty for the second violation; and a \$5,000 penalty and an operator license review for the third violation. (3)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: No If yes, written permission from the land owner 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 land owner 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.