

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

Val Energy, Inc. 200 W DOUGLAS AVE STE 520 WICHITA KS 67202

RECEIVED

JAN 0 2 2008

December 31, 2008

Re: Exploration and Production Waste Transfer Form

LEYSA Lease Well No. 1-22 NESWSWSW 22-34-11W BARBER County, Kansas API No. 15007233780000

Dear Sirs:

Kansas Corporation Commission records show that the above referenced well was spudded on 10/20/2008. During the review process of the CDP-1, Application for Surface Pit, filed with the Intent to Drill it was determined that fluids were to be removed from the drilling/reserve pit. If the fluid removal requirements were recommended by the district office, a letter explaining the method of pit construction and the need to file the CDP-5 (August 2008), Exploration and Production Waste Transfer form was returned along with a copy of the approved Intent to Drill. This letter also stated the necessity to haul fluids at various stages in the drilling process.

The CDP-5 form is also required to be filed when the operator indicates on the CDP-1 form that fluids will be hauled as part of the abandonment procedure of the drilling/reserve pit.

A review of our records reveals that a completed CDP-5 form has not been returned to the Kansas Corporation Commission.

According to K.A.R. 82-3-602, "Within 30 days after the transfer of the waste, each operator shall file a form prescribed by the commission with the conservation division reporting any transfer of pit waste from the lease".

A separate CDP-5 form must be filled out for each location where surface pit waste was disposed of that originated at the referenced lease. **Conservation division forms are available through our office and on the KCC web site:** http://kcc.ks.gov/conservation/forms/. Please return completed CDP-5 form(s) to this office within 30 days of receipt of this letter. Your cooperation in complying with this regulation is appreciated.

If you have any questions or concerns, please call Sammy Flaharty at (316) 337-6227.

RECEIVED KANSAS CORPORATION COMMISSION

JAN 2 0 2009

FILTER SEL	ECTIO Sea	rch T-18 / Letters	Sec	Twpn Rngn	<b>∇ ↓</b>
API# 15-007-23378	4-00-00 Well LEYSA	1.22		Cty BARBER	Dkt 🚉 👸
Oper 5822	VALENERGY, INC.		Lgcy Oper		
Work Oper			C-1 Oper	VAL ENERGY, INC	
WL Type Dil	WL Stat PA	Status Source: CP2	3 Status D	t: 10/23/2008	and the second s
Location 22-348-11	W NESWSWSW: 495 FSL	495 J WI			District # 01
Permit Expire ACO-1 Spud	Section and the section of the secti	Compl: 10/23/200 pl Rpt Rec: 01/02/200 Plugged: 10/23/200	09		
	Control of the Contro	SGWA: RFAC RFAS PitLiner Steel	CP 1:	Date CP-2/3 Recyd: Date CP-4 Recyd:	10/28/2008

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2:

200 W. Douglas, Suite 520

Wichita, Kansas 67202

Office: (316) 263-6688 Fax: (316) 262-2512

January 16, 2009

Leysa 1-22 - 15007233780000

To Whom It May Concern:

The Leysa #1-22 was only drilled to 525' due to lost circulation. There was not any fluid to be hauled out of the reserve pit. VAL Energy skidded the rig and used the same pit for the Leysa #2-22. If you have any questions please contact at the number above.

Sincerely

Brandi Wyer

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JAN 2 0 2009

CONSERVATION DIVISION WICHITA, KS