

For KCC Use: 5-26-10
 Effective Date: 5-26-10
 District # _____
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 October 2007

Form must be Typed
 Form must be Signed
 All blanks must be Filled

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date: 05 18 2010
 month day year

OPERATOR: License# 34357
 Name: Atlas Operating LLC
 Address 1: 15603 Kuykendahl Ste # 200
 Address 2: _____
 City: Houston State: TX Zip: 77090 + 3 6 5 5
 Contact Person: Zafar Ullah
 Phone: 281-893-9400

CONTRACTOR: License# 5822
 Name: VAL Energy

Well Drilled For: Oil Enh Rec Infield Mud Rotary
 Gas Storage Pool Ext. Air Rotary
 Disposal Wildcat Cable
 Seismic; # of Holes _____
 Other: _____
 If OWWO: old well information as follows:

Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: _____
 Bottom Hole Location: _____
 KCC DKT #: _____

Spot Description: _____
 E/2 SW SW NW Sec. 28 Twp. 31 S. R. 8 E W
 (2000) 2,310 feet from N / S Line of Section
 380 feet from E / W Line of Section

Is SECTION: Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)

County: Harper
 Lease Name: Sanders-Schmisser Well #: 1
 Field Name: Spivey-Grabs Basil

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Mississippi, Simpson, Viola

Nearest Lease or unit boundary line (in footage): 380
 Ground Surface Elevation: 1560 feet MSL

Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No

Depth to bottom of fresh water: 40
 Depth to bottom of usable water: 120

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 220

Length of Conductor Pipe (if any): _____
 Projected Total Depth: 5100

Formation at Total Depth: Simpson
 Water Source for Drilling Operations:
 Well Farm Pond Other: _____

DWR Permit #: _____
 (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
 If Yes, proposed zone: _____

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.
 It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified **before well is either plugged or production casing is cemented in**;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 5/13/10 Signature of Operator or Agent: _____ Title: ENGINEER

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 MAY 17 2010
 KCC WICHITA

For KCC Use ONLY
 API # 15 - 077-21680-0000
 Conductor pipe required NONE feet
 Minimum surface pipe required 200 feet per ALT. I II
 Approved by: NS 5-21-10
 This authorization expires: 5-21-2011
 (This authorization void if drilling not started within 12 months of approval date.)
 Spud date: _____ Agent: _____

Remember to:
 - File Drill Pit Application (form CDP-1) with Intent to Drill;
 - File Completion Form ACO-1 within 120 days of spud date;
 - File acreage attribution plat according to field proration orders;
 - Notify appropriate district office 48 hours prior to workover or re-entry;
 - Submit plugging report (CP-4) after plugging is completed (within 60 days);
 - Obtain written approval before disposing or injecting salt water.
 - 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: _____

28 31 8 E W

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 - 077-21680-00-00
Operator: Atlas Operating LLC
Lease: Sanders-Schmisser
Well Number: 1
Field: Spivey-Grabs Basil

Location of Well: County: Harper
2,310 feet from N / S Line of Section
380 feet from E / W Line of Section
Sec. 28 Twp. 31 S. R. 8 E W

Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: E/2 SW SW NW

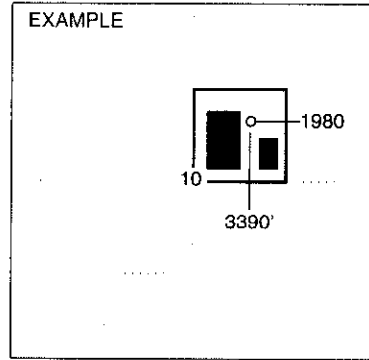
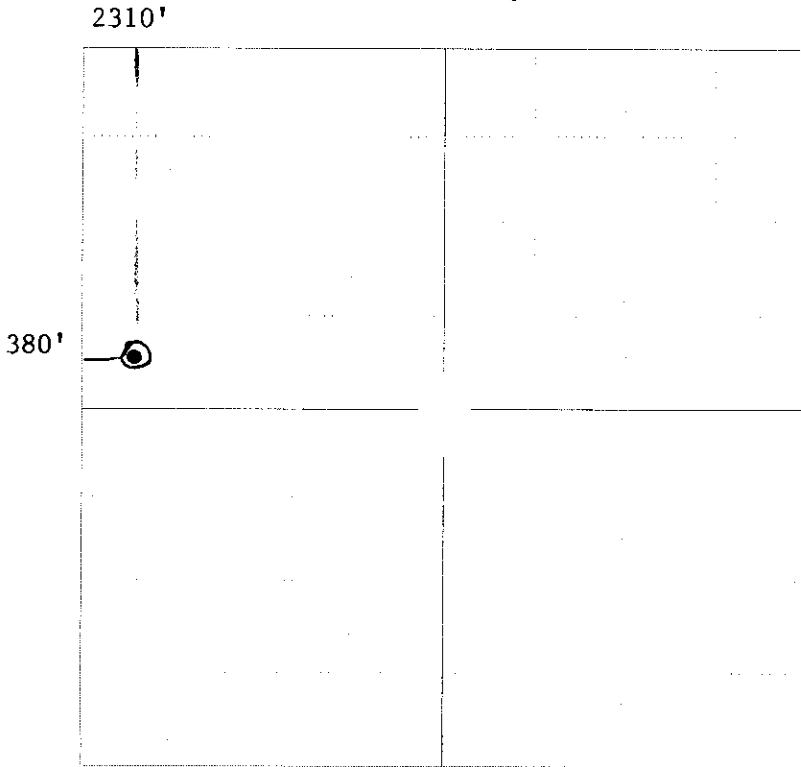
Is Section: Regular or Irregular

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.)*

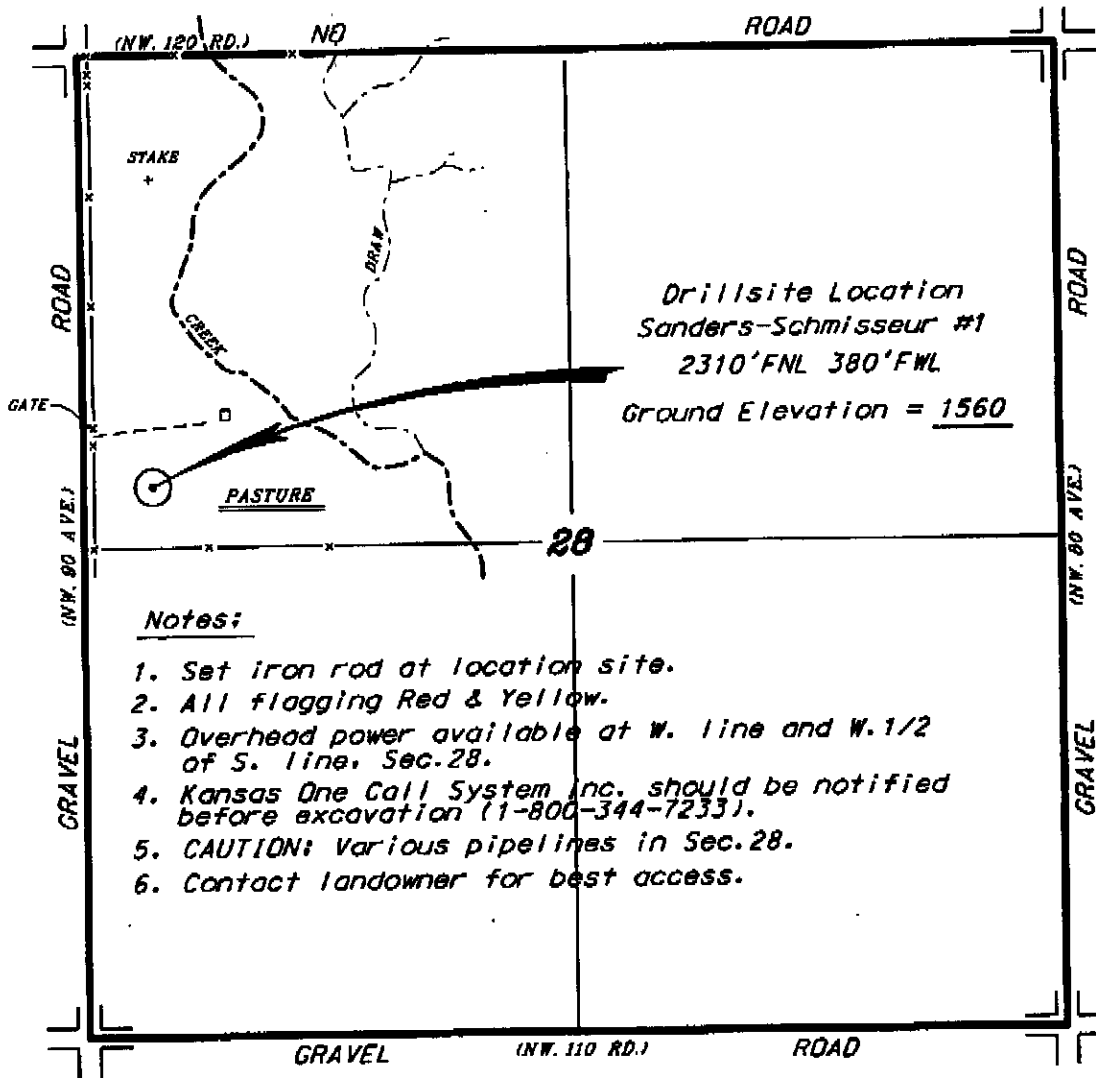


NOTE: In all cases locate the spot of the proposed drilling locaton.

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: (CO-7 for oil wells; CG-8 for gas wells).

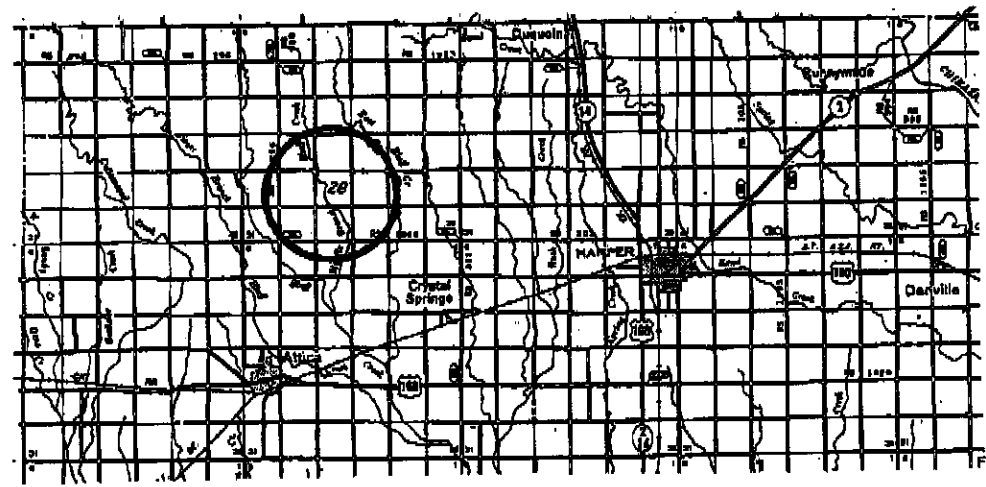
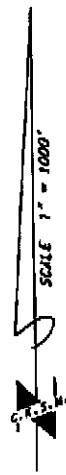
PIONEER EXPLORATION, LLC
SANDERS-SCHMISSEUR LEASE
NW.1/4, SECTION 28, T31S, R8W
HARPER COUNTY, KANSAS



Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at W. line and W.1/2 of S. line, Sec.28.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec.28.
6. Contact landowner for best access.

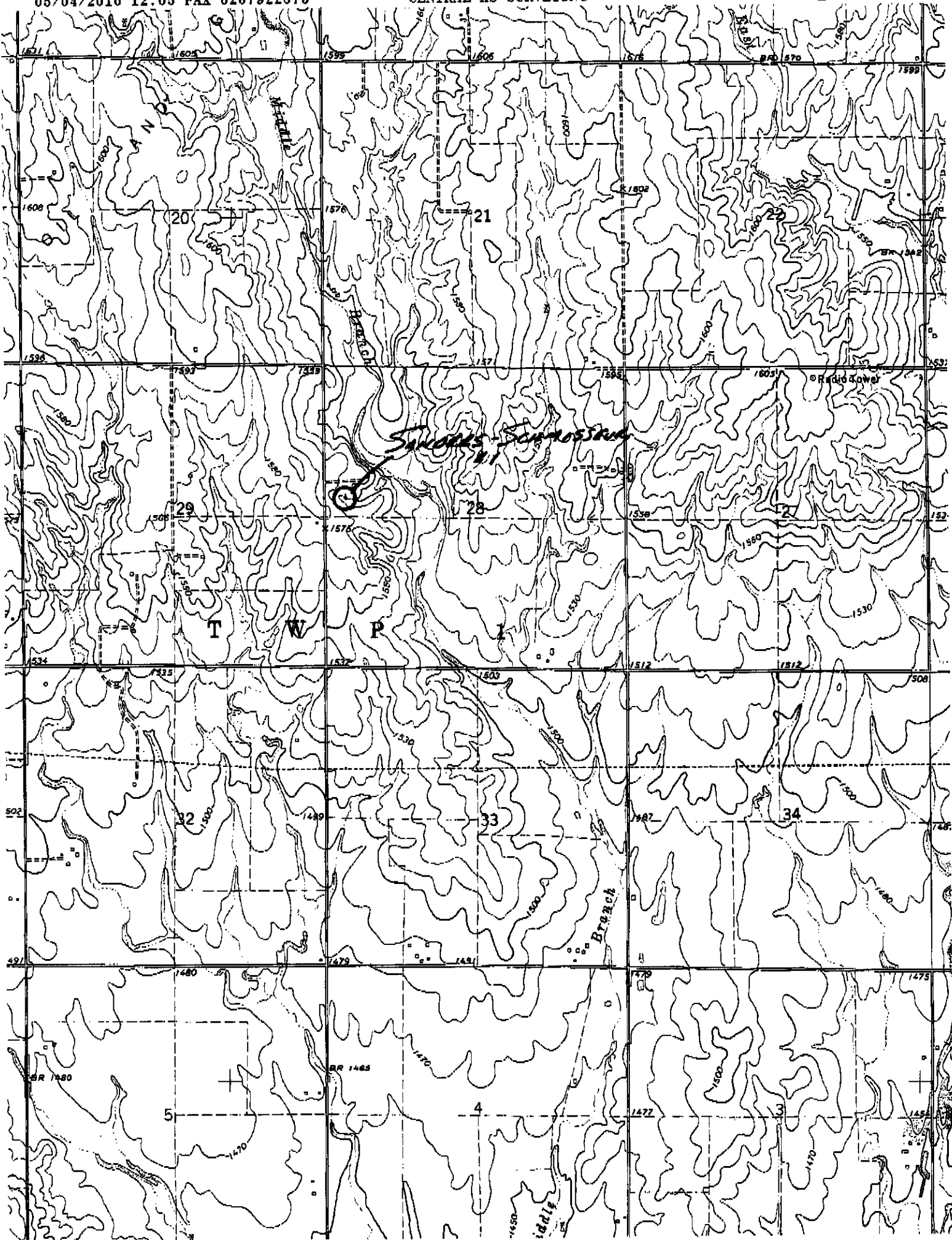
*Ingress and egress to location as shown on this plan is for usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.



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MAY 17 2010
KCC WICHITA

• Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.
 • Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not physically located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator assuming this service and occupying this site and all other parties relying thereon agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages.
 • Elevations derived from National Geodetic Vertical Datum.

Date April 27, 2010



**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Atlas Operating LLC		License Number: 34357
Operator Address: 15603 Kuykendahl suite # 200 Houston TX 77090-3655		
Contact Person: Zafar Ullah		Phone Number: 281-893-9400
Lease Name & Well No.: Sanders-Schmisser		Pit Location (QQQQ): E/2 . SW . SW . NW Sec. <u>28</u> Twp. <u>31</u> R. <u>8</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>2,310</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>380</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Harper County
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 7,100 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Bentonite
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>100</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (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. RECEIVED MAY 17 2010 KCC WICHITA
Distance to nearest water well within one-mile of pit <u>1967</u> feet Depth of water well <u>40</u> feet <u>2200</u> feet <u>42</u> feet		Depth to shallowest fresh water <u>42</u> <u>18</u> feet. <u>6</u> Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> 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: <u>Water Based</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Dry and Back fill</u> Drill pits must be closed within 365 days of spud date.
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.		
_____ Date: <u>5/14/10</u>		_____ Signature of Applicant or Agent
KCC OFFICE USE ONLY		
Steel Pit <input checked="" type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>		
Date Received: <u>5/17/10</u>	Permit Number: _____	Permit Date: <u>5-21-10</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15-077-21080-0000

May 21, 2010

Atlas Operating LLC
15603 Kuykendahl Ste #200
Houston, TX 77090

RE: Drilling Pit Application
Sanders-Schmisseur Lease Well No. 1
NW/4 Sec. 28-31S-08W
Harper County, Kansas

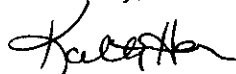
Dear Sir or Madam:

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 the location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you will utilize to dispose of the contents in the steel pits and the amount of fluid that will be disposed. **If a haul-off pit is necessary please file, form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (316) 630-4000. Please file form CDP-5, Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.ks.gov/conservation/forms.

Sincerely,



Kathy Haynes
Environmental Protection and Remediation Department

Cc: File

Kansas Corporation Commission Oil & Gas Conservation Division

HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

82-3-607. 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;
 - (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: Yes No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:
 Yes 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.

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>