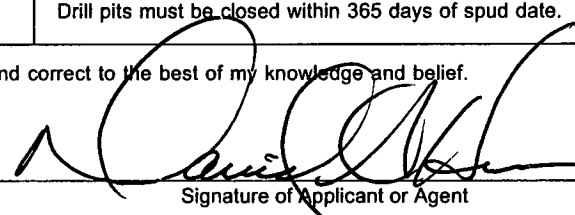


**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: HESSE PETROLEUM COMPANY, LLC		License Number: 31958	
Operator Address: 400 N. WOODLAWN, STE #7			
Contact Person: PHIL HESSE		Phone Number: 316 685-4746	
Lease Name & Well No.: BRIDGEMAN #1-21		Pit Location (QQQQ): NW - NE - SE - NW Sec. <u>20</u> Twp. <u>24</u> R. <u>9</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>1,500</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>2,100</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section RENO County	
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 checked="" type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing If Existing, date constructed: <u>12/2007</u> Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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 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? <u>Bentonite</u>	
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>150</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>3</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.	
Distance to nearest water well within one-mile of pit <u>286'</u> feet Depth of water well <u>75</u> feet		Depth to shallowest fresh water <u>25</u> feet. 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>BENTONITE</u> Number of working pits to be utilized: _____ Abandonment procedure: <u>DRY & BACKFILL</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.			
<u>5/28/2009</u> Date		 Signature of Applicant or Agent	
RECEIVED MAY 28 2009 KCC WICHITA			
KCC OFFICE USE ONLY			
Date Received: <u>5/28/09</u>		Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/> <i>Daily</i>	
Permit Number: <u>15-155-213340001</u>		Permit Date: <u>6/17/09</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	



Mark Parkinson, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

June 17, 2009

Mr. Phil Hesse
Hesse Petroleum Company, LLC
400 N. Woodlawn Ste 7
Wichita, KS 67208-4333

Re: Haul-Off Pit Application
Bridgeman Lease Well No. 1
NW/4 Sec. 20-24S-09W
Reno County, Kansas

Dear Mr. Hesse:

District staff has inspected the above referenced location and has determined that the haul-off 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 haul-off pit within 24 hours after drilling operations have ceased.

NO completion fluids or non-exempt wastes shall be placed in the haul-off pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 630-4000 when the fluids have been removed. Please file form CDP-5, Exploration and Production Waster Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms.

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 undersigned at the above address.

Sincerely,

Kathy Haynes
Environmental Protection and Remediation Department

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 10th day of April, 1992, by and between ELLIS M. MEEKS and SUZANNE J. MEEKS, husband & wife 504 East 14th Avenue, Hutchinson, KS 67501, hereinafter called Lessor (whether one or more) and GRAND MESA OPERATING COMPANY, 200 East First Street, Wichita, KS 67202 hereinafter called Lessee:

WITNESSETH, That the Lessor, for and in consideration of ten and more (\$10.00+) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of exploring, prospecting, drilling, mining, and operating for and producing therefrom oil and all gas of whatsoever nature or kind (including, but not limited to, helium, carbon dioxide, nitrogen, and gas producible from coal-bearing formations) and all substances produced in association therewith, and the exclusive right of injecting water, brine and other fluids and substances into the subsurface strata, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, and substances and the injection of water, brine and other substances into the subsurface strata of said tract of land, together with any reversionary rights therein, said tract of land being situated in the County of

Reno, State of Kansas

described as follows, to-wit:

SEE DESCRIPTION RIDER EXHIBIT "A" ATTACHED.

and containing 396.35 acres, more or less, in addition to the land above described, lessor hereby grants, leases and lets exclusively unto lessee to the same extent as if specifically described herein all lands owned or claimed by lessor which are adjacent, contiguous to or form a part of the lands above particularly described, including all oil, gas and all substances produced in association therewith underlying lakes, rivers, streams, roads easements and rights-of-way which traverse or adjoin any of said lands.

1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:
1st. The Lessee shall deliver to the credit of Lessor as royalty, free of cost in the pipeline to which Lessee may connect its wells, the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises or at Lessee's option, Lessee may buy or sell such one-eighth (1/8th) royalty and pay Lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipelines or into storage tanks.

2nd. To pay Lessor one-eighth (1/8th) of the net proceeds at the well from the proceeds received for gas sold from each well where gas only is found, or the market value at the well of such gas used off the premises.

3rd. To pay Lessor one-eighth (1/8th) of the market value at the well for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas.

4th. To pay Lessor one-eighth (1/8th) of the proceeds received from the sale of any substance covered by this lease, other than oil and gas and the products thereof, which Lessee may elect to produce, save, and market from the leased premises.

4. If a well capable of producing oil or gas is located on said land and is shut-in before production commences, or at any time thereafter, this lease shall continue in effect from the date such well is shut-in until the anniversary date (herein called "said anniversary date") of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in. Lessee may hereinafter pay or tender to Lessor as royalty on or before said anniversary date, an amount of \$100.00 per well per year, and if such payment or tender is made, such well shall continue this lease in effect for a further period of one year from said anniversary date, and in like manner and upon like payments or tenders annually made on or before the anniversary date hereof, this lease shall continue in effect for successive periods of twelve (12) months each. Notwithstanding any other provision to the contrary, this lease shall not terminate because of a failure to properly or timely make a shut-in well payment unless Lessor shall have given Lessee written notice of such failure to properly or timely make such shut-in well payment and Lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount together with a late or improper payment penalty of \$100.00.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. Any well or wells on the lease premises drilled or used for the injection of salt water or other fluids may also be used for lessee's operation on other lands in the same area; the right to so use such facilities may be continued beyond the term of this lease by payment in advance of the sum of One Hundred Dollars (\$100.00) per year.

12. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

13. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

14. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee 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 or Regulation.

15. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

16. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

17. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor, a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this Section. Should Lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify Lessor in writing by mail or telegram prior to expiration of said 15-day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor along with Lessee's sight draft payable to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment.

18. It is expressly understood and agreed that operations to initiate or restore production of oil and gas shall be considered as "drilling or re-working operations thereon" as used in this lease.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

X Ellis M. Meeks
Ellis M. Meeks
X Suzanne J. Meeks
Suzanne J. Meeks

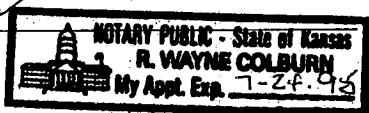
STATE OF Kansas
COUNTY OF Reno } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT-INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 17th
day of April, 1992, personally appeared Ellis M. Meeks and
Suzanne J. Meeks, husband & wife,
and _____

_____, to me known to be the identical person^S _____, described in and who executed
the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____



R. WAYNE COLBURN Notary Public.
Address: 408 N. MAIN HORTON, KS

STATE OF _____ } ss.
COUNTY OF _____

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT-INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____
day of _____, 19_____, personally appeared _____
and _____

_____, to me known to be the identical person _____, described in and who executed
the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____

Notary Public.
Address: _____

STATE OF _____ } ss.
COUNTY OF _____

ACKNOWLEDGMENT (For use by Corporation)

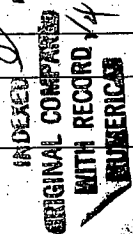
On this _____ day of _____, A.D. 19_____, before me personally
appeared _____, to me personally known, who, being by
me duly sworn, did say that he is the _____ of _____
and that the seal affixed to said instrument is the corporate seal of
said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said
_____ acknowledged said instrument to be free act and deed of said corporation.

Witness my hand and seal this _____ day of _____, A.D. 19_____.

Notary Public.

(SEAL)
My Commission expires _____

Address: _____



Vertical lines for recording details:
No. _____
FROM _____
TO _____
Dated _____, 19_____
No. Acres _____
County _____
Term _____
This instrument was filed for record on the 17
day of June, 1992, at
8:00 o'clock A. M., and duly recorded in
Volume 255 Page 627 (3)
_____ of the records of this office.
By Mary W. Shack County Clerk.
Deputy _____
When recorded return to _____

attached hereto and made a part hereof that certain oil and gas lease dated April 10, 1992, by and between ELLIS M. MEEKS and SUZANNE J. MEEKS, as Lessor; and GRAND MESA OPERATING COMPANY, as Lessee

DESCRIPTION RIDER EXHIBIT "A"

TOWNSHIP 24 SOUTH, RANGE 9 WEST OF THE 6th PM

Section 20: NE $\frac{1}{4}$, except a tract commencing at the Southeast corner of the Northeast Quarter of said Section 20, thence North along the East line of said Northeast Quarter 773.83 feet to the place of beginning, thence continuing North along the East line of said Northeast Quarter 232.00 feet, thence with a deflection angle 87 degrees 56 minutes 13 seconds left - West 392.74 feet, thence a deflection angle 92 degrees 03 minutes 47 seconds left - South parallel with the East line of said Northeast Quarter to 232.00 feet, thence with a deflection angle 87 degrees 56 minutes 13 seconds left - East 392.74 feet to the East line of said Northeast Quarter to the place of beginning, containing 2.51 acres more or less; and

a tract commencing at the Northeast corner of said Northeast Quarter, thence South along the East line of said Northeast Quarter a distance of 541.00 feet for place of beginning, thence with a deflection angle 90 degrees 00 minutes right - West 418.11 feet, thence deflection angle 90 degrees 00 minutes left - South and parallel with the East line of said Northeast Quarter 379.90 feet, thence deflection angle 90 degrees left - East 418.11 feet to East line of said Northeast Quarter, thence deflection angle of 90 degrees left - North along the East line of said Northeast Quarter a distance of 379.90 feet to the place of beginning, containing 1.14 acres more or less.

- ✓ Section 20: E $\frac{1}{2}$ NW $\frac{1}{4}$;
✓ Section 21: S $\frac{1}{2}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$;

SIGNED FOR IDENTIFICATION

X Ellis M. Meeks
Ellis M. Meeks

X Suzanne J. Meeks
Suzanne J. Meeks



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

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.

RECEIVED

MAY 28 2009

KCC WICHITA

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 landowner 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 landowner 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.

May 27, 2009

I, Ellis M. Meeks, Principal of M & M Farms, LC, hereby grant Hesse Petroleum Company, LLC, permission to use the reserve pit in NW ¼ Section 20-24S-9W, Reno County, Kansas for fluids from their #1 Bridgeman well in the NW ¼ Section 21-24S-9W, Reno County, Kansas.

Signed this 27th day of May, 2009.

M & M Farms, LC

Ellis M. Meeks

Ellis M. Meeks

RECEIVED
MAY 28 2009
KCC WICHITA