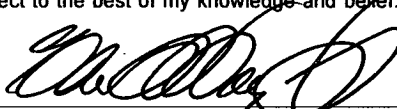


**KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT**

Form CDP-1  
April 2004  
Form must be Typed

*Submit in Duplicate*

Operator Name: MIDCO Exploration, Inc.		License Number: 5254
Operator Address: 414 Plaza Drive, Suite 204 Westmont, IL 60559		
Contact Person: Earl J. Joyce, Jr.		Phone Number: 630-655-2198
Lease Name & Well No.: Theis #3-19		Pit Location (QQQQ): SW <sup>E2</sup> NE <sup>E2</sup> NW
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 <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: 800 (bbls)	Sec. 19 Twp. 33 R. 25 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1,320 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 2,200 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Clark County
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?
Pit dimensions (all but working pits):    125 Length (feet)    125 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point:    2 (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 3014 feet    Depth of water well 60 feet		Depth to shallowest fresh water 27 feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> KDWR
<b>Emergency, Settling and Burn Pits ONLY:</b> 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		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: Chemical mud Number of working pits to be utilized: 4 Abandonment procedure: When pits are dry they will be backfilled and restored 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.		
6/11/2009 Date		 Signature of Applicant or Agent

<b>KCC OFFICE USE ONLY</b>		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/> RFAS <input checked="" type="checkbox"/>
Date Received: 6/16/09	Permit Number: 15-025-21480-0000	Permit Date: 6/17/09	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

  
**KANSAS**  
CORPORATION COMMISSION

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

June 17, 2009

Mr. Earl J. Joyce, Jr.  
Midco Exploration, Inc.  
414 Plaza Drive Ste 204  
Westmont, IL 60559

RE: Haul-Off Pit Application  
Theis Lease Well No. 3-19  
NW/4 Sec. 19-33S-25W  
Clark County, Kansas

Dear Mr. Joyce:

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 **lined with bentonite**. The free fluids must be removed. The fluids are to be removed from the haul-off pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the haul-off pit has occurred. The fluids should be removed again as soon as practical after drilling operations have ceased.

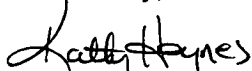
**If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the haul-off pit.**

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Please file form CDP-5 (August 2004), 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.state.ks.us/conservation/forms](http://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

cc: district

RECEIVED

JUN 16 2009

KCC WICHITA

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.

**MIDCO Exploration, Inc.**  
414 Plaza Drive • Suite 204  
Westmont, Illinois 60559  
(630) 655-2198

June 12, 2009

J.W. Bisel, Inc.  
Attn: Mr. James Bisel  
848 W. 4<sup>th</sup> Ave.  
Ashland, KS 67831

Re: Drilling Haul Off Pits

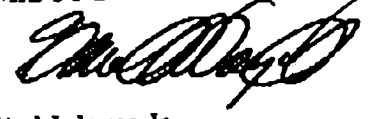
Dear Jim,

As I discussed with you on the telephone we have two locations upon which we are preparing to drill test wells on property in Clark County. You are the surface owner in both of the quarter sections where drilling will occur. The two locations are in the Northwest of Section 19 and the Southwest of Section 18-33S-25W. Due to ground water concerns the KCC will not approve pits to be dug at the site of the proposed drilling.

It is our intention to pick a more acceptable spot for the pit and utilize a shallower haul off pit to capture the mud from drilling operations. Both haul off pits will be in the same quarter section as the drilling well. In order to obtain approval from the KCC we need to provide written approval from you to utilize a haul off pit.

If we have your permission to proceed with this activity, please sign below and return to our office at your earliest convenience so that we can complete the application process.

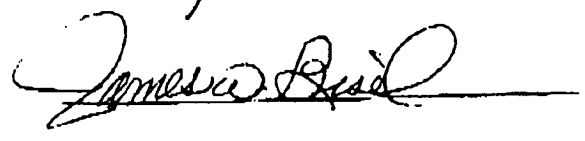
Sincerely,  
MIDCO EXPLORATION, INC



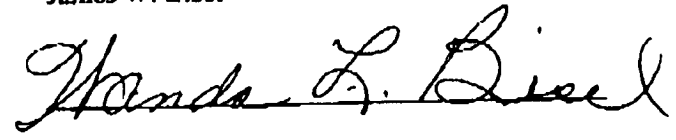
Earl J. Joyce Jr.

RECEIVED  
JUN 16 2009  
KCC WICHITA

Dated signed 6/2/09



James W. Bisel



Wanda Bisel