



KANSAS CORPORATION COMMISSION 1030844
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: RJM Company		License Number: 30458
Operator Address: PO BOX 256		CLAFLIN KS 67525
Contact Person: Chris Hoffman		Phone Number: 620-786-8744
Lease Name & Well No.: Pintail 1		Pit Location (QQQQ): NW - NW - NW - NE
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: 1,200 (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		How is the pit lined if a plastic liner is not used? Native Mud
Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
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.
Distance to nearest water well within one-mile of pit <u>580</u> feet Depth of water well <u>120</u> feet		Depth to shallowest fresh water <u>45</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>Fresh Mud</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Allow to dry and backfill</u> Drill pits must be closed within 365 days of spud date.
<p>Submitted Electronically</p>		

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/>	RFAS <input checked="" type="checkbox"/>
Date Received: <u>09/01/2009</u>	Permit Number: <u>15-009-25341-00-00</u>	Permit Date: <u>09/01/2009</u>	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

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



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 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 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.



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

August 28, 2009

Chris Hoffman
RJM Company
PO BOX 256
CLAFLIN, KS67525-0256

Re: Drilling Pit Application
Pintail 1
Sec.04-18S-12W
Barton County, Kansas

Dear Chris Hoffman:

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 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.

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 (785) 625-0550 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through SOLAR within 30 days of fluid removal.

If you have any questions or concerns please feel free to contact the District Office at (785) 625-0550.

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/>

OIL AND GAS LEASE

REGISTER OF DEEDS
MARCIA JOHNSON BARTON COUNTY, KS
Book: 615 Page: 2666
Receipt #: 94733 Total Fees: \$12.00
Pages Recorded: 2

Date Recorded: 4/28/2009 4:00:54 PM

AGREEMENT, Made and entered into the 11th day of March, 2009

by and between: Kevin G. Wirth and Nancy M. Wirth, husband and wife, and

Julie Schuster, f/k/a Julia Wirth, and Scott Schuster, husband and wife,

hereinafter called Lessor (whether one or more)

and RJM Oil Incorporated, Claflin, Kansas 67525

hereinafter called lessee.

Lessor, in consideration of Ten Dollars, (\$10.00) in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products. Injecting gas, water, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in the County of Barton State of Kansas, described as follows to-wit:



Northeast Quarter (NE/4) of Section Four (4)
Township Eighteen (18) South, Range Twelve (12) West

Index
Numerical
Cross
EC Book
Plat Book
Military Book
Act of the Book
Scanfile

contains 160 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) year(s) from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees:

- 1. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.
2. To pay lessor for gas of whatsoever nature or kind produced on sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.
3. This lease may be maintained during the primary term hereof without further payment or drilling operations.
4. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.
5. 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 wells of lessor.
6. When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.
7. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without written consent of lessor.
8. Lessee shall pay for damages caused by its operation on said land.
9. 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.
10. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof.
11. Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.
12. 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.
13. Lessor hereby 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 under-signed lessors for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.
14. Lessee, 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 land covered by another lease, or leases when, in lessee's judgment, it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of such minerals in and under said land, such pooling to be in a unit or units not exceeding ten (10) acres each in the event of an oil well, or into a unit or units not exceeding 160 acres each in the event of a gas and/or condensate or distillate well.
15. At the option of lessee this lease may be extended for one additional year upon payment of \$15.00 per acre for said extension.

16. In addition to the foregoing provisions, lessee acknowledges that The Nature Conservancy, a non-profit corporation of the District of Columbia, U.S.A., is the owner of part of the surface of the above described land and the following conditions shall be honored by the lessee in all operations under this oil and gas lease with the "Grantee" hereinafter named referring to The Nature Conservancy.

- (a) The Grantee shall be notified at least 30 days before the commencement of any operations and shall be given an opportunity to evaluate the location of the proposed well or wells to be drilled. The operator of any well ("Operator"), in conjunction with the Grantee, shall make an effort to mutually agree to adjust the location of any proposed well so as to do the least environmental damage and to have the least adverse impact on the Grantee's intended use of the Property as a nature preserve
- (b) The Operator shall compensate the Grantee for all damages to the surface of the Property, vegetation, wildlife, or wildlife forage thereon caused by the Operator which damages could reasonably have been avoided by the Operator.
- (c) The Operator and Grantee will mutually agree as to the location of roads and tank batteries which may be necessary and appropriate to the extraction of oil and gas as permitted in conformity with the restrictions contained herein.
- (d) The Operator shall not use any portion of the Property for the storage of equipment, machinery, pipe or other material not used or not to be used in connection with production from the Property.
- (e) All pipelines or any other subsurface lines shall be buried at least 36 inches or to a depth below the surface of the ground as agreed upon between the Grantee and the Operator.
- (f) All pits shall be filled and leveled as quickly as possible after drilling operations are completed. The pits will be filled and leveled as nearly as possible to their condition before use in oil or gas production.
- (g) All pumping units and tank batteries shall be kept clean, neat, painted and properly bermed to contain any spills resulting from tank or pumping unit failure.
- (h) No oil, gas, sludge or salt water shall be used on any roads without the written consent of the Grantee. In the maintenance of the roads, the Operator shall consult with the Grantee to mutually agree upon the material to be used on the surface of the roads.
- (i) No salt water, except that produced from the Property, shall be disposed of on the Property, and no salt water shall be stored in open ponds.
- (j) At the time that operations cease on the Property, all material, pipe, storage tanks, walkways, pumping units, motors, pipelines, electric lines, flow lines and all other materials of every kind shall be removed from the Property by the Operator, and the Property shall be restored as nearly as possible to the condition the Property was in before the commencement of drilling.

17. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written

[Signature]
Kevin G. Wirth

Julie Schuster (f/k/a Julie Wirth)

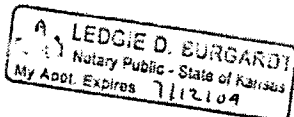
[Signature]
Nancy M. Wirth

Scott Schuster

STATE OF KANSAS
COUNTY OF BARTON

The foregoing instrument was acknowledged before me this 11 day of March, 2009, by Kevin G. Wirth and Nancy M. Wirth, husband and wife.

My commission expires 7/12/09



[Signature]
Notary Public

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2009, by Julie Schuster, f/k/a Julie Wirth, and Scott Schuster., husband and wife.

My commission expires _____

Notary Public

No. _____
OIL AND GAS LEASE

From: _____
To: _____
Date: _____, 20____
Section: _____ Twp: _____ Rge: _____
No. Of Acres: _____ Term: _____
STATE OF _____
COUNTY OF _____
This instrument was filed for record
on the _____ day of _____, 20____
at _____ o'clock _____ M., and duly recorded in
Book _____ Page _____ of the records of this office.
By _____
When recorded, return to: _____
Register of Deeds

August 28, 2009

Kansas Corporation Commission

I Kevin Wirth do hereby give RJM Oil Co., Inc. permission to dig a Haul Off Pit on the N ½ of NE ¼ of Section 4-18-12 Barton County, Kansas.


Kevin Wirth

State of Kansas

County of Barton

Subscribed and sworn to (or affirmed) before me this 28~~th~~ day of August, 20 09
by Bonnie Jeffrey

Bonnie Jeffrey
State Of Kansas
Notary Public
My Commission Expires

Notary Public

My commission expires 9/20/2010