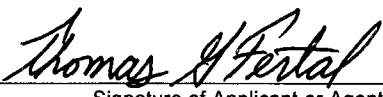


**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: SAMUEL GARY JR. & ASSOCIATES, INC.		License Number: 3882
Operator Address: 1560 BROADWAY, SUITE 2100 DENVER, CO 80202		
Contact Person: TOM FERTAL		Phone Number: (303) 831 - 4673
Lease Name & Well No.: ORTH-HADDON 1-5		Pit Location (QQQQ): _____ - <u>SW</u> - <u>SW</u> - <u>NW</u> Sec. <u>5</u> Twp. <u>19S</u> R. <u>10</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>3090</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>4810</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section RICE 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 <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: HAUL-OFF <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 4000 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" 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 CLAY
Pit dimensions (all but working pits): <u>100</u> Length (feet) <u>100</u> Width (feet) N/A: Steel Pits Depth from ground level to deepest point: <u>3</u> (feet)		
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>1499</u> feet Depth of water well <u>125</u> feet		Depth to shallowest fresh water <u>6</u> feet. Source of information: _____ measured _____ well owner _____ 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>0</u> Abandonment procedure: <u>REMOVE FREE FLUIDS, ALLOWED TO DRY, THEN BACKFILLED</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.		RECEIVED KANSAS CORPORATION COMMISSION
<u>JULY 16, 2008</u> Date	 Signature of Applicant or Agent	JUL 17 2008 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: <u>7/17/08</u> Permit Number: <u>15-159-22576-0050</u> Permit Date: <u>7/22/08</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. Moffat, 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.

RECEIVED
 KANSAS CORPORATION COMMISSION

JUL 21 2008

CONSERVATION DIVISION
 WICHITA, KS

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.

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/>

Samuel Gary Jr. & Associates, Inc.

1560 Broadway, Suite 2100, Denver, CO 80202 (303) 831-4673

July 17, 2008

Mrs. Barbara Orth
460 Avenue E
Bushton, KS 67427

RE: Haul-off Pit
Orth-Haddon 1-5 Well
Section 5-19S-10W
Rice County, Kansas
Redtail Extension Prospect
KS1453

Dear Mrs. Orth:

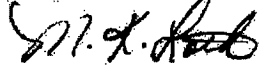
In order to drill the Orth-Haddon 1-5 well, we will need your permission to have a haul-off reserve pit to dispose of our cuttings from said well. This reserve pit will be located in 3090 feet from the south line and 4810 from the east line of (SWSWNW) Section 5, 19S-10W, Rice County, Kansas.

If you are in agreement with this location of the reserve pit, please so signify by executing in the space provided below and returning to my attention in the attached envelope.

Thank you for your cooperation in this matter.

Very truly yours,

SAMUEL GARY JR. & ASSOCIATES, INC.


MaryLee K. Loth
Petroleum Landman

Attachments

AGREED TO THIS 16 day of July, 2008

By: Barbara Orth
BARBARA ORTH

RECEIVED
KANSAS CORPORATION COMMISSION

JUL 21 2008

CONSERVATION DIVISION
WICHITA, KS



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

July 22, 2008

Mr. Tom Fertal
Samuel Gary Jr. & Associates Inc.
1560 Broadway, Ste 2100
Denver, CO 80202

Re: Haul-Off Pit Application
Orth-Haddon Lease Well No. 1-5
NW/4 Sec. 05-19S-10W
Rice County, Kansas

Dear Mr. Fertal:

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 72 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

cc: district