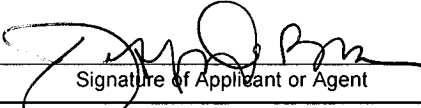


**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form GDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Prolific Resources, L.L.C.		License Number: 33964
Operator Address: 2725 Dry Creek <i>Great Bend, KS 67530</i>		
Contact Person: Mr. Darrell Willinger		Phone Number: (620) 793-2258
Lease Name & Well No. (Panning #2) <i>Lloyd #1</i>		Pit Location (QQQQ): 30' S - E/2 - E/2 - NW Sec. 18 Twp. 22 R. 11 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1,350 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 2,310 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Stafford 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>July 08, 2008 (KCC Inspected)</u> Pit capacity: 6,000 (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? Bentonite clays in the drilling mud (Drispac)
Pit dimensions (all but working pits): <u>125</u> Length (feet) <u>125</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. <p align="center">N/A</p>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. <p align="center">N/A</p>
Distance to nearest water well within one-mile of pit <u>660'</u> feet Depth of water well <u>85</u> feet		Depth to shallowest fresh water <u>31</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>Chemical Drispac Mud</u> Number of working pits to be utilized: <u>0</u> Abandonment procedure: <u>Pull clear fluids, allow pit to dry and then backfill with fresh dirt.</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>July 11, 2008</u> Date		 Signature of Applicant or Agent
KCC OFFICE USE ONLY		
Date Received: <u>7/11/08</u> Permit Number: <u>15-185-23540</u> 6000		Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input checked="" type="checkbox"/>
Permit Date: <u>7/11/08</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		



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

July 11, 2008

Mr. Darrell Willinger
Prolific Resources, LLC
2725 Dry Creek
Great Bend, KS 67530

RE: Haul-Off Pit Application
Panning Lease Well No. 2
NW/4 Sec. 18-22S-11W
Stafford County, Kansas

Dear Mr. Willinger:

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 haul-off operations have ceased.

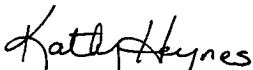
NO completion fluids or non-exempt wastes shall be placed in the haul-off pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (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.

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 office

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/>

110 South Main, Suite #510
Wichita, KS 67202
(316) 250-5655 (Voice)
(316) 263-5734 (FAX)
(316) 269-2015 (Office)
Jburk-peterra@sbcglobal.net (E-Mail)

July 11, 2008

Kansas Corporation Commission
Conservation Division
130 South Market, Room #2078

RE: **Haul-off Pit Application for Prolific Resources**
Lloyd #1 (API # 15-185-23540-0000)
710' FNL & 330' FWL of 18-22s-11w
Stafford County, KS


Dear Kathy Haynes,

As requested, I have included herewith a newly completed CDP-1 designating the location of the haul-off pit, the letter of permission from the landowner, and copies of the oil & gas leases for both, the Lloyd lease and the Panning lease (location of the pit).

The haul-off pit we will be utilizing is the Panning #2 (API #15-185-23541-0000) which is a new location that was inspected by Mr. Richard Lacy (KCC - Dodge City Office) on June 9, 2008, and approved for use.

If you need anything further or need to speak with me, please feel free to call me at any time.

Best regards,


PETERRA Energy Services
Jeffrey A. Burk, Consulting Geologist

XC: Darrell Willinger, Prolific Resources
Randy Martin, VAL Energy, Inc.



*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.

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.

Douglas Panning
122 SE 130 Avenue
Ellinwood, Kansas 67526

VIA FACSIMILE
(316) 263-5734

July 9, 2008

Jeff Burk:

I give my permission to Prolific Resources to use the Panning #2 pits to hold drilling mud to drill the #1 Lloyd Willinger well. The pits are located in the East Half of the Northwest Quarter (E/2 NW/4) of Section 18-22-11, Stafford County, Kansas. I also give my permission to use the water well on the same location.

Sincerely,


Douglas Panning

FORM 88 - (PRODUCER SPECIAL) (PAID-UP)

83U (Rev. 1993)

OIL AND GAS LEASE

Recorder No. 09-115



AGREEMENT, Made and entered into this 27th day of March, 2007

by and between Douglas R. Panning And Joan K. Panning, his wife; and Marvin Panning and Debbie Panning, his wife.

whose mailing address is hereinafter called Lessor (whether one or more), and Darrell L. Willinger, 2725 Dry Creek, Great Bend, KS 67530

hereinafter called Lessee:

Lessor, in consideration of More than Ten & no/100 Dollars (\$ 10.00) in hand paid, receipt of which is here acknowledged and of the covenants 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 component products...

East 1/2 Northwest Quarter E 1/2 NW 1/4

In Section 18, Township 22, Range 11 and containing 80 acres, more or less, and all accretions thereon.

Subject to the provisions herein contained, this lease shall remain in force for a term of 2 years from this date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective consistent 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:

1st 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.

2nd To pay lessor for gas of whatever nature or kind produced and 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, that, 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.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch.

If said lessor owns a lease interest in the above described land then the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

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

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.

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

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

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.

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. In case lessee assigns this lease, in whole or in part, lessor shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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 each portion or portions and be relieved of all obligations as to the acreage surrendered.

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.

Lessee shall have the right at any time to redeem for lease, by payment any mortgages, taxes or other liens on the above described lands. In the event of default of payment by lessee, and he subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors or assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in as far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee is hereby given the right and power to pool or combine the acreage covered by this lease with any portion of the land or other acreage owned or leased by Lessee or others, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises...

Lu Ann Brister Register of Deeds Stafford County, KS Book: 197 Page: 174 Receipt #: 5399 Total Fees: \$12.00 Pages Recorded: 2 Date Recorded: 4/6/2007 3:13:32 PM

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

Douglas R. Panning Douglas R. Panning

Joan K. Panning Joan K. Panning

Marvin Panning Marvin Panning

Debbie Panning Debbie Panning

Form RR--(Producers)
1-43

B OIL AND GAS LEASE

Recorder No.
(09-131)



316 704 9366 * P. O. Box 775 - Wichita KS 67201 0743

AGREEMENT, Made and entered into 27th day of March 2007, 1907, by and between:
Lloyd Willinger & Darrell L. Willinger, his son

Party of the first part, hereinafter called lessor (whether one or more) and
Darrell L. Willinger 2725 Drycreek, Great Bend, KS 67530 Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of More than Ten & no/100 DOLLARS, cash in hand used receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of lessor to be paid, kept and performed, has granted, leased and let and by these presents does grant, demise, lease and let unto said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products all that certain tract of land, together with any reversionary right therein, situated in the County of Stafford

State of Kansas, described as follows, to-wit: West 1/2 Northwest Quarter (W 1/2 NW 1/4)

of Section 18 Township 22 South Range 11 west and containing 80 acres more or less.

It is agreed that this lease shall remain in full force for a term of 2 years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, or the premises are being developed or operated.

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

1st To deliver to the credit of lessor, free of cost, in the pipe line to which he may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty 1/8 of the market value of such gas at the mouth of the well. If said gas is sold by the lessee, then as royalty 1/8 of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay royalty 1/8 of the proceeds from the sale of gas as such at the mouth of the well where gas only is found and where such gas is not sold or used. Lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used as royalty, an amount equal to the delay rental provided in the next succeeding paragraph hereof, and while said royalty is so paid or tendered this lease shall be held as a producing lease under the above term paragraph hereof. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

If no well be commenced on said land on or before 10 (this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor, or to the lessor's credit in the Bank of or six successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of DOLLARS, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods or the same number of months successively. All such payments or tenders of rental may be made by check or draft of lessee or assignee thereof, mailed or delivered on or before the rental paying date either direct to lessor or assigns or to said depository bank. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the lessee when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred. Lessee may at any time execute and deliver to lessor, or to the credit of lessor, a release of premises 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, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.

Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as herein before provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

If said lessor owns a lease interest in the above described land then 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. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

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

When requested by lessor, lessee shall bury his pipe line, below plow depth.

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

Lessee shall pay for damages caused by its operations to growing crops on said land.

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.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the term of years herein first mentioned.

If the estate of either party hereto is transferred, and the privilege of transferring in whole or in part is expressly allowed, or if the rights hereunder of either party hereto are vested by descent or devise, the covenants hereof shall extend to and be binding on the heirs, devisees, executors, administrators, successors, or assigns, but no change in the ownership of said land or of any right hereunder shall be binding on the lessee until after lease has been furnished with the original or a certified copy thereof of any transfer by lessor or with a certified copy of the will of lessor together with a transcript of the probate thereof or, in the event lessor dies intestate and his estate is being administered, with a transcript of the administration proceedings or, in the event of the death of lessor and his administration being had or his estate, with an instrument satisfactory to lessee, executed by lessor's heirs authorizing payment or deposit or tender for deposit to their credit as hereinafter provided, at least thirty days before said rentals and royalties are payable or due, and it is hereby agreed in the event this lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payments of said rentals. In case lease assigns, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be divided and conveyed in severalty, and the royalties shall be paid in each separate owner in the proportion that the acreage owned by him bears to the whole leased land. Lessee shall have no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or recording thereon for the oil produced from such separate tracts.

Lessee 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 mortgage, lease or other liens on the above described lands, in the event of default of payment by lessor, and be subordinated to the rights of the holder thereof and may reimburse itself from any rental or royalty accruing hereunder.

The terms, covenants, and conditions hereof shall run with said land and herewith and shall be binding upon the parties hereto, their heirs, administrators, executors, successors and assigns. However, all express or implied covenants of this lease shall be subject in 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 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.

Lloyd L. Willinger
Darrell L. Willinger

Lu Ann Brister
Register of Deeds
Stafford County, KS
Book: 197 Page: 176
Receipt #: 5399 Total Fees: \$12.00
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