



KANSAS CORPORATION COMMISSION 1018916  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
April 2004  
Form must be Typed

**APPLICATION FOR SURFACE PIT**

Submit in Duplicate

Operator Name: <b>Chieftain Oil Co., Inc.</b>		License Number: <b>33235</b>	
Operator Address: <b>605 S. 6th; PO Box 124</b>		<b>KIOWA KS 67070</b>	
Contact Person: <b>Ron Molz</b>		Phone Number: <b>620-825-4030</b>	
Lease Name & Well No.: <b>McGuire 1</b>		Pit Location (QQQQ): <b>NW SE SE NE</b>	
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 checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <b>10,000</b> (bbls)	Sec. <b>33</b> Twp. <b>32</b> R. <b>10</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>3,150</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>520</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Barber</b> County	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" 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? <b>Sprayed with drilling mud.</b>	
Pit dimensions (all but working pits): <b>150</b> Length (feet) <b>150</b> Width (feet) <input type="checkbox"/> N/A: Steel Pits		Depth from ground level to deepest point: <b>4</b> (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 <b>2632</b> feet    Depth of water well <b>65</b> feet		Depth to shallowest fresh water <b>35</b> 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: <b>Chemical Mud</b> Number of working pits to be utilized: <b>3</b> Abandonment procedure: <b>Haul off, evaporate, then backfill.</b> Drill pits must be closed within 365 days of spud date.	
<b>Submitted Electronically</b>			

<b>KCC OFFICE USE ONLY</b>		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/>	RFAS <input checked="" type="checkbox"/>
Date Received: <b>06/09/2008</b>	Permit Number: <b>15-007-23298-00-00</b>	Permit Date: <b>06/10/2008</b>	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*

**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.

OIL AND GAS LEASE



AGREEMENT, Made and entered into the 12 day of May 2004  
by and between Tom L. Inslee and Patricia Inslee, husband and wife, and  
Larry D. Inslee and Robin S. Inslee, husband and wife

whose mailing address is Sharon, Kansas hereinafter called Lessor (whether one or more),  
and Chieftain Oil Co., Inc.

hereinafter called Lessee:  
Lessor, in consideration of Ten and more Dollars (\$ 10.00 & more) 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 pipe lines, 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 County of Barber State of Kansas described as follows to-wit:

East Half of the Northeast Quarter of

In Section 33 Township 32S Range 10W and containing 80 (Eighty) acres, more or less, and all accretions therein.

Subject to the provisions herein contained, this lease shall remain in force for a term of one years 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:

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 whatsoever 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, (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. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

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, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than 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 operation 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.  
Lessee 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, lessee 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 such 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.


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 rights 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.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land; lease or leases in the immediate vicinity thereof, 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 oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.


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

Witnesses:  
Tom L. Inslee  
Patricia Inslee  
Larry D. Inslee  
Robin S. Inslee

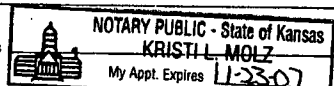
STATE OF Kansas  
COUNTY OF Barber ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)  
The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of May, 2004  
by Tom L. Inslee and \_\_\_\_\_

My commission expires \_\_\_\_\_  
  
Kristi L Molz  
Notary Public


STATE OF Kansas  
COUNTY OF Barber ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)  
The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of May, 2004  
by Patricia Inslee and \_\_\_\_\_

My commission expires \_\_\_\_\_  
  
Kristi L Molz  
Notary Public

STATE OF Kansas  
COUNTY OF Barber ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)  
The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of May, 2004  
by Larry D. Inslee and \_\_\_\_\_

My commission expires \_\_\_\_\_  
  
Kristi L Molz  
Notary Public

STATE OF Kansas  
COUNTY OF Barber ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)  
The foregoing instrument was acknowledged before me this 12<sup>th</sup> day of May, 2004  
by Robin S. Inslee and \_\_\_\_\_

My commission expires \_\_\_\_\_  
  
Kristi L Molz  
Notary Public

No. \_\_\_\_\_  
**OIL AND GAS LEASE**  
FROM \_\_\_\_\_  
TO \_\_\_\_\_  
Date \_\_\_\_\_ Rge. \_\_\_\_\_  
Section \_\_\_\_\_ Twp. \_\_\_\_\_ Term \_\_\_\_\_  
No. of Acres \_\_\_\_\_ County \_\_\_\_\_  
STATE OF Kansas  
County Barber  
This instrument was filed for record on the 13  
day of May, 2004  
at 4:55 o'clock P.M., and duly recorded  
in Book 298 Page 584 of \$12.00  
the records of this office.  
By Patty J. Cunningham Register of Deeds.  
Kathy Cunningham, Deputy  
When recorded, return to \_\_\_\_\_



ORIGINAL COMPARED WITH RECORD

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)  
The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_  
by \_\_\_\_\_  
of \_\_\_\_\_ a \_\_\_\_\_  
corporation, on behalf of the corporation.  
My commission expires \_\_\_\_\_  
Notary Public



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

June 10, 2008

Ron Molz  
Chieftain Oil Co., Inc.  
605 S. 6th; PO Box 124  
KIOWA, KS67070-1912

Re: Haul-off Pit Application  
McGuire Lease Well No. 1  
Sec.33-32S-10W  
Barber County, Kansas

Dear Ron Molz:

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 reserve 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: [kcc.ks.gov/conservation/forms/](http://kcc.ks.gov/conservation/forms/)

If you have any questions or concerns please feel free to contact the District Office at (620) 225-8888.

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/>