

**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: American Warrior, Inc.		License Number: 4058
Operator Address: PO BOX 399 Garden City, KS 67846		
Contact Person: Cecil O'Brate		Phone Number: 620-275-7461
Lease Name & Well No.: Schmidt 1-24		Pit Location (QQQQ): SE - NE - NW - SW
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: 4,000 (bbls)
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Sec. 24 Twp. 32 R. 6 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2,134 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1,004 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Harper County
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		How is the pit lined if a plastic liner is not used? Clay Bottom
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: 4 (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 N/A feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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: Fresh Mud Number of working pits to be utilized: 1 Abandonment procedure: Dry Up Then Backfill 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.		
_____ Date: 3/24/08		RECEIVED MAR 24 2008 CONSERVATION DIVISION WICHITA, KS
_____ Signature of Applicant or Agent		

KCC OFFICE USE ONLY

Steel Pit RFAC RFAS
Bent.

Date Received: **3/24/08** Permit Number: **15-077-21620#-0000** Permit Date: **3/24/08** Lease Inspection: Yes No



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

March 24, 2008

Mr. Cecil O'Brate
American Warrior, Inc.
PO Box 399
Garden City, KS 67846

Re: Haul-Off Pit Application
Schmidt Lease Well No. 1-24
SW/4 Sec. 24-32S-06W
Harper County, Kansas

Dear Mr. O'Brate:

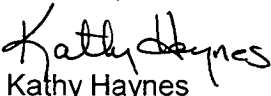
District staff has inspected the above referenced location and has determined that the haul-off pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and **lined with bentonite**. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred and again within 72 hours 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 reserve 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

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MAR 24 2008

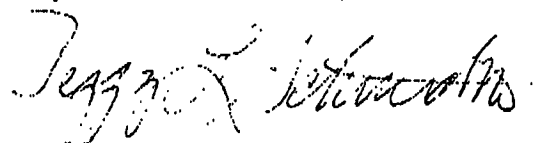
CONSERVATION DIVISION
WICHITA, KS

03-22-2008

ON March 21st, 2008 myself and Eddie Roberts personally went to a drilling site known as Schmidt 1-24, to inspect the work in progress for the drilling site. While there, I saw where a dozer was digging a large pit at a higher location than the drilling site. This pit is for the purpose of pumping the drilling fluids to a higher elevation, so as to further prevent ~~and~~ ^{any} ground water contamination.

I approve of this procedure to further protect my property and water table.

Signed:





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.

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MAR 24 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.

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
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April 2004
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Submit in Duplicate

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Operator Address: PO BOX 399 Garden City, KS 67846			
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How is the pit lined if a plastic liner is not used? Clay Bottom			
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. * Steel Pits		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. <i>Inspected by BJH 3/21/08</i> * Haul off pit - to be lined with Bentonite and haul fluids after salt section and within 72 hrs. of completion	
Distance to nearest water well within one-mile of pit <u>N/A</u> feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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>Dry Up Then Backfill</u> Drill pits must be closed within 365 days of spud date.	
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Date: <u>3/24/08</u>		Signature of Applicant or Agent: <i>M. O'Brate</i>	
KCC OFFICE USE ONLY Steel Pit <input type="checkbox"/> RFAC <input type="checkbox"/> RFAS <input type="checkbox"/>			
Date Received: _____ Permit Number: _____ Permit Date: _____ Lease inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No			

Mail to: KCC - Conservation Division, 130 S. Market - Room 2079, Wichita, Kansas 67202