

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

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

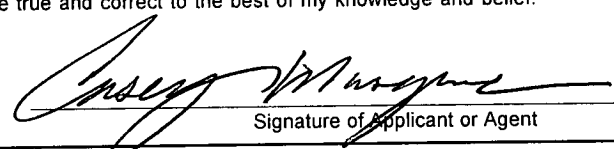
Operator Name: MUSGROVE ENERGY, INC		License Number: 34058	
Operator Address: PO BOX 2287		PONCA CITY OK	74602
Contact Person: CASEY MUSGROVE		Phone Number: 580-761-3320	
Lease Name & Well No.: VOIGHT WEST <i>(McCune #2 & Spangenberg #4)</i>		Pit Location (QQQQ): SW - NW - SE -	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" 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: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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 Gel			
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>5</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.	
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Distance to nearest water well within one-mile of pit <u>745</u> feet Depth of water well <u>100</u> feet		Depth to shallowest fresh water <u>22</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>BENTONITE GEL</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>LET DRY THEN BACKFILL</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 OCT 14 2008 CONSERVATION DIVISION WICHITA, KS	
_____ 10/2/08 Date	 Signature of Applicant or Agent		
KCC OFFICE USE ONLY			
Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input checked="" type="checkbox"/>			
Date Received: <u>10/23/08</u> Permit Number: <u>15-185-23532-0000</u>		Permit Date: <u>10/24/08</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

EXHIBIT A**CORA CLARK LEASE**

Wells Assigned: Cora Clark #1, Cora Clark #2, Cora Clark #3, Cora Clark #4, Cora Clark #5,
Cora Clark #6, Cora Clark 10-18,

- Oil and Gas Leases:
1. Lessor: Cora Clark
Lessee: John Drew
Date: 3-14-1946
Description: SE/4 18-T21S-R12W X
Recorded: Book 23, Page 548
 2. Lessor: Lawrence A. Clark
Lessee: John Drew
Date: 3-14-1946
Description: SE/4 18-T21S-R12W X
Recorded: Book 23, Page 285

Salt Water Disposal Agreement:

3. Grantor: Fina Oil and Chemical Co.
Grantee: L.D. Drilling Co.
Date: 6-21-1991

VOIGT EAST LEASE

- Oil and Gas Leases:
1. Lessors: Leonard M. Voigt and Helen A. Olson, Power of Atty.
Lessee: William E. Chew, dba Chew Oil & Gas Co.
Date: 5-8-1980
Description: SW/4 12-T22S-R12W X
Recorded: Book 30, Page 275

VOIGT WEST LEASE

- Oil and Gas Leases:
1. Lessors: Leonard M. Voigt and Helen A. Olson, Power of Atty.
Lessee: William E. Chew, dba Chew Oil & Gas Co.
Date: 5-8-1980
Description: SE/4 11-T22S-R12W X
Recorded: Book 32, Page 877

**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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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 land owner 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 land owner 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.

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KANSAS CORPORATION COMMISSION

OCT 23 2008

CONSERVATION DIVISION
WICHITA, KS



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

October 24, 2008

Musgrove Energy, Inc.
PO Box 2287
Ponca City, OK 74602

RE: Haul-Off Pit Application
McCune A 2 & Spangenburg 4 Lease
SE/4 Sec. 11-22S-12W
Stafford County, Kansas

Dear Sir or Madam:

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 within 96 hours 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/>


KANSAS
CORPORATION COMMISSION

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

October 14, 2008

10/23/08

Musgrove Energy, Inc.
PO Box 2287
Ponca City, OK 74602

Dear Sir or Madam:

Your application for haul-off pit form(s) have **not been approved** and are being returned for one or more of the reasons marked below:

- Please sign and date.
- Operator license expired/not licensed.**
- Spot location does not match footage.
- New form must be filed. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms
- Please complete or correct all highlighted areas
- Other. Please complete the Haul-Off filing requirements letter and attach the required documentation.

Thank you for your cooperation. If you have any questions feel free to contact me at (316) 337-6243.

Sincerely,


Kathy Haynes
Environmental Protection & Remediation Department