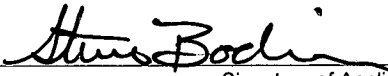


15-159.01733-0000

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: DAYSTAR Petroleum, Inc. | | License Number: 30931 |
| Operator Address: P.O. Box 360, Valley Center, Kansas 67147-0360 | | |
| Contact Person: Steve Bodine | | Phone Number: (620) 792 - 6702 |
| Lease Name & Well No.: Gray, B. C. #1 | | Pit Location (QQQQ): NW - NW - SW - Sec. 19 Twp. 18 R. 7 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2310 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 330 Feet from <input type="checkbox"/> East / <input checked="" 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 checked="" type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If W/P Supply API No. or Year Drilled)</small> 15-159-01733 | Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ 80 (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? MUD |
| Pit dimensions (all but working pits): 20 Length (feet) 8 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 6 (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. MONITORED DAILY RECEIVED KANSAS CORPORATION COMMISSION AUG 22 2007 CONSERVATION DIVISION WICHITA, KS |
| Distance to nearest water well within one-mile of pit 2037 feet Depth of water well 25 feet | | Depth to shallowest fresh water 19 13 feet. Source of information: _____ measured _____ well owner _____ electric log <input checked="" type="checkbox"/> DWR |
| 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: LEASE WATER Number of working pits to be utilized: ONE Abandonment procedure: EMPTY PIT HAUL WATER TO KO ON LEASE, ALLOW TO AIR DRY AND 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. AUGUST 20, 2007 Date  Signature of Applicant or Agent | | |

15-159-01733

| | | | |
|-------------------------------|-----------------------------------------|-----------------------------|---------------------------------------------------------------------------------------|
| KCC OFFICE USE ONLY | | | |
| Date Received: 8/22/07 | Permit Number: 15-159-01733-0000 | Permit Date: 8/16/07 | Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Wichita State Office Bldg.
130 S. Market, Room 2125
Wichita, KS 67202

**WORKOVER PIT APPLICATION
VERBAL AUTHORIZATION**

DATE: 8-16-'07 TIME: 8:49 AM
OPERATOR: Daystar Petroleum CONTACT PERSON: Mike Kelso
LEASE NAME: Gray #1
NW NW SW SEC. 19 TWP. 18 RANGE 7 E W COUNTY: RICE
18

CONSTRUCTION:
SIZE: WIDTH 8 LENGTH 20 DEPTH 6'
ESTIMATED CAPACITY 120 BBLs

EST. DEPTH TO GROUNDWATER (if known): 30-35'
TYPE OF FLUID: Saltwater Workover Fluids
 Cement Drilling Mud/Cuttings

DOES OPERATOR PLAN TO LINE PIT: YES NO
ESTIMATED TIME BEFORE PIT WILL BE CLOSED: 5 Days
ANY KNOWN WATER WELLS WITHIN 1/4 MILE OF PIT: YES NO

K.C.C. INFORMATION: IS PIT IN SGA? YES NO

- K.C.C. DISTRICT #2 RECOMMENDATION (Check One):
- 1. Authorization granted with no liner.
 - 2. Authorization granted, if pit is lined.
 - 3. Authorization granted, no liner necessary, but free fluids must be removed within _____ hours of completion of workover/plugging operations.
 - 4. No verbal authorization will be given without on-site inspection.

*Remind operator that pit permit form must be filed within five (5) days after verbal authorization.

RESULTS OF INSPECTION:

V.C. Agent Date 8-16-'07