

15-185-10651-0000

RECEIVED  
KANSAS CORPORATION COMMISSION

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
April 2004

OCT 04 2007

Form must be Typed

AMMENDED

APPLICATION FOR SURFACE PIT

CONSERVATION DIVISION  
WICHITA, KS

SEE ATTACHED

Submit in Duplicate

Operator Name: <b>NADEL AND GUSSMAN, LLC</b>		License Number: <b>32638</b>
Operator Address: <b>15 E. 5th St., Suite 3200, Tulsa, OK 74103</b>		
Contact Person: <b>Marlin Taylor</b>		Phone Number: ( <b>918</b> ) <b>583 - 3333</b>
Lease Name & Well No.: <b>Fischer B-2</b>		Pit Location (QQQQ): <b>SW NW SE</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 checked="" type="checkbox"/> Workover Pit <input 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: <b>86</b> (bbbls)	Sec. <b>25</b> Twp. <b>21S</b> R. <b>13</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>1650</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>2310</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Stafford</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 <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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): <b>10</b> Length (feet) <b>8</b> Width (feet) <b>N/A: Steel Pits</b> Reserve Pit Only    Depth from ground level to deepest point: <b>6</b> (feet)    Steel Working Pits		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. <b>Plastic liner (commercial)</b>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. <b>Foreman will be on location while work is being done.</b>
Distance to nearest water well within one-mile of pit <b>1039</b> feet    Depth of water well <b>85</b> feet		Depth to shallowest fresh water <b>17</b> feet. Source of information: _____ measured    _____ well owner    _____ electric log <b>(3)</b> 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>Water based mud</b> Number of working pits to be utilized: <b>1</b> Abandonment procedure: <b>Allow pit to evaporate and back fill w/dirt.</b> 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.		
<b>10/1/07</b> Date		<i>Marlin Taylor</i> Signature of Applicant or Agent

<b>KCC OFFICE USE ONLY</b>		
Date Received: _____	Permit Number: <b>15-185-10051</b>	Permit Date: _____    Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

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

*This is a NADEL AND GUSMAN  
Well - SORRY ABOUT OUR  
MISTAKE*

OCT 04 2007  
CONSERVATION DIVISION  
WICHITA, KS

Submit in Duplicate

Operator Name: <u>White Hawk Oil Company</u>		License Number: <u>33978</u>
Operator Address: <u>P.O. Box 3363, Tulsa, OK 74101</u>		
Contact Person: <u>Marlin Taylor</u>		Phone Number: ( <u>918</u> ) <u>582</u> - <u>1022</u>
Lease Name & Well No.: <u>Fischer B-2</u>		Pit Location (QQQQ): <u>SW NW SE</u>
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 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: <u>86</u> (bbls)	Sec. <u>25</u> Twp. <u>21S</u> R. <u>13</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>1650</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>2310</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Stafford</u> County
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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): <u>10</u> Length (feet) <u>8</u> Width (feet)    _____ N/A: Steel Pits Reserve Pit Only    Depth from ground level to deepest point: <u>6</u> (feet)    Steel Working Pits		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. <u>Plastic liner (commercial)</u>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. <u>Foreman will be on location while work is being done.</u>
Distance to nearest water well within one-mile of pit <u>1039</u> feet    Depth of water well <u>85</u> feet		Depth to shallowest fresh water <u>17</u> feet. Source of information: _____ measured    _____ well owner    _____ electric log <u>(3)</u> 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: <u>Water based mud</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Allow pit to evaporate and back fill w/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>9/20/07</u> Date		<u>M.R. Taylor / KCC</u> Signature of Applicant or Agent
RECEIVED KANSAS CORPORATION COMMISSION <b>SEP 24 2007</b>		
<b>KCC OFFICE USE ONLY</b>		
Date Received: <u>9/24/07</u> Permit Number: <u>15-185-10651</u> Permit Date: <u>9/25/07</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

# KANSAS

## CORPORATION COMMISSION

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

September 25, 2007

Bruce E Alsup  
Nadel and Gussman LLC  
15 E 5TH ST STE 3200  
TULSA, OK 74103-4340

RE: Transfer of Operations at the FISCHER B lease, located in Section 25, Township 21S, Range 13W, STAFFORD County, Kansas

Dear Bruce E Alsup:

On September 24, 2007, an application for surface pit (CDP-1) was received, which indicated to Staff that White Hawk Oil Company, LLP is the current operator of the FISCHER B lease. However, Conservation Division records indicate you have not filed a Request for Change of Operator; Transfer of Injection or Surface Pit Permit (Conservation Division Form "T-1") transferring operator responsibility to White Hawk Oil Company, LLP for the FISCHER B lease. Nadel and Gussman LLC therefore remains the Commission's operator of record and party responsible for the proper care and control of the FISCHER B lease.

K.A.R. 82-3-136(a) provides that if operator responsibility is transferred, the past operator shall report the transfer to the Conservation Division within 30 days of the change upon a form prescribed by the Commission (the T-1); and/or K.A.R. 82-3-410(a) provides that authority to operate an injection well shall not be transferred from one operator to another without the approval of the Conservation Division. Furthermore, the transferring operator shall in writing notify the Conservation Division of its intent to transfer the injection authority, on a form prescribed by the Commission, the T-1, and in compliance with K.A.R. 82-3-136.

Staff will provide you with 28 days from this letter's date to bring the FISCHER B lease into compliance with K.A.R. 82-3-136 and/or K.A.R. 82-3-410(a). As such, you have until October 23, 2007, to bring the FISCHER B lease into compliance. To bring your operations into compliance, you need to file a T-1 with the Conservation Division for the FISCHER B lease. A blank T-1 is enclosed with this letter. The T-1 is also available on the Conservation Division's website, at <http://www.kcc.state.ks.us/conservation/forms/index.htm>, or upon request in the Conservation Division's central office in Wichita or any of the Conservation Division's district offices. If Nadel and Gussman LLC believes it is still the operator of the FISCHER B lease, you need to contact Jonelle Rains, the Conservation Division's Supervisor of Environmental Protection and Remediation, immediately to address the situation. Jonelle Rains may be reached at the Conservation Division's central office in Wichita, at the contact information listed on the bottom of this page.

If by October 23, 2007, the Conservation Division has not received the T-1 requested, or you have not contacted Jonelle Rains and resolved this situation, Staff may refer the matter to Conservation Division legal staff with a recommendation for an administrative penalty or penalties. Violations of K.A.R. 82-3-136(a) and K.A.R. 82-3-410(a) are punishable by up to a \$1,000 fine for the first violation, \$2,000 for a second violation, and \$3,000 and operator license review for a third violation. In addition, Staff may ask the Commission to shut in your current operations until compliance is achieved.

Please contact the Conservation Division immediately, or provide the requested information within 28 days of this letter's date, to remedy the above possible violations(s) and avoid further compliance action by the Commission. Please include a copy of this letter with the completed T-1 form upon filing with the Conservation Division.

Yours truly,

KCC Conservation Division Staff **RECEIVED**  
KANSAS CORPORATION COMMISSION

cc: R. Taylor  
White Hawk Oil Company, LLP  
PO BOX 3363  
TULSA, OK 74101

**OCT 04 2007**

CONSERVATION DIVISION  
WICHITA, KS

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/>