

15-129-21815-0000

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

| | | | |
|--|---|--|--|
| Operator Name: EOG Resources, Inc. | | License Number: 5278 | |
| Operator Address: 3817 NW Expressway, Suite 500 Oklahoma City, OK 73112 | | | |
| Contact Person: Melissa Sturm | | Phone Number: (405) 246-3234 | |
| Lease Name & Well No.: CNG 22 #1 | | Pit Location (QQQQ): SE - SE - NW - SE Sec. 22 Twp. 34S R. 43 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1500 Feet from <input type="checkbox"/> North/ <input checked="" type="checkbox"/> South Line of Section 1400 Feet from <input checked="" type="checkbox"/> East/ <input type="checkbox"/> West Line of Section Morton 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 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 12,500 (bbls) | | |
| Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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 pit lined if a plastic liner is not used? Soil compaction | |
| Pit dimensions (all but working pits): 125 Length (feet) 125 Width (feet) _____ N/A Steel Pits Depth from ground level to deepest point 5 (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. | |
| Distance to nearest water well within one-mile of pit 1043 feet Depth of water well 210 feet | | Depth to shallowest fresh water 15 feet. Source of information: _____ measured _____ well owner _____ 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 pond? <input type="checkbox"/> Yes <input type="checkbox"/> No | | Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover Gel Number of working pits to be utilized 0 Abandonment procedure: Evaporation/dewater and backfilling of reserve pit 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. 7/25/07 Date Melissa Sturm Signature of Applicant or Agent AUG 08 2007 KANSAS CORPORATION COMMISSION | | | |
| KCC OFFICE USE ONLY | | | |
| Date Received: 8/9/07 Permit Number: 15-129-21815-0000 Permit Date: 8/9/07 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | |

15-129-21815-H



*Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Robert E. Krehbiel, Commissioner
Michael C. Moffet, 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 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.

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/>

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WICHITA, KS



*Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Robert E. Krehbiel, Commissioner
Michael C. Moffet, Commissioner*

August 9, 2007

Ms. Melissa Sturm
EOG Resources, Inc.
3817 NW Expressway Ste 500
Oklahoma City, OK 73112

Re: Haul-Off Pit Application
CNG 22 Lease Well No. 1
SE/4 Sec. 22-34S-43W
Morton County, Kansas

Dear Ms. Sturm:

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 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 (620) 225-8888 when the fluids have been removed. Please file form CDP-5, 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,

A handwritten signature in black ink that reads "Kathy Haynes".

Kathy Haynes
Environmental Protection and Remediation Department

cc: S Durrant



3817 NW Expressway, Suite 500
Oklahoma City, OK 73112
(405) 246-3226

August 7, 2007

Kansas Corporation Commission
Conservation Division
Finney State Office Building
130 S. Market, Room 2078
Wichita, KS 67202-3802

Re: Reserve Pit
CNG 22 #1

Dear Sir or Madam:

Please see the attached portion of the BLM permit for the CNG 22 #1, showing U.S. Forest Service permission for an offsite reserve pit.

Sincerely,

A handwritten signature in cursive script that reads "Melissa Sturm".

Melissa Sturm
Sr. Operations Assistant

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT
OKLAHOMA DISTRICT OFFICE
7906 E. 33rd St., Suite 101
TULSA, OK 74145-1352
<http://www.blm.gov>



IN REPLY REFER TO:

AUG 3 2007

Lease: KS NM 68746
Well: CNG 22 No. 1
3160 (04200)

EOG Resources Inc.
3817 N. W. Expressway, Suite 500
Oklahoma City, OK 73112

*** OPERATORS PERMIT TO DRILL ***

REVIEW AND COMPLY WITH THE

- (1) GENERAL STIPULATIONS
- (2) DRILLING STIPULATIONS
- (3) ENVIRONMENTAL STIPULATIONS
- (4) GENERAL REQUIREMENTS DATED 12/01/2001

INCLUDED WITH THIS PERMIT

Lease No.: KS NM 68746
Operator: EOG Resources Inc.
Well: CNG 22 No. 1
Location: 2130' FNL & 1900' FWL
Sec. 22, T. 34 S., R. 43 W. 6 PM.
Morton County, KS

This well will be drilled from surface administered by the U. S. Forest Service into Federal mineral Lease KS NM 68746 (lessee: Anadarko Petroleum Corp. - 100.00%).

FAILURE TO COMPLY WITH THIS CONDITION MAY SUBJECT THE OPERATOR TO REGULATIONS FOUND IN TITLE 43 CFR SUBPART 3163- NONCOMPLIANCE, ASSESSMENTS, AND PENALTIES.

Your drilling and environmental surface use plans are approved subject to compliance with OKFO minimum standards found in CFR'S, IM'S, NTL'S, Onshore Orders, the "General Requirements for Oil and Gas Operations on Federal and Indian Leases", dated

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12/01/2001, and to all stipulations and consequent conditions of approval contained in this permit. Any item in your APD that fails to meet minimum standards must be approved with a variance in this permit or by Sundry Notice (SN) before the item can be applied to the subject well. Any item not so addressed with a variance from minimum standards is not approved.

In addition to the general requirements and stipulations found in this permit, also enclosed are certain orders (depending on nature of the well) and relevant forms.

The approved APD must be on location at the date of first surface disturbance (pad construction, setting conductor, etc.). Any approved sundry notice that changes (or adds to) approved stipulations/conditions of approval, must also be on location (as soon as possible after your receipt of the approval). Any proposed change to the drilling or surface use plans must first be approved by our office (OKFO-Tulsa) prior to executing the change. The change can, in some emergency cases be approved by phone, but in all cases, the request for a change must be accompanied/followed by a Sundry Notice for signature approval.

Any request for a change to the drilling plan is made directly to this office (OKFO-Tulsa), via a phone call to the drilling plan contact(s) in OKFO-Tulsa identified in this Permit in emergency cases (followed by a SN), or in non-emergency cases with a SN. Refer to "General Stipulations", below.

In the case of a proposed change to the surface use plan, for example, to add a pipeline to the location, extend pad, relocate wellbore, revise pit size, change pad liner mil size, add road, or in any way alter the surface use plan approvals, you must first contact the BLM (or Forest Service, as applicable) surface use individual responsible for the "environmental stipulations", identified in this Permit, and discuss the proposed change. This individual may request you fax a copy of the SN to them for review. If they agree to any proposed surface use change, then you are to submit the final copy (in triplicate) of the SN to OKFO-Tulsa for final approval signature. Identify all requested changes in the remarks section of the SN (and attachments as required) and indicate whether or not a change to the surface use plan was agreed to (with or without stipulations) by the above mentioned individual. If a SN with multiple proposed changes (drilling/surface use) is requested and any surface use change does not indicate acceptance by the proper surface use individual, the SN may be approved only in part, with conditions of approval from our office so stating.

Example SN remarks:

- 1) change 8.625" surface casing from H-40 to J-55
- 2) extend pad layout as described in the attached plat (agreed to by K. Tyler on 6/05/03, with K. Tyler's stipulations attached to this SN.)

Each Permittee has the right of administrative appeal from all minimum standards, as stated above, pursuant to title 43 Code of Federal Regulations, Subpart 3165, et. al.

GENERAL STIPULATIONS

Operator Notifications:

a.) You are to notify the Assistant Field Station Manager, I&E and Verification, (Moore, OK), telephone (405)-794-9624, with 48 hours notice for a BLM representative to witness:

- Starting Pad Construction • Cementing casing 8.625" 4.5"
- Testing BOP equipment

You are to contact the above by direct communication (phone or in-person). Voice mail, E-mail, or Facsimile notice is allowed only after direct communication. You are to list in your daily progress (drilling) report, the BLM staff that was notified (directly or otherwise).

Also, in addition to the above actions, any change to the drilling plan, the plugging of the well as a dry hole, or the plugging of the well in the future as an exhausted well, must be preceded with a Sundry Notice to OKFO-Tulsa for approval at least 48 hours prior to the action. If the action requires a short notice approval (in about 48 hours, for example), the SN describing the action to be approved may be faxed, with your signature and date (or transmitted via E-commerce), to OKFO-Tulsa for approval. For wells in the drilling phase with a short notice action, a heads up phone call to the Division of Minerals (Jim Mason or Ron Bartel) and to the appropriate field staff (as above) describing the action is required. After your receipt of the approved SN (by fax or mail), you must then make direct communication with as least one of the appropriate BLM field staff (as above), and have the approved SN on location prior to executing the action.

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WICHITA KS

Otherwise, any action without a major time constraint is to be preceded with a SN sent by mail, in triplicate, or sent by E-commerce, to OKFO-Tulsa, for approval, prior to the action taking place. After your receipt of the OKFO-Tulsa SN approval (by fax, mail, or E-commerce), you are then required to give 48 hours notice by direct communication to at least one of the above BLM staff (or assigned representative) prior to the action. You should request approval to plug a dry hole by SN at least 48 hours prior to the work, except, that if any applicable action, plugging or otherwise, is expected to occur at any time during a weekend, notice (by fax, mail, or E-commerce) must be given no later than 11:59PM on the preceding Wednesday.

Note: In accordance with Title 43, CFR Subpart 3163-Noncompliance, Assessments, and Penalties, failure to comply with terms of any lease or permit may subject the operator to an incidence of noncompliance and/or an assessment. The order requires the authorized officer (BLM) to notify the operator in writing of such violation or default, setting forth a reasonable abatement period.

If the operator fails to comply with the notification provisions of an action prior to the action taking place, the abatement could be for the operator to redo the action and then give proper notification. Therefore, this condition of approval is your notice in writing of what could happen for failure to comply with the notification provisions.

b) You must notify Ms. Debbie Tucker of the Division of Minerals, OFO-Tulsa, by telephone, (918) 621-4121 [or e-mail at dtucker@blm.gov], within 24 hours after you spud this well, or on the next business day, thereafter, if spudding occurs after office hours, or on a weekend. Spud information includes lease/well number, operator name, drilling contractor's name, date and time of spud, and well API number. Then submit a written daily progress report to this office until the well is completed. During the period between completion of drilling operations and initiation of completion operations a weekly report is acceptable.

c) You are to send a copy of your daily progress report to: U. S. D. A. Forest Service, Cimarron National Grasslands, P O. Box 300, Elkhart, Kansas, 67950.

DRILLING STIPULATIONS

1. TUBULAR: The 8.625", 24#/ft., J-55, STC surface casing will be set at 1700' (treatable water to 550') with cement circulated to surface (500 sacks). The 4.5", 10.5 #/ft., J-55, STC casing will be set at 5100' and cemented with 90 sacks ($\pm 539'$ fill). Note: The 90 sack production casing program above provides for the required 10% fill. Actual cement slurry volumes will vary depending on actual wellbore conditions.

2. PRESSURE CONTROL EQUIPMENT: Surface pressure control equipment is subject to the requirements of a 2M psi system from below the shoe of the surface casing to 5100'. You plan to install a 2M psi BOP. If you use a 2M psi annular preventer, you are required to test, at installation, as a minimum, the annular BOP to 1000 psi. Should you use a 2M psi "ram" BOP, you are required to test, at installation, as a minimum, the BOP stack to 2000 psi. The surface casing and stack must be isolated during the test.

A low pressure test of 250-300 psi is also recommended.

Note: Our geologist has determined that lost circulation zones may be encountered in the drilling of this well.

The BOP and choke manifold must be designed and assembled in accordance with O & G Order No. 2 (copy enclosed).

3. CASING PRESSURE TEST: The casing pressure test for the 8.625" casing would require a surface pressure of 1275 psi applied to the hydrostatic head. A surface test pressure of 1275 psi when added to the hydrostatic head results in a pressure at the shoe equal to 70 percent of the minimum internal yield of the casing, e.g. $[(.7 \times 2950 \text{ psi}) = (1275 \text{ psi} + (.465 \times 1700'))]$.

The casing test for the 4.5" casing would require a surface pressure of about 982 psi applied to the hydrostatic head. A surface test pressure of 982 psi when added to the hydrostatic head results in a pressure at the shoe equal to 70 percent of the minimum internal yield of the casing, e.g. $[(.7 \times 4790 \text{ psi}) = (982 \text{ psi} + (.465 \times 5100'))]$.

For all strings, the casing pressure test (see Onshore Oil and Gas Order No.2, III.B.1.h.) should be based on similar calculations using actual well conditions (displacement fluid density, type of test, etc.) at the time of the test. You are to report all pressure tests in your daily progress reports.

Prior to spudding this well, you are required to furnish this office with a final rig layout, **RECEIVED**

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CONSERVATION DIVISION
WICHITA

In accordance with all orders, regulations general requirements etc.

ENVIRONMENTAL STIPULATIONS

REVIEW AND COMPLY WITH THE ATTACHED ENVIRONMENTAL SPECIAL CONDITIONS OF APPROVAL, BEFORE AND AFTER COMMENCING OPERATIONS:

Contacts:

- 1) environmental or surface use: Dick Bennin at (620) 697-4621.
2. inspection: Steve Witter, I&E and Verification at (405) 790-1021(office), (405) 818-3295 (cell).
- 3) technical/administrative: Ron Bartel at (918) 621-4111 or Jim Mason at (918) 621-4112 [mobile at (918) 625-3293].

Oklahoma Field Office Fax: (918)-621-4130

Oklahoma field Station Fax: (405)-790-1050

Sincerely,



John Mehlhoff
Field Manager

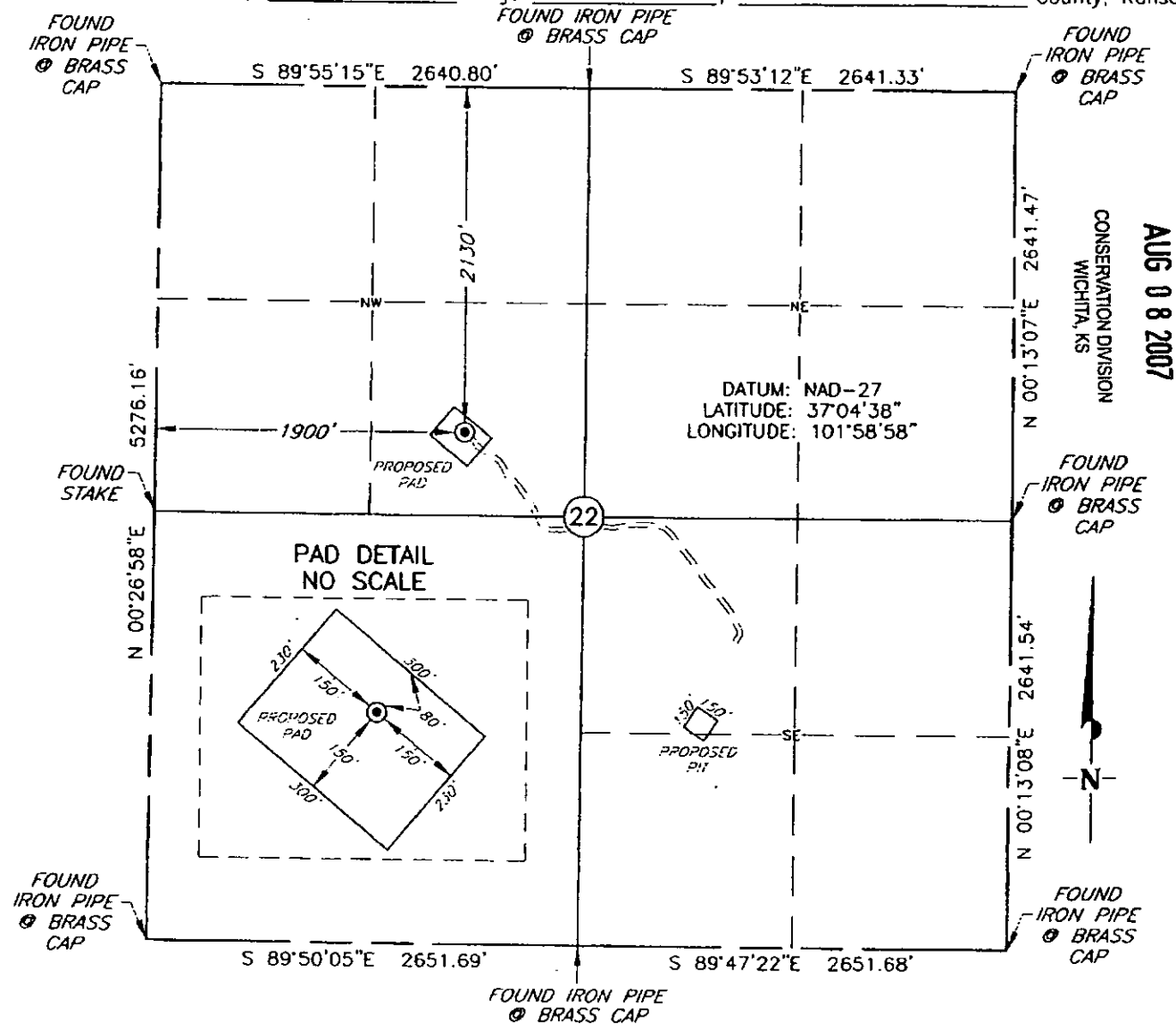
6 Enclosures:

- 1 - Form 3160-4
- 2 - Form 3160-5
- 3 - Form MMS 4054A,B,C
- 4 - O&G Order No. 1
- 5 - O&G Order No. 2
- 6 - O&G Order No. 3 (Site Security)

TOPOGRAPHIC LAND SURVEYORS OF PAMPA, TEXAS

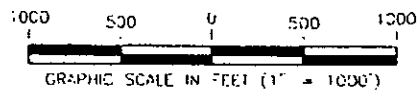
2225 PERRYTON PKWY • PAMPA, TEXAS 79065
 (806) 665-7218 • (800) 658-6382 • FAX (806) 665-7210
 Kansas Certificate of Authorization No. 25-99

Operator: EOG RESOURCES, INC. Lease Name: CNG 22 #1
 Footages: 2130'FNL & 1900'FWL Elevation: 3453'GR
 Section: 22 Township: 34S Range: 43W MORTON County, Kansas



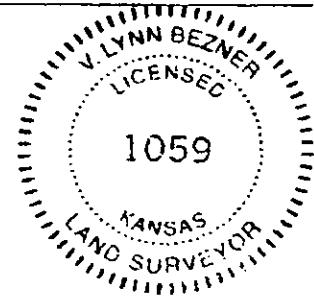
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Topography & Vegetation: PASTURE
 Reference or Alternate Stakes Set: NONE SET
 Best Accessibility to Location: FROM LEASE ROAD EAST OF LOCATION
 Distance & Direction: ±6 MILES NORTHWEST OF ELKHART, KANSAS.



This plat DOES NOT represent a true Boundary Survey. The footages and ties shown are from lines of occupation, which may not be actual Property Lines.
 Date Surveyed: 4-4-07
 Date Drawn: 4-9-07
 Drawn by: J.WILLIAMS
 Job No.: 120905
 Book: 913 Page: 64

CERTIFICATE
 I, V. Lynn Bezner, a Registered Land Surveyor and an authorized agent of Topographic Land Surveyors, do hereby certify that the above described well location was surveyed and staked on the ground as shown.
V. Lynn Bezner 4-24-07
 V. Lynn Bezner, R.P.S. No.1059



REVISION #1 CHANGED WELL NAME, 4-24-07, C.O.

ATTACHMENT
SUMMARY OF REQUIRED PRESSURE TESTS, BOPE EQUIPMENT, CASING
PROGRAM

| CASING PRESSURE TEST/FORMATION PRESSURE TEST | | | | | | |
|--|--------------------------------|------------------------|-----------------------------|--------------------|---------------------|--------------------|
| CASING SIZE-IN. | TEST MUD WT-PPG ⁽¹⁾ | CASING PRESS. TEST-PSI | FORMATION PRESS. TEST - PSI | | | |
| | | | PACKER ISOLATION | MUD WT. EQUIV.-PPG | NO PACKER ISOLATION | MUD WT. EQUIV.-PPG |
| 8.625 | 8.942 | 1275 | - | | | |
| 4.5 | 8.942 | 982 | - | | | |

(1) Adjust mud weight based on fluid in hole at time of test.

| BOPE | | | | |
|--------------------------|-----------|---------------|------------------------------------|--------|
| REQ. SIZE (M PSI) / APD | FROM - FT | TO - FT (TVD) | PRESSURE TEST ⁽¹⁾ - PSI | |
| | | | ANNULAR | RAMS |
| 2M/(2M annular or rams)* | 1700 | 5100 | 1000 * | 2000 * |

(1) At installation, as a minimum

| CASING DESIGN | | | | |
|---------------|-----------------------|-------------------------------|-------------------------|------------------------|
| SIZE-IN. | SETTING DEPTH-ft (MD) | DESIGN FACTORS ⁽⁰⁾ | | |
| | | BURST ⁽²⁾ | COLLAPSE ⁽¹⁾ | TENSION ⁽³⁾ |
| 8.625 | 1700 | 2.98 | 1.72 | 5.98JOINT |
| 4.5 | 5100 | 2.01 | 1.68 | 2.46JOINT |

(0) BASED ON DRILLING PLAN DATA IN APD.

(1) COLLAPSE DESIGN - MINIMUM DESIGN FACTOR OF 1.1 BASED ON EVACUATED CASING (ANNULAR SPACE) AND MAXIMUM EXTERNAL MUD WEIGHT TO SHOE.

(2) BURST DESIGN - MINIMUM DESIGN FACTOR OF 1.0 BASED ON FULL PORE PRESSURE FROM BOTTOM HOLE TO SURFACE (NO OFFSETTING GAS GRADIENT) AND ZERO EXTERNAL PRESSURE.

(3) JOINT/BODY DESIGN - MINIMUM DESIGN FACTOR FOR JOINT TENSION DESIGN IS 1.80 IN AIR (NO BUOYANCY) FOR BODY TENSION IS 1.75 (NO BUOYANCY)

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OCS DIVISION

U.S. FOREST SERVICE
CIMARRON NATIONAL GRASSLAND

CONDITIONS OF APPROVAL TO DRILL

Surface Protection, Rehabilitation and Operation

Oil and Gas Well

RE: EOG RESOURCES INC
CNG 22-1
KSNM 68746
SENW Section 22, T34S, R43W.
2130 FNL, 1900' FWL
Morton County, Kansas

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CONSERVATION DIVISION
WICHITA, KS

A. CONSTRUCTION AND OPERATION

1. **TIMING STIPULATION = No construction activity will be allowed from April 15th through July 15th for protection of Lesser Prairie Chicken nesting.**
2. All gasoline and deisel powered equipment must be **equipped with approved spark arresters or mufflers. The decibel level must not exceed 70 decibels at a distance of 100 feet from the exhaust of any muffler.**
3. **Topsoil material** (minimum six (6) inches) will be **removed from entire pad areas on locations south of the Cimarron River (sandy soils).** This soil material will be stockpiled as designated on APD layout diagram and saved for later distribution over recontoured site. **Caliche/gravel can be utilized to stabilize the pad area.** The cut and fillslopes will be constructed at 3:1 grade.
4. **New access road must be crowned and ditched and surfaced with caliche, Refer to Exhibit A for road specifications.** The new road will be delineated with flagging/fencing to keep traffic to a single lane. **Maximum width of road surface will be 14 feet.**
5. The **reserve pit** will be located outside of the river corridor as specified by a Forest Service representative. The pit will have a minimum of one-half the total depth below the original ground surface at the lowest point within the pit and will be designed to prevent the collection of surface runoff. **No liner will be required.**
6. **Fencing Option**
 - a. **Fence the reserve pit** with four strand fencing on three sides during the drilling phase and the fourth side immediately after the rig is removed (Refer to Exhibit B). Wooden H bracing must be constructed at all corners, utilizing five (5) inch diameter wooden posts. **Companies may choose to utilize steel panels or piping for fencing, these designs must be approved by the Forest Service.**

b. **Fence entire drill site**, refer to Exhibit B. Fencing will be done as soon as site preparation is completed and will remain in place until pits are filled and necessary site revegetation is accomplished to the satisfaction of the Forest Service. Wooden H bracing must be constructed at all corners, utilizing five (5) inch diameter wooden posts.

If the entire drill site is fenced, a gate or cattleguard will be installed for access.

7. **Cattle guards** must be installed with side wings. The fence on both sides of the cattle guard must be reinforced with wooden H bracing, utilizing five (5) inch diameter wooden posts. RECEIVED
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8. All **equipment and vehicles** must be confined to the access road and pad. AUG 08 2007

9. **Sewage** will be confined to a chemically-treated portable unit on location. Burying of sewage will not be allowed. CONSERVATION DIVISION
KANSAS

10. A **trash cage** must be on location throughout all drilling, testing and completion activities. **Burying trash on-site or trash within the reserve pit will not be allowed.**

11. The operator must provide a manifest of all drilling compounds/additives utilized and copies of the daily mud analysis from the drilling program.

12. Any hydrocarbons within the reserve pit must be removed as soon as possible. The pit must have overhead flagging or netting (if oil is in pit) installed immediately for wildlife protection, until all oil is removed. The U.S. Fish & Wildlife Service may assess a penalty for any migratory bird found within a pit. If oil is spotted (example stuck pipe) the oil must be recovered in frac tanks, not allowed in reserve pit.

13. During the completion phase, all treatment fluids will be contained in steel frac tanks and hauled to a State approved disposal site. No completion fluids will be allowed in the reserve pit.

14. All hydrocarbons produced during the completion testing will be contained in steel frac tanks and will be accountable to appropriate agencies.

15. All drilling fluids within the reserve pit will be pumped immediately after the drilling phase is completed and disposed in a State approved disposal well per Kansas Oil and Gas Corporation regulations. Since the drilling fluids will be removed, the Forest Service will not require testing of fluids for chloride concentrations. Spill, Prevention Control, and Countermeasure (SPCC) Plans are regulated and approved by the Environmental Protection Agency (EPA). If EPA requires a SPCC plan for this project, the company must submit a copy of the plan to the Cimarron National Grassland.

16. The operator must inform the Forest Service immediately in the event of any oil or hazardous spill (including salt water).

17. For safety purposes, the rat/mouse hole must be filled and compacted immediately after the rig is removed.

18. **Water well locations** will be approved on-the-ground by the Forest Service prior to drilling to protect wells from ground water contamination by reserve pits. State procedures concerning construction of water supply wells and disposal of saltwater will be followed. Fiberglass tanks or lined pits will be used to store saltwater prior to disposal.

19. Drilling **company signs** will be allowed on National Grassland system lands during the construction and drilling phase.
20. If subsurface **cultural materials** and/or paleontological resources are found during construction, the District Ranger must be notified immediately. **Construction must cease until** the impact has been properly mitigated.
21. **Notify the Forest Service (620)-697-4621** forty eight hours in advance of any pad construction.

B. PRODUCING WELL

1. **Production facilities (including containment berms)** will be located outside of the river corridor as specified in (Item D Cimarron River mitigations). The tanks will be placed on cut and located a minimum of 15 feet from the toe of the backcut to allow adequate space between facilities and the restoration of the backslope to a 3:1 grade.
2. **All storage facilities (oil/produced water tanks) must be bermed. The berms must be constructed of clay/caliche or steel construction, be impervious, hold one hundred and twenty (120 percent (%)) of the capacity of the largest tank within the battery and be independent of the backcut. The loadout line must remain inside the berm to alleviate spill contamination, unless the loadout line is installed on top of the berm and an enclosed spill containment structure is installed on the end of the loadout line. To preserve the integrity of the berm the loadout line cannot go through the berm. It is recommended earthen berms be covered with a layer of gravel/caliche to alleviate wind erosion.**
3. The access **road will be maintained as a crowned and ditched road** , see attached diagram A of a typical road cross section for specifications.
4. **Surfacing** of the access road will be required if maintenance becomes inadequate without gravel or caliche. Excessive rutting, drive arounds etc. would precipitate this action.
5. The **reserve pit** will be backfilled and reclaimed when dry. In addition; stockpiled material will be evenly distributed and landscaped to the surrounding topography over all areas on the pad which are not needed for production. Any **caliche/gravel** which was placed on areas to be reclaimed **will be removed prior to the reclamation process.** (The caliche can be placed on roads designated by the Forest Service).
6. **Refer to conditions C-2, C-3, and C-4 for reclamation requirements.**
7. All areas on the **pad** which are not to be revegetated or which are not needed for facilities, are to be **surfaced with caliche or gravel.** Thereafter, periodic additions of gravel or caliche will be required in order to maintain a rut-free surface for driving and equipment handling.
8. All **production facilities**, i.e. pump, pump house, storage tanks, treater, etc. **will be painted** with a lusterless color (refer to the attached **Exhibit C "Standard Environmental Color Sheet"**). The company may choose any of the checked colors on the sheet to meet this requirement. The exception being that Occupation Health and Safety Act Rules and Regulations are to be complied with where special safety colors are required. **All facilities must be painted within six months of installation.**

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9. All engines (including compressors) must be equipped with adequate mufflers. In areas where there are no noise sensitive areas (NSA's), decibel levels must not exceed 70 decibels (dB(A) at a distance of 100 feet from the mufflers exhaust. Noise levels near noise sensitive area (NSA's) such as a farm residence, school, campground must not exceed 55 decibels (dB(A). EPA guidelines suggest noise levels above 55 dB(A) are potentially significant with exposure to sensitive human populations.

10. Fencing Fence individual facilities, the pump jack (including well head), treater, tank battery and production pit with cattle tight fencing. The fence around the tank battery and treater must be constructed on the outside perimeter of the dikes. See diagram B for Forest Service fence specifications. Wooden H braces must be constructed at all corners and a gate for access must be provided at each facility. Companies may choose to utilize steel panels or piping for fencing, these designs must be approved by the Forest Service.

11. Control of noxious weeds that invade the well pad and access road is required. Treatment by the operator will meet Forest Service requirements and specifications for herbicide application. Prior to application a pesticide use plan must be submitted to the Forest Service for approval.

12. Facility identification: Individual well facilities (oil, gas,injection,saltwater) shall have a sign in legible condition until final abandonment. The sign will show the operator's name, lease name or unit number, well name and number and location (quarter section, township,range and footages from section lines).

C. ABANDONED WELL

1. Bureau of Land Management (BLM) subsurface plugging/casing requirements will be implemented. A permanent abandonment marker inscribed with operator, well number, and location (quarter section, township, range) is required. This marker will be 24 inches below the surface level so that it has 24 inches of soil cover after final reclamation. Leave a small weep hole in welded top of casing. The hole serves as a seepage indicator.

2. All disturbed areas will be scarified and all caliche/gravel will be removed from the location. The cut and fill slopes will be recontoured to original contours. The entire disturbed area will then be backfilled with topsoil, landscaped, seeded, mulched, and fenced to exclude livestock. On slopes greater than 4% waterbars (contour ditches) will be constructed on the contour at seventy-five (75) foot intervals beginning at the top of the disturbed slope. They should be at least on (1) foot deep, with approximately two (2) feet of drop per one hundred (100) feet and with the berm on the downhill side. The fence will remain in place until vegetation has been established. It will be removed prior to approval of final abandonment.

2. The following seed mixture is required for reclamation. The seed must be certified. Proof of certification must be provided the Forest Service prior to seeding.

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3.

Cimarron National Grassland Seed Mixture

SOUTH OF CIMARRON RIVER (sandy soils)
(Includes river corridor)

| <u>Species</u> | <u>lbs/acre PLS</u> | <u>% of Mix</u> |
|----------------|---------------------|-----------------|
| sand bluestem | 2.4 | 29.3% |
| switchgrass | 1.2 | 14.6% |
| sideoats grama | 2.4 | 29.3% |
| Indiangrass | 1.8 | 22.0% |
| sand lovegrass | .4 | 4.9% |
| TOTALS | 8.2 # | 100% |

Compacted areas must be ripped or disced prior to seeding.
Seeding conducted during **time period** of January 15 through April 15.

Drill seed on the contour at a **depth of one-half (1/2) inch**.

All disturbed areas will be **mulched at the rate of 20 tons of manure/acre or 2 tons/acre of native grass hay/straw**. The mulch must be crimped into the surface.

4. The operator may have to mow weeds the first year after vegetation is established. An alternative is to control weeds by chemical means until they are exterminated. All herbicides are to be approved for use by the Forest Service and be applied by a certified applicator.

5. **Reclamation will be approved** (minimum timeframe of two growing seasons) when the established vegetative **cover is equal to 75% of the adjacent areas**. The operator's bond will not be released until the area has been successfully reclaimed.

D. CIMARRON RIVER (floodplain) mitigations for well drilling

1. Maintain a one hundred (100) foot **buffer zone** from river channel.
2. A **closed pit system** at well site utilizing steel tanks for drilling fluids and cuttings. All materials removed from location and disposed at a designated reserve pit outside of the river corrdor.

All fluids will be pumped from the reserve pit immediately upon rig release (refer to item A 15). Drill cuttings can be buried in the pit. A forest representative will monitor pumping of fluids. All fluids will be pumped from the pit. Backfilling of pit will not proceed until approved by Forest Service.

3. All **production facilities** (including condensate, and saltwater facilities) **will be located out of the floodplain**, and situated on higher terrain. Location of facilities will be designated by the Forest Service.

4. The **well head and possible pumping jack** will be the **only facility within floodplain**. If a **pumping jack** is installed, it must be **elevated above pad surface**. **Steel barriers** anchored in cement must be constructed around the well head and pumping jack.

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5. **Pipelines will be buried** to transport hydrocarbons/saltwater from the well site to off pad storage.

A. PIPELINE CONSTRUCTION

1. The holder shall **designate a construction manager** for the project construction. This individual shall be qualified to represent the holder and shall be present or have a qualified acting representative present at all times while project construction activities are taking place. This individual shall be the person who receives the on-the-ground approvals and direction from the designated Forest Service representative(s).
2. A **prework conference** involving permittee, contractors and Forest Service representatives will be conducted prior to right-of-way excavation.
3. Pipeline **right-of-way width** for construction will be 30 feet. Ground **disturbance will be limited to the trenching and backfilling process. Flatblading/grading of the right-of-way will not be allowed**, except as necessary to facilitate vehicle/equipment access across drainages and rough terrain.
4. **Pipeline trenches must be ramped, if left open overnight, to provide escape routes for livestock or wildlife** that may fall in the open trenches. Any **pipeline left open overnight must be plugged** on the ends to eliminate animals hiding within the pipeline.
5. The pipeline must be **buried to a minimum depth of 36 inches**, with the following exception-- **in areas of solid rock the pipeline may be buried to a 18 inch depth.**
6. **Polypipe installation** (plastics) will require installing 12 mill copper wire or a similar product with pipeline **for future location purposes.**
7. Construction will not be permitted during wet periods. The permittee will not disturb or have vehicles or other equipment off established roads when **moisture conditions** will result in rutting of soils.
8. Pipeline construction shall not block nor change the natural course of any drainage.
9. When crossing other pipelines, bury the **flowlines at least one foot below the existing pipelines**, unless otherwise authorized in writing from affected party.
10. **Fences cut** to facilitate pipeline construction must be reinforced with wooden H bracing on both sides of the cut. A temporary gate must be installed to control livestock movement. The gate will remain in place until the reclamation process is completed. The fence will then be reconstructed to its original condition.
11. Pipeline **trenches shall be compacted** during backfilling. Pipeline trenches shall be maintained in order to correct settlement and erosion.
12. **Remove all refuge** resulting from this use from National Forest Systems lands and dispose in an approved sanitary disposal site.

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B. PIPELINE REHABILITATION

1. It is the holder's **responsibility to reclaim** areas disturbed by pipeline construction /maintenance/operation to a stable grassland ecological condition comparable to pre-disturbed conditions.
2. **On slopes greater than four (4) % waterbars (contour ditches)** will be constructed on the contour at seventy-five (75) foot intervals beginning at the top of the disturbed slope. They should be at least one (1) foot deep with approximately two (2) feet of drop per one hundred (100) feet and with the berm on the downhill side.
3. Refer to items **C-3, C-4, and C-5 for reclamation requirements.**

C. PIPELINE OPERATION/MAINTENANCE

1. Pipeline **trenches shall be maintained** to correct settlement and erosion.
2. **Pipeline markers** (steel posts) will be installed on both sides of any road the pipeline crosses. The posts will be signed to identify the name of the operator, telephone number and type of pipeline (natural gas, oil ect.).
3. **Noxious weed/pest control** - Control of noxious weeds and or isolated towns of prairie dogs that invade the pipeline right-of-way as a result of soil disturbance is required by the Forest Service. Treatment by permittee will meet Forest Service requirements and specifications for pesticide application.
4. All **above-ground structures must be painted** an earthtone color. Refer to Exhibit C "Standard Environmental Color Sheet".

D. FIRE PREVENTION REQUIREMENTS

1. All vehicles used on the pipeline project will be equipped with a fire extinguisher and shovel.
2. All gasoline and diesel powered equipment must have Forest Service approved spark arrestors/mufflers.
3. In the event of any fire occurrence, immediately notify the 911 for Elkhart or Richfield Fire Department and the Forest Service office 620-697-4621.

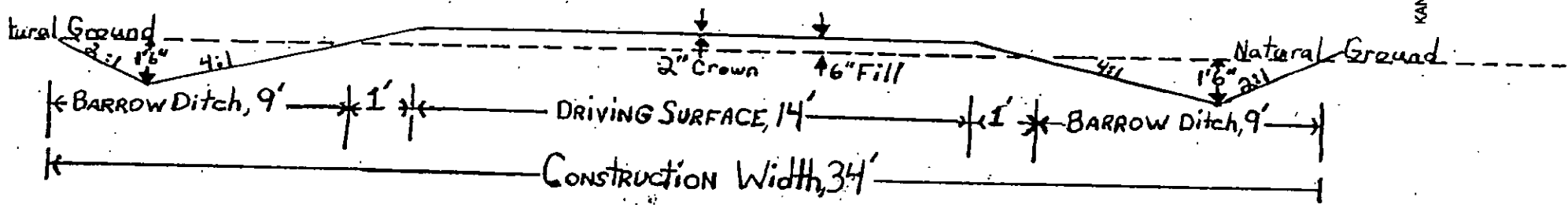
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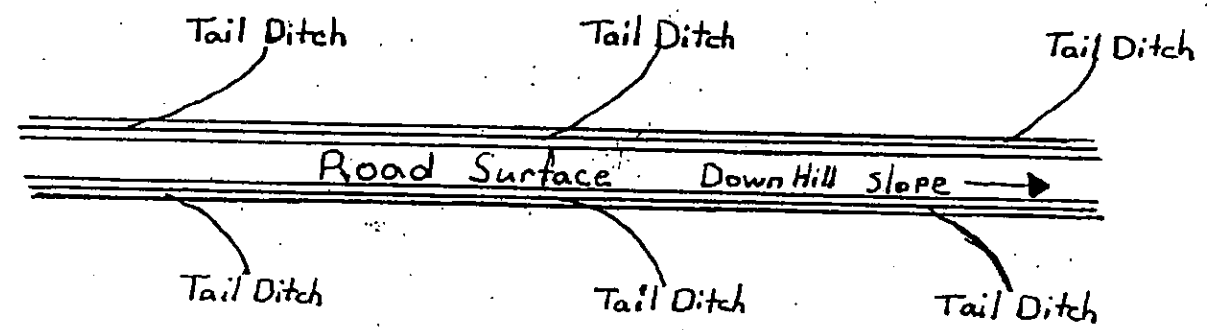
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TYPICAL ROAD SECTION



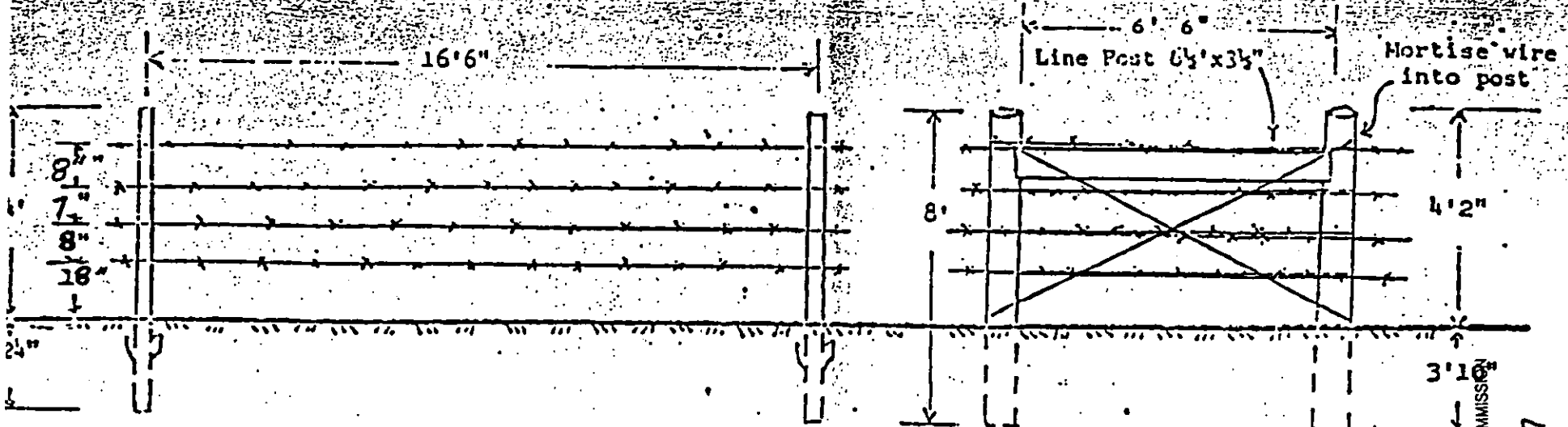
A FOUR INCH LAYER OF GRAVEL (SCORIA) IS TO BE PLACED ON THE DRIVING SURFACE.

TYPICAL TAIL DITCH INSTALLATION



Spacing Between Ditches Varies From 50' to 300'

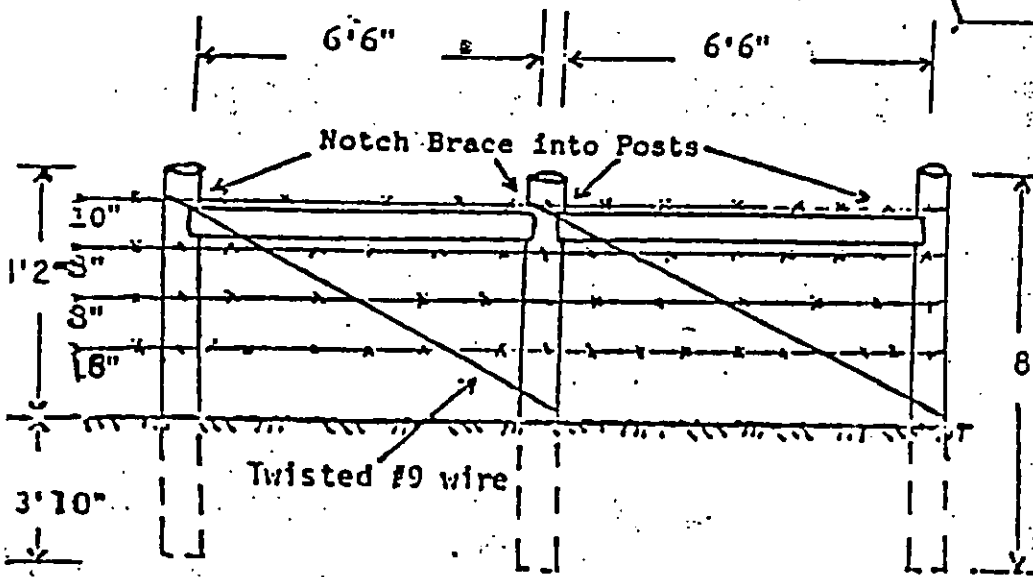
4-WIRE CATTLE - ANTELOPE FENCE
SANDYLAND SPECIFICATIONS



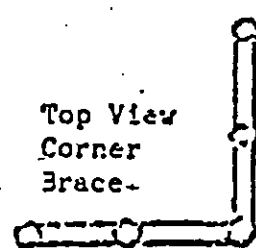
SECTION OF LINE FENCE

LINE BRACE

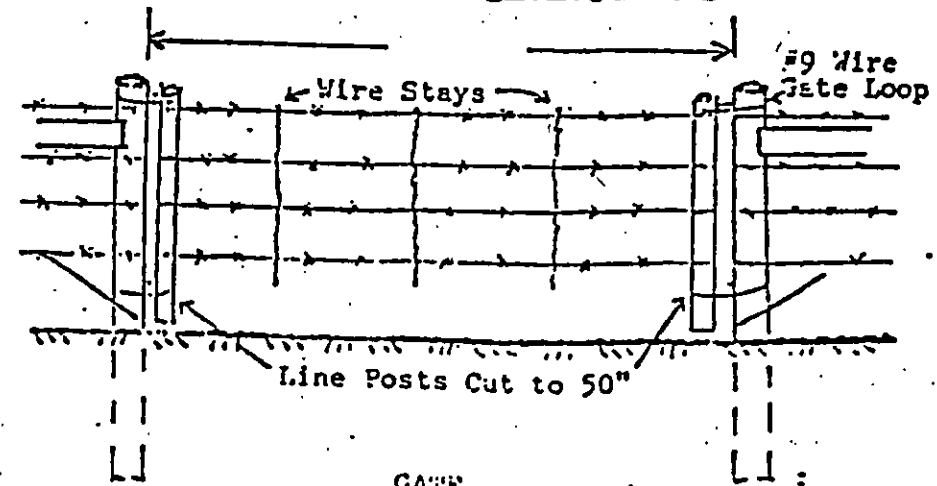
NOTE: STEEL POSTS WILL WEIGH
MINIMUM OF 1.4 POUNDS
PER FOOT.



CORNER OR GATE BRACE



Top View
Corner
Brace-



GATE

Date _____ Initials _____

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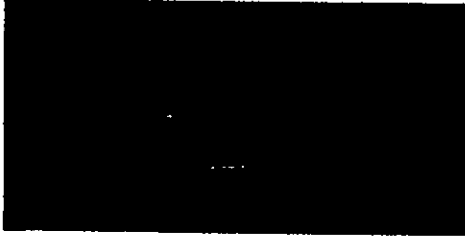
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EXHIBIT B

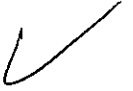
Standard Environmental Colors

For the painting of permanent Federal Oil and Gas Facilities

Rocky Mountain Regional Coordinating Committee (RMRCC)



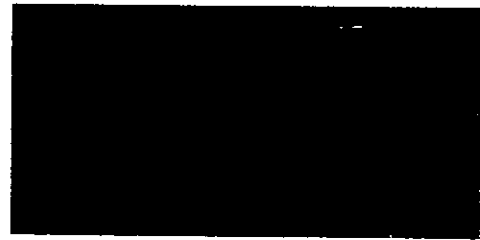
Sand Beige (5Y 6/3)



Desert Brown (10YR 6/3)



Carlsbad Canyon (2.5Y 6/2)



Slate Gray (5Y 6/1)



Sudan Brown (2.5Y 4/2)



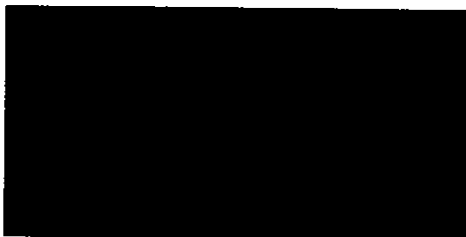
Brush Brown (10YR 5/3)



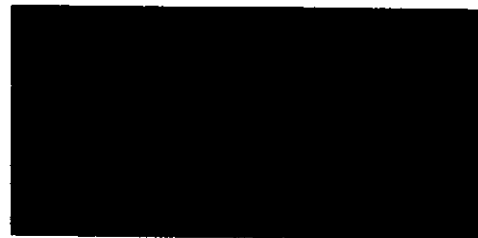
Juniper Green



Shale Green (5Y 4/2)



Yuma Green (5Y 3/1)



Largo Red (2.5R 5/6)

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Numbers in parentheses () refer to Munsell Soil Color Charts

EXHIBIT C