

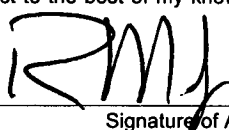
15-007-23176-0000

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: <b>Chieftain Oil Co., Inc</b>		License Number: <b>33235</b>	
Operator Address: <b>P.O. Box 124 Kiowa, KS 67070</b>			
Contact Person: <b>Ron Molz</b>		Phone Number: ( <b>620</b> ) <b>825 - 4030</b>	
Lease Name & Well No.: <b>Diel #4 &amp; Diel SWD</b>		Pit Location (QQQQ): <b>SE NW NE SW NE</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 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: <b>7-10-2007</b> Pit capacity: <b>20,000</b> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Sec. <b>3</b> Twp. <b>4</b> R. <b>11</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>5180</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>645</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Barber</b> County	
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? <b>Drilling Mud</b>	
Pit dimensions (all but working pits): <b>200</b> Length (feet) <b>200</b> Width (feet) <b>N/A: Steel Pits</b> Depth from ground level to deepest point: <b>4</b> (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 <input checked="" type="checkbox"/> <b>2000</b> feet    Depth of water well <b>60</b> feet		Depth to shallowest fresh water <b>40</b> feet. Source of information: _____ measured <input checked="" type="checkbox"/> well owner    _____ electric log    _____ 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>Chemical Mud</b> Number of working pits to be utilized: <b>1</b> Abandonment procedure: <b>Haul off, evaporate then backfill.</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>7/9/07</b> Date		 Signature of Applicant or Agent	
		<b>RECEIVED</b> KANSAS CORPORATION COMMISSION <b>JUL 10 2007</b> CONSERVATION DIVISION WICHITA, KS	
<b>KCC OFFICE USE ONLY</b>			
Date Received: <b>7/10/07</b> Permit Number: <b>15-007-23176-0000</b> Permit Date: <b>7/12/07</b> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

15-007-23176 H



**KANSAS**  
CORPORATION COMMISSION

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

July 10, 2007

Mr. Ron Molz  
Chieftain Oil Co., Inc.  
PO Box 124  
Kiowa, KS 67070

RE: Haul-Off Pit Application  
Diel SWD & Diel #4 Lease  
NE/4 Sec. 03-34S-11W  
Barber County, Kansas

Dear Mr. Molz:

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 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 as soon as practical after drilling operations have ceased.

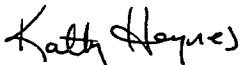
**If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.**

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 (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](http://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

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CDP-5  
August 2004  
Form must be Typed

**EXPLORATION & PRODUCTION WASTE TRANSFER**

07

Operator Name: <u>Chieftain Oil Co., Inc</u>		License Number: <u>33235</u>	
Operator Address: <u>P.O. Box 124 Kiowa, KS 67070</u>			
Contact Person: <u>Ron Molz</u>		Phone Number: ( <u>620</u> ) <u>825</u> - <u>4030</u>	
Permit Number (API No. if applicable): <u>15-007-23177-0000 H</u>		Lease Name: <u>Diel SWD</u>	
Source of Waste:		Well Number: <u>1</u>	
<input type="checkbox"/> Dike <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Burn Pit <input checked="" type="checkbox"/> Haul-off Pit <input type="checkbox"/> Steel Pit <input type="checkbox"/> Spill / Escape		Source Location (QQQQ): <u>NW - NE - NE -</u> Sec. <u>3</u> - Twp. <u>34</u> R. <u>11</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>5180</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>645</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Barber</u> County	
Type of waste to be disposed: <input checked="" type="checkbox"/> Fluid <input type="checkbox"/> Soil <input type="checkbox"/> Mud / Cuttings <input type="checkbox"/> Other: _____			
Amount of waste: <u>10</u> No. of loads <u>1000</u> Barrels _____ Tons _____ YDS			
Destination of waste: <input type="checkbox"/> Reserve Pit <input checked="" type="checkbox"/> Disposal Well <input type="checkbox"/> Lease Road <input type="checkbox"/> Dike / Berm <input type="checkbox"/> Other: _____			
If waste is transferred to another reserve pit, is the lease active? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Location of waste disposal:		Date of Waste Transfer: <u>7-27-2007</u>	
Operator Name: <u>Molz Oil Co., Inc</u>		License No.: <u>6006</u>	
Lease Name: <u>Garner SWD</u>		Sec. <u>11</u> Twp. <u>33S</u> R. <u>10</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West	
Docket No.: <u>D28060,0</u>		County: <u>Barber</u>	

RECEIVED  
KANSAS CORPORATION COMMISSION

OCT 16 2007

CONSERVATION DIVISION  
WICHITA, KS

The undersigned hereby certifies that he / she is Vice President  
for Chieftain Oil Co., Inc. (Co.), a duly authorized agent, that all information shown hereon is true

and correct to the best of his / her knowledge and belief.

[Signature]  
Agent Signature

Subscribed and sworn to before me on this 15 day of October, 2007

[Signature]  
Notary Public

My Commission Expires: 4-11-2011

NOTARY PUBLIC - State of Kansas  
AMANDA CORR  
My Appt. Expires 4-11-11

I, Brent Diel, President of Diel & Co. is the landowner of Section 3-34S-11W where Diel #4 and Diel SWD will be drilled. I give Chieftain Oil Co., Inc. authorization to place a haul-off pit 5180 feet from the south line of the section and 645 feet from the east line of the section.

Sincerely,

Brent Diel  
President  
Diel & Co.

Brent Diel  
Landowner Signature

7-9-07  
Date

Subscribed and sworn this 9 day of July, 2007.

Notary Public: Amanda Corr

My date expires: 4-11-2011



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KANSAS CORPORATION COMMISSION

JUL 10 2007

CONSERVATION DIVISION  
WICHITA, KS

**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.

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form CDP-5  
August 2004  
Form must be Typed

EXPLORATION & PRODUCTION WASTE TRANSFER

07

Operator Name: <u>Chieftain Oil Co., Inc</u>		License Number: <u>33235</u>	
Operator Address: <u>P.O. Box 124 Kiowa, KS 67070</u>			
Contact Person: <u>Ron Molz</u>		Phone Number: ( <u>620</u> ) <u>825</u> - <u>4030</u>	
Permit Number (API No. if applicable): <u>15-007-23176-0000 H</u>		Lease Name: <u>Diel</u>	
Source of Waste: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Steel Pit <input type="checkbox"/> Dike <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input checked="" type="checkbox"/> Haul-off Pit <input type="checkbox"/> Spill / Escape		Well Number: <u>4</u> Source Location (QQQQ): <u>    </u> - <u>NW</u> - <u>NE</u> - <u>NE</u> Sec. <u>3</u> Twp. <u>34</u> R. <u>11</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>5180</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u>645</u> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <u>Barber</u> County	
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Amount of waste: <u>10</u> No. of loads <u>1000</u> Barrels <u>    </u> Tons <u>    </u> YDS			
Destination of waste: <input type="checkbox"/> Reserve Pit <input checked="" type="checkbox"/> Disposal Well <input type="checkbox"/> Lease Road <input type="checkbox"/> Dike / Berm <input type="checkbox"/> Other: <u>    </u>			
If waste is transferred to another reserve pit, is the lease active? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Location of waste disposal: <u>    </u>		Date of Waste Transfer: <u>8-15-2007</u>	
Operator Name: <u>Molz Oil Co., Inc</u>		License No.: <u>6006</u>	
Lease Name: <u>Garner SWD</u>		Sec. <u>11</u> Twp. <u>33</u> R. <u>10</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West	
Docket No.: <u>D28060.0</u>		County: <u>Barber</u>	
<b>RECEIVED</b> KANSAS CORPORATION COMMISSION <b>NOV 05-2007</b> CONSERVATION DIVISION WICHITA, KS			
The undersigned hereby certifies that he / she is <u>Vice President</u> for <u>Chieftain Oil Co., Inc.</u> (Co.), a duly authorized agent, that all information shown hereon is true and correct to the best of his / her knowledge and belief. <u>Just May</u> Agent Signature Subscribed and sworn to before me on this <u>2</u> day of <u>November</u> , <u>2007</u>			
My Commission Expires: <u>4-11-2011</u>		NOTARY PUBLIC - State of Kansas <u>Amanda Corr</u> Notary Public AMANDA CORR My Appt. Expires <u>4-11-2011</u>	