

15-007-23649-0000



KANSAS CORPORATION COMMISSION 1050065
OIL & GAS CONSERVATION DIVISION

Form CDP-1
May 2010
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Val Energy, Inc.		License Number: 5822	
Operator Address: 200 W DOUGLAS AVE STE 520		WICHITA KS 67202	
Contact Person: K TODD ALLAM		Phone Number: 316-263-6688	
Lease Name & Well No.: BROWN-ROLFE 3-26		Pit Location (QQQQ): SE - SW - NW - SW	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Workover Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing If Existing, date constructed: 6/19/2010 Pit capacity: 3,000 (bbls)	Sec. 26 Twp. 34 R. 11 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1,110 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 435 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Barber County	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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? CLAY BOTTOM	
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet)		<input type="checkbox"/> N/A: Steel Pits	
Depth from ground level to deepest point: 4 (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.	
Distance to nearest water well within one-mile of pit: 4682 feet Depth of water well 26 feet	Depth to shallowest fresh water 9 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: FRESH MUD Number of working pits to be utilized: 1 Abandonment procedure: REMOVE FLUIDS, LET DRY, COVER Drill pits must be closed within 365 days of spud date.		
Submitted Electronically			

KCC OFFICE USE ONLY

 Liner Steel Pit RFAC RFAS

Date Received: 01/28/2011 Permit Number: 15-007-23649-00-00 Permit Date: 01/31/2011 Lease Inspection: Yes No

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

Kansas Corporation Commission Oil & Gas Conservation Division

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 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.

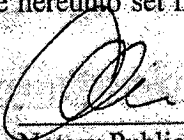
Complete and return with Haul-Off Pit Application, Form CDP1(2004)

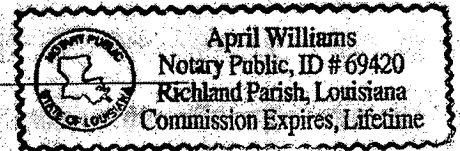
Haul-off pit will be located in an on-site disposal area: Yes No

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.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year last above mentioned.


Notary Public



My appointment expires: *Lifetime*

EXHIBIT "A" TO OIL AND GAS LEASE

Notwithstanding the provisions of the Oil and Gas Lease to which this exhibit is attached, or any wording contained in the lease such as "the land", "this lease", "leasehold", or any similar terms, each of the separately designated tracts "tracts" to this lease shown below shall be treated for all purposes as a separate and distinct lease. All of the provisions contained in this lease form shall be applicable to each separate tract and construed as if a separate lease agreement had been made and executed covering each separate tract.

Tract 1:

The Northwest Quarter of Section 26, Township 34 South, Range 11 West of the 6th P.M., Barber County, Kansas (160 acres more or less)

Tract 2:

The Southwest Quarter of Section 26, Township 34 South, Range 11 West of the 6th P.M., Barber County, Kansas (160 acres more or less)

Tract 3:

The West Half of the East Half of Section 26, Township 34 South, Range 11 West of the 6th P.M., Barber County, Kansas (160 acres more or less)

Tract 4:

The South Half of the Southwest Quarter of Section 27, Township 34 South, Range 11 West of the 6th P.M., Barber County, Kansas (80 acres more or less)

Conservation Division
Finney State Office Building
130 S. Market, Rm. 2078
Wichita, KS 67202-3802



phone: 316-337-6200
fax: 316-337-6211
<http://kcc.ks.gov/>

Thomas E. Wright, Chairman
Ward Loyd, Commissioner

Corporation Commission

Sam Brownback, Governor

January 31, 2011

K TODD ALLAM
Val Energy, Inc.
200 W DOUGLAS AVE STE 520
WICHITA, KS 67202-3005

Re: Drilling Pit Application
BROWN-ROLFE 3-26
Sec.26-34S-11W
Barber County, Kansas

Dear K TODD ALLAM:

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 as soon as practical after drilling 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 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

If you have any questions or concerns please feel free to contact the District Office at (620) 225-8888.