



KANSAS CORPORATION COMMISSION 1072165
OIL & GAS CONSERVATION DIVISION

Form CDP-1
May 2010
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Chesapeake Operating, Inc.		License Number: 32334	
Operator Address: 6100 N WESTERN AVE		PO BOX 18496 OKLAHOMA CITY OK 73154	
Contact Person: Aletha Dewbre		Phone Number: 405-935-4775	
Lease Name & Well No.: Blair 36-30-19 1H		Pit Location (QQQQ): SW - SE - SE - SE Sec. 36 Twp. 30 R. 19 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 225 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 360 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Kiowa 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: 110000 (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 the pit lined if a plastic liner is not used? Native Clay			
Pit dimensions (all but working pits): 125 Length (feet) 125 Width (feet) Depth from ground level to deepest point: 5 (feet)		<input type="checkbox"/> N/A: Steel Pits <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: 4721 feet Depth of water well 108 feet		Depth to shallowest fresh water 60 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: water based mud Number of working pits to be utilized: 1 Abandonment procedure: Allow to dry. Restore by filing with soil to natural level. Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

KCC OFFICE USE ONLY			
Date Received: 01/19/2012	Permit Number: 15-097-21710-01-00	Permit Date: 01/23/2012	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input checked="" type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS	

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.

**SURFACE DAMAGE RELEASE AND
GRANT OF SURFACE EASEMENT**

STATE OF KANSAS)
) **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF KIOWA)

WHEREAS, Robert Eugene Blair and Terri G. Blair, husband and wife as joint tenants, whose address is 200 West Nickerson, Nickerson, Kansas 67561 ("Surface Owner"), is the owner of an interest in and to the surface of the following described lands located in Kiowa County, State of Kansas, to-wit:

Southeast Quarter (SE/4) of the Southeast Quarter (SW/4) of Section 36,
Township 30 South, Range 19 West, Kiowa County, Kansas.

WHEREAS, CHESAPEAKE OPERATING, INC. ("Operator"), is the Operator of a certain oil and gas well, known as the Blair 38-30-19 1H well (the "Well"), the drill site of which is to be located on the above described lands.

WHEREAS, Surface Owner and Operator desire to enter into an agreement for the payment of surface damages and the grant of an easement for ingress and egress relating to the drilling, completion, and maintenance of the Well.

NOW THEREFORE, Surface Owner, for and in consideration of the sum of \$10.00 Dollars and 00/100 (\$ 10.00) and other good and valuable consideration paid by Operator, the receipt and sufficiency of which are hereby acknowledged, does hereby release, discharge and acquit Operator of all liability for damage to the surface of the above described lands arising from the clearing, use and conducting of operations on said lands as a well-drilling site, the setting of well equipment and accessories, well completion, and the producing of oil, gas or other associated substances from the above described property.

Surface Owner hereby additionally establishes, declares, grants and conveys to Operator an unrestricted easement over and on the above described lands for any and all operations conducted on said lands reasonable and necessary in connection with the drilling, completion and maintenance of the Well. The operations and activities covered by this Grant of Surface Easement include, but are not limited to: (a) the right of ingress and egress to the above described lands; (b) the building, establishment and maintenance of roads, pads, tanks, pipelines, fences, fixtures, production equipment and reserve pits; (c) and any other activities reasonable and necessary in connection with oil and gas operations on the above described lands.

Surface Owner and Operator agree that Operator shall limit its use of the above described lands to an area of land 3.5 acres in size, more or less, surrounding or adjacent to the wellbore of the Well, and in addition thereto a roadway for ingress and egress to the well site. Said well site shall be at a location of the Operator's selection with due regard to the terrain and the current reasonable use of the land by the Surface Owner.

The Surface Owner and Operator further agree to the following special provisions:

1. Operator agrees to install cattle guard(s) and fencing where necessary.

The Surface Owner hereby covenants and agrees to settle with the surface tenant of the property, if any, and agrees to indemnify and hold the Operator harmless from any and all claims by such tenant for surface and location damages affecting the property.

The Surface Owner hereby agrees that they or their family members, agents or representatives will not disclose or communicate to any other party any of the terms, provisions and conditions of this settlement. It is agreed however, that the confidentiality terms, of this Agreement shall not prevent any party hereto from instituting suit to enforce

this Agreement. Furthermore, if any party to this Agreement should ever be required by Court order or law in connection with any other legal proceedings to disclose to the Court or to anyone any or all of the terms and conditions of this Agreement, such party shall further provide the other party with written notice of such proposed disclosure at least seven (7) days prior to any such disclosure.

The foregoing sets out the entire agreement between Surface Owner and Operator, and supersedes any prior oral or written agreements or negotiations not set out in writing herein or in the oil and gas lease covering the above described lands. No provisions of this agreement shall be modified, altered or waived except by written amendment executed by the parties or their representatives as set forth below.

This agreement shall be binding upon the successors and assigns of the parties hereto and shall be deemed to be a covenant running with the lands described above.

IN WITNESS WHEREOF, this instrument has been executed by the undersigned the 18 day of November, 2011

SURFACE OWNER(S)

Robert Eugene Blair and Terri G. Blair

Robert Eugene Blair
Robert Eugene Blair

Terri G. Blair
Terri G. Blair

OPERATOR

CHESAPEAKE OPERATING, INC.

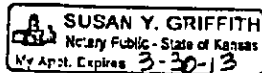
By: Adam Doty
Adam Doty, Field Manager

ACKNOWLEDGMENTS

STATE OF KANSAS)
)
COUNTY OF Reno) ss:

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 18th day of November, 2011 personally appeared Robert Eugene Blair and Terri G. Blair, husband and wife as joint tenants, to me known to be the identical person(s) who executed the within and foregoing instrument, and acknowledged to me that they executed the same as their free and voluntary act and deed, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.



Susan Y. Griffith
Notary Public

My Commission expires:
 3-30-13

My Commission #

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) ss:

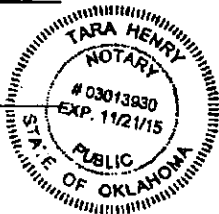
BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 20th day of November, 2011, personally appeared Adam Doty, Field Manager of Chesapeake Operating, Inc., to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

[Signature]
Notary Public

My Commission expires:

My Commission #



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/>

Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

January 23, 2012

Aletha Dewbre
Chesapeake Operating, Inc.
6100 N WESTERN AVE
PO BOX 18496
OKLAHOMA CITY, OK 73154-0496

Re: Drilling Pit Application
Blair 36-30-19 1H
Sec.36-30S-19W
Kiowa County, Kansas

Dear Aletha Dewbre:

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.