

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

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: LaVeta Oil & Gas LLC		License Number: 32432
Operator Address: P.O. Box 780 Middleburg, VA 20118		
Contact Person: Bennie C. Griffin		Phone Number: (620) 458.9222
Lessee Name & Well No.: Allen #9		Pit Location (QQQQ): Komarek #25 SE NE
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 type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing If Existing, date constructed: 4/25/07 Pit capacity: _____ (bbls)	Sec. 30 Twp. 22S R. 11 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 2210 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 730 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Stafford 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? N/A
Pit dimensions (all but working pits): 1.00 Length (feet) 1.00 Width (feet) _____ NA: Steel Pits Depth from ground level to deepest point: 4 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. N/A		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. N/A
Distance to nearest water well within one-mile of pit 260 1304 feet Depth of water well 73 64 feet		Depth to shallowest fresh water 5 7 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 pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Bentonite gel & cuttings Number of working pits to be utilized: one Abandonment procedure: allow to evaporate and backfill 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.		
10/15/07 Date		<i>Bennie C. Griffin</i> Signature of Applicant or Agent
KCC OFFICE USE ONLY		
Date Received: 10/16/07 Permit Number: 15-185-23483 Permit Date: 10/19/07 Lessee Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

15-185-23483-00-00

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CONSERVATION DIVISION
WICHITA, KS

Mail to: KCC - Conservation Division, 136 S. Market - Room 2076, Wichita, Kansas 67202



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

October 19, 2007

Mr. Bennie C. Griffin
LaVeta Oil & Gas, LLC
PO Box 780
Middleburg, VA 20118

RE: Haul-Off Pit Application
Allen Lease Well No. 9
NE/4 Sec. 30-22S-11W
Stafford County, Kansas

Dear Mr. Griffin:

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.

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: district office

I give permission to Laveta Oil and Gas to haul mud to the reserve pit on the Komark 25.

Steven Miller -
Steve Miller- agent for Samuel Cocklin Heirs

10-9-07

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ASSIGNMENT AND BILL OF SALE

965
STATE OF KANSAS }
Stafford County } SS. Fee \$ 14.00
This instrument was filed for record on
the 6th day of April 1973 at
10:40 o'clock A. M. and duly recorded in
Book 145 of Microfilm page 574
Lynette Bunnington Registrar
By [Signature] Deputy

KNOW ALL MEN BY THESE PRESENTS:

This Assignment and Bill of Sale ("Assignment") is made between GEORGE SALING, (Collectively referred to as ("ASSIGNOR"), located at 1325 Highway 56, Lyons, Kansas 67554, and LA VETA OIL AND GAS, L.L.C., ("ASSIGNEE"), located at 141 West Jackson, Suite 1775, Chicago, Illinois 60604.

For the consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, ASSIGNOR hereby assigns, transfers and conveys unto ASSIGNEE all of ASSIGNOR'S right, title and interest, in and to all oil and gas leases (the "Leases") described on Exhibit "A" hereto; together with all of ASSIGNOR'S interest in and to the wells, leasehold equipment of every nature located on the Leases or used in connection therewith, including but not limited to casing, wellhead equipment, fixtures and personal property of every kind and nature owned by ASSIGNOR presently situated upon Leases are used in connection with the production of oil, gas and associated liquid hydrocarbons and gaseous substances from the Leases (the "Equipment").

In addition to the Leases and Equipment, ASSIGNOR, for other valuable consideration, receipt and sufficiency of which is hereby acknowledged, TRANSFERS, ASSIGNS and CONVEYS unto ASSIGNEE all of the following:

- (a) all of ASSIGNOR'S right, title and interest, if any, in and to any rights, privileges, surface, reversionary or remainder interests which relate to the Leases and/or Equipment;
- (b) all of ASSIGNOR'S right, title and interest in, to and under, or derived from, all of the present existing and valid communitization, unitization and pooling agreements (including all units formed under order, regulations, rules or other official acts of any federal, state or other governmental agency having jurisdiction) which relate to the Leases and Equipment;
- (c) all of ASSIGNOR'S right, title and interest, in, to and under, or derived from, all existing and valid oil, casinghead gas, and gas sales, purchase, exchange and processing contracts which relate to any of the Leases and Equipment; and
- (d) All of the above items set forth in subparagraphs (a) through (c) are hereinafter referred to as ("Contract Rights").

The leases, Equipment, and Contract Rights are hereinafter collectively referred to as the ("Properties").

TO HAVE AND TO HOLD SUBJECT TO THE FOLLOWING:

1. The terms, provisions, covenant, and royalties set forth in the Leases, pooling, communitization and unitization agreements, including and/or affecting the Leases.
2. The terms and conditions of all existing valid orders, rules, regulations and ordinances of federal, state and other governmental agencies; the terms and conditions of all overriding royalty interests, restrictions, exceptions, reservations, burdens, encumbrances, conditions, limitations, agreements, Contract Rights, and other matters, if any, which are filed of record and which burden or affect the Properties as of the Effective date hereof.
3. The terms and conditions contained in the joint operating agreements and unit operating agreements, if any, which cover and affect the Properties.
4. All taxes affecting or relating to the Properties, accruing to the Properties after the

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- Effective Date, including but not limited to any windfall profit taxes, excise taxes, ad valorem taxes, production taxes, and severance taxes (exclusive of federal and state and income taxes and franchise or other taxes imposed upon ASSIGNOR).
5. From and after the Effective Date hereof, ASSIGNEE assumes and agrees to fully perform as the accrue all of the express and implied covenants, duties, obligations and conditions of the Leases, overriding royalty interests and other burdens of record as of the Effective date, all farmout agreements, farm-in agreements and the existing contracts and agreements in ASSIGNOR'S files which were provided to ASSIGNEE and which affect the Properties. Said Leases and agreements referenced immediately above are sometimes hereinafter collectively referred to as the "Existing Agreements". ASSIGNEE indemnifies and agrees to defend and hold ASSIGNOR harmless from and against any and all demands, liabilities, costs, or claims for damages, losses and forfeitures that are based on any failure, or alleged failure of ASSIGNEE to comply with the express or implied covenants of said Leases and the Existing Agreements as well as any act or omission of ASSIGNEE relating to the Properties. ASSIGNEE's obligations and indemnities provided in this paragraph shall not apply to any act, event or omission which occur or accrue prior to the Effective Date.
 6. If and when it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, will plug and abandon said well(s) in accordance with all local, state and federal rules and regulations, and will restore the premises pursuant to the terms of the Leases and regulatory requirements. ASSIGNEE further agrees to indemnify and hold ASSIGNOR harmless from any and all liability or expense arising from ASSIGNEE's failure, or alleged failure, to properly plug and abandon such wells.
 7. Additionally, ASSIGNEE shall be responsible and liable for all claims, liabilities, charges and expenses of every kind and character (including but not limited to any and all claims, causes of action or liability arising out of or relating to the violation of any state or federal environmental and contamination related law, rule or regulation) court costs, interest and reasonable attorney's fees associated therewith pertaining to the Properties, and ASSIGNEE shall indemnify and hold ASSIGNOR, its successors and assigns, harmless against the same. The indemnification, responsibilities and liabilities of ASSIGNEE described in this paragraph shall, however, be limited to claims, liabilities, charges or expenses which are caused by or arise directly or indirectly out of acts or omissions by ASSIGNEE, its contractors, subcontracts, employees, officers, directors or assigns after the Effective Date of this Assignment.
 8. ASSIGNOR agrees to indemnify and hold ASSIGNEE harmless from any claim, liability, charge or expense (including but not limited to claims, causes of action or liability arising directly or indirectly out of or relating to the violation of any state or federal environmental and contamination related law, rule or regulation) court costs, interest, and reasonable attorney's fees arising directly or indirectly from any act or omission on the Properties or incidental to the assigned rights and premises, which are caused by or arise directly or indirectly out of any act or omission by ASSIGNOR, its contracts, subcontracts, employees, officers, directors, operators, successors or assignees, before the Effective Date of this Assignment.
 9. To the extent of the interest assigned hereunder: (1) all of the oil, gas and other minerals produced and saved from or attributable to the Properties after the Effective Date, and the proceeds therefrom, shall be owned by ASSIGNEE; and (2) all of the oil, gas and other minerals produced and saved from or attributable to the Properties prior to the Effective Date, and the proceeds therefrom, shall be owned by ASSIGNOR.

considered covenants running with the land and shall inure to and be binding upon the parties hereto, their respective successors and assigns; provided however, no transfer or encumbrance of any of the Properties shall be made unless the same be made expressly subject to this instrument.

11. ASSIGNEE shall comply with all applicable orders, laws, ordinances, rules and regulations and shall promptly obtain and maintain all permits required by proper governmental authorities in connection with the Properties.
12. ASSIGNOR hereby reserves and excepts from this assignment an overriding royalty interest, free of all costs of development and operation, equal to 1% of 8/8%, representing a .01000 net revenue interest, of all oil, gas and other minerals produced from the oil and gas leases described in Exhibit "A".
13. ASSIGNEE agrees to be responsible for and pay all operating expenses from June 1, 1998, forward, including all electricity expenses incurred with Ark Valley Electric Cooperative.
14. This Assignment replaces any prior agreements or covenants between the parties or representatives regarding the leases, including the net revenue interests represented by the leases.
15. As part of the consideration for the execution and delivery of this instrument by ASSIGNOR, ASSIGNEE agrees to all of the terms and provisions hereof and joins in the execution of this instrument to evidence its agreement hereto.
16. ASSIGNOR and ASSIGNEE each represent and warrant to the other that they have the full right and power to enter into and perform each of the obligations under this Assignment. All representations and warranties made by the parties in the Assignment shall survive execution hereof.
17. ASSIGNOR will execute, acknowledge and deliver all further conveyances, transfer orders, division orders, notices, releases and acquittances and such other instruments as may be reasonably necessary or appropriate to more fully assure and convey to ASSIGNEE, its successors or assigns, all of the Properties, rights, title and interests, remedies, powers and privileges assigned and conveyed by this instrument or intended to be so assigned and conveyed.
18. The foregoing sets forth the entire agreement between the parties and there are no oral agreements between the parties not set out herein in writing. This Assignment supersedes all other prior written or oral agreements, if any.

THIS ASSIGNMENT IS MADE AND ACCEPTED WITHOUT WARRANTIES, EXPRESS OR IMPLIED, RELATING TO THE CONDITION OR MERCHANTABILITY OF THE EQUIPMENT OR THE FITNESS OF THE EQUIPMENT FOR A PARTICULAR PURPOSE OR PURPOSES. ASSIGNEE HAS INSPECTED THE SUBJECT MATERIAL, EQUIPMENT AND PERSONAL PROPERTY AND ACCEPTS THE SAME "AS IS, WHERE IS." NO REPRESENTATIONS ARE MADE AS TO THE QUANTITY OR VALUE OF ANY OIL OR GAS RESERVES UNDERLYING THE LANDS SUBJECT TO THE LEASES. ASSIGNOR does, however, hereby bind itself, its successors and assigns, to warrant title to the Leases to ASSIGNEE, its successors and assigns, against every person lawfully claiming the same or any part thereof, by, through or under ASSIGNOR, but not otherwise. This Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the subject Properties or any part thereof insofar as such covenants and warranties extend beyond the Effective Date hereof.

This Assignment is executed this 15th day of June, 1998, but Effective Date shall be June 1, 1998, at 7:00 a.m.

EXHIBIT "A"

Attached to and made a part of that certain Assignment and Bill of Sale effective June 1, 1998 from George Saling collectively as Assignor, and La Veta Oil & Gas, L.L.C. as Assignee.

1) Heven "B"

I 71.92
2E 61.139

Oil and Gas Lease dated November 26, 1928 from Cobus J. Heyen, et ux, as Lessor to F.C. Harrington, as Lessee, recorded in Book 1, Page 95, Records of Stafford County, Kansas.

Insofar and only insofar as said lease covers and concerns the following tract of lands:

✓ Township 22 South, Range 11 West
Section 31: NE/4

2) Komarek Vivian

WE 68
RE 58.320

Oil and Gas Lease dated August 27, 1929 from Wilbur R. Cochlin, et al, as Lessor to Midwest Exploration Company, as Lessee, recorded in Book 3, Page 548, Records of Stafford County, Kansas.

Insofar and only insofar as said lease covers and concerns the following tract of lands:

✓ Township 22 South, Range 11 West
Section 30: E/2

3) Spangenberg P.R.

8-WE
RE 58.320

Oil and Gas Lease dated August 20, 1928 from Paul R. Spangenberg, et ux, as Lessor to Midwest Exploration Company, as Lessee, recorded in Book 11, Page 204, Records of Stafford County, Kansas.

Insofar and only insofar as said lease covers and concerns the following tract of lands:

↓ Township 22 South, Range 11 West
Section 29: SW/4

4) Spangenberg WM

1 59
2E 50.825

Oil and Gas Lease dated August 20, 1928 from Wm Spangenberg, et ux, as Lessor to Midwest Exploration Company, as Lessee, recorded in Book 11, Page 211, Records of Stafford County, Kansas.

Insofar and only insofar as said lease covers and concerns the following tract of lands:

↓ Township 22 South, Range 11 West
Section 29: W/2 NW/4

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"ASSIGNOR"

George Saling
GEORGE SALING

"ASSIGNEE"

LA VETA OIL & GAS, L.L.C.

Charles Griffin
Charles Griffin, Partner

STATE OF KANSAS)
) ss.
~~CITY AND COUNTY OF BARTON~~)

On this 15th day of June, 1998, personally appeared George Saling, an individual that executed the within instrument, and acknowledged to me that such individual executed the same.

Joann Koriel
Notary Public

My Commission Expires:

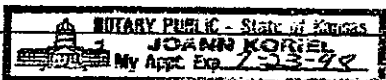


STATE OF KANSAS)
) ss.
~~CITY AND COUNTY OF BARTON~~)

On this 15th day of June, 1998, personally appeared Charles Griffin, a partner of La Veta Oil and Gas, L.L.C. an Illinois limited liability company that executed the within instrument, and acknowledged to me that such company executed the same.

Joann Koriel
Notary Public

My Commission Expires:



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WICHITA KS



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

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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 landowner 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 landowner 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.