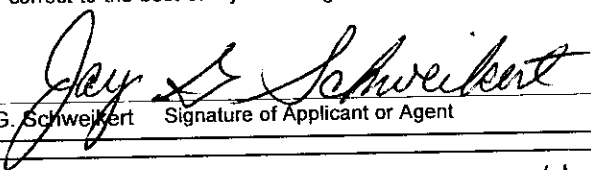


**KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT**

Form GDP-1  
April 2004  
Form must be Typed

*Submit in Duplicate*

Operator Name: <b>Lario Oil &amp; Gas Company</b>		License Number: <b>5214</b>
Operator Address: <b>301 S. Market, Wichita, KS 67202</b>		
Contact Person: <b>Jay G. Schweikert</b>		Phone Number: ( <b>316</b> ) <b>265 - 5611</b>
Lease Name & Well No.: <b>Dalton #2-8</b>		Pit Location (QQQQ): <b>N2 NE SE 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 W/P Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <b>7100</b> (bbls)	Sec. <b>8</b> Twp. <b>28</b> R. <b>5</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>1485</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>350</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Kingman</b> 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?
Pit dimensions (all but working pits): <b>100</b> Length (feet) <b>100</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 <b>2400</b> feet    Depth of water well <b>56</b> feet		Depth to shallowest fresh water <b>16</b> feet. Source of information: _____ measured    _____ well owner    _____ electric log <input checked="" type="checkbox"/> 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>Bentonite Mud</b> Number of working pits to be utilized: <b>2</b> Abandonment procedure: _____ _____ Allow for evaporation. _____ Fill in & cover pits. 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>6/7/06</b> Date	 Jay G. Schweikert    Signature of Applicant or Agent	<b>RECEIVED</b> KANSAS CORPORATION COMMISSION <b>JUN 07 2007</b> CONSERVATION DIVISION WICHITA, KS
<b>KCC OFFICE USE ONLY</b>		
Date Received: <b>6/7/07</b>	Permit Number: <b>15-095-22106-00-00</b>	Permit Date: <b>6/8/07</b> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15-095-22106

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

Line w/ Bent  
RF72HR5



Kathleen Sebelius, Governor  
Brian J. Moline, Chair  
Robert E. Krehbiel, Commissioner  
Michael C. Moffet, Commissioner

June 8, 2007

Mr. Jay G. Schweikert  
Lario Oil & Gas Company  
301 S. Market  
Wichita, KS 67202

Re: Haul-Off Pit Application  
Dalton Lease Well No. 2-8  
NE/4 Sec. 08-28S-05W  
Kingman County, Kansas

Dear Mr. Schweikert:

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 lined with bentonite**. The free fluids must be removed from the haul-off pit within 72 hours 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 (316) 630-4000 when the fluids have been removed. Please file form CDP-5, Exploration and Production Waster 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: D Louis