

**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: Lario Oil & Gas Company		License Number: 5214 ✓
Operator Address: 301 S. Market, Wichita, KS 67202		
Contact Person: Jay G. Schweikert		Phone Number: (316) 265 - 5611
Lease Name & Well No.: Lindholm #1-15		Pit Location (QQQQ): SW SW N/2 NW/4
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: _____ Pit capacity: 7100 (bbls)	Sec. 14 Twp. 28S R. 5 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1155 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 165 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Kingman County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" 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): 100 Length (feet) 100 Width (feet) _____ N/A: 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.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit 1800' feet Depth of water well 45 feet		Depth to shallowest fresh water 14 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 Mud Number of working pits to be utilized: 2 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.		
10/31/07 Date		<i>Jay G. Schweikert</i> Jay G. Schweikert Signature of Applicant or Agent
KCC OFFICE USE ONLY RFS+72		
Date Received: 11/1/07 Permit Number: 15-095-22126-0000 Permit Date: 11/16/07 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

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

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KANSAS CORPORATION COMMISSION
NOV 01 2007
CONSERVATION DIVISION
WICHITA, KS

15-095-22126



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

November 16, 2007

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

RE: Haul-Off Pit Application
Lindholm Lease Well No. 1-15
NW/4 Sec. 14-28S-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 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 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 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,


Kathy Haynes

Environmental Protection and Remediation Department

cc: district

AGREEMENT TO PROVIDE DISPOSAL OF DRILLING MUD

WHEREAS David E. Hirt & Ru-Chieng Hirt, 2521 N. Highpoint Circle, Wichita, Kansas 67205 (hereinafter referred to as Landowners) have agreed to provide Lario Oil & Gas Company an area on the Hirt property for a pit located in the SW SW N/2 NW/4 of Section 14-28S-5W to use for the drilling mud associated with the drilling of the Lindholm 1-15 well located SE SE of Section 15-28S-5W, Kingman County, Kansas.

It is mutually agreed as follows:

1. Lario Oil & Gas Company shall construct a new pit in which all drilling mud from the drilling operation of the Lindholm 1-15 will be disposed.
2. Landowners hereby grant to Lario the right to dispose of all drilling mud during the drilling operation of the Lindholm 1-15. Lario will not use the pit to dispose of any completion fluids as mandated by the Kansas Corporation Commission. The Landowners agrees that this access shall be for so long as it is needed by Lario to complete the drilling of said well.
3. Upon completion of operations of said well, Lario shall as soon as practical, close said pit and restore the premises
4. Lario shall pay to Landowners the sum of Seventeen Hundred Seventy-Eight Dollars (\$1778.66), upon execution of this agreement, for access and use of said lands.
5. Landowners represent that they have they are the owners of said property and have the right to enter into this agreement.

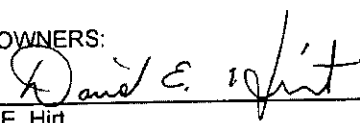
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KANSAS CORPORATION COMMISSION

NOV 01 2007

CONSERVATION DIVISION
WICHITA, KS

EXECUTED THIS 22 day of October, 2007.

LANDOWNERS:



David E. Hirt



Ru-Chieng Hirt

63U (Rev. 1993)

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 16th day of April, 2001

by and between David E. Hirt and Ru-Chieng Hirt, his wife; John L. Hirt and Susan K. Hirt, his wife;

whose mailing address is 2521 N. Highpoint Circle Wichita, KS. 67205 and J. Fred Hambright, Inc. 125 N. Market #1415 Wichita, KS. 67202

Lessor, in consideration of One & Other - - - - - Dollars (\$ 1.00 & ovc.) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Kingman State of Kansas described as follows to-wit:

SEE DESCRIPTION RIDER ATTACHED HERETO AND MADE A PART HEREOF

In Section 14 Township 28 South Range 5 West and containing 120 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of 3 years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor. When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

Lessor and Lessee shall mutually agree on all routes of ingress and egress and location of any well drilled on this land.

Lessee agrees to pay for all damages caused by its operations on this land and to restore the surface to its original contour as nearly as possible.

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CONSERVATION DIVISION WICHITA, KS



STATE OF KANSAS, Kingman County, ss: This instrument was filed for record on the 18 day of June A.D. 2001 at 9:11 o'clock P.M. and duly recorded in Book 6-7 page 90 Fee \$1200.00 [Signatures] Recorder of Deeds Deputy

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

David E. Hirt SS# 509-66-7013

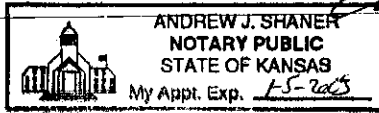
Ru-Chieng Hirt

John L. Hirt SS# 511-62-9213

Susan K. Hirt

STATE OF Kansas ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
COUNTY OF Sedgwick
The foregoing instrument was acknowledged before me this 20 day of May ~~April~~, 2001,
by David E. Hirt and Ru-Chieng Hirt, his wife

My commission expires 1-5-2003



Andrew J. Shaner
Notary Public
Andrew J. Shaner

STATE OF Kansas ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
COUNTY OF Neurospit
The foregoing instrument was acknowledged before me this 15 day of April ~~May~~, 2001,
by John L. Hirt, husband of Susan K. Hirt and Susan K. Hirt, his wife

My commission expires 7/21/02

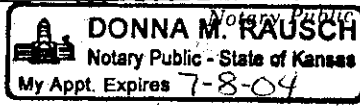
Ann P. Campbell
Notary Public

Ann P. Campbell

STATE OF KANSAS ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
COUNTY OF SEDGWICK
The foregoing instrument was acknowledged before me this 21ST day of MAY, 2001,
by SUSAN K HIRT, Wife of John L. Hirt and _____

My commission expires JULY 8, 2004

Donna M. Rausch



Donna M. Rausch

STATE OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____,
by _____ and _____

My commission expires _____
Notary Public

No. _____	OIL AND GAS LEASE	FROM	TO	Date	Section	Twp.	Rge.	No. of Acres	Term	County	STATE OF _____	County	This instrument was filed for record on the _____ day of _____ at _____ o'clock _____ M., and duly recorded in Book _____ Page _____ of the records of this office.	By _____	Register of Deeds.	When recorded, return to _____

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CONSERVATION DIVISION
WICHITA, KS

STATE OF _____ ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____,
by _____ of _____ a _____ corporation, on behalf of the corporation.
My commission expires _____
Notary Public

LEGAL DESCRIPTION:

North Half of the Northwest Quarter (N/2 NW/4) of Section Fourteen (14), Township Twenty-eight (28) South, Range Five (5) West of the 6th P.M.

West Half of the Northeast Quarter (W/2 NE/4) of Section Fourteen (14), Township Twenty-eight (28) South, Range Five (5) West of the 6th P.M. except Tracts and Lampe's Addition described as follows:

Beginning at a point approximately 1573 feet West of the Northeast corner of said section and along North line of said Sec. 14; thence East 208.7 ft.; thence South 208.7 ft.; thence West 208.7 ft.; thence North 208.7 ft. to point of beginning.

Beginning at a point approximately 1573 feet West of the Northeast corner of said section and along the North line of said Sec. 14; thence West 208.7 ft.; thence South 208.7 ft.; thence East 208.7 ft.; thence North 208.7 ft. to point of beginning.

A tract of land lying in the NE/4 of Section 14, Township 28, Range 5 West of the 6th P.M., in Kingman Co., Ks. being otherwise described as going southerly along the half section line through Section 14-28S-5W, a distance of 1164.7 feet and 792.7 feet Easterly on a line which is parallel to the North line of said section and also on the South line of the Lampe Addition as recorded, for a point of beginning, thence continuing easterly along the same line a distance of 534.5 ft., thence turning right 89°45' and going southerly a distance of 476.6 ft., thence turning right and going northwesterly a distance of 580.1 feet to a point 256.0 ft. South of the North line of the tract, thence turning right and going northerly a distance of 256.0 ft. on a line 90° to the said North line to the point of beginning; and an Easement description as follows: Going South along the half section line through Sec. 14, Twp. 28, Rge 5W, a distance of 1164.7 ft. and easterly on a line parallel to the North line of said section, a distance of 344.0 ft. for a point of beginning, thence continuing easterly on the same line which is the south line of the Lampe Addition as recorded, a distance of 448.7 ft., thence turning right 90° and going southerly a distance of 50 feet; thence turning right and going Westerly a distance of 448.7 ft., thence turning right and going northerly a distance of 50 feet to the point of beginning, for a road.

A tract of land lying in the Northeast Quarter (NE/4) of Section 14-28S-5W of the 6th P.M., Kingman Co., Ks. being more particularly described as going easterly on the North line of Sec. 14-28S-5W a distance of 882.7 ft. East of the North Quarter corner of said section and turning right 89°35' to go southerly parallel to the half section line a distance of 208.75 ft. for a point

(Continued on next page)

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EXHIBIT "A" : (Continued)

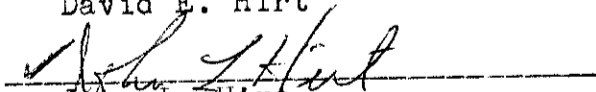
of beginning, thence continuing on southerly on a line parallel to the half section line and being a part of the East line of the Lampe Addition a distance of 257.2 ft., thence turning left and going Easterly on a line parallel to the North line of the section a distance of 417.4 ft., thence turning left and going northerly parallel to the West line a distance of 257.2 ft., thence turning left and going westerly a distance of 417.4 ft. to the point of beginning.

A tract of land lying in the NE/4 of Sec. 14-28S-5W of the 6th P.M. Kingman County, Ks., being more particularly described as going easterly along the north line of Sec. 14-28S-5W a distance of 561.0 feet East of the North Quarter corner of said section and turning right 89°35' and going southerly parallel to the half section line a distance of 465.88 ft. for a point of beginning, which point is the Northeast corner of Lot 9 of Lampe's Addition, thence continuing southerly on the same line which is a part of the East side of the Lampe Addition a distance of 698.2 feet, thence turning left 89°35' and going easterly parallel to the North line of the section a distance of 769.1 ft., thence turning left and going northerly parallel to the West line a distance of 1164.8 ft. to the North section line, thence turning left and going westerly along the North section line a distance of 30.0 ft., thence turning left and going southerly parallel to the East line of the tract, a distance of 456.9 ft., thence turning right and going westerly a distance of 739.1 ft. to the point of beginning.

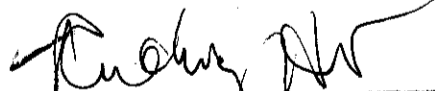
All of Lampe's Addition, Kingman County, Kansas, as described more particularly on a Plat filed of record in Kingman County, Ks. Register of Deeds office on August 25, 1976 at page 47 of Plats, Drawer C.



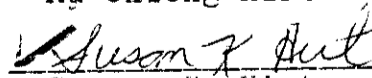
David E. Hirt



John L. Hirt



Ru-Chieng Hirt



Susan K. Hirt

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April 2004
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Submit in Duplicate

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Operator Address: 301 S. Market, Wichita, KS 67202		
Contact Person: Jay G. Schweikert		Phone Number: (316) 265 - 5611
Lease Name & Well No.: Lindholm #1-15		PR Location (QQQQ): SW SW NW NW/4 Sec. 14 Twp. 28S R. 5 <input type="checkbox"/> East <input checked="" type="checkbox"/> West
Type of PIT: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input 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: Pit capacity: 7100 (bbls)	1155 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 165 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Kingman County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" 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): _____ Length (feet) _____ Width (feet) X N/A: Steel Pits Depth from ground level to deepest point: _____ (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 1800' feet Depth of water well 45 feet		Depth to shallowest fresh water 14 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 Mud Number of working pits to be utilized: 2 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.		
<u>11/2/07</u> Date		<u>Jay G. Schweikert</u> Signature of Applicant or Agent
RECEIVED KANSAS CORPORATION COMMISSION NOV 05 2007		
KCC OFFICE USE ONLY		
Date Received: <u>11/5/07</u> Permit Number: _____		Permit Date: <u>11/5/07</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

15095-22126-0000

Mail to: KCC - Conservation Division, 130 S. Market - Room 2075, Wichita, Kansas 67202
No liner needed - Haul fluids after salt section & within 72 hrs of drilling completion.
B.J. Hope on 11-15-07.