



Mark Parkinson, Governor
Thomas E. Wright, Chairman
Joseph F. Harkins, Commissioner

March 12, 2010

WELDA BATES
ARES ENERGY LTD
303 W WALL STE 900
MIDLAND TX 79701

RE: LEASE: SCHEPMANN 7-27
LEGAL: 330'FSL-1000'FEL 27-17S-10W
COUNTY: ELLSWORTH
API NO: 15053212210000

Dear Ms. Bates:

This letter is to inform you that you have been granted an extension of time in which to close the drilling pits associated with the drilling of the Schepmann 7-27 well.

The original 365 days for closure expired June 8, 2009. This extension will expire June 12, 2010. We urge you to make every effort to close these pits within this time frame. **In the event there is water standing in these pits, please dewater and dispose of fluids in an authorized disposal facility to expedite closure.** Extension of this time frame automatically extends the time period for filing the Closure of Surface Pit form.

Failure to close the pit or request an additional extension prior to the expiration date may result in a fine in accordance with K.A.R. 82-3-602(a). An additional extension will only be granted for good cause and after K.C.C. field staff has made an inspection of the site. Should field staff discover that said pit has been closed before the date of extension request, an administrative penalty may be assessed to you through K.C.C. invoice.

If you have any questions in this regard, please do not hesitate to contact Jonelle Rains at (316) 337-6226.

Very sincerely yours,

A handwritten signature in black ink that reads "Doug Louis".

Doug Louis
Director

cc: Jonelle Rains
District # 2

Sammy Flaharty

From: Virgil Clothier
Sent: Friday, March 05, 2010 3:37 PM
To: Sammy Flaharty
Subject: RE: pit extension

Sammy, I was in the vicinity of this well so I pulled on in here to check it. The main reserve pit has been crowded and 3 sidewalls have been used to partially fill in the pit. I drove right up to this location, NO water holes to drive thru at all. The pits still have water in them, So I would recommend that they remove fluids and allow to dry and then get filled in, providing the rain misses us this weekend. I can't see why you want to abandon ship, now. The funs only beginning, isn't it??? See ya, Virgil

-----Original Message-----

From: Sammy Flaharty
Sent: Friday, March 05, 2010 1:48 PM
To: Virgil Clothier
Subject: pit extension

Hi Virgil. Are you enjoying this Spring weather? I sure am. I'm going to enjoy it a lot more the end of March as I'm retiring March 31.

Anyway, I have a request for a pit extension from Ares Energy LTD stating the pit has had an excessive amount of precipitation in the area. The pit is as follows:

Schepmann 7-27
330'FSL-1000'FEL 27-17S-10W
Ellsworth County
15053212210000
Spud 6/8/08 pit extension expires 3/11/10

So that's the scoop. Let me know what you think on this one. Enjoy that weather out there. It's looking like a good time to be out in a truck with the windows rolled down running along Kansas roads. Have fun out there Virgil.
Sammy

ARES ENERGY LTD.

RECEIVED
MAR 05 2010
KCC WICHITA

March 4, 2010

VIA FEDERAL EXPRESS
316-337-6226

Kansas Corporation Commission
Attention: Jonelle Rains
130 South Market, Room – 2078
Wichita, Kansas 67202

Re: Closure of Surface Pit
Schepmann Lease Well No. 7-27
SWSESE Section 27, T17S, R10W
Ellsworth County, Kansas
API No. 15-053-21221-0000

Dear Ms. Rains:

With reference to the captioned well, we hereby request an extension of time from March 11, 2010, to close the pit due to the excessive amount of precipitation received in the area.

Thank you for your understanding of our situation in this matter. If you have any questions or need additional information, please do not hesitate to contact me at ARES Energy, Ltd. at the telephone number shown on the letterhead.

Very truly yours,

ARES ENERGY, LTD.



Welda J. Bates
Land Administrator