

May 22, 2009

ALLEN BANGERT
MAI OIL OPERATIONS INC
8411 PRESTON RD STE 800
DALLAS TX 75225

RE: LEASE: POPP 3
LEGAL: 540'FSL-2170'FEL 04-16S-14W
COUNTY: BARTON
API NO: 15009250760000

Dear Mr. Bangert:

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 Popp 3 well.

The original 365 days for closure expired September 17, 2008. This extension will expire November 22, 2009. 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,


Doug Louis
Director

cc: Jonelle Rains
District # 4



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

April 30, 2009

Mai Oil Operations, Inc.
8411 PRESTON RD STE 800
DALLAS TX 75225

RE: NOTICE OF VIOLATION - 82-3-602

Dear Sir or Madam:

K.A.R. 82-3-602(a) states that drilling pits shall be closed within a maximum of 365 calendar days after the spud date of a well. Any pit permit may be extended upon written request by the operator and with the approval of the director. Failure to close any pit or to file an extension within the prescribed time limits shall be punishable by a \$250 penalty.

K.A.R. 82-3-602(c) states "Each operator of a pit shall file a pit closure form ... within 30 days after the closure of the pit. Failure to file the pit closure form in accordance with this subsection shall be punishable by a \$100 penalty".

According to our records a Closure of Surface Pit, form CDP-4 (April 2004), has not been filed and is past due for the following well:

| <u>API NO.</u> | <u>WELL</u> | <u>LOCATION</u> | <u>COUNTY</u> | <u>SPUDDATE</u> | <u>EXTENSION EXPIRATION</u> |
|----------------|-------------|-----------------|---------------|-----------------|-----------------------------|
| 15009250760000 | POPP 3 | 4-16-14W | BARTON | 9/17/2007 | 3/17/2009 |

This requested information must be submitted by **May 25, 2009**. Failure to submit the requested information by this date may subject **Mai Oil Operations, Inc.** to the assessment of the above referenced penalty(s). Conservation division forms are available through our office and on the KCC web site: <http://kcc.ks.gov/conservation/forms/>

Should you have any questions or concerns please contact Sammy Flaharty at (316) 337-6227.

Sincerely,

Jonelle Rains

Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

KANSAS CORPORATION COMMISSION

MAY 15 2009

RECEIVED

Pits in low lying area. Would need 6mo. Extension to Dry up and Get Closed

Allen Bangert

Sammy Flaharty

From: Case Morris
Sent: Wednesday, May 20, 2009 9:19 AM
To: Sammy Flaharty
Subject: Pit ext.

Hi Sammy,

I'm a little slow getting these to you, but go ahead and give extensions:

Mai Oil
15009250760000
Popp #3

Palomino Pet.
15009250290000
Staudinger #2

15009248920000
Staudinger #1

Central Operating
15051255430000
Thecla Haas

Thanks. Case.