

July 31, 2009

DAVIS KOSS
FOUNDATION ENERGY MANAGEMENT LLC
601 SO BOULDER AVE STE 600
TULSA OK 74119

RE: LEASE: WEST LYONS UNIT 7-4
LEGAL: 1270'FNL-1485'FEL 20-19S-08W
COUNTY: RICE
API NO: 15159225640000

Dear Mr. Koss:

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 West Lyons Unit 7-4 well.


District staff inspected the site and felt that windows could be cut in the banks around the pit. It would also help to knock down some of the big weeds so the wind could help dry the pits.

The original 365 days for closure expired April 16, 2009. This extension will expire October 16, 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 # 2

Sammy Flaharty

From: Virgil Clothier
Sent: Thursday, July 23, 2009 12:34 PM
To: Sammy Flaharty
Subject: RE: pit extension

Sammy, These pits are full of water so they probably will need the extension. I would also recommend to the operator to cut some windows in the banks around this pit and get some of the big weeds knocked down around it to allow some air flow from our nice Kansas winds to speed up the drying process. I don't quite see the part about drainage from up-hill. Actually the pits set up higher than the area in field to the north where it is lower. That's how I see it. Thanks, watch them cougars. Virgil

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

From: Sammy Flaharty
Sent: Wednesday, July 22, 2009 9:24 AM
To: Virgil Clothier
Subject: pit extension

Hi Virgil. How's it going out there in the wilds of Kansas? I guess all our operators are crying the blues over all the recent rains and their inability to get pits closed. Anyway, I have received the following request for an additional extension.

Foundation Energy Management LLC
West Lyons Unit 7-4
1270'FNL-1485'FEL 20-19S-08W
Rice County
15159225640000
Spud 4/16/08 pit extension expired 7/16/09

The operator states that due to the rain the pits are full of water and he can't haul water due to the cost. The problem he states is not due just to rain water but also run off from up hill. Why do these guys put these pits in a drainage? I often wonder if they do not think or what. Oh well, at least he states they have built a berm to redirect runoff. Anyway, let me know your recommendations. Thanks Virgil for your help.

July 21, 2009

RECEIVED
JUL 22 2009
KCC WICHITA

Kansas Corporation Commission
Conservation Division
Finney State Office Building
130 S. Market, Room 2078
Wichita, KS 67202-3802

Dear Mr. Louis,

7-4

The extension, we requested, to close the pits on the WLU ~~77~~ has just expired. I regret to inform you that we have not yet filled the pit. The pit is quite full and dewatering would amount to a great expense for our organization. I am requesting 4-6 more weeks of extension to allow most of the water to evaporate. If an extension is not granted, we will haul the water as soon as possible.

The problem was caused not only from rainwater in the pit, but also runoff from uphill. To alleviate the runoff, we have built up the berm to keep water from flowing in and are now looking for dryer days. Please feel free to call me directly to discuss at 918-304-4661.

Thank you,



David Koss

API-1515922564

Legal-20-195-865