

  
**KANSAS**  
CORPORATION COMMISSION

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

December 18, 2009

WELDA J 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 March 11, 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,

  
Doug Louis  
Director

cc: Jonelle Rains  
District # 2

**Sammy Flaharty**

---

**From:** Virgil Clothier  
**Sent:** Friday, December 11, 2009 2:24 PM  
**To:** Sammy Flaharty  
**Subject:** RE: pit extension

Hey Sammy, Today is finally becoming more tolerable with the temperature. My 1250 watt tank heater for the one horse doesn't keep hot enough when it gets down like it has been at night. I guess I'm going to have to get a bigger wattage heater, hope they make one. About the needed extension on this Ares Energy pit, I'm sure now with the snow that's up in this area, its going to be too wet for awhile, but as long as this has been dragging out, I'd probably tell them that this will be the last extension. So whatever you want to give them, 60 days-90 days and this is it. Sounds like you got lucky with you car, usually I don't come out that easy with my car ordeals. Stay warm, Virgil

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

**From:** Sammy Flaharty  
**Sent:** Wednesday, December 09, 2009 1:39 PM  
**To:** Virgil Clothier  
**Subject:** pit extension

Hi Virgil. Is it cold enough for you? Lord it's miserable. I had a Dr. Appt this morning for blood work and my brake light came on, on the way to town. I called Richard. God love him, he came to my rescue. I was scared it was the master brake cylinder. I had visions of a big huge repair bill. Well, it just needed brake fluid. He said he hadn't put any in in ages. So anyway, it was fairly simple to take care of. You husbands are good for something. If nothing else to rescue us poor wives.

Well, I got a request for an additional extension of time to close the pit. They state it's been too wet to close. Imagine that? It's colder than a well digger's backside out there. Well the well is as follows:

Ares Energy Ltd.  
Schepmann 7-27  
330'FSL-1000'FEL 27-17S-10W  
Ellsworth County  
15053212210000  
Spud 6/8/08 pit extension expires 12/16/09

Well, let me know what you think Virgil. Take care and stay warm. I hope your truck has a good heater on it. Thanks for your help.

Sammy

# ARES ENERGY LTD.

December 8, 2009

**VIA FEDERAL EXPRESS**  
316-337-6226

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

RECEIVED  
KANSAS CORPORATION COMMISSION

DEC 08 2009

CONSERVATION DIVISION  
WICHITA, KS

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

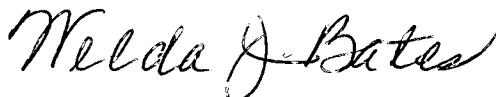
Dear Ms. Rains:

With reference to the captioned well, we hereby request an extension of time from December 16, 2009 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