



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

March 20, 2009

FIVE STAR ENERGY INC
215 E 14TH ST
HARPER KS 67058

RE: LEASE: BUGNER 1-19
LEGAL: 3730'FSL-4730'FEL 19-31S-07W
COUNTY: HARPER
API NO: 15077215940000

Dear Sir/Madam:

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 Bugner 1-19 well.

The original 365 days for closure expired September 30, 2008. This extension will expire September 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

CONSERVATION DIVISION

Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
(316) 337-6200 • Fax: (316) 337-6211 • <http://kcc.ks.gov/>

MEMORANDUM

RECEIVED
KCC DISTRICT 2
MAR 17 2009
WICHITA, KS

To: District 2

From: Sammy K. Flaharty

Date: March 13, 2009

Re: Pit Extensions

The following operators have requested additional extensions of time in which to fill the pits associated with the given lease. Please inspect the lease and let me know what your recommendations are. Your time and work are appreciated.

Five Star Energy Inc. owns both wells.

Bugner 1-19
3730'FSL-4730'FEL 19-31S-07W
Harper County
15077215940000
Spud 9/30/07 pit extension expired 1/30/09

Smith 3-34
931'FSL-1188'FEL 34-30S-07W
Kingman County
15095220590000
Spud 9/28/06 pit extension expired 03/12/09

3-16-09
6 month ext.
[Signature]

3-16-09
6 month ext.
[Signature]

RECEIVED
MAR 17 2009
KCC WICHITA



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

March 10, 2009

Five Star Energy, Inc.
215 E 14TH ST
HARPER KS 67058

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:

Table with 6 columns: API NO., WELL, LOCATION, COUNTY, SPUDDATE, EXTENSION EXPIRATION. Row 1: 15077215940000, BUGNER 1-19, 19-31-7W, HARPER, 9/30/2007, 1/30/2009

This requested information must be submitted by March 30, 2009. Failure to submit the requested information by this date may subject Five Star Energy, 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

RECEIVED

MAR 13 2009

KCC WICHITA

Handwritten note: This dozer service has told me pits are to wet to close but he has worked on both locations, Please extend time.

Handwritten note: Smith #3-34 34-305-7W API # 15095-22059-000

Thanks
Dan