


KANSAS
CORPORATION COMMISSION

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

January 20, 2009

TERRY P BANDY
P O BOX 522
CANTON KS 67428

RE: LEASE: NICKLAUS 3
LEGAL: 1320'FSL-330'FEL 08-22S-04E
COUNTY: MARION
API NO: 15115211860001

Dear Mr. Bandy:

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 Nicklaus 3 well.

The original 365 days for closure expired November 12, 2008. This extension will expire April 20, 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

RECEIVED
KANSAS CORPORATION COMMISSION

JAN 07 2009

CONSERVATION DIVISION
WICHITA, KS

TE-PE OIL & GAS

P.O. BOX 522

CANTON, KANSAS 67428

620-628-4428

KANSAS CORPORATION COMMISSION
CONSERVATION DIVISION
130 S MARKET, ROOM 2078
WICHITA, KANSAS 67202

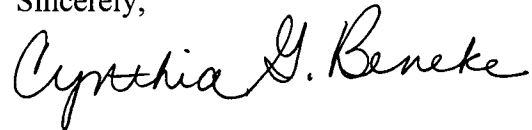
ATTENTION: JONELLE RAINS

RE: NICKLAUS #3 MARION COUNTY
KRAMER #24 BUTLER COUNTY

Dear Jonelle,

We are in receipt of the Notice of Violation on the above referenced wells. Due to the excessive rain this past year with not enough drying time inbetween them the pits on the leases have not been closed. The purpose of this letter, therefore is to request an extension for closure of the above pits. Please let us know if anything further is needed to receive this extension.

Sincerely,



Cynthia G. Beneke
Agent

CGB

Encl.