



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

June 13, 2008

WELDA J BATES
ARES ENERGY LTD
303 W WALL STE 900
MIDLAND TX 79701

RE: LEASE: SCHEPMANN 3-27
LEGAL: 990'FSL-1650'FEL 27-17S-10W
COUNTY: ELLSWORTH
API NO: 15053212040000

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 3-27 well.

The original 365 days for closure expired June 12, 2008. This extension will expire December 12, 2008. 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(c). 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/>



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MAY 28 2008

BY:

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

ARES Energy, LTD
303 W WALL STE 900
MIDLAND TX 79701

May 28, 2008

Re: Closure of Drilling Pits
SCHEPMANN Lease Well No. 3-27
NESWSE 27-17S-10W
ELLSWORTH County, Kansas
API No. 15053212040000

Dear Sirs:

The above referenced well was spudded on 6/12/2007. According to K.A.R. 82-3-602, "Drilling pits ... shall be closed within a maximum of 365 calendar days after the spud date of a well". The subject drilling pits must be closed by 6/11/2008. A Closure of Surface Pit, form CDP-4 (April 2004), should be filed within 30 days after the drilling pits are closed. **Conservation division forms are available through our office and on the KCC web site: <http://kcc.ks.gov/conservation/forms/>**

Should an extension be warranted, it must be received by 6/11/2008. **TO FILE FOR AN EXTENSION, PLEASE SEND A COPY OF THIS LETTER WITH THE FOLLOWING INFORMATION COMPLETED:**

Date of location inspection by operator/agent: June 3, 2008

Reason for extension: Weather - Pit does not completely dry out

Estimated period of time until pit closure: Six (6) Months

Failure to timely close the pit, file a request for an extension or file the closure form within the allotted time periods may result in assessment of an administrative penalty.

Your cooperation in this process is appreciated. If you have any questions or concerns, please call **Sammy Flaharty** at (316) 337-6227.

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KANSAS CORPORATION COMMISSION

JUN 05 2008

CONSERVATION DIVISION
WICHITA, KS

ARES ENERGY LTD.

June 4, 2008, 2008

Kansas Corporation Commission
Attention: Sammy Flaharty
130 South Market, Room – 2078
Wichita, Kansas 67202

Re: Closure of Drilling Pit
Schepmann Lease Well No. 3-27
NESWSE Section 27, T17S, R10W
Ellsworth County, Kansas
API No. 15053212040000

Dear Ms. Flaharty:

Enclosed herewith is your letter dated May 28, 2008, pertaining to the captioned. We have indicated on your form that we will need an extension due to the wet weather not allowing the pit to dry out.

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.

Sincerely,

ARES Energy, Ltd.



Welda J. Bates
Land Administrator

Enclosures

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JUN 05 2008

CONSERVATION DIVISION
WICHITA, KS