

  
**KANSAS**  
CORPORATION COMMISSION

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

February 29, 2008

PALOMINO PETROLEUM INC  
4924 SE 84<sup>TH</sup> ST  
NEWTON KS 67114

RE: LEASE: STAUDINGER 1  
LEGAL: 870'FNL-1320'FWL 20-16S-12W  
COUNTY: BARTON  
API NO: 15009249820000

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 Staudinger 1 well.

The original 365 days for closure expired September 12, 2007. This extension will expire April 20, 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 #4

MEMORANDUM

To: ~~District~~

From: Sammy K. Flaherty

Date: February 18, 2008

Re: Pit Extensions

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KANSAS CORPORATION COMMISSION  
FEB 21 2008  
CONSERVATION DIVISION  
WICHITA, KS

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.

Palomino Petroleum Inc  
Staudinger 1  
870'FNL-1320'FWL 20-16S-12W  
Barton County  
15009249820000  
Spudded 9/12/06 Pit extension expired 10/12/07

*IFT extensions OK with no  
has been met with no  
changing weather for last 3 mo.  
H. Jones 2-20-08*

Mai Oil Operations Inc  
Miller A 1  
990'FNL-770'FWL 04-16S-14W  
Barton County  
15009249230000  
Spudded 4/21/06 pit extension expired 12/20/07

KCC  
FEB 20 2008  
HAYS, KS

Citation Oil & Gas Corp                      Ellis County  
Wieland Unit 4-16                              15051255280000  
3605'FSL-1074'FEL 01-13S-16W spud 9/5/06 pit extension expired 2/15/08

  
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Palomino Petroleum, Inc.  
4924 SE 84TH ST  
NEWTON KS 67114

January 8, 2008

Re: Closure of Drilling Pits  
Staudinger #1  
S/2 N/2 NW - Sec. 20-16S-12W - Barton County, Kansas  
API #15-009-24982

Dear Sirs:

The above referenced well was spudded on <sup>9/12/06</sup> ~~12/11/2006~~. 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 should have been closed by ~~12/11/2007~~. 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 12/11/2007. **TO FILE FOR AN EXTENSION, PLEASE SEND A COPY OF THIS LETTER WITH THE FOLLOWING INFORMATION COMPLETED:**

Date of location inspection by operator/agent: 2/11/08

Reason for extension: Too wet

Estimated period of time until pit closure: 2 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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FEB 12 2008

CONSERVATION DIVISION  
WICHITA, KS