


KANSAS
CORPORATION COMMISSION

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

October 20, 2008

US ENERGY LLC
20 LAKEVIEW DR
GARNETT KS 66032

RE: LEASE: SELTMAN 1
LEGAL: 575'FNL-925'FEL 27-20S-19W
COUNTY: PAWNEE
API NO: 15145215650000

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 Seltman 1 well.

The original 365 days for closure expired October 9, 2008. This extension will expire December 15, 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 #1



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

US Energy LLC
20 LAKEVIEW DR
GARNETT KS 66032

October 7, 2008

RECEIVED
KANSAS CORPORATION COMMISSION

OCT 16 2008

Re: Closure of Drilling Pits
SELTMAN Lease Well No. 1
W2NENE 27-20S-19W
PAWNEE County, Kansas
API No. 15145215650000

CONSERVATION DIVISION
WICHITA, KS

Dear Sirs:

The above referenced well was spudded on 10/9/2007. 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 10/8/2008. 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 10/8/2008. **TO FILE FOR AN EXTENSION, PLEASE SEND A COPY OF THIS LETTER WITH THE FOLLOWING INFORMATION COMPLETED:**

Date of location inspection by operator/agent: SEPT. 30, 08

Reason for extension: WE ARE ANTICIPATING REWORKING SELTMAN #1, MAKING
IT A DISPOSAL WELL OUT OF IT.

Estimated period of time until pit closure: NOV. 15 - 08

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.