


KANSAS
CORPORATION COMMISSION

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

July 28, 2008

JIM GRABER
GRA EX LLC
P O BOX 32]
KINGMAN KS 67068

RE: LEASE: KOELSCH 1
LEGAL: 760'FSL-330'FEL 11-24S-14W
COUNTY: STAFFORD
API NO: 15185234180000

Dear Mr. Graber:

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 Koeisch 1 well.

The original 365 days for closure expired February 12, 2008. This extension will expire January 17, 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(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

MEMORANDUM

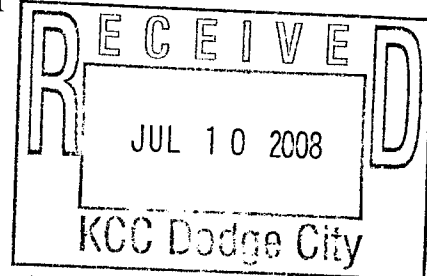
From: ~~TO:~~ District 1

TO ~~FROM:~~ Sammy K. Flaharty



Date: July 9, 2008

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.

Gra Ex, LLC
Koelsch 1
760' FSL-330' FEL 11-24S-14W
Stafford County
15185234180000
Spud 2/12/07 pit extension expired 5/12/08

*6 MONTH
7-17-08
S. Darnall*

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JUL 21 2008

CONSERVATION DIVISION
WICHITA, KS

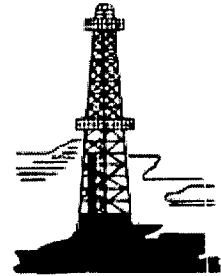
GRA EX, LLC

PO Box 32

Kingman, KS 67068

Office Phone/Fax-620-532-2644

Gra_Ex_LLC@cox.net



July 8, 2008

Attn: Sammy Flaharty
KCC-Conservation Division
130 S Market Room 2078
Wichita, KS 67202

Sammy or Joelle,

I need your help. I am not exactly sure where to go with this. The landowner on the attached Koelsch #1, Mr. Koelsch, has apparently had a bad experience in the past, on a pit closure. He insists that the pit is not yet dry enough to close. Actually, when we went in to "crowd pits", he made the dozer operator leave the area. What do you suggest we do in this case? Should we apply for another extension? We do not wish to close pits until they are dry enough, anyway, but the timing is pretty much in his hands. Suggestions?

Thanking you in advance.

Jim Graber
Office manager

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CONSERVATION DIVIS.
WICHITA, KS



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

July 3, 2008

Gra Ex, LLC
1603 N WALNUT
PO BOX 32
KINGMAN KS 67068

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:

<u>API NO.</u>	<u>WELL</u>	<u>LOCATION</u>	<u>COUNTY</u>	<u>SPUDDATE</u>	<u>EXTENSION EXPIRATION</u>
15185234180000	KOELSCH 1	11-24-14W	STAFFORD	2/12/2007	5/12/2008

This requested information must be submitted by **July 21, 2008**. Failure to submit the requested information by this date may subject **Gra Ex, LLC** 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, Supervisor
Department of Environmental Protection and Remediation

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WICHITA, KS