

  
**KANSAS**  
CORPORATION COMMISSION

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

February 11, 2008

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

RE: LEASE: SCHEPMANN 5-27  
LEGAL: 915'FSL-2170'FEL 27-17S-10W  
COUNTY: ELLSWORTH  
API NO: 15053211940000

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 5-27 well.

The original 365 days for closure expired December 28, 2007. This extension will expire June 28, 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/>

# ARES ENERGY LTD.

January 31, 2008

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

Re: Closure of Drilling Pit  
Schepmann Lease Well No. 5-27  
NWSWSE 27-17S-10W  
Ellsworth County, Kansas  
API No. 15053211940000

Dear Ms. Flaharty:

Enclosed herewith is your letter dated January 8, 2008, pertaining to the captioned. We have indicated on your form that we will need an extension due to the excessive amount of rainwater and snow received in 2007.

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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FEB 04 2008

CONSERVATION DIVISION  
WICHITA, KS



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

January 8, 2008

Re: Closure of Drilling Pits  
SCHEPMANN Lease Well No. 5-27  
NWSWSE 27-17S-10W  
ELLSWORTH County, Kansas  
API No. 15053211940000

Dear Sirs:

The above referenced well was spudded on 12/28/2006. 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 12/28/2007. 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 12/28/2007. **TO FILE FOR AN EXTENSION, PLEASE SEND A COPY OF THIS LETTER WITH THE FOLLOWING INFORMATION COMPLETED:**

Date of location inspection by operator/agent: 12/12/07

Reason for extension: allow rainwater and snow to evaporate

Estimated period of time until pit closure: 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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