

  
**KANSAS**  
CORPORATION COMMISSION

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

February 4, 2008

GRAND MESA OPERATING COMPANY  
1700 N WATERFRONT PKWY BLDG 600  
WICHITA KS 67206

RE: LEASE: CIRCLE 8 3-18  
LEGAL: 330'FSL-1420'FWL 18-28S-40W  
COUNTY: STANTON  
API NO: 15187210860000

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 Circle 8 3-18 well.

The original 365 days for closure expired October 15, 2007. This extension will expire July 23, 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

MEMORANDUM

*From:* District 1

*D:* ~~From:~~ Sammy K. Flaharty

Date: 1/16/2008

Re: Pit Extensions

*Please Approve the following Ext. S. Demand 1-23-08*

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.

Southwind Petroleum Corporation

Taylor 1

1150'FNL-1320'FEL 35-27S-18W

Kiowa county

15097215850000

spud 2/12/06 pit ext expired 1/16/08

*- 6 mo. Ext.*

Grand Mesa Operating Company

Circle 8 3-18

330'FSL-1420'FWL 18-28S-40W

Stanton County

15187210860000

Spud 10/15/06 pit extension expired 1/6/08

*6 mo. Ext.*

R & B Oil & Gas Inc.

Traffas C 2

2310'FNL-660'FWL 32-32S-10W

Barber County

*6 mo. Ext.*



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CONSERVATION DIVISION  
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Kathleen Sebelius, Governor  
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Michael C. Moffet, Commissioner  
Joseph F. Harkins, Commissioner

Grand Mesa Operating Company  
1700 N WATERFRONT PKWY BLDG 600  
WICHITA KS 67206

January 5, 2008

~~October 2, 2007~~

Re: Closure of Drilling Pits  
CIRCLE 8 Lease Well No. 3-18  
W2SWSESW 18-28S-40W  
STANTON County, Kansas  
API No. 15187210860000

Dear Sirs:

1-8-08

The above referenced well was spudded on 10/15/2006. 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 must be closed by ~~10/15/2007~~. 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 ~~10/15/2007~~. **TO FILE FOR AN EXTENSION, PLEASE SEND A COPY OF THIS LETTER WITH THE FOLLOWING INFORMATION COMPLETED:**

Date of location inspection by operator/agent:           January 5, 2008          

Reason for extension:           Due to extensive rain and moisture the ground is too wet to close the pit at this time            
          Please grant us a 90 day extension on this location.          

Estimated period of time until pit closure:           April 5, 2008          

**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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Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802  
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