


KANSAS
CORPORATION COMMISSION

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

October 1, 2008

DENNIS K SHURTZ
AAS OIL CO INC
2508 EDGEMONT DR STE 4
ARKANSAS CITY KS 67005

RE: LEASE: GRAINLAND FARMS B 1-20
LEGAL: 330'FSL-1980'FEL 20-34S-03E
COUNTY: COWLEY
API NO: 15035242430000

Dear Mr. Shurtz:

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 Grainland Farms 1-20 well.

The original 365 days for closure expired May 12, 2007. This extension will expire December 26, 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/>

Contents of phone conversation with Duane Krueger 9/26/08

Duane sent in a field report on the AAS Oil Co. Inc.'s, Grainland Farms B 1-20 well concerning the pits. He had put "No recommendation" on the report at the end. I called Duane to clarify matters. He said that a request for a recommendation for a fine had been submitted on a previous form. I told him that was true but on the previous form it had been stated that there was water in the pits. I told him that a pit can not be closed when wet with water in it. I asked if this pit was in cropland or pastureland. He told me crop land. I told him that if a pit in crop land is closed prematurely it would create a bog where every time it rained tractors and combines would get stuck. That was not a desirable situation for the farmer. That is when Duane told me that the operator is the land owner.

I asked Duane if the bottom of the pit was muddy. He said there was Johnson grass growing in the pit and he didn't check it to see if it was muddy. The field report stated that the pit had been pushed and that windows had been cut to help dry up the pit. It said there were no fluids in the pit at that time. I discussed this with Jonelle and she stated it sounded like the operator was moving in the right direction.


Duane said he didn't see where fluid in the pit had a bearing on closing the pit if it was past the anniversary date. He said this was a second extension. I told him that pits should not be closed prematurely. He said to give them a 6 month extension, he didn't care. He said apparently he needed further explanation of what to do in these cases.

I talked with John McCannon about this and said I thought I'd give it a three month extension. He said that sounded good and said that pits shouldn't be closed prematurely. So I plan on issuing a three month extension.

Sammy K. Habat

MEMORANDUM

To: District 2

From: Sammy K. Flaharty 

Date: ~~June 18, 2008~~ *AUGUST 20, 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.

~~Ullum Oil
Ullum 24-02
4469'FSL-1382'FEL 24-27S-05E
Butler County
15015237290000
Spud 3/28/07 pit extension expired 6/28/08~~

done 7/7/08

Aas Oil Co. Inc.
Grainland Farms 1-20
330'FSL-1980'FEL 20-34S-03E
Cowley County
15035242430000
Spud 5/12/06 pit extension expired 3/5/08

6 mm. 2ft.

316 253 0188
Duane Krueger

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KRENBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

FAX COVER SHEET

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DATE: 8/25 NO CHARGE _____

CHARGE _____
(1.95 per page - INVOICE WILL FOLLOW
please pay from received invoice.)

TO: _____ SAMMY _____ FAX PHONE: _____

COMPANY: _____

BILLING ADDRESS: _____

RECEIVED
KANSAS CORPORATION COMMISSION

FROM: Dist 2 _____ PHONE _____

AUG 25 2008

NUMBER OF PAGES: _____ TITLE OF DOCUMENT _____
(Including cover sheet)

CONSERVATION DIVISION
WICHITA, KS

SPECIAL INSTRUCTIONS: SAMMY DUANE HAS ALREADY PERFORMED
A LEASE INSPECTION ON THE ENCLOSED REPORT FOR AAS OIL.
HE REQUESTED A FINE BE RECOMMENDED FROM EPR AND NO FURTHER
EXTENSIONS BE GRANTED. 1-2-2

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL 316-630-4000 AS SOON AS POSSIBLE.
THE KCC FAX NUMBER IS: 316-630-4005.

KCC OIL/GAS REGULATORY OFFICES

Date: 09/10/08

District: 02

Case #: _____

- New Situation
- Response to Request
- Follow-Up

- Lease Inspection
- Complaint
- Field Report

Operator License No: 32679
 Op Name: AAS OIL CO. INC.
 Address 1: 2508 Edgemont Dr Ste 4
 Address 2: _____
 City: Arkansas City
 State: Ks. Zip Code: 67005 -3844
 Operator Phone #: (620) 442-7940

API Well Number: 15-035-24243-00-00
 Spot: SWSWSE Sec 20 Twp 34 S Rng 3 E / W
 239 Feet from N / S Line of Section
 2064 Feet from E / W Line of Section
 GPS: Lat: 37.07173 Long: 97.11898 Date: 5/21/08
 Lease Name: Grainland Farms B Well #: 1-20
 County: Cowley

Reason for Investigation:

CHECK STATUS OF DRILL PITS

Problem:

PITS OPEN

Persons Contacted:

GARY ANSTINE

Findings:

LOCATED WELL @ -097.11898,37.07173. DRILL PITS HAVE NOT BEEN CLOSED. PITS HAVE BEEN PUSHED, AND WINDOWS HAVE BEEN CUT TO HELP DRY UP. NO FLUIDS INSIDE PITS @ TIME OF INSPECTION. TALL GRASS & WEEDS HAVE GROWN AROUND WELL SITE.

Action/Recommendations:

Follow Up Required Yes No

Date: _____

NO RECOMMENDATION
CC: JONELLE RAINS

RECEIVED
KANSAS CORPORATION COMMISSION

SEP 25 2008

CONSERVATION DIVISION
WICHITA, KS
Photos Taken: NONE

Verification Sources:

- RBDMS
- T-I Database
- Other: LEASE INSPECTION
- KGS
- District Files
- TA Program
- Courthouse

By: Duane Krueger
Duane Krueger

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____

MEMORANDUM

RECEIVED
KCC DISTRICT #2
JUN 19 2008
WICHITA, KS

To: District 2

From: Sammy K. Flaharty



Date: June 18, 2008

Re: Pit Extensions

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Spud 5/12/06 pit extension expired 3/5/08

RECEIVED
KANSAS CORPORATION COMMISSION
SEP 25 2008
CONSERVATION DIVISION
WICHITA, KS



AAS Oil Co. Inc.

2508 Edgemont Dr.
Suite #4
Arkansas City, KS 67005

June 13, 2008

Ms. Sammy Flaharty
KCC – Conservation Division
Finney State Office Building
130 S. Market
Room 2078
Wichita, KS 67202

RECEIVED
KANSAS CORPORATION COMMISSION

JUN 16 2008

CONSERVATION DIVISION
WICHITA, KS

Dear Ms. Flaharty:

It was nice visiting with you recently and receiving direction on what we should do with regards to closure of surface pits on the following location:

<u>API No.</u>	<u>Well</u>	<u>Location</u>	<u>County</u>	<u>Spud Date</u>	<u>Extension Exp.</u>
15035242430000	Grainland Farms 1-20	20-34-3E	Cowley	5-12-06	3-5-08

As I mentioned, we have tried desperately to get these pits closed but every time we're able to get a dozer, we run into weather problems. When the weather is acceptable, we can't get a dozer. This leads me to this writing to see if we need to get another extension or whether we should continue as we are in trying our best to get these pits closed. As I mentioned, I am the land owner and it is not a problem with me. However at the same time we want to be in compliance with the state. Therefore I am seeking your advice for direction.

I look forward to hearing from you.

Sincerely,

Dennis K. Shurtz, President
AAS Oil Company

RECEIVED
KANSAS CORPORATION COMMISSION

SEP 25 2008

CONSERVATION DIVISION
WICHITA, KS

FILTER SELECTIO

Search T-Is / Letters

Sec Twpn Rngn

Company API Number

API # Well Cty Dkt

Oper Lgcy Oper

Work Oper C-1 Oper

WL Type WL Stat Status Source Status Dt

Location District #

Dates

Intent Apprv:	<input type="text" value="04/27/2006"/>	Compl:	<input type="text"/>
Permit Expire:	<input type="text" value="10/27/2006"/>	Compl Rpt Rec:	<input type="text"/>
ACO-1 Spud:	<input type="text"/>	Plugged:	<input type="text"/>
District Spud:	<input type="text" value="05/12/2006"/>		

SC Int:	<input type="text" value="300"/>	SGWA:	<input type="checkbox"/>	CP 1:	<input type="text"/>
PIT Cls EXT:	<input type="text" value="03/05/2008"/>	RFAC:	<input type="checkbox"/>	CP 2,3:	<input type="checkbox"/> Date CP-2/3 Recvd: <input type="text"/>
Pit Cls:	<input type="text"/>	RFAS:	<input type="checkbox"/>	CP 4:	<input type="checkbox"/> Date CP-4 Recvd: <input type="text"/>
PIT Status:	<input type="text" value="Request Received for Extension"/>	PitLiner:	<input type="checkbox"/>	CDP 5:	<input type="text"/>
Dewater:	<input type="text"/>	Steel:	<input type="checkbox"/>		
BBLs:	<input type="text"/>				

RECEIVED
KANSAS CORPORATION COMMISSION

SEP 25 2008

CONSERVATION DIVISION
WICHITA, KS

KCC OIL/GAS REGULATORY OFFICES

Date: 05/21/08

District: 02

Case #: _____

New Situation

Lease Inspection

Response to Request

Complaint

Follow-Up

Field Report

Operator License No: 32679

API Well Number: 15-035-24243-00-00

Op Name: AAS OIL CO. INC.

Spot: SWSWSE Sec 20 Twp 34 S Rng 3 E W

Address 1: 2508 Edgemont Dr Ste 4

239 Feet from N S Line of Section

Address 2: _____

2064 Feet from E W Line of Section

City: Arkansas City

GPS: Lat: 37.07173 Long: 97.11898 Date: 5/21/08

State: Ks. Zip Code: 67005 -3844

Lease Name: Grainland Farms B Well #: 1-20

Operator Phone #: (620) 442-7940

County: Cowley

Reason for Investigation:

CHECK STATUS OF DRILL PITS

Problem:

PITS OPEN

Persons Contacted:

Findings:

LOCATED WELL @ -097.11898,37.07173. DRILL PITS HAVE NOT BEEN CLOSED. FLUID STILL IN BOTTOM OF PITS. OPERATOR HAS ALREADY BEEN GRANTED AND EXTENSION.

Action/Recommendations:

Follow Up Required Yes No

Date: _____

SUBMIT TO LEGAL: REQUEST FINE IN ACCORDANCE WITH K.A.R. 82-3-602(C).
CC: JONELLE RAINS

RECEIVED
KANSAS CORPORATION COMMISSION

AUG 25 2008

CONSERVATION DIVISION
WICHITA, KS
Photos Taken: _____

Verification Sources:

RBDMS KGS TA Program
 T-I Database District Files Courthouse
 Other: LEASE INSPECTION

By: Duane Krueger

Retain 1 Copy District Office
Send 1 Copy to Conservation Division

Form: _____



AAS Oil Co. Inc.

2508 Edgemont Dr.
Suite #4
Arkansas City, KS 67005

June 13, 2008

Ms. Sammy Flaharty
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AAS Oil Company

FILTER SELECTIO

Search T-1s / Letters

Sec Twpn Rngn

Company

Find

API Number

15-035-24243-



API #

15-035-24243-00-00

Well

GRAINLAND FARMS B 1-20

City

COWLEY

Dkt

Oper

32679

AAS OIL CO., INC.

A

Lgey Oper

Work Oper

C-1 Oper

AAS OIL CO., INC.

WL Type

OG

WL Stat

CE

Status Source

DB

Status Dt:

02/05/2008

Location

20-34S-3E S2SWSE, 330 FSL 1980 FEL

District #

02

Dates

Intent Apprv:

04/27/2006

Compl:

Permit Expire:

10/27/2006

Compl Rpt Rec:

ACO-1 Spud:

Plugged:

District Spud:

05/12/2006

SC Int:

300

PIT Cts EXT:

03/05/2008

Pit Cts:

PIT Status

Request Received for Extension

Dewater:

BBLS:

CP 1:

SGWA:

CP 2.3:

RFAC:

CP 4:

RFAS:

CDP 5:

PitLiner:

Steel:

Date CP-2/3 Recvd:

Date CP-4 Recvd:

