


KANSAS
CORPORATION COMMISSION

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

September 22, 2008

FIVE STAR ENERGY INC
215 E 14TH ST
HARPER KS 67058

RE: LEASE: SMITH 3
LEGAL: 931'FSL-1188'FEL 34-30S-07W
COUNTY: KINGMAN
API NO: 15095220590000

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 Smith 3 well.

The original 365 days for closure expired September 28, 2007. This extension will expire March 12, 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 # 2

MEMORANDUM

To: District 2
From: Sammy K. Flaharty
Date: September 5, 2008
Re: Pit Extensions

RECEIVED
KCC DISTRICT #2
SEP 08 2008
WICHITA, KS

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.

Five Star Energy Inc.
Smith 3
931'FSL-1188'FEL 34-30S-07W
Kingman County
15095220590000
spud 9/28/06 pit extension expired 7/4/08

9-12-08
6 month extension--both wells
[Signature]

Five Star Energy Inc.
Ghere-Robb 1-7
4885'FSL-4849'FEL 07-31S-07W
Harper County
15077215800000
spud 4/4/07 pit extension expired 7/4/08

RECEIVED
KANSAS CORPORATION COMMISSION

SEP 15 2008

CONSERVATION DIVISION
WICHITA, KS



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

August 29, 2008

Five Star Energy, Inc.
215 E 14TH ST
HARPER KS 67058

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>
15095220590000	SMITH 3	34-30-7W	KINGMAN	9/28/2006	7/4/2008

This requested information must be submitted by **September 22, 2008**. Failure to submit the requested information by this date may subject **Five Star Energy, Inc.** 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

Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

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KANSAS CORPORATION COMMISSION

SEP 04 2008

CONSERVATION DIVISION
WICHITA

This Dozer Service has slowly been working on pit closure. Pit is half filled in.

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/>