


KANSAS
CORPORATION COMMISSION

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

September 12, 2008

WELDA BATES
ARES ENERGY LTD
303 W WALL STE 2300
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 November 18, 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

MEMORANDUM

To: District 2

From: Sammy K. Flaharty *SK*

Date: August 21, 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.

Phillips Oil Properties Inc.

Youle 15-1

125'FNL-215'FWL 15-32S-04E

Cowley County

15035242670000

Spud 4/24/07 pit extension expired 7/27/08

~~Ares Energy LTD~~

~~Schepmann 5-27~~

~~915'FSL-2170'FEL 27-17S-10W~~

~~Ellsworth County~~

~~15053211940000~~

~~Spud 12/28/06 pit extension expired 6/28/08~~

*Virgil called 9/3/08
give extension, treat
in field*

~~Ares Energy LTD~~

~~Schroeder Maes Huff 1-34 SWD~~

~~2287'FSL-1177'FEL 34-17S-10W~~

~~Ellsworth County~~

~~15053211930000~~

~~Spud 12/14/06 pit extension expired 06/14/08~~

*Virgil called 9/3/08
give rpt. too wet
in field*

ARES ENERGY LTD.

August 18, 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

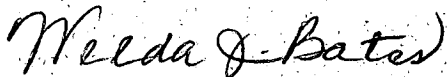
Dear Ms. Flaharty:

Enclosed herewith is your letter dated August 4, 2008, pertaining to the captioned. Please allow us an extension of time for pit closure due to the excessive amount of rainwater which has been received.

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

RECEIVED
KANSAS CORPORATION COMMISSION

AUG 20 2008

CONSERVATION DIVISION
WICHITA, KS