

May 20, 2010

Mai Oil Operations, Inc.  
8411 Preston Rd Ste 800  
Dallas, TX 75225

Re: Finnegan 1  
SESE Sec. 10-13S-14W  
Russell County, Kansas  
API # 15-167-23564-00-00

Dear Sir or Madam:

This letter is to inform you that you have been granted an additional extension of time in which to close the drilling pits associated with the drilling of the Finnegan 1 well.

The original 365 days for closure expired 02/27/2010. This extension will expire 08/20/2010. 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(a). 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

*Rec'd  
5-12-10*

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Company  Fin  API Number

API #  15-167-23564-00-00 Well  FINNEGAN 1 Cty  RUSSELL Dkt

Oper  5259 MAI OIL OPERATIONS, INC. A Lgey Oper

Work Oper  C-1 Oper  MAI OIL OPERATIONS, INC.

WL Type  DH WL Stat  PA Status Source:  CP23 Status Dt:  03/06/2009

Location  10-13S-14W SWNESESE, 690 FSL 470 FEL District #  04

Dates

Intent Apprv:  02/05/2009 Compl:  03/06/2009

Permit Expire:  02/05/2010 Compl Rpt Rec:  04/27/2009

ACO-1 Spud:  02/27/2009 Plugged:  03/06/2009

District Spud:  02/27/2009

Drilling

SC Int:  440

PIT Cls EXT  08/20/2010

Pit Cls:

PIT Status:  Active Extension/Closure Dela

Dewater:  BBLs

Spud Ltr:

SGWA:

RFAC

RFA

PitLiner

Steel

CP 1:

CP 2.3:  Date CP-2/3 Rec'd:  03/09/2009

CP 4:  Date CP-4 Rec'd:  03/10/2009

CDP 5:



May 5, 2010

Mai Oil Operations, Inc.  
8411 PRESTON RD STE 800  
DALLAS TX 75225

**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), or a request for an extension 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> |
|----------------|-------------|-----------------|---------------|-----------------|
| 15167235640000 | Finnegan 1  | 10-13-14W       | RUSSELL       | 2/27/2009       |

This requested information must be submitted by **May 24, 2010**. Failure to submit the requested information by this date may subject **Mai Oil Operations, 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 Kathy Haynes at (316) 337-6243.

Sincerely,

*Jonelle Rains*

Jonelle Rains, Supervisor  
Department of Environmental Protection and Remediation

RECEIVED  
MAY 17 2010

KCC WICHITA

*Would request 6 mo. Extension to Finish Reserve pit. Will work on crowding mud so it will dry out.*

*Allen Bangat*