

September 21, 2010

Ares Energy, Ltd
303 W. Wall Ste 900
Midland, TX 79701

Re: Schepmann 7-27
SESE Sec. 27-17S-10W
Ellsworth County, Kansas
API # 15-053-21221-00-00

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 Schepmann 7-27 well.

The original 365 days for closure expired on 06/08/2009. This extension will expire 01/20/2011. 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 Kathy Haynes at (316) 337-6243.

Very sincerely yours,

A handwritten signature in cursive script that reads "Doug Louis".

Doug Louis
Director

Cc: File
District

Rec'd 9-8-10



September 7, 2010

VIA FEDERAL EXPRESS
316-337-6226

Kansas Corporation Commission
Attention: Jonelle Rains
130 South Market, Room - 2078
Wichita, Kansas 67202

Re: Closure of Surface Pit
Schepmann Lease Well No. 7-27
SWSESE Section 27, T17S, R10W
Ellsworth County, Kansas
API No. 15-053-21221-0000

Dear Ms. Rains:

With reference to the captioned well, we hereby request an extension of time from September 12, 2010, to close the pit due to the excessive amount of precipitation received in the area.

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.

Very truly yours,

ARES ENERGY, LTD.

A handwritten signature in cursive script that reads "Welda J. Bates".

Welda J. Bates
Land Administrator

RECEIVED

SEP 08 2010

KCC WICHITA

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Company Fin API Number

API # 15-053-21221-00-00 Well SCHEPMANN 7-27 City ELLSWORT Dkt

Oper 33770 ARES ENERGY, LTD A Lgy Oper

Work Oper C-1 Oper ARES ENERGY, LTD

WL Type OIL WL Stat PR Status Source: ACO1 Status Dt: 12/10/2008

Location 27-17S-10W SWSESE, 330 FSL 1000 FEL District # 02

Dates

Intent Apprv: 04/25/2008 Compl: 12/08/2008
Permit Expire: 04/25/2009 Compl Rpt Rec: 03/04/2009
ACO-1 Spud: 06/08/2008 Plugged:
District Spud:

Drilling

SC Int: 320 Spud Ltr: CP 1:
PIT Cls EXT: 09/12/2010 SGWA: CP 2.3: Date CP-2/3 Rec'd:
Pit Cls: RFAC: CP 4: Date CP-4 Rec'd:
PIT Status: Active Extension/Closure Dela RFA: CDP 5: E
Dewater: EV BBLS PitLiner:
Steel:

Kathy Haynes

From: Jonelle Rains
Sent: Monday, September 20, 2010 9:02 AM
To: Kathy Haynes
Subject: FW: "Ares Energy--Schepmann 7-27 pi extension"

-----Original Message-----

From: Virgil Clothier
Sent: Thursday, September 16, 2010 2:44 PM
To: Jonelle Rains
Subject: "Ares Energy--Schepmann 7-27 pi extension"

Jonelle, There has been more recent rainfall at the Schepmann 7-27, so I imagine it will need more time. API # 15-153-21221-0000. Thanks, Virgil

1/20