

May 13, 2010

Palomino Petroleum, Inc.
4924 SE 84 St
Newton, KS 67114

Re: Wilborn 1
NWSW Sec. 05-17S-12W
Barton County
API # 15-009-25292-00-00

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 Wilborn 1 well.

The original 365 days for closure expired 01/07/2010. This extension will expire 08/01/2010. 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,

A handwritten signature in black ink that reads "Doug Louis". The signature is written in a cursive, flowing style.

Doug Louis
Director

Cc: Jonelle Rains
District

A handwritten note in black ink that reads "Rec'd 5-7-10". The note is written in a cursive, flowing style.

FILTER SELECTIO

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Company Fin API Number

API # 15-009-25292-00-00 Well WILBORN 1 Cty BARTON Dkt

Oper 30742 PALOMINO PETROLEUM, INC. A Lgey Oper

Work Oper C-1 Oper PALOMINO PETROLEUM, INC.

WL Type OIL WL Stat PR Status Source: ACO1 Status Dt: 02/06/2009

Location 5-17S-12W SWNENWSW, 2260 FSL 750 FWL District # 04

Dates

Intent Apprv: 11/13/2008 Compl: 01/13/2009

Permit Expire: 11/13/2009 Compl Rpt Rec: 04/17/2009

ACO-1 Spud: 01/07/2009 Plugged:

District Spud: 01/07/2009

Drilling

SC Int: 380

PIT Cls EXT:

Pit Cls:

PIT Status:

Dewater: BBLS

Spud Ltr:

SGWA:

RFAC:

RFA:

PitLiner:

Steel:

CP 1:

CP 2.3: Date CP-2/3 Rec'd:

CP 4: Date CP-4 Rec'd:

CDP 5:



8/1/10



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

Palomino Petroleum, Inc.
4924 SE 84TH ST
NEWTON KS 67114

February 29, 2008

Re: Closure of Drilling Pits

Wilborn #1
2260' FSL & 750' FWL
Barton County
API #15-009-25292

Dear Sirs:

The above referenced well was spudded on 3/3/2007. According to K.A.R. 82-3-602, "Drilling pits ... shall be closed within a maximum of 365 calendar days after the spud date of a well". The subject drilling pits must be closed by 3/2/2008. A Closure of Surface Pit, form CDP-4 (April 2004), should be filed within 30 days after the drilling pits are closed. **Conservation division forms are available through our office and on the KCC web site: <http://kcc.ks.gov/conservation/forms/>**

Should an extension be warranted, it must be received by 3/2/2008. **TO FILE FOR AN EXTENSION, PLEASE SEND A COPY OF THIS LETTER WITH THE FOLLOWING INFORMATION COMPLETED:**

Date of location inspection by operator/agent: May 3, 2010

Reason for extension: Full of water

Estimated period of time until pit closure: 4 months

Failure to timely close the pit, file a request for an extension or file the closure form within the allotted time periods may result in assessment of an administrative penalty.

Your cooperation in this process is appreciated. If you have any questions or concerns, please call **Sammy Flaharty** at (316) 337-6227.

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KANSAS CORPORATION COMMISSION

MAY 07 2010

CONSERVATION DIVISION
WICHITA, KS

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/>



Mark Parkinson, Governor
Thomas E. Wright, Chairman
Joseph F. Harkins, Commissioner
Ward Loyd, Commissioner

May 5, 2010

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MAY 06 2010

Palomino Petroleum, Inc.
4924 SE 84TH ST
NEWTON KS 67114

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>
15009252920000	Wilborn 1	5-17-12W	BARTON	1/7/2009

This requested information must be submitted by **May 24, 2010**. Failure to submit the requested information by this date may subject **Palomino Petroleum, 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, Supervisor
Department of Environmental Protection and Remediation

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KANSAS CORPORATION COMMISSION

MAY 07 2010

CONSERVATION DIVISION
WICHITA, KS