

Conservation Division
Finney State Office Building
130 S. Market, Rm. 2078
Wichita, KS 67202-3802



Phone: 316-337-6200
Fax: 316-337-6211
<http://kcc.ks.gov/>

Mark Sievers, Chairman
Thomas E. Wright, Commissioner
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

January 8, 2014

Prospect Oil & Gas
PO Box 837
Russell, KS 67665

Re: Steinle 1
NW/4 Sec. 32-13S-12W
Russell County, Kansas
15-167-23683-00-00

Dear Sir or Madam:

This letter is to inform you that you have been granted a 30 day extension of time in which to close the drilling pits associated with the Steinle 1 well.

The original 365 days for closure expired on 12/22/2011. This extension will expire on 02/09/2014. Conditions should have existed within this time frame to allow closure of this drill pit. **No additional extensions will be granted.**

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 prior to the expiration date shall result in a monetary penalty in accordance with K.A.R. 82-3-602(a).

Please complete the pit closure form (CDP-4) through Kolar (Kansas On-Line Automated Reporting) at <https://kolar.kgs.ku.edu>.

If you have any questions in this regard, please do not hesitate to contact Kathy Haynes at (316) 337-6243.

Sincerely,

Ryan A. Hoffman
Director

Cc: File
District



PROSPECT OIL & GAS
P.O. BOX 837
RUSSELL, KS. 67665



Kansas Corporation Commission
Conservation Division
Finney State Office Building
130 S. Market, Room 2078
Wichita, Ks. 67202-3802

Dear Kathy,

Prospect Oil & Gas has received a "NOTICE OF VIOLATION" on the Steinle #1 lease, API #15167236830000. This notice was brought to my office and Rick and Brad have asked me to respond. The guys are requesting an extension of time to close the pits on the Steinle #1. The pits are full of rain water and with the extremely cold temperatures the pits have been frozen most of the time and have not dried.

We would ask the KCC to grant the extension of time to close the pits and file the CDP-4 form.

Sincerely,

Lori Haberer

Bookkeeper
Prospect Oil & Gas