

Conservation Division
266 N. Main St., Ste. 220
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Shari Feist Albrecht, Chair
Jay Scott Emler, Commissioner
Pat Apple, Commissioner

Sam Brownback, Governor

October 9, 2014

McElvain Energy, Inc.
1050 17th St Ste 2500
Denver, CO 80265

Re: Schlegel 9 #3H
SW/4 Sec. 09-11S-22W
Trego County, Kansas
15-195-22885-01-00

Dear Sir or Madam:

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 Schlegel 9 #3H well.

The original 365 days for closure expired on 08/17/2014. This extension will expire on 1/17/2015. 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, **but not the time period for filing the waste transfer form (CDP-5).**

*Failure to close the pit or request an additional extension prior to the expiration date shall result in a monetary penalty in accordance with K.A.R. 82-3-602(a). An additional pit extension may be renewed upon request, but **no pit permit extension shall be extended beyond six months after the original deadline.***

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

McELVAIN OIL & GAS PROPERTIES, INC.

1050 17TH STREET

SUITE 2500

DENVER, COLORADO 80265

JAMES M. MCKINNEY, JR.
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TELEPHONE 303/962-6480 (OFFICE)
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October 10, 2014

Ms. Kathy Haynes
Environmental Protection and Remediation Department
Kansas Corporation Commission
Finney State Office Building
130 S. Market, Rm. 2078
Wichita, KS 67202-3802

RE: NOTICE OF VIOLATION Surface Pit Closure Form(s) – (“CDP-4”) K.A.R. 82-3-602(c)

Dear Ms. Haynes,

We are in receipt of the above referenced NOTICE OF VIOLATION dated October 02, 2014, for failure to submit a Form CDP-4 for the Schlegel 9 #3H reserve pit, API: 15-195-22885-01-00, located in the S2S2SESW, 9-T11S-R22W, Trego County, Kansas.

As you know the Schlegel 9 #3H was granted Temporary Abandonment Status by the KCC (“CP-111”) on April 30, 2014 so that we might further evaluate the potential utility of the Schlegel 9 #3H wellbore. Best practices amassed over the past 5 years by McElvain and other operators in the area are currently being considered.

Although there is no excuse for my missing the 12 month post spud pit closure deadline, I would like to request a 3 month pit permit extension under (2) of K.A.R. 82-3-602. The extension should provide us time to decide what if we pursue further completion attempts or plug and abandon this wellbore and restore the location. We will keep KCC personnel apprised of our operations. Thank You for your time.

Sincerely,

Jim McKinney
