

PICKRELL DRILLING COMPANY, INC.

100 SOUTH MAIN - SUITE 505
WICHITA, KANSAS 67202-3738
(316) 262-8427 • FAX (316) 262-0893

March 28, 2012

Administrative Appeal of Failure
to run MIT at designated time
Seacat D-3 (SE/4 31-30S-21W)
Wells F #1 (NW/4 36-20S-21W)

Mr. Ryan A. Hoffman
Litigation Council
Kansas Corporation Commission
130 S. Market, Suite 2078
Wichita, Kansas 67202-3802

Dear Mr. Hoffman:

This is further to my letter dated March 20, 2012, and the Invoice of March 5, 2012, from the K.C.C. (both attached for your convenience).

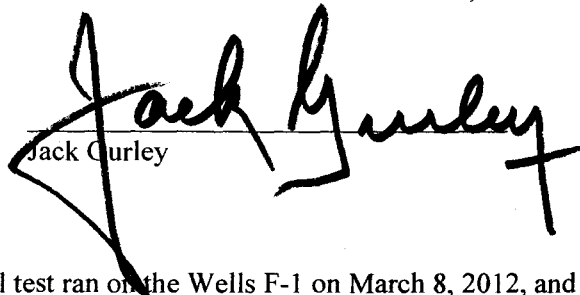
After the March 20th letter we ran into other delays in getting an MIT ran on our Seacat D-3 disposal well (both weather and personnel). However we did attempt an MIT on the well yesterday, March 27th. The well failed the MIT and we will now have to schedule a rig, pull and test tubing, and get the condition of the well upgraded to where it will pass the MIT.

This could take us a few days. In the meantime the well and the one associated producing well continue shut down as per Staff's Recommendation in the Penalty Order.

This is merely to keep you apprised of the current situation on these wells and to continue to request your favorable consideration of a reduction in the originally proposed \$2,000.00 penalty (\$1,000 for each well).

Yours very truly,

PICKRELL DRILLING COMPANY, INC.


Jack Curley

Atts.:

P.S. We have now received a copy of the successful test ran on the Wells F-1 on March 8, 2012, and are enclosing a copy herewith.

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 29 2012

LEGAL SECTION