



NEW GULF OPERATING, LLC

January 25, 2011

Re: **# 1 SOWERS**  
1825'FSL 640'FEL  
Section 5-15S-34W  
Logan County, Kansas

The Logan South Project 3D survey covered an area of ~ 28 sections on which only one well had been drilled. It was decided that the structural prospects would be tested first and at least one well would be drilled deep into the Arbuckle for both production potential and seismic correlation.

The # 1 Sowers was spud on 10/13/ 2010 and drilled to a rotary total depth of 5227' ~81' into the Arbuckle Formation at which point circulation was lost. Although after some time circulation was re-established it was decided not to log to rotary total depth to avoid further complications. Consequently the Schlumberger open-hole log total depth was 4788' ~ 216' into the Mississippian.

1' drilling time was taken from 2200-2450' for the Anhydrite drilling time pick and then from 3450' to RTD.

Samples were examined both wet and dry from 3450' to RTD. The samples were delivered to the Kansas Geological Sample Library. After log evaluations it was decided that all potential zones had been evaluated with drill stem tests and it is our recommendation that the well be plugged and abandoned.

#### **Overview**

The well had geological supervision from the Topeka section down to the Arbuckle. There were shows in the Lansing B, L, Altamont B and Johnson zones. The shows were for the most part weak and all were evaluated on drill-stem tests. There were others zones with good reservoir quality, for example the H and J that will have potential on better structure.

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The Morrow section was thin which we anticipated drilling on a structure but did have some barren sand.

The well ran on the average 20' high to the reference well, Toto # 1 Wood drilled to the southeast in section 10-15S-34W. I have included a subsurface map on the Mississippian to show the regional structural relationship of the Sowers to the other wells drilled in the area. We know from the Dirks Field and the 3D seismic that there are numerous small structures and the Sowers does appear to be in a positive area but maybe not a significant structure. The well does support a good regional structural nose extending from the Dirks Field to the northeast.

The next location on the Wright lease in section 31-14S-34W shows be structurally higher on both subsurface and seismic.

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