

Joe M. Baker

Petroleum Geologist
401 E. Douglas Ste 525
Wichita, Kansas 67202
Ph: 316-253-9696(cell)
Fax: 316-263-8801-0480 E- Mail j baker931@sbcglobal.net

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To: **New Gulf Operating, LLC**
6100 South Yale Ste 2010
Tulsa, Oklahoma 74136

Re: **# 1 Alderson**
100'N NW SE
Section 28-22S-7W
Reno County, Kansas

The # 1 Alderson was spud on 9/28/2010 and drilled to a rotary total depth of 3960' ~23' into the Arbuckle formation. The well was completed on 10-4-2010. MBC Gas Detector unit was on location beginning at 1000' and monitored by the well-site geologist. Geological supervision was conducted from 1500'-RTD Superior Well Services ran open-hole logs that included a Compensated Density/Neutron, Dual Induction and Micro Logs. Production casing was set @ 3960' to further test the Mississippian Chert.

TOPS

STRUCTURAL COMPARISON TO OLD WELL

Heebner	2787 (-1163)		
Brown Lime	2976 (-1352)		
Lansing	3000 (-1376)	-1378	+2
Stark	3281 (-1657)	-1661	+4
BKC	3585 (-1961)		
Cherokee	3482 (-1858)		
Miss.Chert	3533 (-1909)	-1911	+2
Base Chert	3574 (-1950)		
Chert Thickness	41'		
Kinderhook SH	3580 (-1956)		
Viola	3832 (-2208)		
Simpson SH	3868 (-2244)		
Simpson Sand	3878 (-2254)	-2247	- 7
Arbuckle	3937 (-2313)	-2286	-27

SHOWS and DST'S

Mississippian Chert

3533-3574

Chert, vari-colored white, tan, cream. Mostly fresh to devitrified with a few pieces that had fair weathered porosity. Very slight show of free oil and gas bubbles. No odor, no fluorescence, no gas kick. The Chert became increasingly dense and fresh with depth.

DST # 1: Mississippian Chert (Diamond Testing)

3482-3570
30-45-60-60
Initial Flow: 3.5 " inch blow
Initial Shut In: no blow
Final Flow: 3.5" inch blow
Final Shut In: no Blow

Recovery: 72' Very Slight Oil Spotted Mud

IFP/FFP: 12-45 / 34-87#
ISIP/FSIP: 882 / 807 # (Pressures were still building)
IHP/FHP: 1642 / 1634 #
BHT: 107

Overview:

There were no oil and gas shows in the shallow zones.

Lansing Kansas City

No significant shows were seen in the Lansing-Kansas City. The "Swope" and "Hertha" sections did have porosity but were barren.

Mississippian Chert

The overall Mississippian Chert section was thick (41') and correlates to the Lower "Osage " section which was expected. Again the Chert carried only a slight show of free oil and gas in a few pieces. No odor and no gas kick.

Viola Dolomite

The Viola formation only had a total thickness of 36' and consequently the upper porosity zone which produces in the area was not present.

Simpson Sand

The Simpson Sand was well sorted medium –coarse grain , rounded, frosted and very friable. There was no show of free oil, no odor and no gas kick. The total thickness of the sand was 16'

This location was drilled based on an old well drilled in 1936' in which the cable tool log indicated a 1 BOPH and water recovery from the top of the Mississippian Chert. The # 1 Rose encountered the same section of Mississippian Chert and was 2 feet high structurally. Although sample shows were poor pipe was set based on open-hole log evaluation , drill stem test pressures and no water in the recovery.

Respectfully Submitted

Joe M. Baker /Geologist