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October 20, 2014

Frank Taggart, President
NAE, Inc.
317 Sidney Baker St.
Kerrville, Texas 78028

NAE, Inc. – R.J. Sutton 1-13, ap. SE NW SE, Section 13, T17S, R29W, Lane County, Ks.

Frank:

Attached to this summary letter is my lithologic log for the above-captioned well. Based on the poor pressures and marginal oil recovery from the two DSTs, operator has elected to plug and abandon this test.

Significant sample shows and overall quality were as follows (log corrected depths). Slight, fleeting odor (only) in samples is not considered significant:

LKC K	4199-4202'	poor
LKC K	4202-4220'	very poor
top Marmaton	4290-4296'	poor
top Cherokee	4464-4468'	poor
top Cherokee	4474-4478'	poor
Johnson zone	4500-4504'	good

Following is a log top comparison of your well to the nearby Slawson Sutton 1-13 and the Gear Virginia 1-13 open-hole logs. These wells are located north and south (respectively) of the subject well:

LOG TOP COMPARISON:

<u>Formation</u>	<u>NAE Sutton1-13 O-H log tops</u>	<u>comp to Slawson O-H log tops</u>	<u>comp to Gear O-H log tops</u>
top Anhydrite	2131(+626)	+1 (+625)	+4 (+622)
base Anhydrite	2158(+599)	+3 (+596)	+3 (+596)
Topeka Ls.	3658(-901)	-1 (-900)	-1 (-900)
Heebner Sh.	3900(-1143)	-1 (-1142)	-0- (-1143)
LKC "A"	3938(-1181)	-0- (-1181)	-0- (-1181)
G zone Sh.	4093(-1336)	+8 (-1344)	+4 (-1340)
Stark Sh.	4189(-1432)	+2 (-1434)	+1 (-1433)
Base KC	4270(-1513)	+7 (-1520)	+6 (-1519)
top Marmaton	4290(-1533)	+7 (-1540)	+6 (-1539)
Pawnee Ls.	4384(-1627)	+8 (-1635)	+3 (-1630)
Ft. Scott Ls.	4436(-1679)	+9 (-1688)	+3 (-1682)
top Cherokee	4459(-1702)	+9 (-1711)	+4 (-1706)
Johnson zone	4500(-1743)	+11 (-1754)	+4 (-1747)
top Mississippian RTD 4586'	4534(-1777)	+9 (-1786)	+4 (-1781)

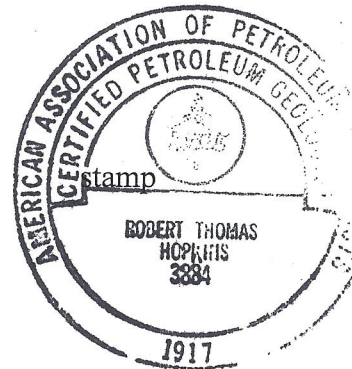
If you have any questions, please call me at 785-819-2460. Thank you for this opportunity to serve you!

Sincerely,



Robert T. Hopkins, L.G., C. P. G.

attachments



LITHOLOGIC LOG

ROBERT HOPKINS-consulting geologist

Operator NAE, Inc.
 Lease / Well SUTTON 1-13
 GL KB 2757' (measure from *)

Location ap. SE NW SE SEC, 13-17S-29W
 County LANE State KS scale 1" = 20'
 depth this sheet - from 3680' to 3860' page 2 of 7

DRILLING TIME (min/ft)								DEPTH	tops shows	lith graph	DESCRIPTION (lithology, DSTs, mud properties)
1	2	3	4	5	6	7	8				
								380			wh fuxls fite lst., n.s. MUD VIS 55; wt 8.8 gry sh.
								3700			gry sh.
											bf gry fuxls fite lst., n.s.
											dk gry sh.
											bf fuxls chalky lst., sl. φ, n.s.
								50			bf fuxls foss. lst., fite, n.s. MUD VIS 54; wt 8.8
											bf fuxls granular lst., fite, n.s.
											blk sh. Kinghill Sh. 3773'
											gry siltstone, fite, n.s.
											gray fuxls foss. lst., sl. cherty, fite, n.s.
								3800			bf fuxls chalky lst., sl.-fr φ, n.s.
											gry sh.
											bf fuxls sandy lst., fite, n.s.
											dk gry-blk carb. sh. Queenhill Sh. 3840'
								50			bf fuxls lst., chalky, sl.-fr φ, n.s.
								60			

LITHOLOGIC LOG

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Operator NAE, Inc.
 Lease / Well SUTTON 1-13
 GL KB 2757' (measure from *)

Location ap. SE NW SE Sec. 13-17s-29w
 County LANE State KS scale 1" = 20'
 depth this sheet - from 3860 to 4040' page 3 of 7

DRILLING TIME (min/ft)								DEPTH	tops shows	lith graph	DESCRIPTION (lithology, DSTs, mud properties)
1	2	3	4	5	6	7	8				
								60			bf chalky lst, fair ϕ , n.s. MUD VIS 56; wt. 8.8
											gry sh, w/ lt. gry siltstone
											dk gry - brn fuxls lst, very foss., tite, n.s.
								HB 3900			blk carb sh. Heebner Sh. 3898(-1141)
											dk brn foss lst, carb, w/ stylolites, tite, n.s.
											grn vfg sst., sl. ϕ , n.s.
								Tor			gry sh. Toronto 3913'
											wh fuxls lst, chalky, sl. ϕ , n.s.
											lst, a/a, tite, n.s.
								LKC			dk gry sh. LKC 3937(-1180)
											wh-bf fuxls sl. sdy lst, tite, n.s. —
								50			sl. cherty ↓
											MUD VIS 50; wt 9.0
											gry sh, w/ dk gry siltstone, n.s.
											bf fuxls very cherty lst, tite, n.s.
											dk gry sh.
											wh fuxls chalky lst, sl. ϕ , n.s.
								4000			wh fuxls cherty lst, tite, n.s.
											gry sh. to sandy sh.
											bf fw-matrix oolitic lst., sl. ϕ , n.s.
											bf fuxls oomoldic lst., sl.-fr ϕ , n.s.
								40			MUD VIS 48; wt 9.0

LITHOLOGIC LOG

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Operator NAE, INC.
 Lease / Well SUTTON 1-13
 GL KB 2757' (measure from *)

Location ap. SE NW SE Sec. 13-17s-29w
 County _____ State _____ scale 1" = 20'
 depth this sheet - from 4220 to 4400' page 5 of 7

DRILLING TIME (min/ft)								DEPTH	tops shows	lith graph	DESCRIPTION (lithology, DSTs, mud properties)
1	2	3	4	5	6	7	8				
								20	sl. show	oolitic lst., sl. ϕ , free oil, v. sl. str, no fluor., blk sh. v. sl. odor bf tite lst., n.s., sl. cherty gry sh.	Hushpuck near 4222' mud vis 55; wt 9.2
								50		bf fuxls tite lst., n.s. gry limy sh; sl. sdy, n.s.	BKC 4275 (-1518)
								BKC		bf fuxls lst., sl. foss., tite, n.s. blk sh., carb.	Pleasanton 4283'
								CFS MARM		gry sandy shale dk gry fuxls very foss. lst., gd vug ϕ , n.s., no odor gry sh.	Marmaton 4294 (-1537)
								4300	v. sl. show	wh fuxls lst., tite, v. sl. odor, no free oil, free str, no fluorescence dk gry - blk sh. bf fuxls tite lst., n.s.	mud vis 59; wt 9.2
								AIT		grn-gry siltstone gry fuxls tite lst., n.s. dk gry sh.	Altamont Ls. 4347'
								50		bf-gry fuxls tite lst., n.s. dk gry sh. bf tite lst., n.s.	
								PN		bf-gry med xls. lst., sl. foss., tite, n.s. blk sh.	mud vis 53; wt 9.3
								4400	sl. odor only	H gry very cherty lst (blue chl), fracture ϕ , v. sl. odor, n.s. Bf-tan fuxls tite lst., n.s.	Pawnee Ls. 4385'

Buse-K

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4400

LITHOLOGIC LOG

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 GL KB 2757 (measure from *)

Location ap. SE NW SE Sec. 13-17S-29W
 County LANE State KS scale 1" = 20'
 depth this sheet - from 4400 to 4580' page 6 of 7

DRILLING TIME (min/ft)								DEPTH	tops shows	lith graph	DESCRIPTION (lithology, DSTs, mud properties)
1	2	3	4	5	6	7	8				
								4400			lst., a/a, n.s.; pyritic dk gry - blk sh. grn - gry limy sh. MUD VIS 54; wt. 9.3
								4450			bf fuxlw tite lst., n.s. w/ gry - tan chert blk sh., carb. Ft. Scott 4435(-1678)
								50			bf fuxlw lst., sl. φ, n.s. bf - gry fuxlw lst., sl. oolitic, tite, n.s. dk gry sh. Cher
								50			dk brn fossiliferous lst., tite, n.s. Cherokee 4458(-1701)
									sl. show		wh lst., sl. vuggy φ, trc. str., no odor, no free oil pyritic
									sl. show		dk gry sh. - blk sh.; pyritic gry lst., sl. vuggy φ, trc. str., v. sl. odor, no free oil (poor fluor.)
											gry fuxlw granular lst., tite, n.s. very foss., w/ shale streaks
								4500	good show		blk carb sh. lst., n.s. grn - gry sandy sh. Johnson Zone 4500(-1743)
								4500			wh foss lst., vuggy φ, free oil, gdstn sl. odor, poor fluor. Congl. CONGLOMERATE 4507' (Morrow?)
											green pyritic sst., sl. φ, n.s. sh. v. f. gr. grn - gry pyritic sst., sl - fr φ, n.s.
											PIPE STRAP 14' long; dcn = 1/4"
											DST #1: 4493-4520 Johnson Zone + Conglomerate REC: 134' go (70% oil) + 124' gocm (20% oil) + 124' wcm + 186' mw + 672' GIP
											Mississippian 4530(-1773)
								50			oolitic lst., a/a, tite, n.s. sh. streaks 30", 60", 60", 90" FP: 27-153#, 162-245# SIP: 690-554# HP: 2257-2183#
											gry fuxlw granular lst., sl. dolomitic, tite, n.s. MUD VIS 55; wt. 9.4
								80			tan-brn dolomite, limy, oomoldic w/ some vuggy φ, n.s. trc brn chert

