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GEOLOGISTS REPORT

For

OCHS No. 1

ORIGINAL

**NW ¼, NE ¼, SE ¼
Sec. 29, T22S, R14E
COFFEY COUNTY, KANSAS**

API-15-031-22103-00-00

August, 2005

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By

**George E. Petersen, C.P.G., R.G.
DEACON GEOLOGY INC.**

GEOLOGISTS REPORT**OCHS No.1**

August 9, 2005: Arrived on location at 7:45 AM.

August 11, 2005: Released from location upon completion of logging at 2 PM.

All measurements were measured from the rounded off elevation of 1166 GL

FORMATION TOPS	LOG DEPTH	DATUM	THICKNESS
Heebner	297	+869	3'
Lansing Fm.	620	+546	
Stark Sh.	1014	+152	3'
Hushpuckney Sh	1045	+121	3'
Base KC Fm.	1065	+101	
Lexington Coal	1335	-169	4'
Summit Coal	1372	-206	4'
Mulkey Coal	1380	-214	4'
U Squirrel Sd.	1384	-218	10'
L Squirrel Sd.	1424	-258	16'
Bevier Coal	1474	-308	3'
Crowberg Coal	1484	-318	4'
Mineral Coal	1514	-348	4'
Scammon Coal	1533	-367	4'
AW Coal	1710	-544	3'
CW Coal	1717	-551	3'
Riverton Coal	1726	-560	4'
Miss Chat	1741	-575	9'
Miss Lm	1762	-596	
RTD 1842			
LTD 1840			

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Sample returns were examined microscopically from a drilled depth of 1000 feet to TD for the presence of visible hydrocarbons. Potential beds capable of carrying oil were examined under a black light for visible fluorescence. Various tops of beds and formations were derived from log responses on the Compensated Density Neutron curves. A gas detector was operational during the drilling of this well and the gas response curves are with the operator of this well. Beds to be tested should be correlated with the gas curve responses.

Further study of the logs after release from the well site caused the log tops reported on the Geologists log to slightly differ from those given in this report. Units above the Mississippian generally vary less than 2 feet from those initially reported on the Geologists log; however the top of the Mississippian has been called at 1762 (-596). Comparison with logs from other wells in eastern Kansas that were known to have encountered karst type deposits suggest that this well did encounter such a surface immediately below the Mississippian Chat surface. This does not in any affect the potential pay intervals in this well but will help in further understanding the complex geology of this area. The tops given in this written report more accurately describe the various horizons in this well

LANSING GROUP:

The top of the Lansing Group was reached at a log depth of 620' (+546). Several of the black shales in this unit exhibited gas kicks with the most notable amounts associated with the Stark and Hushpuckney Shales. It is reported that gas has been commercially produced from these intervals in this area.

Other gas kicks observed on the logs and on the gas charts need to be evaluated before eventual abandonment of the well.

A gas effect was noted on the Neutron Density curve between a log depth of 384-388. This should be compared to gas kicks noted on the chart record. Samples were not taken from this interval. This interval needs to be tested at some point before the eventual abandonment of the well.

MARMATON GROUP:

The apparent top of the Marmaton group was reached at a log depth of 1216' (-50). The Lexington, Summit, and Mulkey coals should all be tested as they had good gas kicks.

CHROKEE GROUP:

The portion of the Cherokee found in this well is a cyclothemic unit composed of marine and terrestrial sandstones and shales, marine carbonates and associated coal beds.

The uppermost bed of the Cherokee in this well was the upper Squirrel sand found immediately under the Mulkey Coal. This unit had an approximate thickness of 10 feet. The sand was medium grained, sub-rounded to rounded quartz sand. There was a show of oil in the samples. A moderate odor was noted. The oil was a medium brown in color. It is probable that this interval can produce oil in unknown quantities.

The lower Squirrel sand was reached at a log depth of 1424 feet (-16). This interval contained a medium to coarse quartz sand containing medium brown free oil. The samples had a faint petroleum odor. Log signatures indicate a moderately shaly nature to this interval. Calculated Sw values can be obtained at the time further interest is warranted for this sand. It appeared the sand was loosely

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cemented and much of the oil was flushed from the samples during the drilling process.

The various coals found in the Cherokee had strong shows of gas as noted by the gas detector.

The lower sequence of the AW, CW, and Riverton coals in the lower Cherokee should be the first intervals to be tested. It would appear that these coal intervals will yield commercial quantities of gas.

MISSISSIPPIAN:

The Mississippian chat was reached at a logged depth of 1741 (-575). This interval contained abundant white to gray tripolitic chert and gray to green shale. The Mississippian lime interval was first called at a log depth of 1774 (-575); however, further evaluation of the Dual Compensated Porosity Log response suggest that the top of the lime may actually be at a drilled depth of 1762 (-596). There were limestone fragments representative of the upper Mississippian found in samples above the initial call of 1774. Well logs from the Forest City basin that were known to penetrate Karst features have similar log responses. The Johnson No.1 drilled to the west of this well also penetrated a Karst feature. There were no visible shows of hydrocarbons in the drilled portion of the Mississippian in this well.

The Mississippian lime samples contained abundant gray to white chert along with green and black shale, and tan to medium brown limestone.

There were no shows of hydrocarbons in the drilled portion of this unit.

CONCLUSIONS AND RECOMMENDATIONS;

While some thirty two coal beds with a thickness of more than one foot have been identified in the middle Pennsylvanian stratigraphic column in eastern Kansas there are about 14 beds of coal and black shale that have a thickness that may warrant testing in the area of this lease. The Squirrel sands are also zones of economic interest.

Detailed mapping utilizing e-logs information as well as drillers logs will be necessary to fully evaluate this area. Much of the existing well information for the surrounding area is marginal as in many cases no logs were run.

Based on personal conversations with staff at the Kansas Geological Survey in Lawrence on Monday April 25, 2005, it is thought that the coal beds will be at a fairly uniform subsea datum on the majority of this lease. The underlying Mississippian surface may yield some clue as to the regional depositional environment for the lower Cherokee.

It may be possible to develop isopach maps if sufficient accurate identification of the individual beds can be determined. It is becoming apparent from the well logs now available on this project area that there are variations in thickness through out the drilled interval. This difference in the Lansing, Kansas

City and Marmaton thickness do not appear to affect the Cherokee interval
Coals, which are not identified, do appear and disappear throughout the area.

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DISCLAIMER:

The author of this report has no working or overriding interest in this or any other well on this lease.

Respectfully submitted;

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DEACON GEOLOGY INC.

