

GEOLOGISTS REPORT

for

ESTHER OSBORNE No. 2A

***SW 1/4, NW 1/4, SW 1/4,
sec. 17, 22S, 14E
COFFEY COUNTY, KANSAS***

API-15-031-22133

December, 2005

By

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

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GEOLOGISTS REPORT: ESTHER OSBORNE No.2A

November 29, 2005: Arrived on location at 7:30 AM.

November 30, 2005: Arrived on location at 7:15 AM.

December 1, 2005: Left location upon completion of logging at 4:45 PM.

All measurements were from a ground level elevation of 1155' (topo. elevation).

FORMATION TOPS	LOG DEPTH	DATUM	THICKNESS
<i>Heebner</i>	<i>340</i>	<i>+815</i>	<i>3'</i>
<i>Lansing</i>	<i>658</i>	<i>+497</i>	
<i>Stark sh</i>	<i>1052</i>	<i>+103</i>	<i>3'</i>
<i>Hushpuckney sh</i>	<i>1085</i>	<i>+ 70</i>	<i>3'</i>
<i>Base KC</i>	<i>1103</i>	<i>+ 52</i>	
<i>Altamont ls</i>	<i>1250</i>	<i>- 95</i>	
<i>Lexington coal</i>	<i>1364</i>	<i>-209</i>	<i>2'</i>
<i>Summit coal</i>	<i>1402</i>	<i>-247</i>	<i>3'</i>
<i>Mulkey coal</i>	<i>1410</i>	<i>-255</i>	<i>4'</i>
<i>U Squirrel sd</i>	<i>1418</i>	<i>-263</i>	<i>14'</i>
<i>L Squirrel sd</i>	<i>1461</i>	<i>-306</i>	<i>8'</i>
<i>Bevier coal</i>	<i>1504</i>	<i>-349</i>	<i>4'</i>
<i>Crowberg coal</i>	<i>1514</i>	<i>-359</i>	<i>4'</i>
<i>Mineral coal</i>	<i>1538</i>	<i>-383</i>	<i>3'</i>
<i>Scammon coal</i>	<i>1546</i>	<i>-391</i>	<i>3'</i>
<i>Tebo coal</i>	<i>1598</i>	<i>-443</i>	<i>2'</i>
<i>Weir-Pittsburg</i>	<i>1707</i>	<i>-552</i>	<i>2'</i>
<i>AW coal</i>	<i>1746</i>	<i>-591</i>	<i>3'</i>
<i>CW coal</i>	<i>1754</i>	<i>-599</i>	<i>3'</i>
<i>Riverton coal</i>	<i>1762</i>	<i>-607</i>	<i>4'</i>
<i>Burgess sd</i>	<i>1778</i>	<i>-623</i>	<i>17'</i>
<i>Miss. Lm.</i>	<i>1800</i>	<i>-645</i>	
<i>RTD 1884, LTD 1880</i>			

Sample returns were examined microscopically from a drilled depth of 1000 feet to TD for the presence of visible hydrocarbons. Potential units capable of carrying oil or gas were examined under a black light for visible fluorescence. Various tops of units were derived from the drilling time log, sample returns, and the electric logs run on this well. A gas detector unit was operational during the drilling of this well and the gas response curves were compared with the sample returns and the electric logs.

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DOUGLAS GROUP:

The various beds within the Douglas group of sediments appear to be non productive with the exception of the sand located at a log depth of 572' to 594'. The logs showed a good gas cross-over effect and very high porosity values. The dual induction logs suggest that this interval contains salty water. Until such time as a water sample can be obtained from this sand, it is not possible to calculate accurate Sw values. Before eventual abandonment of the well this interval should be re-evaluated. This sand has been observed in the majority of the wells in the Gridley area. Samples were taken in one well and no oil was found; therefore the gas crossover effect must be tested at some point in the life of the well.

LANSING and KANSAS CITY GROUPS:

The top of the Lansing Group was reached at a log depth of 658' (+497). There has been no oil or gas production from any of the limestone units in the Lansing and Kansas City units in this area. Gas kicks were noted from many of the black shale units. The first significant gas kick undoubtedly came from the Stark shale at a log depth of 1052'. Another strong gas kick was observed from the Hushpuckney shale interval topped at a log depth of 1085'. The next very strong gas kick came from the black shale at the base of the Kansas City sequence. There have been reports that gas is being produced from the Stark Shale Member in the SE Kansas portion of the Cherokee Basin. These three shales need to be tested at some point to evaluate their potential to produce commercial quantities of gas.

MARMATON GROUP:

The top of the Marmaton group was topped at a log depth of 1250. There was a gas kick from the black shale at a log depth of 1307'. An additional gas kick was observed from the black shale at a log depth of 1334'. The Lexington goal at log depth 1364' (-209) had a weak gas kick. The Summit and Mulkey coals found at the base of the formation, should all be tested before eventual abandonment of the well as they also had good gas kicks.

CHEROKEE GROUP:

The Cherokee section is composed of marine and non-marine sandstones and shales, marine carbonates and coal beds.

The uppermost unit of interest in this area is the upper Squirrel sand. This sand was topped at a log depth of 1418' (-263). The sample returns had a slight petroleum odor and there was a slight show of oil in the samples. The samples and the log both indicate that the 14 foot thick sand had moderate porosity. This interval will warrant a completion attempt in this well.

The lower Squirrel sand was found at a log depth of 1461' (-306), and had a thickness of approximately 8 feet. This sand had low porosity, but had a strong gas kick. Sample returns from this interval had little sand in them. It would appear from the gas kick that this interval should be tested before the eventual abandonment of the well.

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Many of the coals found below the lower Squirrel sand had strong shows of gas. There were nine different coals that were identified in this well. There are other thin coals that were not identified by name on the logs or in the samples. The composite thickness of these coals in the Cherokee Section is approximately 28 feet. The coals in the Bevier to Scammon interval were hard bright coals. The gas kicks from this sequence were not as strong as those observed and recorded on the Esther Osborne No. 1. The Tebo coal found at a log depth of 1598 feet showed a moderately strong gas kick. The Wier-Pittsburg coal was identified from the logs and the very strong gas kick that was recorded. The lower sequence of the AW, CW Riverton and two unnamed coals found between 1746 and 1776 feet showed very strong gas kicks. The strong background gas was carried thru much of the drilled interval of the Mississippian. This sequence should be commercially productive should the underlying Burgess sand prove to be nonproductive.

BURGESS SAND:

The Burgess sand is a loosely cemented, medium to coarse grained, sub-rounded, clear to frosted quartz sand. This sand has not been seen in previously drilled wells near Gridley. There was a strong gas kick and the porosity logs indicate a strong gas crossover effect and very good porosity. This should be the first interval to be completed in this well.

MISSISSIPPIAN:

The Mississippian was reached at a log depth of 1800' (-645'. Sample returns from the drilled interval consisted of white to gray tripolitic chert, tan to brown limestone and also some brown saccroidal dolomite. There were no shows of oil from this interval, and no gas kicks were recorded. The gas that was carried through this interval is thought to be gas from the overlying Burgess and lower Cherokee coals.

The drilling of this lime was to provide a rat hole for completion attempts in the upper horizons of the well. The sample returns and logs indicate that the drilled interval will be non-productive. Production from the upper Mississippian can be found to the south west of this area.

CONCLUSIONS AND RECOMMENDATIONS:

This well had good shows of gas from many of the coal and black shale intervals in this well. Until the various intervals have been tested in this well and other wells in this field, all zones should be completed starting with the Burgess sand and proceeding upward to the Riverton, AW and CW coal intervals.

The lower Squirrel sand may hold the potential to produce gas at a later date in this well and the upper Squirrel appears to be capable of producing both oil and gas.

Water samples should be retained from each completed interval to allow for better evaluation of each bed.

It is becoming more important with each well that accurate well elevations be established. Using elevations from a U.S.G.S. topographic map does not allow for the accuracy required for detailed mapping and plotting of cross sections.

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The tops of the various beds indicate a deepening on each interval when compared with wells to the south.

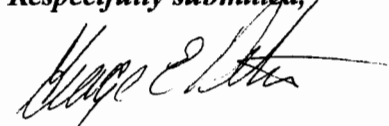
The appearance of the thick Burgess sand in this well is a surprise and opens the possibility that further exploration to the north may yield more thick sand that could greatly increase the potential gas reserves. Again as has been previously stated, accurate well elevations are necessary to allow for more accurate mapping of the geology.

Should additional information be required, please contact me.

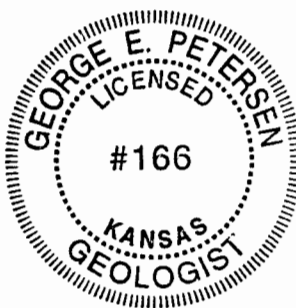
DISCLAIMER:

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

Respectfully submitted;



**George E. Petersen, C.P.G., R.G.
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