

GEOLOGISTS REPORT

For

Marion Beyer #2

SW 1/4, NW 1/4, NW 1/4,

Sec. 20, T22S, R 14E

COFFEY COUNTY, KANSAS

990 FNL 330 FWL

API-15-031-22207-00-00

April, 2006

By

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

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WICHITA, KS

20-32-14E

MARION BEYER #2

April 25, 2006: On location at 7:40 A.M., drilling at 902'. Left location at 6:10 P.M.

April 26, 2006: On location at 7:10 A.M., drilling at 1582'. Left location after logging.

All measurements from an estimated elevation of 1192' GL.

FORMATION	SAMPLE	LOG	DATUM	THICKNESS	ESTHER
TOPS	TOPS	TOPS			OSBORNE 1
Heebner	351	350	+842		+834
Douglas sand		570	+622	32'	
Lansing	669	670	+522		+513
Stark shale	1067	1066	+126	4'	+118
Hushpuckney shale	1099	1098	+94	5'	+87
Base KC	1118	1118	+74	3'	+67
Altamont ls	1267	1267	-75		-79
Mulberry coal		1304	-112	3'	-116
coal A		1327	-135	3'	
coal B		1349	-157	2'	
Lexington coal	1385	1384	-192	4'	-193
Summit coal		1420	-228	4'	-230
Mulkey coal	1428	1428	-236	3'	-238
U Squirrel sand		1440	-248'	6'	-249
L Squirrel sand	1482	1480	-288	12'	-289
Bevier coal		1526	-334	2'	-333
Crowberg coal		1536	-344	4'	-345
Mineral coal	1562	1561	-369	3'	-366
Scammon coal	1569	1569	-377	3'	-373
Tebo coal		1588	-396	3'	-396
Wier-Pittsburg coal		1634	-444	2'	
Rowe coal		1717	-525	3'	
Neutral coal	1735	1738	-546	2'	
AW coal	1757	1755	-563	2'	-565
CW coal	1763	1763	-571	2'	-572
Riverton coal	1772	1772	-580	4'	-579
Coal 1	1781	1782	-590	2'	
Coal 2	1786	1786	-594	2'	
Miss lm	1791	1790	-598		-595

RTD 1862, LTD 1861

Sample returns were examined microscopically from a drilled depth of 900 feet to TD for the presence of visible hydrocarbons. Various tops of units and formations, and unit thickness were identified from the sample returns, the drilling time log, and

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the Dual Compensated Porosity Log. A gas detector was operational from 880 feet to TD. The gas response was correlated with the logs and all pertinent gas bearing beds were identified on the gas chart which is retained by the operator.

DOUGLAS SAND:

The Douglas sand was topped at a log depth of 570' (+622). This clean very porous sand had a thickness of 32 feet and an average log porosity of 28%. There are indications of a slight gas effect on the logs. The deep induction curves suggest that the interval is 95 to 100 % water saturated; however, the shallow guard allows calculations that range from 32 to 36% water saturation. This sand needs to be carefully tested before eventual abandonment of the well. It may be that there was invasion of the sand by the drilling fluids, which in turn could mask the presence of gas. Samples have been caught on other wells in this area and the samples are a very clean quartz grained sand.

LANSING-KANSAS CITY GROUP:

The log top of the Lansing was reached at a depth of 670' (+522). The first gas kick from an interval that has the potential to produce was from the Stark Shale found at a log depth of 1066' (+126). Additional kicks of potential value were from the Hushpuckney shale at a log depth of 1098' (+94), and the black shale at the base of the Kansas City group at a log depth of 1118' (+74). These three shale's should probably be combined when completed.

PLEASANTON GROUP:

The Pleasanton Group consists of a shaly sand to sandy shale. The cleaner sand was found at 1137' (+55) where there was an interval of some 15 feet in thickness. There was a very faint gas kick. There was a significant wall cake build up from 1158-1166' indicating good porosity and permeability. Further evaluation of this sand interval should be done before eventual abandonment of the well.

MARMATON GROUP:

The Altamont top is called in most of these wells as it is readily identified from the samples and drilling time log. This limestone was topped at a log depth of 1267' (-75).

A gas kick was recorded from Mulberry coal at log depth 1304' (-112). This interval had a 1000 unit gas kick. Two additional coals called coal A and coal B had 1000 unit gas kicks. These coals were topped at 1327' (-135) and 1349' (-157). The Lexington coal was found at log depth 1384' (-192). This interval consistently yields good gas readings and should eventually be tested.

The Summit and Mulkey coals are found at the base of the Kansas City Group and are separated by a six foot thick limestone. It is difficult to determine if the gas kick is from one or both coals. Their closeness to each other allow for both intervals to be perforated together.

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CHEROKEE GROUP:

The upper Squirrel sand was thin and poorly developed in this well. The samples that were identified from this interval had no odor and no show of free oil. There was a heavy black tar residue between sand grains.

The lower Squirrel is found at a log depth of 1480' (-288). This sand has a thickness of approximately twelve feet. There was a very pronounced wall cake build up between 1478'-1490'. There were not any high gas readings from this sand. The samples had a slight odor and there was a very slight show of medium brown free oil along with some heavy black tar like residue. Although there is an indication on the density-porosity log that gas may be present, it is doubtful that the Squirrel interval can be commercially productive in this well.

The remainder of the Cherokee section below the Squirrel sands contained fourteen identified coal beds having a composite thickness of 37 feet. It is likely that there are additional coal seams present that are too thin to register on the logs. The middle coals from the Bevier to the Scammon, and the lower sequence from the AW through beds identified as C1 and C2 are the most likely productive coal intervals.

All completion attempts should commence with the lower coals being the first to be tested.

MISSISSIPPIAN:

The top of the Mississippian section in this well has been called at a log depth of 1790' (-598). It is likely that this is an old erosional surface on the top of the Mississippian lime as indicated by the log signature of the top ten feet. There were no indications that either oil or gas was present in the drilled interval. It is important that this drilled interval, usually in excess of 70' be observed, as production of oil may be found at some future location.

CONCLUSIONS AND RECOMMENDATIONS:

There is evidence of thickening and thinning of many of the geologic units above the Mississippian. Until accurate surface elevations can be established, detailed maps and cross sections can not be made with any accuracy. Comparison of the structural position of the various beds to the Esther Osborne 1 to the north can be seen in the table on page 1.

Gas readings were good to excellent for most of the coals. When compared to all of the previously drilled wells, it is expected that this well should produce commercial quantities of gas from those coal beds that have good gas readings.

Additional names of coals were listed in the table at the beginning of this report. As more and more well logs become available, it is becoming possible to attach names to previously unidentified intervals. More coal beds may also be identified by name as the drilling program progresses and more logs become available for comparison purposes. These names correspond to the names given in the present nomenclature from the Kansas Geological Survey.

When production is established from the various coal beds, better estimates can be made as to whether individual intervals are worthy of further completion attempts.

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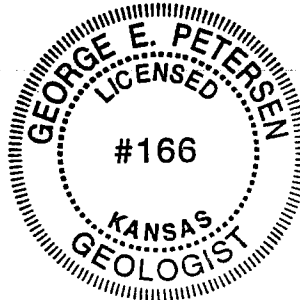
Cross sections and isopach maps are being developed to help define areas of greater potential. The mapping is dependent on elevations derived from topographic maps and there is some probability of error.

DISCLAIMER:

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

Respectfully submitted;

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