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GEOLOGISTS REPORT

For

BEYER 3A

NE ¼, NE ¼, NE ¼,
Sec. 29, T22S, R14E

COFFEY, COUNTY KANSAS

API 15-031-22177-00-00
330 FNL + 330 FEL

January, 2006

By

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

GEOLOGISTS REPORT

BEYER 3A

January 17, 2006: Arrived on location, 7:45 AM, drilling at 740', left location at 6:45 PM.
January 18, 2006: Arrived on location at 7:15 AM. Left location at 7 PM.
January 21, 2006: Arrived on location at 9:30 AM, Left at completion of logging.

All measurements are from an estimated elevation of 1190' GL.

FORMATION TOPS	LOG TOPS	DATUM	THICKNESS
Heebner	320	+873	
Lansing Fm.	642	+548	
Stark Sh.	1035	+155	4'
Hushpuckney Sh.	1068	+122	4'
Base KC	1086	+104	
Altamont Ls.	1236	-46	
Lexington coal	1353	-163	3'
Summit coal	1388	-198	3'
Mulkey coal	1396	-206	4'
Squirrel sands	1406	-216	56'
Bevier coal	1494	-304	2'
Crowberg coal	1508	-318	5'
Minerak coal	1538	-348	3'
Scammon coal	1556	-366	3'
Dry wood coal	1695	-505	2'
AW coal	1735	-545	3'
CW coal	1742	-552	3'
Riverton coal	1752	-562	4'
Unnamed coal 1	1761	-571	2'
Unnamed coal 2	1766	-576	2'
Mississippian chat	1771	-581	7'
Mississippian lm.	1784	-594	

RTD 1862, LTD 1757

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 observed under a black light for visible fluorescence. Various tops of units and formations were identified from the sample returns, the drilling time log and the Dual Compensated Porosity log. A gas detector was operational from approximately 750 feet to TD. The gas response curves were correlated with the logs and the curves are retained by the operator of the lease.

LANSING GROUP:

The top of the Lansing Group was reached at a log depth of 642' (+548). A sand interval found between log depth 870' and 890', had a small gas kick. There were no kicks noted prior to penetrating to this depth.

There was a slightly stronger kick in the shale interval between 945' thru 962'. These first two kicks were small and probably do not warrant further study.

The Stark Shale, log depth 1035' (+122) had the strongest gas kick noted to date from this unit in the present drilling program. This kick had a 5X, 4 dilution reading. The Hushpuckney Shale at log depth 1068' (+122), also had a very strong 5X, dilution reading. Based on the recorded gas values, these two black shales should have the capability to produce commercial quantities of gas.

MARMATON GROUP:

There was a strong gas kick noted from either a black shale found at a log depth of 1270' (-80), or from a 20 foot thick sand that immediately underlies the shale. As has been mentioned earlier in this report, this kick was much stronger than those previously seen in wells drilled prior to this.

The Lexington coal was found at a log top of 1353' (-163). This coal appears to be approximately 3' feet thick. The gas kick from this interval was again higher than in any other wells in this project. The curves were again off the chart.

The Summit coal at a log depth of 1388' (-198), and the Mulkey coal at a log depth of 1396' (-206) were very close together and it is not possible to determine whether the very high gas kick was from one or both coals. The kick was less than that from the Lexington coal.

CHEROKEE GROUP:

The Squirrel sands are generally divided into an upper and lower sand; however, in this well the sands are not separated by a distinct shale interval that is present in most wells in the area. The upper portion of the unit is a brown, medium to coarse grained sand with an average porosity over 10%. There was a show of heavy brown free oil with a rainbow noted on the pit.

The lower interval from 1424' to 1462' is a clear, to frosted, medium to coarse grained sand with porosity values averaging 15%. There was a show of medium brown free oil in the samples and on the pit.

The gas kick was off scale with 5X, 5dilution insufficient to keep the curve on the chart. This is a very significant gas show from this interval.

It is probable that the Squirrel interval is capable of producing both oil and gas.

The coal intervals from the Bevier through the Scammon also yielded gas in amounts that were off the chart. An additional coal, tentatively identified as the Dry Wood coal was noted in this well. It is probable that his coal has been present in other wells but may not have had sufficient thickness to identify on the logs.

The lower sequence of coals from the AW through the Riverton and the underlying un-named coal all yielded off scale gas readings.

MISSISSIPPIAN CHAT:

The bed identified as Mississippian chat for this report was reached at a log depth of 1771' (-594). Fifteen minute circulation samples were taken at a depth of 1773' and again at 1780'. Samples contained chert and light tan to light brown well rounded limestone fragments. The thickness is listed at 7 feet in this report. The samples do not appear to be from the typical chat section, where 80 to 90% of the samples are chert. It appears that this interval may be the remnants of a highly eroded Mississippian interval. There may be gas present in some quantity between 1772' and 1778'.

The Mississippian lime was reached at a log top of 1784' (-594). This part of the well was drilled to provide a rat hole. There were portions of the unit that are limestone and a thick brown saccroidal dolomite interval from 1806' to 1824'. This dolomite had very good vuggular porosity. There were no apparent shows of hydrocarbons visible in this interval.

CONCLUSIONS AND RECOMMENDATIONS:

The gas detection unit recorded much higher readings throughout most of the units that normally contain gas. The equipment was tested and found to be functioning normally. With these very high gas readings it seems probable that there many zones in this well that have the potential to produce large quantities of gas.

There are nine coals with an aggregate thickness of 27 feet along with the 56 feet of the Squirrel sand that has gas. There is an additional 17 feet of black shales and coals in the overlying sediments that had very high gas readings when the interval was penetrated.

It is again important that accurate surveyed elevations be obtained to allow for cross sections to be prepared.

A base map with all well locations on each lease is presently being prepared. This, along with the correct elevations, will allow for more detailed mapping of the geology.

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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