29-22s-14E

GEOLOGISTS REPORT

for

OSBORN No. 1

C, SE1/4, SE1/4
sec. 29, 22S, 14E
COFFEY COUNTY, KANSAS

680 FSL 710 FEL

API-15-031-22118

October, 2005

By

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DEACON GEOLOGY INC.

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GEOLOGISTS REPORT: OSBORN No.1

October 25, 2005: Arrived on location at 8 AM, rig down for replacement of drill pipe.
October 26, 2005: Arrived on location at 7:45 AM, drilling at 790'.
October 27, 2005: Arrived on Location at 7:30 AM. Left upon completion of logging at 11:55 PM.

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

FORMATION TOPS	LOG DEPTH	DATUM	THICKNESS
Heebner	286	+869	
Lansing	618	+537	
Stark sh	1010	+145	4'
Hushpuckney sh	1041	+114	4'
Base KC	1062	+ 93	
Lexington coal	1332	-177	4'
Summit coal	1366	-211	4'
Mulkey coal	1376	-221	4'
U Squirrel sd	1381	-226	9'
L Squirrel sd	1422	-267	8'
Bevier coal	1466	-311	3'
Crowberg coal	1477	-322	3'
Mineral coal	1507	-352	3'
Scammon coal	1526	-371	3'
Tebo coal	1560	-405	2'
Weir-Pittsburg	1570	-415	2'
AW coal	1700	-545	3'
CW coal	1708	-553	3'
Riverton coal	1717	-562	4'
Un-named coal	1726	-571	2'
Miss. Cht.	1734	-579	20'
Miss. Lm.	1754	-599	
RTD & LTD 1822			

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 are with the operator of this well. Beds to be tested should be correlated with the gas response curves.

DOUGLAS GROUP:

The majority of the Douglas group of sediments appear to be non productive with the exception of a thin sand located between 374 and 380. The logs showed a gas cross-over effect and the dual induction logs show good resistivity values. Until such time as a water sample can be obtained from this sand, it is not possible to calculate accurate Sw values.

LANSING GROUP:

The top of the Lansing Group was reached at a log depth of 618 (+537). There has been no oil or gas production from any of the limestones in the Lansing and Kansas City units in this well. Gas kicks were noted from some of the black shale units. There have been reports that gas is being produced from the black Stark Shale Member in the SE Kansas portion of the Cherokee Basin. Both the Stark and Hushpuckney units 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 1211 (-56). Clean porous sand was noted on the logs and in the samples. The logs showed a build up of wall cake over the interval indicating good permeability. The induction logs suggest that this interval is too wet to produce; however, this sand should be evaluated in all other wells drilled in the immediate area.

The Lexington, Summit and Mulkey coals should all be tested before eventual abandonment of the well as all three 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 1381 (-226). The sample returns had a moderate petroleum odor and there was a show of oil on the pits. The samples had a moderate show of medium brown free oil along with a heavy black oil in the pore spaces. The samples and the log both indicate that the 9 foot thick sand is shaley and has limited porosity. Water saturations could be favorable for a completion attempt for oil at some point in the life of this well.

The lower Squirrel sand was found at a log depth of 1422 (-267), and had a thickness of approximately 8 feet. This sand had limited porosity and a slight show of heavy brown oil. There was a moderate odor present in the samples. Based on the observed samples and the log response, it may be possible to produce oil from this interval; but until the zone is tested, it is not possible to determine whether the interval can produce commercial quantities.

Many of the coals found below the lower Squirrel sand had strong shows of gas.

There were ten different coals that were identified in this well. It is probable that there may be other thin coals that could not be identified on the logs or in the samples. The composite thickness of these coals is approximately 29 feet. The coals in the Bevier to Scammon interval were hard bright coals and the strongest kicks were generally from this sequence.

It is suggested that due to the fact that production has not been established to date from any coal interval in this project, that testing begin in the lower coal sequence with the AW, CW, and Riverton coals.

MISSISSIPPIAN:

The Mississippian chat was reached at a log depth of 1734 (-579).Sample returns consisted of white to gray tripolitic chert. There were no shows of either oil or gas from this interval. The gas cross over effect on the logs is due to the high silica content of the chert. There is no possibility of commercial production of oil or gas from the chat section in this well.

The Mississippian lime was called at a log depth of 1754 (-599). There were no shows of hydrocarbons present in the drilled portion of the Mississippian in this well. The drilling of this lime was to provide a rat hole for completion attempts in upper horizons of the well. The sample returns and logs indicate that the drilled interval consisted of alternating intervals of limestone and dolomite with some thin shale partings.

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 from the bottom to the top.

The Squirrel sand may hold the potential to produce oil at a later date in this well. Water samples should be retained from each completed interval to allow for better evaluation of each bed.

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,

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