

Midwest Energy, Inc. 36-1 Kipp Kipp 1

WELL SITE GEOLOGICAL REPORT

WELL NAME: Midwest Energy, Inc. 36-1 Kipp, API No. 15-001-29639-00-00

LOCATION: NE NW NE SW SW NW Sec. 36, T. 24 S., R. 17 E.
Lat. 37.91634274 N, Long. -95.49918998 W
Point projected in UTM NAD 27 Zone 15N
Estimated (as projected) 2076 ft FNL 464 ft FWL
Iola 7.5 Minute Quadrangle, Allen County, Kansas

ELEVATION: Ground level 1050 feet estimated from Iola 7.5 minute topographic map.
Drilling and logs measured from ground level.

OPERATOR: Midwest Energy, Inc., License No. 33741, Commerce Plaza 1 Center,
7300 W. 110th Street, 7th Floor, Overland Park, KS 66210
913-693-4605, Brad Kramer, Project Manager

CONTRACTOR: Thornton Air Rotary, P. O. Box 449, Caney, KS 67333
Sean O'Rourke, Driller, Bobby, Table Hand, and Brandon, Pipe Hand

COMMENCED: October 5, 2007

CASING: Set 22 feet 8 5/8 inch casing, with 4 sacks Portland cement.

HOLE SIZE: 12 1/4 inch to 22 feet, 6 3/4 inch to 1280 feet

TOTAL DEPTH: 1280 feet, 4:30 pm October 8, 2007

SUPERVISION: David C. Smith, Geologist

CORES: none

TESTS: Frequent checks for gas flow. Coal and black shale cuttings collected in
canisters or plastic bags.

LOGS RUN: Dual Induction, Differential Temperature, and Density-Neutron Logs

STATUS: Waiting for 4 1/2 inch production casing.

FORMATION TOPS: Base Kansas City Ls (Critzler) 443 ft, Lenapah Ls 608 ft, Altamont Ls 631 ft,
Pawnee Ls 719 ft, Higginsville (Oswego) Ls 765 ft, Excello BS 803 ft, Tebo Coal 982 ft, Weir-Pittsburg
Coal horizon 1000 ft, Lower Bartlesville Ss 1047 ft, Bluejacket Ss 1065 ft, Warner Ss 1106 ft, Chat 1180,
and Mississippian carbonate 1186 ft.

CONCLUSIONS: Gas shows were observed in the Holdenville Shale, Lake Neosho Shale,
Mulberry Coal, Anna Shale, Excello Shale-Mulky Coal, Fleming Coal, Fleming BS (Mineral Coal
horizon), Tebo Coal, and Cainsville Coal. The Bandera Quarry Sandstone contains some free oil. The
Squirrel Sandstone has oil odor. Lower Bartlesville, Bluejacket, and Warner Sandstones have no oil odor.
No oil odor accompanied Mississippian chat, sandy dolomite, and cherty limestone.

RECOMMENDATIONS: Set pipe, cement, run cased hole log, and complete coal seams.

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36-1 Kipp Summary of Tops and Shows
1050 GL elevation

Bed	Depth	Elevation	Thickness	Remarks
Winterset Ls	317-379	733	62	364-365 slight oil odor
Stark BS	382-384	668	2	Canister 1, no gas show
Bethany Falls Ls	384-409	666	25	
Hushpuckney BS	411-413	639	2	no sample
Sniabar Ls	413-430	637	17	
Mound City BS	430-431	620	1	no sample
Critzer Ls	431-443	619	12	
South Mound BS	571-573	479	2	
Hepler Ss	576-585	474	9	no odor
Holdenville BS	604-605	446	1	gas show
Lenapah Ls	608-612	442	4	
Laredo Coal horizon	629	421	0	
Worland Ls	631-640	419	9	
Lake Neosho BS	641-643	409	2	gas show
Bandera Quarry Ss	653-673	397	20	oil odor, some free oil
	661			gas test, no flow
	686			gas test, no flow
	711			gas test, no flow
Mulberry Coal	714-715	336	1	Canister 3, gas show
Laberdie (Coal City) Ls	719-729	331	10	
	737			gas test, slight flow
Myrick Station Ls	740-746	310	6	
Anna BS	746-748	304	2	Canister 6, gas show
	762			gas test, 20.7 Mcf/day
Higginsville Ls	765-788	285	23	
	787			gas test, 22.9 Mcf/day
Binkley BS	794-796	256	2	no sample
Blackjack Creek Ls	799-803	251	4	
Excello BS	803-805	247	2	Canister 9, gas show
Mulky Coal	805-807?	245	2?	Canister 9, gas show
	812			gas test, 15.7 Mcf/day
	837			gas test, 20.7 Mcf/day
Squirrel Ss	850-862	200	12	850-852 oil odor
	862			gas test, 20.7 Mcf/day
Lagonda BS	878-879	172	1	
Bevier (MO)	879	171	0	
	887			gas test, 20.7 Mcf/day
Bevier (KS)	912	138	0	
	912			gas test, 20.7 Mcf/day
Croweburg BS	922-923	128	1	
Fleming Coal	923-925	127	2	Canister 10, gas show
	937			gas test, 20.7 Mcf/day
Fleming BS	939-940	111	1	gas show
Mineral Coal	940	110	0	
	962			gas test, 18.5 Mcf/day
Lower Scammon BS	981-982	69	1	
Tebo Coal	982-983	68	1	gas show
	987			gas test, 18.5 Mcf/day
Tebo BS	998-1000	52	2	no sample
Weir-Pittsburg Coal	1000	50	0	
Cainsville Coal	1009.5-1010	40.5	0.5	Canister 11, gas show
	1012			gas test, 18.5 Mcf/day

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WICHITA, KS

36-1 Kipp Summary of Tops and Shows, continued
1050 GL elevation

Bed	Depth	Elevation	Thickness	Remarks
Princeton Coal	1023 1037	27	0	gas test, 12.7 Mcf/day
Lower Bartlesville Ss	1047-1060 1062	3	13	no oil odor gas test, 22.9 Mcf/day
Bluejacket Ss	1065-1084 1087	-15	19	no oil odor gas test, 22.9 Mcf/day
Warner Ss	1106-1180 1112 1137	-56	74	no oil odor gas test, 12.7 Mcf/day gas test, 20.7 Mcf/day
Mississippian Chat	1180-1186	-130	6	no oil odor
Sandy Dolomite	1186-1212 1187	-136	26	no oil odor gas test, no flow
Cherty Limestone	1212-1280	-162	68+	no oil odor
Total Depth	1280	-230		

Oil and Gas Shows

Gas shows were observed in the Mound City Shale (1 ft), Mulberry Coal (1 ft), Anna Shale (2 ft), Excello Shale-Mulky Coal (4 ft), Fleming Coal (2 ft), Fleming BS (1 ft), Tebo Coal (1 ft), and Cainsville Coal (1.5 ft). The Bandera Quarry Sandstone (20 ft) contains some free oil. The Squirrel Sandstone has oil odor from 850 to 852 ft. Lower Bartlesville, Bluejacket, and Warner Sandstones have no oil odor. No oil odor accompanied Mississippian chat, sandy dolomite, and cherty limestone.

Operations

Twenty two feet of 8 5/8 inch surface casing was set with four sacks of Portland cement October 5, 2007. A 6 3/4 inch hole was drilled from 22 to 1280 feet between 7:00 am and 4:30 pm October 8, 2007. Samples were examined during each 5-foot interval except when bagging black shale and coal samples and filling desorption canisters. Cornish Wireline Services completed three wire line logs by 8:30 pm October 8, 2007.

Recommendations and Conclusions

Enough black shale-coal intervals are present to complete the well for coalbed methane production.

The Ardmore Limestone is missing, making positive correlation of upper Cherokee coal beds uncertain. Lower Cherokee sandstones below 1020 feet are difficult to distinguish. They are tentatively correlated in this report and are subject to revision.

Respectfully Submitted,

David C. Smith, Geologist
14375 County Road 8450
Rolla, MO 65401
573-364-6491
October 15, 2007

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