

Midwest Energy, Inc. 36-2 Kipp

WELL SITE GEOLOGICAL REPORT

WELL NAME: Midwest Energy, Inc. 36-2 Kipp, API No. 15-001-29640-00-00

LOCATION: SE NW SW NW NE NW Sec. 36, T. 24 S., R. 17 E.
Lat. 37.92089981 N, Long. -95.49585180 W, UTM NAD 27 Zone 15N
Estimated (as projected) 415 ft FNL 1456 ft FWL
Iola 7.5 Minute Quadrangle, Allen County, Kansas

ELEVATION: Ground level 1042 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: 6:00 pm October 8, 2007

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

HOLE SIZE: 12 ¼ inch to 22 feet, 6 ¾ inch to 1262 feet

TOTAL DEPTH: 1262 feet, 8:40 pm October 9, 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 ½ inch production casing.

FORMATION TOPS: Base Kansas City Ls (Critzler) 428 ft, Altamont Ls 625 ft, Pawnee Ls 709 ft,
Higginsville Ls 756 ft, Excello BS 794 ft, Tebo Coal 972 ft, Weir-Pittsburg Coal horizon 988 ft, Lower
Bartlesville Ss 1014 ft, Bluejacket Ss 1060 ft, Warner Ss 1106 ft, Chat 1176, and Mississippian carbonate
1183 ft.

CONCLUSIONS: Gas shows were observed in the Hushpuckney Shale, Holdenville Shale,
Mulberry Coal, Anna Shale-Lexington Coal, Excello Shale-Mulky Coal, Fleming Coal, and Cainsville
Coal. Anomalous differential temperature readings suggest the Bevier Sandstone has open-flow gas. Free
oil occurs in the Upper Bandera Quarry Sandstone, Squirrel Sandstone, and Warner Sandstone. Oil may
also occur in the Rowe Sandstone and Mississippian cherty limestone. These intervals may be worthy of
testing.

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

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36-2 Kipp Summary of Tops and Shows
1042 GL elevation

Bed	Depth	Elevation	Thickness	Remarks
Winterset Ls	311-372	731	61	331-336 slight oil odor
Stark BS	374-376	668	2	Canister 13, poor sample
Bethany Falls Ls	377-402	665	25	
Hushpuckney BS	403-406	639	3	Canister 15, gas show
Sniabar Ls	407-422	635	15	
	411			gas test, slight flow
Mound City BS	422-424	620	2	no sample
Critzer Ls	424-428	618	4	
	436			gas test, slight flow
	461			gas test, slight flow
	486			gas test, slight flow
	511			gas test, slight flow
	536			gas test, slight flow
	561			gas test, slight flow
	586			gas test, slight flow
Holdenville BS	587-589	455	2	gas show
	611			gas test, slight flow
Laredo Coal	623.5-624	418.5	0.5	
Worland Ls	625-632	417	7	
Lake Neosho BS	633-634	409	1	
	636			gas test, slight flow
Upper Bandera Quarry Ss	640-662	402	22	657-662 some free oil
	661			gas test, slight flow
Lower Bandera Quarry Ss	675-678	367	3	no oil odor
	686			gas test, no flow
Mulberry Cap Rock	701-703	341	2	
Mulberry Coal	704-704.5	338	0.5	Canister 16, gas show
	711			gas test, slight flow
Laberdie (Coal City) Ls	709-725	333	16	
	737			gas test, slight flow
Myrick Station Ls	731-736	311	5	
Anna BS	737-738	305	1	Canister 18, gas show
Lexington Coal	738-738.5	304	0.5	Canister 18, gas show
	762			gas test, slight flow
Higginsville Ls	756-779	286	23	
	787			gas test, 8.95 Mcf/day
Binkley BS	785-787	257	2	Canister 19, gas show
Summit Coal	787-787.5	255	0.5	Canister 19, gas show
Blackjack Creek Ls	790-794	252	4	
Excello BS	794-796?	248	2?	Canister 21, gas show
Mulky Coal	796-796.5?	246	0.5?	Canister 21, gas show
	812			gas test, 8.95 Mcf/day
Squirrel Ss	827-840	215	13	829-837 some free oil
	862			gas test, 32.4 Mcf/day
Bevier Coal (MO)	867-867.5	175	0.5	
Bevier BS	886-887	156	1	
Bevier Coal (KS)	887	155	0	
	887			gas test, 34 Mcf/day
Verdigris Ss?	889-903	153	14	
Croweburg Coal horizon	909	133	0	
	912			gas test, 39 Mcf/day

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36-2 Kipp Summary of Tops and Shows, continued
1042 GL elevation

Bed	Depth	Elevation	Thickness	Remarks
Croweburg BS	917-918	125	1	Canister 14, gas show
Fleming Coal	918-919	124	1	Canister 14, gas show
Fleming BS	933-934	109	1	no sample
Mineral Coal	934	108	0	
	937			gas test, 44.2 Mcf/day
Lower Cattleman Ss	937-944	105	7	no oil odor
	962			gas test, 39 Mcf/day
Lower Scammon BS	971-972	71	1	
Tebo Coal	972-972.5	70	0.5	no sample
	987			gas test, 39 Mcf/day
Tebo BS	985-988	57	3	no sample
Weir-Pittsburg Coal	988	54	0	
Cainsville Coal	996-997	46	1	Canister 11, gas show
Cainsville BS	998-999.5	44	1.5	Canister 11, gas show
Princeton Coal	1008	34	0	
	1012			gas test, 39 Mcf/day
Lower Bartlesville Ss	1014-1031	28	17	no oil odor
	1037			gas test, 39 Mcf/day
Bluejacket Ss	1060-1083	-18	23	no oil odor
	1062			gas test, 39 Mcf/day
	1087			gas test, 39 Mcf/day
Rowe Ss	1092-1102		10	good oil odor, soft
Warner Ss	1106-1176	-64	70	1112-1137 some free oil
	1112			gas test, 31.4 Mcf/day
	1137			gas test, 39 Mcf/day
Mississippian Chat	1176-1183	-134	7	no oil odor
Sandy Limestone	1183-1225	-141	42	no oil odor
Cherty Limestone	1225-1262	-183	38+	1232-1238 slight oil odor
Total Depth	1262	-220		

Oil and Gas Shows

Gas shows were observed in the Hushpuckney Shale (3 ft), Holdenville Shale (2 ft), Mulberry Coal (0.5 ft), Anna Shale-Lexington Coal (1.5 ft), Binkley Shale-Summit Coal (2.5 ft), Excello Shale-Mulky Coal (2.5 ft), Fleming Coal (1 ft), and Cainsville Coal (0.5 ft). Free oil is present in the Upper Bandera Quarry (5 ft) and Squirrel Sandstones (8 ft). The Rowe Sandstone (10 ft) may be oil bearing. Some free oil is present from about 1112 to 1137 ft in the Warner Sandstone. Mississippian cherty limestone carries a slight oil odor from 1232 to 1238. These intervals are worthy of further evaluation for potential oil production.

Operations

Twenty two feet of 8 5/8 inch surface casing was set with four sacks of Portland cement at about 8:00 pm October 8, 2007. A 6 3/4 inch hole was drilled from 22 to 1280 feet between 7:00 am and 8:40 pm October 9, 2007. Tripped out of hole at 10:30 am, while about 336 ft deep, to replace down-hole hammer. Replaced hammer and resumed drilling about 11:00 am. 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 12:45 am October 10, 2007.

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36-2 Kipp, continued

Recommendations and Conclusions

Enough black shale-coal intervals are present to complete the well for coalbed methane production. The Upper Bandera Quarry Sandstone, Squirrel Sandstone, and Warner Sandstone contain free oil. Mississippian cherty limestone carries a slight oil odor from 1232 to 1238. These units may be worthy of further evaluation and testing if they have successfully produced oil in the Iola area.

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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