

ILUS INDUSTRIES, INC.

EXECUTIVE BUILDING SUITE 128  
4121 WEST 83RD STREET  
PRAIRIE VILLAGE, KANSAS 66208

JOHN I. WILLHAUCK, JR.

913-341-9770

ACIDIZE WORKOVER REPORT

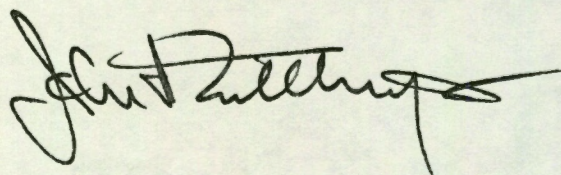
#1 Pickens

**DO NOT REMOVE  
PERMANENT WELL FILE**

1-3-79: Move in Ed Rogers Oil Well Service single drum unit. Rig up and pull rods and pump. Pump appeared to be in good condition.

3:30 p.m.: Halliburton on location. Rig up twin pump truck to tubing head and swab tank. Loaded 33 barrels of saltwater through tubing to fill annulus. Well blowing gassy oil into pit. Start 11 barrels of acid down tubing to spot on perforations. Shut in annulus. Still blowing oil and begin injecting 2500 gallons of 28% retarded acid with both pumps. Well taking 7½ barrels per minute of acid at 1500#. Estimated 600 to 800 pounds friction pressure. Tried to increase injection rate to 8 barrels per minute and almost killed truck. After acid in pumped 12 barrels of overflush with friction reducer. Pump stopped. Instant shut down pressure 200#. 5 minutes 100#. Well shut in with orbit valve at 100#. Total load in hole 105 barrels.

1-4-79: Opened well pressure on annulus. Vacuum on tubing. Ran rods and pump. Installed new polish rod. Hauled in load of sand and installed new timbers to level pumping unit. Weather bitterly cold. To start up unit when weather warms.



Pickens Lease/Well  
Summary  
Inception through 5-14-90

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4-27-78 H. H. Pickens & Margaret Pickens to Ilus Industries, Inc. W/2 E/2 Section 25-T15S-R9W, Ellsworth County, Kansas

5-1-81 Assignment  
Ilus to Comanche Production, Inc.

1-28-85 Comanche filed voluntary bankruptcy

11-1-85 Comanche Trustee to Utica. Property being operated by Trustee. Trustee last produced 9/85.

3-1-86 Comanche closed offices and Trustee, Iunes took possession.

5-23-86 Affidavit of non-production stated no production since 3-13-86.

5-23-86 Lease taken by Tallgrass (owned by some owners of Comanche, shuffled a little bit.)

2-17-87 Chris Redmon, agent, Trustee

10-1-87 Quiet Title action begun.

10-1-88 Journal Entry of Judgement  
Case No. 87CV12  
Title in and to P.S. Willhauck

10-14-88 P. S. Willhauck assigned to Utica

7-89 Utica National Bank taken over by the FDIC

5-14-90 FDIC assigned to BRG Production Company

Pickens Lease  
Current Summary  
9-15-90 through present

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9-28-90 Pickens contacted B. J. Reid

10-4-90 B. J. asked S. H. call Pickens.

10-5-90 S. H. contacted Pickens and told him we were ready to put the well back on line and asked that he sign a ratifying lease. We could have the well back on line in two or three weeks. He told me he had talked with some people and with Mr. Hoffman and that I could call Mr. Hoffman.

10-12-90 Sent ratifying lease to Mr. Pickens.

on or near  
10-18-90 Talked with Mr. Hoffman. I told him Pickens seemed confused and said he did not want to sign the ratification lease because he did not want to be liable. I asked if he could call him as he was his attorney. He said he was not his attorney, and that he had called for Mr. Stevenson. He did state that Mr. Pickens would not be liable but he could not call him and advise him. We discussed the May '86 lease and that it was still valid as we knew the well could produce, but it was prudent to obtain a ratification lease. He did say that he could advise Mr. Pickens if he were asked regarding the fact Mr. Pickens would have no liability.

10-18-90  
thru  
10-30-90 Tried to contact Mr. Pickens.

10-31-90 I spoke with Mr. Pickens and asked if he had talked with Mr. Hoffman. He said no. He stated he did not want to lease the 120 acres, but only 80 acres. I told him that would be fine and as an act of our good faith, we would pay him the full 18.75% royalty as opposed to the 17.96875% under the May '86 lease. He stated that would be fine, and to send the new lease.

11-1-90 I mailed lease to Mr. Pickens per our conversations.

11-9-90           Contacted Mr. Kihn at his office and discussed the salt water disposal well. He said, to send the agreement. Contract was returned within 7 days.

11-30-90           Contacted Electric Company to have power connected ASAP. They told us it would take one week.

12-4-90           Letter from Electric Company. We returned information same day. They told us to contact them to meet them on location and they would connect.

12-4-90           No response from Mr. Pickens. I sent a letter explaining that we were going to connect and produce the well and should he have any questions to contact us.

1-11-91           Filed Change of Operator form with State of Kansas.

1-15-91           Mailed Division Order to Mr. Pickens for signature.

1-24-91           Sent to record Assignment of Oil and Gas Leases and an Affidavit.