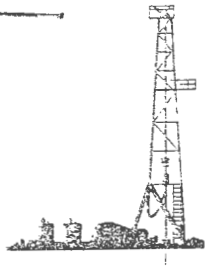

WALTERS DRILLING CO.

April 25, 1979

TO OWNERS

Re: Stiawalt Lease
NW¼ Section 20-17S-24W
Ness County, Kansas

INTRODUCTION

The 160-acre Stiawalt lease includes three oil wells on 40-acre spacing and one undrilled 40-acre tract, the SE/4 of the NW/4, now offset by production. This letter reviews background production information needed to reach a decision concerning the drilling of Stiawalt No. 4 in the next few weeks

STIAWALT NO. 1

The Stiawalt No. 1, C NW/4 NW/4 was completed in January 1978 natural from the Cherokee sandstone (no frac or acid) through perforations from 4358 to 4375 feet. This well was and is a high fluid level well. The most recent test was taken March 17, 1979, pumping 8-1/2 spm, 64 inch stroke, 1-1/2 inch pump; well produced 123 BFPD, 22 BOPD plus 101 BWPD.

A fluid level shot, March 29, 1979, indicated 3162 feet of fluid in the hole while pumping. The pumping unit can move more fluid, hence produce more oil but we cannot economically handle the additional salt water at this time. The hauling of 3150 barrels of salt water from this well during March 1979 cost $1248.15. This well has produced about 16,000 BO as follows:

During 1978	13,730 bbls (12 months)
January 1979	875 bbls
February 1979	414 bbls
March 1979	680 bbls
	15,699 bbls.

STIAWALT NO. 2

The Stiawalt No. 1, C NE/4 NW/4 was completed in July 1978 natural (no acid) from the Fort Scott through perforations from 4272 to 4275 feet. The Cherokee sandstone is not present. In the future the well is expected to produce oil from the Mississippian rocks below 4364 (-1957). A completion attempt in July 1978 yielded 1-1/2 BOPH for 3 hours natural but acidizing with 250 gallons of 15% MCA acid at 300 psi resulted in a fillup of 2800 feet (67.20 bbls) in 14 hours, 100 feet (2.4) of which was oil or 96-1/2 percent water. Oil production from the Fort Scott totals a

ROBERT F. WALTERS 400 INSURANCE BUILDING WICHITA, KANSAS 67202 316-263-6680

WALTERS DRILLING CO.

little over 10,000 barrels as follows:

July 1978	229 BO	
August 1978	1412 BO	
September 1978	1772 BO	
October 1978	1953 BO	
November 1978	1439 BO	
December 1978	1378 BO	
		8,183
January 1979	1334 BO	
February 1979	1018 BO	
March 1979	797 BO	
		3,149
		10,332.

The decline in production is confirmed by tests:

February 28	39.36 BO + no water - 7½ spm, 64" stroke, 1-1/2" pump, barrel test;
March 20	26.84 BO + no water - 7½ spm, 64" stroke, 1-1/2" pump, individual well test.

On March 19, a fluid level shot indicated the fluid level at 137 joints down out of 137 joints or 42 feet of fluid in hole while pumping. (Six months earlier there was 1550 feet of fluid in hole in a similar test).

The decline in production coincides with the completion of the southeast offset, Palomino Sidebottom #3 in the C W/2 NE/4 of Section 20. The Sidebottom #3 swabbed 10 BOPH for two hours from open hole Mississippian 4357-4363 (-1949/-1955) after 500 gallons acid. Bridge plug was then set at 4298 feet and the well completed in the Fort Scott through perforations from 4261 to 4265 feet. After two acid jobs totaling 2,000 gallons, the test had only 900 feet of oil in the hole overnight indicating a considerable pressure reduction in the area. Initially (March 6, 1979) the well produced 67 BOPD but it has declined to 20 BOPD (April 19, 1979), with no water and with casing pressure gas at 175 psi.

Earlier Watchous had unsuccessfully attempted to produce oil from the Fort Scott in the Sidebottom #2, C NW/4 NE/4 of Section 20, the direct east offset, on 40-acre spacing, to our Stiawalt #2. On April 19, 1979 the Sidebottom #2 produced 26 BOPD plus 45 BWPD, or 71 BFPD or 63% water and was pounding fluid. Producing zone is the Mississippian dolomite.

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STIAWALT NO. 3

The Stiawalt No. 3 is located in the C SW/4 NW/4 of Section 20. The Fort Scott is the only zone capable of producing oil. Production tests:

February 28	7.5 BOPD, no water - 5 spm, 64" stroke 1½" pump, 10 psi casing pressure;
March 21	7.48 BOPD, no water - 5 spm, 64" stroke 1½" pump, pounding fluid;
April 23	8.4 BOPD + 2.8 BW, individual well test.

Production totals a little over 3,000 barrels of oil as follows:

September 1978	851	
October 1978	870	
November 1978	631	
December 1978	338	
		2690
January 1979	160	
February 1979	182	
March 1979	230	
		3262

At the time the Stiawalt No. 3 was drilled in September 1978, it was anticipated that the oil reserves were small, hence the well was drilled deeper to 4900 feet for future use as a SWD, and 5-1/2 inch casing set at 4753 feet.

STIAWALT NO. 4

Two seismic shot points have been ordered in the SE/4 NW/4 of Section 20 at possible drillsite locations for the Stiawalt No. 4.

CONCLUSION

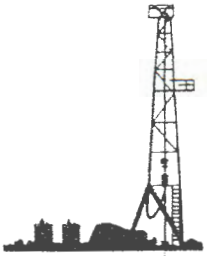
This information letter will be followed by a recommendation letter prepared after the new seismic points are reviewed.

WALTERS DRILLING CO.

Robert F. Walters

Robert F. Walters,
Managing Partner

RFW:rae



WALTERS DRILLING CO.

February 28, 1979

Clinton Stiawalt
223 Court Street
Ness City, Kansas 67560

February 27, 1979:

Stiawalt Barrel tests:
#1 123 BFPD,15.99 BOPD and 107.01 BWPD
87% Water. 11 min. 45 sec. to fill.
64"x 8½ SPM 1½" pump

#2 39.36 BOPD No water, 37 minutes to fill
64"x 7½ SPM 1½" pump

#3 7.50 BOPD no water, 10# gas on casing.
23 minutes to fill. 64"x 5 SPM 1½" pump

WALTERS DRILLING CO.
Barbara Potter
Barbara Potter

BLP: bp

ROBERT F. WALTERS 400 INSURANCE BUILDING WICHITA, KANSAS 67202 316·265·3683

CHEMICAL TREATING SUMMARY SHEET

Chem-Serv Inc.

CUSTOMER
WALTERS DRILLING COMPANY

DATE: 6/10/86

LEASE	Volumes WELL	CHEMICAL	AMOUNT	FREQUENCY	METHOD
	32 bopd	CI-1092	1½ gal.	weekly	prewet, batch and circ. to bottom
SCHABEN #1	184 bwpd	WC-4831	5 gals.	monthly	batch in prewet ahead of CI
		EB-		daily	continual injection @ the leadline
	23 bopd	CI-1092	1 gal.	weekly	prewet, batch and circ. to bottom
" #2	148 bwpd	WC-4831	5 gals.	monthly	batch in prewet ahead of CI
		EB-		daily	continual injection @ the leadline
	9 bopd	CI-1092	1 gal.	weekly	prewet, batch and circ. to bottom
" #4	81 bwpd	WC-4831	5 gals.	monthly	batch in prewet ahead of CI
		EB-		daily	continual injection @ the leadline
STIAWALT #1	TA				
	5 bopd	CI-1092	1 gal.	weekly	prewet, batch and circ. to bottom
" #2	87 bwpd	WC-4831	5 gals.	monthly	batch in prewet ahead of CI
		EB-		daily	continual injection @ the leadline
" SWD		WC-4831	5 gals.	monthly	batched directly in the water holding tank

CHEMICAL TREATING SUMMARY SHEET

Chem-Serv Inc.

CUSTOMER
WALTERS DRILLING COMPANY

DATE: 6/10/86

LEASE	Volumes WELL	CHEMICAL	AMOUNT	FREQUENCY	METHOD
	4 bopd	CI-1092	1 gal.	weekly	prewet, batch and circ. to bottom
HUMPHREY #1	86 bwpd	WC-4831	5 gals.	monthly	batch in prewet ahead of CI
		EB-		daily	continual injection @ the leadline
	13 bopd	CI-1092	2 gal.	weekly	prewet, batch and circ. to bottom
MICHAELIS #1	285 bwpd	WC-4831	5 gals.	monthly	batch in prewet ahead of CI
		SF-6000	5 gals.	monthly	batched directly @ the well
" SWD					

STIAWALT No 1

Robert F Walters
Sept 14 1979

	OIL	GAL WTR	FLUID	% W
Jan	31 BO +	99 BW	= 130 BFPD	76% W
Feb	16	+ 107	123	87
Mar	22	+ 101	123	82
April	16	+ 104	120	87
May	14	+ 106	120	88
June	14	+ 106	120	88
July	19	+ 216	243	92
Aug	16	+ 218	234	93

Clint: This well has not responded in the manner we hoped - We have doubled the amount of fluid pumped since the SWD is functioning but the oil has not increased.

There are three leases — Stiawalt, Schubin, and now the Lynch. connected to your SWD. the Lynch is by truck — 10 BWPD starting Sept 1 1979. At $2.00 per ~~year~~ year the Lynch fee is 11/12 x $2.00 = or $18.46 Paid to the bank, one half to your landowner, 1/2 = $9.23 to you. Annual payment due is August 1st of each year. Robert F.

Sent 9/14/79

Means Laboratories, Inc.

ANALYTICAL & CONSULTING CHEMISTS

419 N. HANDLEY • BOX 2012 • TELEPHONE 262-4407

Wichita, Kansas 67203

TO: WALTERS DRILLING CO.
400 Insurance Bldg.
Wichita, KS 67202

DATE: 8-30-78

LAB. NO.: 11817

Date Submitted: 8-30-78

Sample Submitted: Gas Sample
DST #1 4235-4290 Stiawalt #3 Gas to surface 5 min. 2nd opening
Stable at 7.88 MCF/Dag. Sec. 20 Twp. 17S Rge. 24W

ANALYSIS

	% Molal
Carbon Dioxide	.77
Nitrogen	77.81
Oxygen	6.09
Methane	12.39
Ethane	2.35
Propane	3.56
I. Butane	.70
N. Butane	1.73
I. Pentane	.30
N. Pentane	.40
Gross B.T.U.	367
Specific Gravity	.9788
BTU CORRECTED FOR AIR	517

(calculated to 60 °F, 30" mercury, dry)

The above analysis has been run on equipment which meets the requirements of the NGPA specifications.

*This sample contained air. We have tried to correct for this but this air may cause errors in the ultimate accuracy of the analysis.

Respectfully submitted,

MEANS LABORATORIES, INC.

Eldon A. Means

EAM:lf

Geologist carried gas bottle in his car (107° weather) from August 8th until about August 28th
May have lost some volatile components RMW.