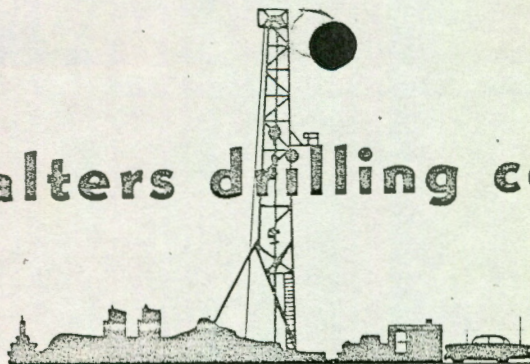


walters drilling co.



510 ORPHEUM BLDG.

WICHITA 2, KANSAS

AMherst 5-6683

December 27, 1963

TO: OWNERS OF THE DICKMAN,
TILLEY AND ELMORE LEASES

RE: PRODUCTION TESTS
Dickman Field
Ness County, Kansas

Gentlemen:

On December 20, fluid level tests were taken on all wells on the above leases.

WELL	STROKES PER MINUTE	LENGTH STROKE	MEASURED PUMPING	FLUID LEVELS: FEET OB		LATEST BBL. TEST	
				DOWN 4 HRS	DOWN 8 HRS	BOPD	BWPD
Tilley No. 1	14	48"	2980	3300	3330	27	153
Tilley No. 2	10	48"	2860	3200	3370	33.5	87.5
Dickman No. 1	12	48"	3230	3340	3400	109	51
Dickman No. 2	12	48"	1720	1940	2200	66.5	44.5
Dickman No. 3	12	54"	?	64	160	26	59
Elmore No. 1	10	54"	43	93	124	14	43

COMMENTS:

Tilley No. 1: The fluid level test indicates this well to be pumping far below its capacity. Water percentage (85%) is high, but has been relatively stable since March, 1963, and an increase in the pumping rate in July did not noticeably increase the water percentage. This well can be pumped faster to recover more total fluid and therefore more oil per day.

Tilley No. 2: The fluid level test in this well is very similar to that in the Tilley No. 1. Water percentage is presently 72%, and still increasing by about 1 percent per month or slightly less, recently showing a levelling off. If the water percentage does not continue to increase in the next few months, an increase in pump rate or longer stroke will recover more fluid and oil per day.

Dickman No. 1: This well has an unusually large capacity as evidenced by the fact that the fluid level while pumping at the rate of 160 BFPD was found to be only 170 feet lower than when the well was shut down eight hours. Water production has been level at 32% for the past three months. Performance is very satisfactory.

Dickman No. 2: Fluid level test shows adequate capacity. Present production is well over the 44 BOPD allowable and water percentage has shown moderate increase of about 1 percent per month for the past nine months. Performance satisfactory.

Dickman No. 3: Two attempts to record a pumping fluid level test in this well were inconclusive, however, fillup rates were quite small, and the pump is pounding. Total fluid production is 85 BFPD, and showing a slight decline from month to month, but water percentage (69%) has been level for the past seven months. At the present rate of oil production, we recommend no action, as the well is pumping at maximum capacity, and further acid treatment would probably increase water cut.

Elmore No. 1: The fluid level in this well is very low, pump pounding, and full capacity being produced. Total fluid shows a monthly decline, and water cut is increasing about 3 percent per month. When this well reaches its economic limit, a very large acid job may be necessary to increase total fluid production.

State Tests were taken recently in all wells in the Dickman Pool:

Dickman No. 1	12-18-63	104 BOPD plus 32% water	allowable 44 BOPD
Dickman No. 2	12-18-63	68 BOPD plus 40% water	allowable 44 BOPD
Dickman No. 3	12-12-63	28 BOPD plus 69% water	allowable 28 BOPD
Tilley No. 1	12-16-63	33 BOPD plus 85% water	allowable 33 BOPD
Tilley No. 2	12-18-63	54 BOPD plus 72% water	allowable 44 BOPD
Elmore No. 1	12-18-63	17 BOPD plus 75% water	allowable 17 BOPD

Very truly yours,

WALTERS DRILLING CO.

Alfred James III

Alfred James III, Partner

AJIII:jg

Owners - Tilley Lease
September 13, 1993
Page 3

Salt Water Production by Wells
January - June 1993
Tilley & Dickman Leases

A. Tilley Lease

1993	Tilley #1	<i>Diaseal Eng</i> Tilley #2	
Jan	11,432	11,544	
Feb	10,329	2,980	
Mar	11,430	5,958	
Apr	11,075	10,805	
May	11,073	10,432	
Jun	10,592	11,171	
Totals	65,931	52,890	<u>118,821</u>

B. Dickman Lease

1993	Dickman #1	Dickman #2	Dickman #3	Dickman #6	
Jan	15,325	3,736	1,293	5,310	
Feb	13,828	3,370	1,511	4,791	
Mar	15,363	3,749	1,766	5,151	
Apr	14,850	3,622	1,585	5,145	
May	15,332	3,735	1,685	5,308	
Jun	14,846	3,379	1,639	5,143	
Totals	89,544	21,591	9,479	30,848	<u>151,462</u>

270,283

C. Percentage

Tilley	<u>118,821</u>	=	43.96%	= 44%
	270,283			
Dickman	<u>151,462</u>	=	56.04%	= 56%
	270,283			

Beardmore Drilling Company
October 10th, 1962
Page 2

October 10th, 1962

Beardmore Drilling Company
827 Beacon Building
Wichita, Kansas

Attention: Robert J. Gutru, Partner

RE: RECOMMENDED WORKOVER
TILLEY #1
C SW/4 SE/4 8-17S-24W
Ness County, Kansas

Gentlemen:

Production from the Tilley #1 has declined to the point where it is recommended that we take action in the near future.

Based on the pumper's records of oil produced and salt water hauled, production has declined in recent weeks as shown by these representative figures.

<u>WEEK OF</u>	<u>BOPD</u>	<u>BWPD</u>	<u>BFPD</u>
10-6-62	11	30	41
9-23-62	11	23	34
9-16-62	14	25	39
9-9-62	16	26	40
8-26-62	19	26	45

At the present time the well is pumping 8 SPM, which is about as slow as we can run it, and is pounding fluid. The well has not been acidized. There are vertical cracks present in the core of the bottom foot of open hole.

We recommend the following procedure:

1. Pull rods and tubing with pulling unit.
2. Dump 5 barrels of mud acid in the hole.
3. Load hole with salt water and over-balance acid into formation.
4. Swab and test.
5. If too much water, then plug back 2 feet with either plastic or cement plus additive, such as Dowell Cement, lowered in place through a dump bailer. Over balance with salt water.
6. If not successful, repeat.

Beardmore Drilling Company
October 10th, 1962
Page 2

7. Swab load water. Test well by swabbing or pumping.
8. If insufficient fluid, acidize with 500 gallons, or 1,000 gallons of regular acid. (HCl)
9. Swab and test.
10. Put on pump.

The proposed workover, steps 1 through 4, will cost about \$700.00. This may be all the treatment needed; we obtained good results from such treatment in the Sheldon-Lehner #1. If necessary to proceed with steps 5, 6, and 7 the cost will be an additional \$1,000.00. Then if acid is necessary, steps 8 through 10 may cost \$800.00 more, or a maximum cost of \$2,500.00. Because we anticipate that only steps 1 through 4 will be necessary, we are sending this letter in lieu of an AFE, and we will welcome discussion of the proposed procedure.

Yours truly,
WALTERS DRILLING CO.

By
ROBERT F. WALTERS, Partner

RFW:vd

Photocopy mailed to Fredrick B.

722

walters drilling co.

WICHITA 2, KANSAS

A M h o r s t 5 - 6 6 8 3

December 26th, 1962

TO: OWNERS

RE: PRODUCTION
DICKMAN & TILLEY LEASES
Ness County, Kansas

GENTLEMEN:

The purpose of this letter is to give you a short statement concerning production from the Dickman and Tilley leases.

We have completed our major work on these leases. Recently we installed a barrel at each well and plan to have a program of regular barrel tests monthly. Results of December barrel tests are as follows:

	<u>DATE</u>	<u>BBLS. FLUID PER DAY</u>	<u>BBLS. OIL PER DAY</u>	<u>BBLS. WATER PER DAY</u>	<u>% WATER</u>
<u>DICKMAN LEASE</u>					
Dickman #1 well	12-19-62	63	58	8	12%
Dickman #2 well	12-19-62	48	35	13	28%
Dickman #3 well	12-15-62	103	<u>55</u>	<u>48</u>	46%
			148	69	

Allowed Production 132 Barrels

There has been no increase in the water produced from the Dickman #1 for the past ten weeks. The Dickman #2 is pounding fluid and needs an acidizing job some time in the future. The Dickman #3 shows increasing percentages of water and has not yet leveled off.

<u>TILLEY LEASE</u>					
Tilley #1 well	12-19-62	80	16	64	79%
Tilley #2 well	12-19-62	111	<u>75</u>	<u>36</u>	33%
			91	100	

Allowed Production 86 Barrels

The Tilley #1 has been producing approximately a constant amount of water for some time. Water percentage of the Tilley #2 is continuing to increase and has not yet leveled off. The well is capable of producing much more oil than now being produced though we wish to run the well as slowly as possible and are currently pumping it at 9 strokes per minute.

OWNERS OF DICKMAN & TILLEY LEASES

December 26th, 1962

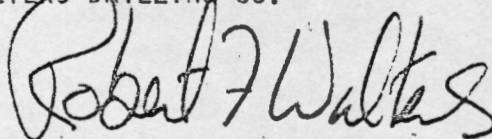
Page 2

Our salt water injection well at the Dickman #4 is functioning satisfactorily at this time. It is handling 169 barrels a day, which is fairly close to its capacity as indicated by earlier tests. Because we are concerned about the possibility of the well not handling the lease water, we are continuing testing and do not have the tubing in the hole.

All wells are being pumped by the use of butane as a fuel. The electricity which we were promised by December 1st is not available and there are no signs that it will be available in the immediate future.

In general, both the Dickman and Tilley leases are performing satisfactorily. We feel that we are just beginning to get on a stable production basis. Because this letter is written for your information only, no reply is needed.

Yours truly,
WALTERS DRILLING CO.

By 
ROBERT F. WALTERS, Partner

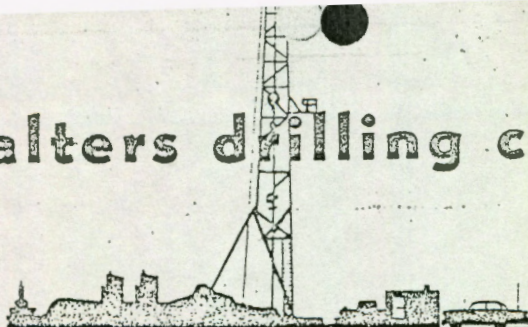
RFW:vd

WICHITA, KANSAS 67202

(316) AMherst 5-6683

April 4, 1966

walters drilling co.



Mr. C. Russell Shellenberger
P. O. Box 65
Ransom, Kansas

Dear Mr. Shellenberger:

In your recent letter you asked for information concerning production from the Elmore lease, the SW/4 Section 17-17S-24W, Ness County, Kansas of which you are a part interest royalty owner. You also inquired about production from the Tilley and Dickman leases and asked if they had declined in the same proportion as the Elmore #1.

Production from all three leases is declining, but the Tilley and Dickman wells continue to be profitable to operate. Production from the Elmore which is now about 7.4 BOPD plus 33.8 BWPD or 82% water has reached the point where it is not economical to operate the well. Unless we can improve the production, it will be necessary for us to abandon the lease and move the equipment to some more profitable property.

By comparison, individual well tests on March 28, 1966, the same date as the test reported for the Elmore #1 show the following:

	<u>BOPD</u>	<u>BWPD</u>	<u>% Water</u>
Tilley #1	16.8	223	93
Tilley #2	18.0	162	92
Dickman #1	59	97	62
Dickman #2	17.5	45	72
Dickman #3	14.5	48	77

We enclose with this letter summary sheets for the Elmore, Dickman and Tilley leases showing oil sales by months for 1966 and 1965 together with cumulative production figures through December 31st, 1965.

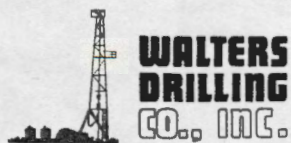
Yours truly,

WALTERS DRILLING CO.

Robert F. Walters
Robert F. Walters

RFW:jg
encls.

cc: working interest owners Elmore lease



Working Interest Owners, Tilley
March 5, 1993
Page 2

OIL AND WATER PRODUCTION BY YEARS

Tilley #1

YEAR	BO	DAYS	BOPD	BWPD
1988	2401	361	6.65	330
1989	2731	352	7.76	385
1990	2867	360	10.91	279
1991	2241	341	6.57	314
1992	2408	352	6.84	368

Tilley #2

YEAR	BO	DAYS	BOPD	BWPD
1988	1788	355	5.04	340
1989	1206	319	3.78	408
1990	1341	344	3.90	408
1991	1221	333	3.67	372
1992	1244	337	3.69	372

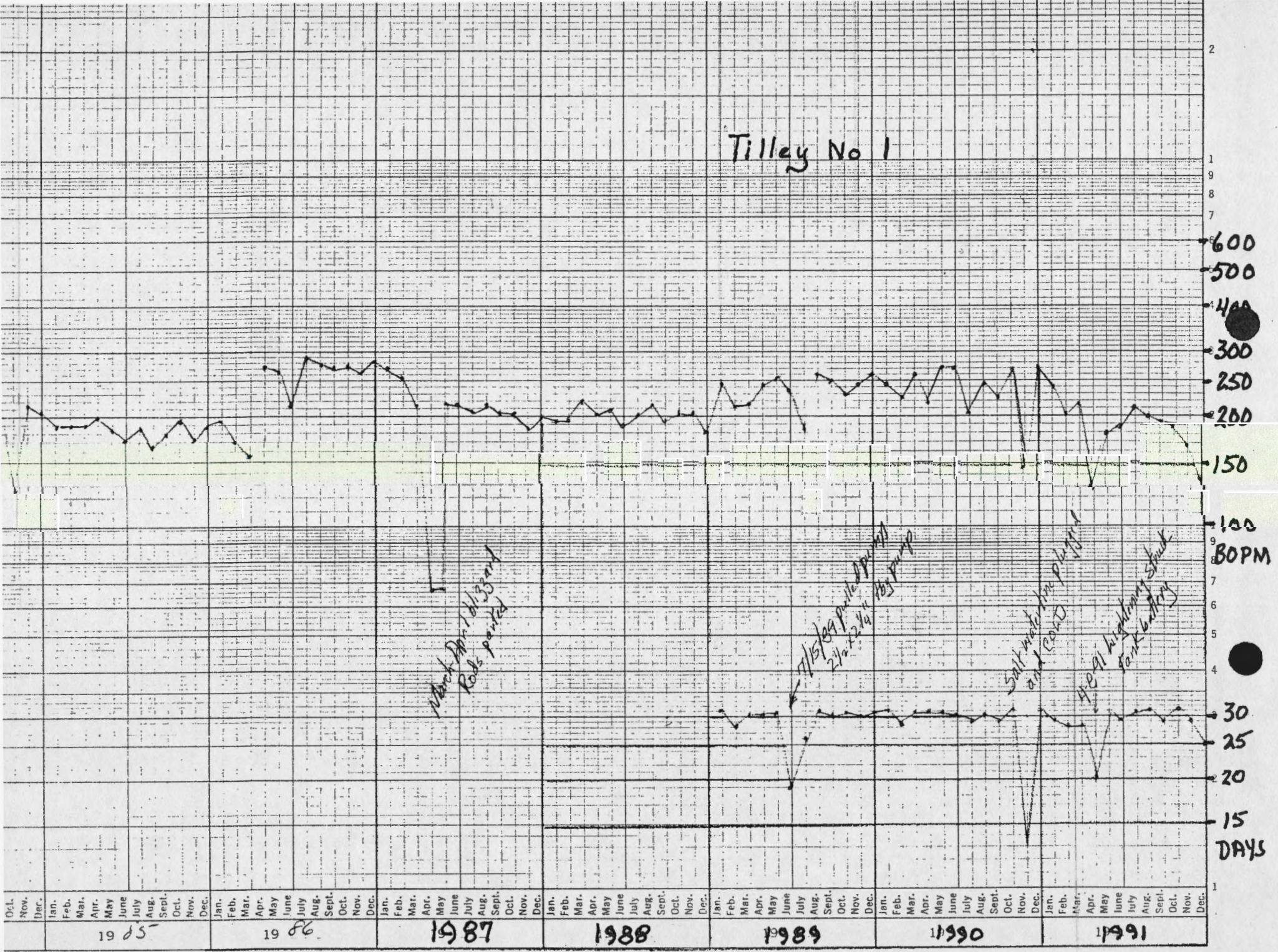
Produced water is injected into the Dickman #4 SWI at pressures from 150 psi to 325 psi; with acidization required several times each year to prevent pressures from going higher. Salt water is injected into the Mississippian formation at a depth which is approximately 50 feet below the top of the Mississippian. The well is licensed for 1,500 BWPD at 600 psi. During 1992 it operated at capacity, averaging 1,504 BWPD. The injected salt water helps to maintain reservoir pressure and is partly responsible for the excellent oil recovery of over 900,000 BO from the six well Dickman oil field including the two Tilley wells.

CRUDE OIL PRICES - The posted price paid for crude oil varied widely during 1992 from \$17.04 in December to \$20.52 in June for 34° crude oil sold from the Tilley lease. The average posted price for 40° gravity Kansas crude oil for the past five years was:

1988	\$14.85 average
1989	\$18.37 average
1990	\$23.29 average
1991	\$20.03 average
1992	\$18.78 average

Oil sold from the Tilley lease is 34° and the average price during 1992 was only \$18.12 a barrel. We have no control over the variation in crude oil price but the amount of variation is enough to make a difference between operating the #2 well at a profit or a loss.

Tilley No 1



LEY #1

BOPM

MAY 1989
CHANE

CHANGED TUBING
REPAIRED TUBING
-SVD

DAYS



1992.

19.93

19.

19..

19_

Tilley Barrel Tests

#1 360 TF 1 1/2% oil
(5.40 BOPD & 354.60 BWPD)

#2 360 TF 1/4% oil
(0.90 BOPD & 359.10 BWPD)

#5 11.40 TF 80% oil
(9.12 BOPD & 2.28 BWPD)

per. Don Froelich - 2-8-96

H C, Inc.

300 N. Adams
Medicine Lodge, Kansas 67104

FLUID LEVEL TESTS

Company Walters Drilling Co.
Address 400 Insurance Bldg.
Wichita, Kansas
Attention Mr. Robert Walters

Date Nov. 6, 1973
Field Work By Dean Mc Lemore

Page _____ of _____

Fluid levels measured at the request of Mr. Walter Zimmerman are reported below.

Pool Operator Lease	Well No.	Date Time	Avg. Tubing Length Ft./Jt.	Depth to Fluid		Top of Exposed Interval		Csghd. Press. psig.	Production B/D		Remarks
				No. of Jts.	Feet	Depth in Ft.	Ft. of Fluid		Oil	Wtr.	
Dickman	1	10:40	31.1	51.5	1602	4427	2825	0	-	-	PMP.
	1	3:20	31.1	47.8	1487	4427	2940	0	-	-	S.I.
Dickman	2	10:50	30.5	136	4148	4449	301	0	-	-	PMP.
	2	3:25	30.5	125.5	3828	4449	621	0	-	-	S.I.
Dickman	3	11:00	31.8	134.5	4277	4308	31	130	-	-	PMP.
	3	3:35	31.8	135	4293	4308	15	144	-	-	S.I.
Tilley	1	10:25	31.1	76.5	2379	4465	2086	0	-	-	PMP.
	1	3:00	31.1	54	1679	4465	2786	0	-	-	S.I.
Tilley	2	10:35	30.9	123.2	3807	4442	635	0	-	-	PMP.
	2	3:15	30.9	69.5	2148	4442	2294	0	-	-	S.I.
Humphery	1	11:20	31.3	100.5	3146	4379	1233	0	-	-	PMP.
	1	4:00	31.3	79.5	2488	4379	1891	0	-	-	S.I.

H C, Inc.

300 N. Adams
Medicine Lodge, Kansas 67104

FLUID LEVEL TESTS

Page 2 of

Company Walters Drig. Co.
Address 400 Insurance Bldg.
Wichita, Ks. 67202
Attention Mr. Robert Walters

Date 10/15/74
Field Work By Dean Mc Lemoire

Fluid levels measured at the request of Mr. Walter Zimmerman are reported below.

Pool Operator Lease	Well No.	Date Time	Avg. Tubing Length Ft./Jt.	Depth to Fluid		Top of Exposed Interval		Csghd. Press. psig.	Production B/D		Remarks
				No. of Jts.	Feet	Depth in Ft.	Ft. of Fluid		Oil	Wtr.	
		10/14/74									
Dickman	1	1:30	31.1	53.2	1654	4427	2773	0	-	-	PMP
Dickman	1	6:35	31.1	48.5	1508	4427	2919	0	-	-	S.I.
Dickman	2	1:25	30.5	129.	3934	4449	5.5	0	-	-	PMP
Dickman	2	6:30	30.5	113.	3446	4449	1003	0	-	-	S.I.
Dickman	3	1:45	31.8	135.4	4306	4308	2	104	-	-	PMP
Dickman	3	6:40	31.8	335.2	1066	4308	3242	118	-	-	S.I.
Tilley	1	1:10	31.2	94.	2933	4465	1532	0	-	-	PMP
Tilley	1	6:10	31.2	65.7	2050	4465	2415	0	-	-	S.I.
Tilley	2	1:20	30.9	126.8	3918	4442	524	0	-	-	PMP
Tilley	2	6:20	30.9	73.5	2271	4442	2171	0	-	-	S.I.
Humphrey	1	1:00	31.3	122.5	3834	4379	545	0	-	-	PMP
Humphrey	1	6:00	31.3	88.8	2779	4379	1600	0	-	-	S.I.

id Check

Jeff Base

913-798-3995
s - 913-798-3707

Fully Insured

114 South Topeka
Ness City, Kansas 67560

FLUID LEVEL REPORT

COMPANY: Grand Mesa Operating Co.

WELL: Tilley #1

DATE: 4-8-94

FLUID SHOT INDICATES: Fluid 88 joints from surface while
pumping 15 S.P.M. (54" stroke)

2ND SHOT INDICATES: Fluid 59 joints from surface static
level

Aid Check

Jeff Base

ts - 913-798-3995
ts - 913-798-3707

Fully Insured

114 South Topeka
Ness City, Kansas 67560

DATE 4-8-94

P.O. NO.

INV. NO.

COMPANY

ADDRESS

[illegible]

MILES

Compliments - Plains Well
Service

OPERATOR

JEFF BASE.

And Check

Jeff Base

ays - 913-798-3995
ights - 913-798-3707

Fully Insured

114 South Topeka
Ness City, Kansas 67560

DATE 4-14-93

P.O. NO.

INV. NO.

COMPANY

ADDRESS

EASE OR LEASES	Well No.	'Time am & pm	Shot No.	Jts. to Fluid	Average Lgt. of Tubing	Ft. to Fluid	Lgt. of Stroke	Strokes Per Min.	Ft. of fl. in hole while pump.
Lmore	1	9:45 A.M.		140	30.2	4228'	48"	13	
	1	1:50 P.M.		140	30.2	4228'	Down 4 hrs.		
						no fill up.			
TILLEY	1	10:05 A.M.		74	27.64	2045'	54"	14 1/2	
	1	1:15 P.M.		53	27.64	1465'	Down 4 hrs.		
						580' fill up.			
"	2	10:00 A.M.		129	30.5	3435'	76"	13 1/2	
						525' of fluid in hole.			

MILES

OPERATOR

6