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Geological Report

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for



RUSSELL OIL, INC.

No. 1 DUNCAN
1380' FNL & 1665' FEL
Section 31-20S-11W
Barton County, Kansas

Todd E. Morgenstern
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P.O. Box 251
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31-20-11W

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OPERATOR: Russell Oil, Inc.

WELL: No. 1 Duncan
API # 15-009-24,745-00-00

LOCATION: 1380' from the North Line
1665' from the West Line
Section 20-8S-22W
Graham County, Kansas

FIELD: Kowalsky

CONTRACTOR: Sterling Drilling Inc., Rig No. 1

DRILLING COMMENCED: 5-27-2003

DRILLING COMPLETED: 6-03-2003

DRILLING TIME: One (1) foot drilling time was recorded
from 2800' to 3455' RTD.

SAMPLES: Samples were saved and examined from 2800'
to 3455' RTD.

ELEVATIONS: 1809' Ground Level 1818' Kelly Bushing

MEASUREMENTS: All depths are measured from 1818' K.B.

CASING RECORD: 8 5/8" Surface Casing set @ 277' with 230 sxs. 60/40 poz
5 1/2" Production Casing @ 3455' with 135 sxs. ASC

FORMATION TESTING: Four (4) Tests were run by Trilobite Testing Inc.
Gary Pevoteaux, (Tester)

MUD: Mud-Co. (Chemical Mud)

OPEN HOLE LOGS: Log-Tech Inc. (CND/CDL, DIL, Sonic)
Butch Drylie (Engineer)

PRODUCTION: Oil (Arbuckle)

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FORMATION TOPS:

FORMATION	SAMPLE	LOG	DATUM
ANHYDRITE	570'	568'	+1250'
BASE ANHYDRITE	592'	590'	+1228'
TOPEKA	xxxx'	2719'	- 901'
HEEBNER SHALE	2994'	2994'	-1176'
TORONTO	3008'	3008'	-1190'
DOUGLAS	3026'	3027'	-1209'
BROWN LIME	3126'	3125'	-1307'
LANSING	3139'	3139'	-1321'
BASE KANSAS CITY	3355'	3353'	-1535'
ARBUCKLE	3376'	3374'	-1556'
ROTARY TOTAL DEPTH	3456'	xxxx	-1638'
LOG TOTAL DEPTH	xxxx'	3456'	-1638'

SAMPLE DESCRIPTIONS AND TEST DATA:

TORONTO:

3008-3024

Limestone, cream and tan, dense to finely crystalline, slightly chalky, with minor white chert, poor visible porosity, no shows of oil were noted.

LANSING:

3144-3149

Limestone, cream and white, finely crystalline, slightly oolitic and fossiliferous, with poor visible interparticle porosity, fair spotted staining and slight saturation, very slight show of free oil on break, light gassy odor. (Covered by D.S.T. No. 1)

3159-3167

Limestone, cream and white, oolitic and slightly fossiliferous, with fair visible porosity as above, rare dark spotted staining, very slight show of free oil, light odor. (Covered by D.S.T. No. 1)

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FORMATION TEST NO. 1

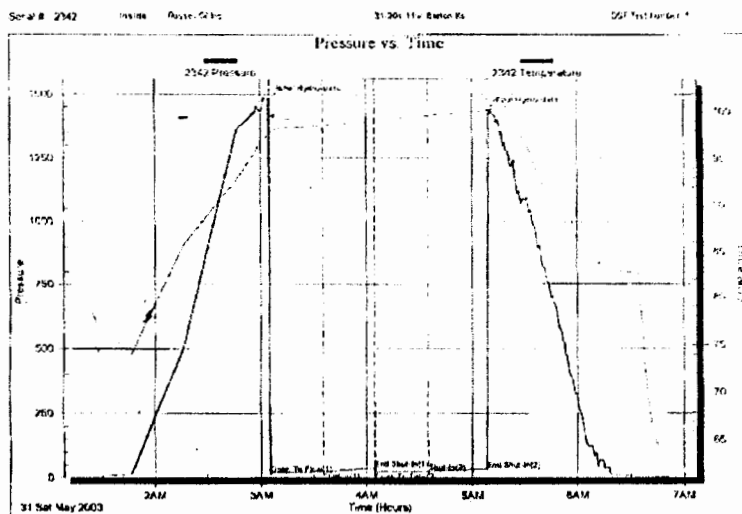
Lansing-K.C. "A" & "B"
Tested from 3140'-3170'

Weak 1/2" blow dying in 20 min.
No blow-back
No Blow
No blow-back

30 min.
30 min.
30 min.
30 min.

I.H.P.
I.F.P.
I.S.I.P.
F.F.P.
F.S.I.P.
F.H.P.

1482#
17# -22#
37#
24# -24#
33#
1435#



RECOVERY: 5' Drilling Mud

TEMPERATURE: 100*

CHLORIDES: N/A ppm (Recovery) 3,000 ppm (System)

- 3183-3189 Limestone, cream and gray, finely crystalline, oolitic, with fair to good visible interoolitic and pinpoint vugular porosity, fair to good staining and saturation, chalky in part, light to fair odor. (Covered by D.S.T. No. 2)
- 3206-3213 Limestone, gray, finely crystalline, fossiliferous and slightly oolitic, with fair visible interparticle and pinpoint vugular porosity, fair staining and saturation, fair show of free gassy oil, light odor. (Covered by D.S.T. No. 2)
- 3221-3228 Limestone, gray and tan, finely crystalline, oolitic and slightly fossiliferous, with trace of pinpoint porosity, slight show of free oil on break, chalky, no odor. (Covered by D.S.T. No. 2)

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FORMATION TEST NO. 2

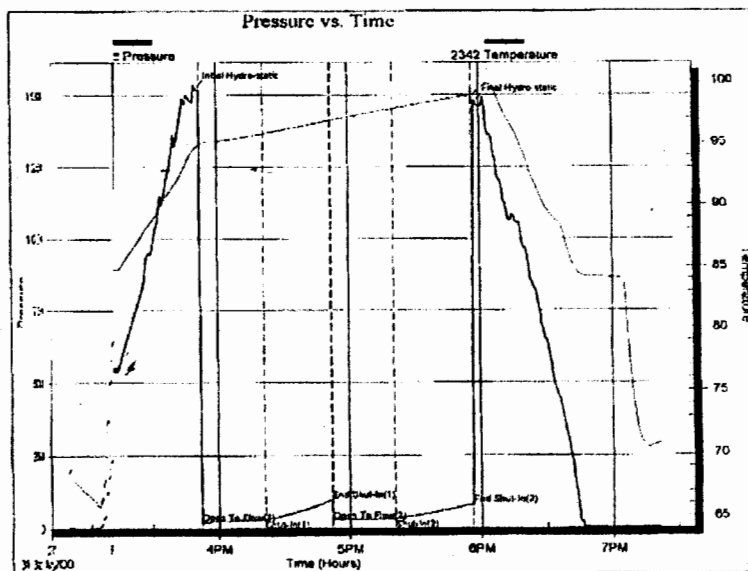
Lansing-K.C. ("C"- "F")
Tested from 3173'-3230'

Weak 1/4" blow"
No blow-back
No blow
No blow-back

30 min.
30 min.
30 min.
30 min.

I.H.P.
I.F.P.
I.S.I.P.
F.F.P.
F.S.I.P.
F.H.P.

1523#
19# -30#
98#
26# -32#
83#
1476#



RECOVERY: 15' Slightly Oil Cut Mud (4% Oil, 96% Mud)

TEMPERATURE: 99*

CHLORIDES: N/A ppm (Recovery) 3,000 ppm (System)

- 3266-3273 Limestone, cream and gray, dense, oolitic and fossiliferous, chalky in part, trace of dark edge staining, trace of heavy oil, no odor.
- 3284-3292 Limestone, cream and tan, finely crystalline, dense, oolitic and fossiliferous, poor visible porosity, trace of staining, no show of free oil, no odor.
- 3305-3310 Limestone, tan and cream, dense, finely crystalline, chalky in part, slightly fossiliferous, poor visible porosity, no shows of oil were noted.
- 3332-3338 Limestone, tan and cream, finely crystalline, slightly oolitic, trace of interoolitic and fossiliferous porosity, trace of spotted staining, no show of free oil, no odor.

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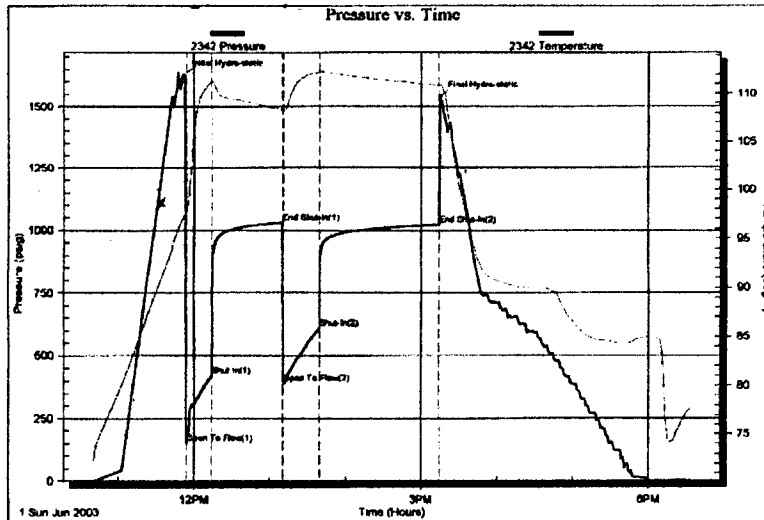
ARBUCKLE:
3375-3380

Dolomite, tan and buff, finely crystalline, slightly sucrosic, fair to good visible pinpoint vugular and intercrystalline porosity, very gassy, fair show of light free oil, light brown staining and saturation, strong odor. (Covered by D.S.T. No. 3)

FORMATION TEST NO. 3

Arbuckle
Tested from 3348'-3380'

		I.H.P.	1626#
<i>Strong blow B.O.B. in 75 sec.</i>	30 min.	I.F.P.	153# -422#
<i>Weak 1/2" blow-back</i>	45 min.	<u>I.S.I.P.</u>	1031#
<i>Strong blow B.O.B. in 70 sec.</i>	30 min.	F.F.P.	392# -612#
<i>Weak building to 3"</i>	90 min.	<u>F.S.I.P.</u>	1023#
		F.H.P.	1539#



RECOVERY: 1675' Gas in Pipe
 70' Very Gassy Mud Cut Oil (60% Gas, 20% Mud, 20% Oil)
 190' Very Gassy Mud Cut Oil (65% Gas, 10% Mud, 25% Oil)
 1010' Gassy Sli. Wtr. Cut Oil (42% Gas, 20% Water, 38% Oil)
300' Saltwater w/Oil Spots (240' in Drill Collars)
 1570' Total Liquid Recovery

TEMPERATURE: 111*

CHLORIDES: 41,000 ppm (Recovery) 3,000 ppm (System)

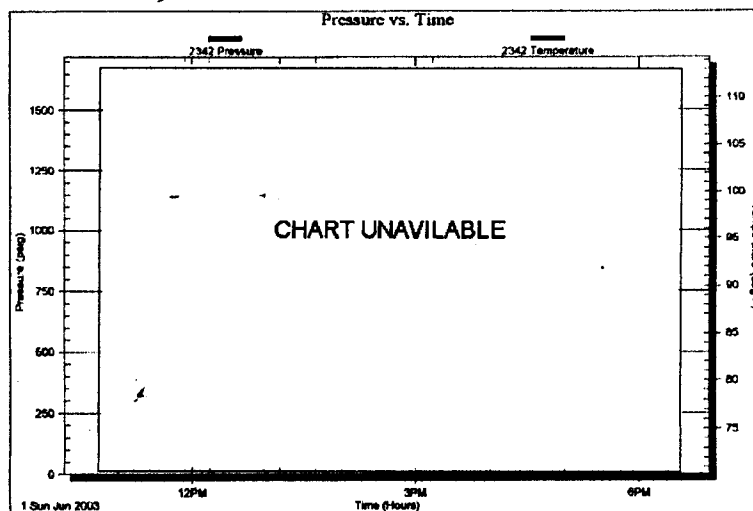
3384-3393 Dolomite, tan and buff, finely crystalline, sucrosic as above, fair to good visible porosity, gassy show of free oil.

3394-3399 Dolomite, tan, brown and buff, fine to medium crystalline, slightly oolitic, fair to good visible pinpoint vugular porosity, good show of free oil, good staining and saturation, strong odor. (Covered by D.S.T. No. 4)

FORMATION TEST NO. 4

Arbuckle
Tested from 3392'-3399'

<i>Strong blow B.O.B. in 20 sec.</i>	30 min.	I.H.P.	1627#
<i>No blow-back</i>	45 min.	I.F.P.	636# -896#
<i>Strong blow B.O.B. in 80 sec.</i>	30 min.	<u>I.S.I.P.</u>	<u>1026#</u>
<i>No blow-back</i>	90 min.	F.F.P.	986# 1021#
		<u>F.S.I.P.</u>	<u>1036#</u>
		F.H.P.	1586#



RECOVERY: 20' Saltwater w/Oil Spots
 2400' Saltwater
 2420' Total Liquid Recovery

TEMPERATURE: 113*

CHLORIDES: 47,000 ppm (Recovery) 3,000 ppm (System)

3405-3414 Dolomite, gray and tan, fine to coarsely crystalline, very good visible intercrystalline and vugular porosity, very slight show of free oil, light odor.

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DRILLING RECORD:

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Date Daily Drilling Record

- 5-27-03 Moved in and rigged up. Spud well. Set 8 5/8" surface casing @ 277' w/ 230 sxs.
- 5-28-03 Drilling at 554' @ 7:00 a.m.
- 5-29-03 Drilling at 1935' @ 7:00 a.m.
- 5-30-03 Drilling at 2785' @ 7:00 a.m. Ran DST No. 1
- 5-31-03 Depth at 3230' Running back in hole after DST No. 2.
- 6-01-03 Circ. @ 3379' Ran DST No. 3.
- 6-02-03 Depth at 3399' Pulling DST No. 4, Ran open hole logs and preparing to run production casing.
- 6-03-03 RTD at 3456'. Ran 5 1/2" production casing.

STRUCTURAL COMPARISON:

	Russell Oil No. 1 Duncan 1320' FNL & 1665' FWL Sec. 31-20S-11W OIL	Henderson Oil No. 2 Moore NW NW SE Sec. 20-8S-22W Oil
ANHYDRITE	+ 1250'	+1248'
BASE ANHYDRITE	+ 1228'	+1228'
TOPEKA	- 901'	N/A
HEEBNER SHALE	-1176'	-1174'
TORONTO	-1190'	-1190'
DOUGLAS	-1209'	-1209'
BRN. LIME	-1307'	-1306
LANSING	-1321'	-1322'
BASE KANSAS CITY	-1535'	-1536'
ARBUCKLE	-1556'	-1557'

SUMMARY:

The No. 1 Duncan was under geological supervision from 2800' to 3456' RTD. With the positive results of DST No. 3 and after reviewing the open hole logs it was decided to run 5 1/2" production.

Recommended Perforations

Arbuckle 3376'-3378'

Respectfully submitted,


Todd E. Morgenstern