

SUMMARY

The Sand Creek No. 1 location was drilled as a wildcat test based on 3-D seismic data interpretation of the Sand Creek Prospect 3-D survey which indicated a moderately large isolated structural closure with associated isochron thinning located in the E/2 of Section 5-T8S-R23W. The Sand Creek No. 1 well is located approximately ½ mile northeast of the active Gettysburg North Field which has produced over 280,000 BO to date from the Pennsylvanian aged Lansing/Kansas City Group.

The 3-D seismic interpretation was proven accurate as the structural position of the primary objective Lansing/Kansas City Group in the Sand Creek No. 1 wildcat test was encountered approximately flat to the commercial Lansing/Kansas City Group oil well's in the Gettysburg North Field, and significantly higher structurally compared to the nearby dry hole's and the commercial Lansing/Kansas City Group oil well's in the Montgomery Field located ¾ mile to the south.

The Sand Creek No. 1 well is located approximately 1/8th of a mile to the west of the structurally low A. Scott Ritchie Kipper No. 1 dry hole (Reference Well "A") located in the SW-SE-NE-Section 5-T8S-R23W, where the Top/Lansing in the Sand Creek No. 1 was encountered 10 feet high structurally relative to the Kipper No. 1. Compared to the Anschutz Drilling Clark No. 1 dry hole (Reference Well "B") located approximately 1/4 of a mile west of the Sand Creek No. 1 in the SE-SE-NW-Section 5-T8S-R23W, the Sand Creek No. 1 runs +7 feet high structurally at the Top/Lansing.

The Sand Creek No. 1 is located 1.5 miles north of Highway 24 and is located 3 miles west and 1.5 miles north of Hill City, Kansas in central Graham County, Kansas.

The primary objectives in the Sand Creek No. 1 included the Lansing "C", "E" and "F" Zones and the Kansas City "H", "J" and "K" Zones. Secondary objectives included the Toronto, Lansing "A" and "D" Zones and the Kansas City "I" and "L" Zones.

During drilling, four (4) open hole drill stem test's were run in the Sand Creek No. 1. DST No. 1 isolated the Lansing "C" Zone, DST No. 2 tested the Lansing "E"- "F" Zone's, DST No. 3 tested the Kansas City "I"- "J" Zones, and DST No. 4 isolated the Kansas City "K" Zone.

The Sand Creek No. 1 well was spudded on September 13, 2008 and 5 ½" production casing was set on September 19, 2008. The only problem encountered during the drilling of this well were tight intervals on short trips.

The well was under 24-hour geological supervision from 3,250 feet to 3,830 feet RTD. Wet and dry drilling samples were caught by the drilling crews from 3,300 feet to 3,830 feet RTD at 10-foot intervals. All lithologic descriptions were lagged to true depth by the consulting wellsite geologist. A dry cut of the samples was split and sent to the Kansas Geological Survey Sample Library in Wichita, Kansas per the Survey's request.

Hydrocarbon Shows

Numerous significant free oil sample shows were observed and recorded in the drill cuttings/samples during the drilling of the Sand Creek No. 1 wildcat well in the primary objective Lansing "C" and "F" Zone's and the Kansas City "J" and "K" Zones:

-Lansing "C" Zone	Good Show:	trace odor, spotty/uneven to near saturated brown oil staining, fair-very good show brown free oil droplets, good live cut, good dried halo cut (isolated on DST No. 1)
-Lansing "F" Zone	Very Good Show:	fair-good bright yellow fluorescence, spotty/uneven to near saturated dark brown oil staining, very good show light brown free oil, slow white streaming cut, very good milky cut, very good dried halo cut (covered on DST No. 2-tested tight)
-Kansas City "J" Zone	Good Show:	moderately bright yellow fluorescence, uneven to near saturated brown oil staining, good show free brown oil droplets, medium bright streaming cut, very good bright yellow/white milky cut, very good bright yellow dried halo cut (covered on DST No. 3-tested tight)
-Kansas City "K" Zone	Good Show:	uneven dull yellow/gold fluorescence, uneven to saturated dark brown oil staining, good show free dark brown oil, slow yellow streaming cut, fair-medium pale milky cut, intermediate dull gold dried halo cut (isolated on DST No. 4)

All Lansing/Kansas City hydrocarbon show zone's in the Sand Creek No. 1 were drill stem tested.

There were no observed sample hydrocarbon shows recorded in the Topeka or Toronto Formation's, Lansing "A", "D", "E" or "G" Zone's or the Kansas "H", "I" or "L" Zone's.

Complete lithologic descriptions and hydrocarbon sample shows can be found in the detailed "Zones of Interest" portion of this geologic report. Complete Drill Stem Test fluid recovery results and pressures can be found in this report under "Drill Stem Tests".

Structural Position

The Sand Creek No. 1 runs significantly higher structurally throughout the well to relation to Reference Well "A"/A. Scott Ritchie Kipper No. 1 and Reference Well "B"/Anschutz Drilling Clark No. 1.

Compared to Reference Well "A" and Reference Well "B", respectively, the Sand Creek No. 1 runs: +13 feet high and not available at the Stone Corral Anhydrite, +8 feet high and +6 feet high at the Topeka, +9 feet high and +6 feet high at the Heebner Shale, and +10 feet high and +7 feet high at the Top/Lansing "A", +14 feet high and +10 feet high at the Kansas City "K" Zone, and +14 feet high and +8 feet high at the Base/Kansas City.

A structural comparison of the Formation Tops in this well, in relation to the Reference Wells, can be found in the detailed "Formation Tops" table in this geologic report.

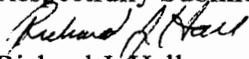
Conclusion

The Sand Creek No. 1 wildcat test well location was determined through a 3-D seismic survey shot over the Sand Creek Prospect which indicated a separate significant structural closure at the Lansing/Kansas City Group located in the E/2 of Section 5-T8S-R23W. The 3-D seismic was extremely accurate in predicting the structural position of the Lansing/Kansas City Group as the Sand Creek No. 1 runs +10 feet high and +7 feet high structurally compared to the nearby Reference Well's "A" and "B, respectively, and is approximately flat to high structurally to the nearby commercial Lansing/Kansas City oil wells located to the south and southwest.

Numerous free oil sample shows were observed in the Lansing "C" and "F" Zone's and the Kansas City "J" and "K" Zone's. The Kansas City "K" Zone tested 10 feet of oil and 110 feet of heavy oil cut mud (DST No.4) with shut in pressures of 862-860 p.s.i.

Therefore, based on the very positive high structural position of the primary objective Lansing/Kansas City Group, the oil and heavy oil cut mud recovery on DST No. 4 with associated good bottom hole pressures, and Log-Tech logs evaluation and analysis confirming the favorable structural position of the Lansing/Kansas City Group and reservoir development, 5 1/2" production casing was set in the Sand Creek No. 1 to test through pipe the commercial potential in the Lansing "C" Zone and Kansas City "K" Zone's.

Respectfully Submitted,


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