

Nelson

SIDE ONE

ORIGINAL COPY

STATE CORPORATION COMMISSION OF KANSAS  
OIL & GAS CONSERVATION DIVISION  
WELL COMPLETION OR RECOMPLETION FORM  
ACO-1 WELL HISTORY  
DESCRIPTION OF WELL AND LEASE

S.C.

API NO. 15-113-21-176

County: McPherson

SW/4 Sec. 18 Twp. 17 Rge. 3 East  
West

1320 Ft North from Southeast Corner of Section  
3960 Ft West from Southeast Corner of Section  
(Note: Locate well in section plat below)

Lease Name: Nelson Well #: 1

Field Name:

Producing Formation: Maquoketa

Elevation: Ground 1342 KB 1351

Operator: License # 6333  
Name: DaMac Drilling Inc/Diversified  
Address: Land and Exploration  
BOX 1164  
City/State/Zip: Great Bend, KS 67530

Purchaser: None

Operator Contact Person: John Wilson  
Phone: 918-496-1034

Contractor: License # 6333  
Name: DaMac Drilling Inc.

Wellsite Geologist: Martin Borg  
Phone: 918-492-3992

Designate Type of Completion  
 New Well  Re-Entry  Workover  
 Oil  SWD  Temp Abd  
 Gas  Inj  Delayed Comp.  
 Dry  Other (Core, Water Supply etc.)

If OKWO: old well info as follows:  
Operator  
Well Name  
Comp. Date  
Old Total Depth

WELL HISTORY

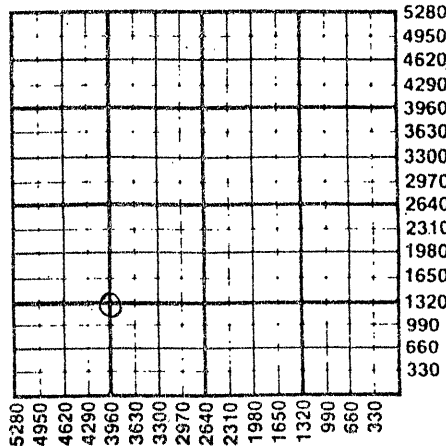
Drilling Method:  
 Mud Rotary  Air Rotary  Cable  
5-5-86 Spud Date 5-12-86 Date Reached TD  
3575 Total Depth PBDT  
Amount of Surface Pipe Set and Cemented at 391 feet  
Multiple Stage Cementing Collar Used? Yes  No  
If yes, show depth set...feet  
If alternate 2 completion, cement circulated from...feet depth to...w/. SX cmt  
Cement Company Name  
Invoice #

RECEIVED

MAY 23 2005

KCC WICHITA

Section Plat



WATER SUPPLY INFORMATION

Disposition of Produced Water:  Disposal  
Docket #  Repressuring

Questions on this portion of the ACO-1 call:  
Water Resources Board (913) 296-3717

Source of Water:  
Division of Water Resources Permit #

Groundwater: Ft North from Southeast Corner (Well) Ft West from Southeast Corner  
Sec Twp Rge East West

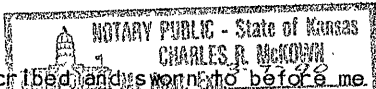
Surface Water: Ft North from Southeast Corner (Stream, pond etc) Ft West from Southeast Corner  
Sec Twp Rge East West

Other (explain) (purchased from city, R.W.D. #)

INSTRUCTIONS: This form shall be completed in triplicate and filed with the Kansas Corporation Commission, 200 Colorado Derby Building, Wichita, Kansas 67202, within 120 days of the spud date of any well. Rule 82-3-130, 82-3-107 and 82-3-106 apply. Information on side two of this form will be held confidential for a period of 12 months if requested in writing and submitted with the form. See rule 82-3-107 for confidentiality in excess of 12 months. One copy of all wireline logs and drillers time log shall be attached with this form. Submit CP-4 form with all plugged wells. Submit CP-111 form with all temporarily abandoned wells.

All requirements of the statutes, rules and regulations promulgated to regulate the oil and gas industry have been fully complied with and the statements herein are complete and correct to the best of my knowledge.

Signature: DaMac Drilling, Inc.  
George M. McKown  
Title: George M. McKown, President Date: 12-15-87



Subscribed and sworn to before me this 15 day of Dec 1987  
Notary Public: Charles R. McKown  
Date, Commission Expires: 5-7-90

K.C.C. OFFICE USE ONLY  
F Letter of Confidentiality Attached  
C Wireline Log Received  
C Drillers Time Log Received  
Distribution  
 KCC  SWD/Rep  NGPA  
 KGS  Plug  Other (Specify)  
DEC 21 1987

Sec 8, Twp 17, Rge 3

SIDE TWO

Operator Name ..... Diversified Land & Exploration ..... Lease Name..... Nelson..... Well #..... 1.....

Sec. 18 ..... Twp. 17 ..... Rge. 3 .....  East  West County..... McPherson.....

WELL LOG

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all drill stem tests giving interval tested, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static level, hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface during test. Attach extra sheet if more space is needed. Attach copy of log.

Drill Stem Tests Taken  Yes  No  
 Samples Sent to Geological Survey  Yes  No  
 Cores Taken  Yes  No

Formation Description  
 Log  Sample

Core #1 3370-3400 Maquoketa

Name	Top	Bottom
Lansing	2190	
Mississippian	2923	
Maquoketa	3370	
Viola	3415	
Simpson	3498	
TD	3575	

CASING RECORD <input type="checkbox"/> New <input type="checkbox"/> Used							
Report all strings set-conductor, surface, intermediate, production, etc.							
Purpose of String	Size Hole Drilled	Size Casing Set (In O.D.)	Weight Lbs/Ft.	Setting Depth	Type of Cement	#Sacks Used	Type and Percent Additives
Conductor.....	17/8.....	13 3/8.....	68.....	126.....	60/40 Poz.....	135.....	3%CC.....
Surface.....	12 1/2.....	8 5/8.....	20.....	391.....	60/40 Poz.....	195.....	3%CC.....
Production.....	7 7/8.....	4 1/2.....	14.....	3574.....	Com.....	100.....	

PERFORATION RECORD		Acid, Fracture, Shot, Cement Squeeze Record	
Shots Per Foot	Specify Footage of Each Interval Perforated	(Amount and Kind of Material Used)	Depth
...NONE.....	...NONE.....	...NONE.....	.....
.....	.....	.....	.....
.....	.....	.....	.....
.....	.....	.....	.....

TUBING RECORD	Size	Set At	Packer at	Liner Run	<input type="checkbox"/> Yes <input type="checkbox"/> No
NONE				NONE	

Date of First Production	Producing Method
	<input type="checkbox"/> Flowing <input type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (explain).....

Estimated Production Per 24 Hours	Oil Bbls	Gas MCF	Water Bbls	Gas-Oil Ratio CFPB	Gravity
	None	None	None		

METHOD OF COMPLETION None Production Interval

Disposition of gas:  Vented  Open Hole  Perforation  
 Solid  Other (Specify) .....  
 Used on Lease  Dually Completed .....  
 Conmingled .....

ORIGINAL COPY

AGREEMENT, Made and entered into

Dec 9

2004

by and between:

Leland A. Nelson and Tracy R. Nelson, Husband and Wife

Relative Energy, Inc.

Party of the first part, hereinafter called lessor (whether one or more) and

Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of One DOLLARS, cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products; injecting gas, waters, other fluids, and air into subsurface strata; laying pipe lines, storing oil, building tanks, power stations, roadways, and other structures and things thereon to produce, save, take care of, treat, process, store, transport and market said oil, liquid hydrocarbons, gases, and their respective constituent products, the following described land together with any reversionary rights and after-acquired interests

therein, situated in the County of McPherson State of Kansas

described as follows, to-wit:

The Southwest Quarter (SW4)

of Section 18 Township 17S Range 3W and containing 160 acres more or less.

It is agreed that this lease shall remain in full force for a term of six months years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee, or the premises are being developed or operated.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which he may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty 1/8 of the market value of such gas at the mouth of the well; if said gas is sold by the lessee, then as royalty 1/8 of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay lessor as royalty 1/8 of the proceeds from the sale of gas as such at the mouth of the well where gas only is found and where such gas is not sold or used, lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used as royalty, an amount equal to the delay rental provided in the next succeeding paragraph hereof, and while said royalty is so paid or tendered this lease shall be held as a producing lease under the above term paragraph hereof; the lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

~~If no well be commenced on said land on or before \_\_\_\_\_, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor, or to the lessor's credit in The \_\_\_\_\_ Bank at \_\_\_\_\_ or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of \_\_\_\_\_~~

~~DOLLARS, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods or the same number of months successively. All such payments or tenders of rental may be made by check or draft of lessee or any assignee thereof mailed or delivered on or before the rental paying date either direct to lessor or assigns or to said depository bank. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the lessee when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred. Lessee may at any time execute and deliver to Lessor, or place of record, a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.~~

Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as herein before provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of lessor. When requested by lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the term of years herein first mentioned.

If the estate of either party hereto is transferred, and the privilege of transferring in whole or in part is expressly allowed, or if the rights hereunder of either party hereto are vested by descent or devise, the covenant hereof shall extend to and be binding on the heirs, devisees, executors, administrators, successors, or assigns, but no change in the ownership of said land or of any right hereunder shall be binding on the lessee until after lessee has been furnished with the original or a certified copy thereof of any transfer by lessor or with a certified copy of the will of lessor together with a transcript of the probate thereof, or, in the event lessor dies intestate and his estate is being administered, with a transcript of the administration proceedings or, in the event of the death of lessor and no administration being had on the estate, with an instrument satisfactory to lessee executed by lessor's heirs authorizing payment or deposit or tender for deposit to their credit as hereinbefore provided, at least thirty days before said rentals and royalties are payable or due, and it is hereby agreed in the event this lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof shall make due payments of said rentals. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment. If the leased premises are now or hereafter owned in severalty or in separate tracts, the premises, nevertheless, may be developed and operated as an entirety, and the royalties shall be paid to each separate owner in the proportion that the acreage owned by him bears to the entire leased area. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks for the oil produced from such separate tracts.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof and may reimburse itself from any rental or royalties accruing hereunder.

State Of Kansas, McPherson Co., SS: 156

This instrument was filed for record

on the 11 day of Jan A.D., 2005

at 8:35 o'clock A.M., and duly recorded

in book 616 on page 635-636

[Signature]  
Register of Deeds

Whereof witness our hands, as of the day and year first above written.

[Signature]  
Leland A. Nelson

[Signature]  
Dena K. Miller

[Signature]  
Tracy R. Nelson

[Signature]  
Tracy R. Nelson

[Signature]  
Tracy R. Nelson

A DENA K. MILLER  
Notary Public - State of Kansas  
My Appt. Expires July 1, 2008

ORIGINAL

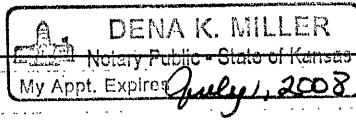
STATE OF Kansas

COUNTY OF McPherson

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

The foregoing instrument was acknowledged before me this 9 day of December, 192004  
by Leland A. Nelson and Tracy R. Nelson  
H & W

My commission expires July 1, 2008



Dena K. Miller  
Notary Public

STATE OF \_\_\_\_\_

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_ and \_\_\_\_\_

My commission expires \_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_ and \_\_\_\_\_

My commission expires \_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_

ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_ and \_\_\_\_\_

My commission expires \_\_\_\_\_  
Notary Public

No. \_\_\_\_\_  
**OIL AND GAS LEASE**

FROM

TO

Date \_\_\_\_\_, 19\_\_\_\_

Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_

No. of Acres \_\_\_\_\_ Term \_\_\_\_\_

County \_\_\_\_\_

STATE OF \_\_\_\_\_

County \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_

day of \_\_\_\_\_, 19\_\_\_\_

at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded

in Book \_\_\_\_\_ Page \_\_\_\_\_ of \_\_\_\_\_

the records of this office.

Register of Deeds.

By \_\_\_\_\_

When recorded, return to \_\_\_\_\_

8 Mark Casebeer  
2/13 7<sup>th</sup> Shird  
11/2 Lyndeborg Mo 67456

STATE OF \_\_\_\_\_

ACKNOWLEDGMENT FOR CORPORATION (KsOkCoNe)

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_  
by \_\_\_\_\_

of \_\_\_\_\_ a \_\_\_\_\_  
corporation, on behalf of the corporation.

My commission expires \_\_\_\_\_  
Notary Public

KCC MICHIA

MAY 28 2008

RECEIVED

## RELATIVE ENERGY, INC.

213 North Third  
 Lindsborg KS 67456  
 Office- 785 227 2886  
 Cell- 620 242 7766  
 maap@cox.net

## WEST LINDSBORG PROJECT

## Completion Report

May 17, 2005

RECEIVED  
 MAY 23 2005  
 KCC WICHITA

- 5/3/05      Sandra Armsrong "A" #1:  
 01:00-(PM)Mark on location  
 01:15-Scott's Well Service on location-rig up to run bailor-hit mud,etc. 1100' down  
           Rig up to drill  
 03:15-Hett Ditching Service digging working pit-Casebeer, Inc. hauling water  
 04:00-Scott's washing down hole-encounter hard substance at 2150'-begin drilling  
           Circulating up drilling mud, shale and metal shavings  
           Circulate hole clean  
 06:00-Shut down for night.
- 5/4/05      07:30-(AM)Scott's on location-start drilling  
 08:00-Mark on location-thru hard plug-washing down at at 2350'  
           Drilling hard at 2570'to 2590-circulating mud,rocks shale and metal shavings  
 09:40-Washing at 2698'- dilling at 2900'-circulating rocks,shale and metal shavongs  
 11:00-Hit something hard at 3083'-acts like casing-determined to be casing at top of  
           cement-determined to be off to side of casing-bad casing from 2150'to 3083'  
 11:30-Quit-top of Mississippi (disposal zone) is at 2932-can come back and run 3"  
           liner and make disposal if other wells prove out-move to Hogleund(Sippel)
- Simon Hogleund (Sippel) #1:  
 12:30-Scotts pulling tubing and rods-lay down to test tubing-drilling mud on tubing  
 01:30-Mark on location  
 03:00-Mark taking pump to B&B Supply  
 03:30-Scotts moving to Nelson "A" #1  
           Hett digging cellar out to restretch and seat casing
- Nelson "A" #1:  
 04:00-Scott's running sand pump-get past 3500'-clear way for loggers  
 05:00-Mark off location
- 5/5/05      07:30-(AM) Scott's,Logtech and Mark on location-run bond log-good cement to  
           3020'-rig up to run gamma ray-neutron log-find top of Maquoketa Dol. at  
           3374'-rig up to perforate with 4 shots per foot from 3374' to 3384'  
           Perforate and move Log Tech to Hogleund  
 10:30-Hett digging pit-Scott's rigging up to swab-swab down in 4 runs-next run  
           recover few feet-show of oil-wait one hour-swab 15'-show of oil-acidize with  
           350 gallons 15% mud acid and chemicals-chase with 40 bbls clean saltwater  
           swab load back-showing some oil off 2800'-swab off perms-good show of oil-  
           next pull-15' oil-wait 15 minutes-swab 50' oil-pot 75 bpd-mostly oil-quit

ORIGINAL

Simon Hogle #1

08:00-Tubing testers on site

10:00-Log Tech on site-set drillable cast plug at 3260'

5/6/03

07:30-Mark & Scott's on locatiion

08:00-Run swab-fluid at 1000' from bottom (static level)-swab- pull #1-300' oil on  
Pull #2-off perfs-oily-wait 15 minutes-swab 50'-very oily-rig down- move to  
Hoglund(Sippel)

RECEIVED  
MAY 23 2005  
KCC WICHITA

Simon Hoglund (Sippel) #1

08:00-(AM) Pipe testers on site-one quarter size hole and blew 4 joints

12:00-Scott's rigged up-stretch casing-remove,clean and replace casing slips-reset  
wait for Hett to refill cellar-run tubing and packer to test for hole-find hole at  
2698 - 2711- order cement for Monday morning

05:00-Shut down

5/9/05

07:30-Scott's on location-prep for cement

08:30-Copeland Cementing and Mark on location-squeeze with 100 sacks cement  
squeezed of at 1000#

10:30-Cement holding-Mark off location-Scott's prepare to pull tubing & packer  
pull ten joints-set packer-test to 500#

5/10/05

07:30-(AM)Scott's pulling tubing & packer out of hole-back in with bit-drill 150'  
cement-pressured casing to 500#-ran bit to 3362-drilled wireline plug and ran  
bit to bottom at 3370 GL. Rigged up to swab- fluid at 1800'-swabbed down to  
1,000' every pull

5/11/05

07:30-(AM)Swab tubing-fluid at 1200'-swabbed down to 700' per pull-some gas and  
good show of oil,grit & dirty water-acidize with 400 gals.15% acid & chems-  
flush with 40 bbls. Water-pulled tubing & bit-put on mud anchor & seating  
nipple-run tubing back in-swab acid back-water cleaning up-grit gone-acid  
gas dissipating-oil increasing-formation water very warm-ran pump and rods

5/12/05

07:30-(AM)-Scott's pick up polish rod and put in well-hang well on-rig down-  
move to Nelson

Nelson "A" #1:

09:30-Scott's rig up and run tubing & rods,etc.

02:30-Scott's finish and leave.

*Mark Coulter*  
5/12/05