

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

ORIGINAL

Form ACO-1
June 2009
Form Must Be Typed
Form must be Signed
All blanks must be Filled

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

OPERATOR: License # 34224
Name: Red Cloud Exploration Operating, LLC
Address 1: 1611 St. Andrews Dr. 3rd FL
Address 2: _____
City: Lawrence State: KS Zip: 66047 + _____
Contact Person: Kevin Sylla
Phone: (415) 850-9183
CONTRACTOR: License # 33986
Name: Owens Petroleum Services, LLC
Wellsite Geologist: George Peterson
Purchaser: Coffeyville Resources
Designate Type of Completion:

- New Well Re-Entry Workover
- Oil WSW SWD SIOW
 Gas D&A ENHR SIGW
 OG GSW Temp. Abd.
 CM (Coal Bed Methane)
 Cathodic Other (Core, Expl., etc.): _____

If Workover/Re-entry: Old Well Info as follows:

Operator: _____
Well Name: _____
Original Comp. Date: _____ Original Total Depth: _____
 Deepening Re-perf. Conv. to ENHR Conv. to SWD
 Conv. to GSW
 Plug Back: _____ Plug Back Total Depth
 Commingled Permit #: _____
 Dual Completion Permit #: _____
 SWD Permit #: _____
 ENHR Permit #: _____
 GSW Permit #: _____

<u>11/19/09</u>	<u>11/23/09</u>	<u>12/07/09</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 207-27533-00-00
Spot Description: _____
SE SE SW NW Sec. 20 Twp. 25 S. R. 17 East West
2,805 Feet from North / South Line of Section
1,155 Feet from East / West Line of Section
Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Woodson
Lease Name: Purcell Well #: 1-09
Field Name: Humboldt-Chanute
Producing Formation: Squirrel
Elevation: Ground: 965 Kelly Bushing: na
Total Depth: 889 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at: 40 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set: _____ Feet
If Alternate II completion, cement circulated from: 880
feet depth to: 105 w/ 105 sx cmt.

Drilling Fluid Management Plan

(Data must be collected from the Reserve Pit)

Chloride content: fresh ppm Fluid volume: 250 bbls
Dewatering method used: pumped out
Location of fluid disposal if hauled offsite: _____
Operator Name: _____
Lease Name: _____ License #: _____
Quarter _____ Sec. _____ Twp. _____ S. R. _____ East West
County: _____ Permit #: _____

INSTRUCTIONS: An original and two copies of this form shall be filed with the Kansas Corporation Commission, 130 S. Market - Room 2078, Wichita, Kansas 67202, within 120 days of the spud date, recompletion, workover or conversion of a well. Rule 82-3-130, 82-3-106 and 82-3-107 apply. Information of 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 geologist well report shall be attached with this form. ALL CEMENTING TICKETS MUST BE ATTACHED. Submit CP-4 form with all plugged wells. Submit CP-111 form with all temporarily abandoned wells.

AFFIDAVIT

I am the affiant and I hereby certify that 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: [Signature]
Title: Franny Dueson Date: May 29 2010

KCC Office Use ONLY

- Letter of Confidentiality Received
Date: _____
 Confidential Release Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution
ALT I II III Approved by: DG Date: 6/23/10

Operator Name: Red Cloud Exploration Operating, LLC Lease Name: Purcell Well #: 1-09
 Sec. 20 Twp. 25 S. R. 17 East West County: Woodson

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all final copies of drill stems 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 test, along with final chart(s). Attach extra sheet if more space is needed. Attach complete copy of all Electric Wire-line Logs surveyed. Attach final geological well site report.

Drill Stem Tests Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>(Attach Additional Sheets)</i> Samples Sent to Geological Survey <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Cores Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Electric Log Run <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Electric Log Submitted Electronically <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>(If no, Submit Copy)</i> List All E. Logs Run: GAMMA RAY/NEUTRON/CCL	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum <input type="checkbox"/> Sample <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">Name</td> <td style="width:20%;">Top</td> <td style="width:20%;">Datum</td> </tr> <tr> <td>U.Squirrel</td> <td>802</td> <td>+163</td> </tr> <tr> <td>L.Squirrel</td> <td>820</td> <td>+145</td> </tr> </table>	Name	Top	Datum	U.Squirrel	802	+163	L.Squirrel	820	+145
Name	Top	Datum								
U.Squirrel	802	+163								
L.Squirrel	820	+145								

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
Surface	9-7/8"	7"	17	41'	Portland/Ashgrove	20	CALCIUM
Production Casing	5-5/8"	2-7/8"	6.7	880	owc	105	NONE

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	# Sacks Used	Type and Percent Additives
<input type="checkbox"/> Perforate <input type="checkbox"/> Protect Casing <input type="checkbox"/> Plug Back TD <input type="checkbox"/> Plug Off Zone				

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record (Amount and Kind of Material Used)	Depth
4	822.0-827.0; 834.0-842.0	Spotted 1 BBL of 15% HCL on zone; frac with 149 sacks of sand	
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		CONSERVATION DIVISION WICHITA, KS	

TUBING RECORD: Size: <u>2-7/8"</u> Set At: <u>880</u> Packer At: _____		Liner Run: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Date of First, Resumed Production, SWD or ENHR. _____		Producing Method: <input type="checkbox"/> Flowing <input checked="" 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 Gravity

DISPOSITION OF GAS: <input type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-18.)</i>	METHOD OF COMPLETION: <input type="checkbox"/> Open Hole <input type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <i>(Submit ACO-5)</i> <i>(Submit ACO-4)</i> <input type="checkbox"/> Other (Specify) _____	PRODUCTION INTERVAL: _____ _____
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PP

KWS, LLC

19245 Ford Road
Chanute, KS 66720
(620) 431-9212
Mobile (620) 431-8945

Date	Invoice
12/2/2009	912-1289

Red Cloud Exploration Operating LLC
ATTN: Kevin Sylla
161 St. Andrews Drive, 3rd Floor
Lawrence, KS 66047

Date: 11-25-09
Well Name: Purcell #1-09
Section: 20
Township: 25
Range: 17
County: Woodson County
API:
PO#

CEMENT TREATMENT REPORT

TYPE OF TREATMENT: Production Casing
HOLE SIZE: 5 5/8"
TOTAL DEPT: 890
WIRE LINE READING BEFORE:
WIRE LINE READING AFTER:

- Landed Plug on Bottom at 600 PSI
- Shut in Pressure
- Lost Circulation
- Good Cement Returns
- Topped off well with _____ Sacks
- Set Float Shoe - Shut In

Service or Product	Quantity	Per Foot Pricing/Unit Pricing	Amount
Run and cement 2 7/8"	880	2.80	2,464.00

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\$2.80 per foot if paid within 30 days, otherwise \$3.00 per foot, with interest added after 45 days.

Hooked onto 2 7/8" casing. Established circulation with 5 barrels of water, 4 GEL, 1 METSO, COTTONSEED ahead, blended 105 sacks of OWC cement, dropped rubber plug, and pumped 5 barrels of water.

Subtotal	\$2,464.00
Sales Tax ()	\$0.00
Balance Due	\$2,464.00

GEOLOGISTS REPORT

For

RED CLOUD EXPLORATION OPERATING LLC

**PURCELL 1-09
SE ¼, SE ¼, SW ¼, NW ¼,
Sec 20, T25S, R17E
Woodson County, Kansas**

The formation tops and intervals for this report were taken from the Gamma / Neutron log and are based on a ground level elevation of 965' which was taken from a U.S.G.S 7 ½, minute quad sheet.

	<i>Depth</i>	<i>Datum</i>	<i>Thickness</i>
<i>Base Kansas City Group:</i>	424	+541	
<i>Altamont ls</i>	614	+351	
<i>Mulkey coal</i>	792	+173	
<i>U. Squirrel sd</i>	802	+163	8'
<i>L. Squirrel</i>	820	+145	42'

RTD 889 LTD 877

Sample returns were examined microscopically and under black light from the top of the Cherokee through the Squirrel sand sequence. Samples were caught at 2 foot intervals until the top of the lower Squirrel was found and then samples were caught at 4-6 foot intervals.

The samples consisted of a fine to medium grained quartz sand that appeared to be slightly shaly in nature. The log also indicates that there are shale laminations within the unit. There was a strong petroleum odor present in the samples and a good show of medium brown free oil. There was good yellow fluorescence when exposed to a black light. This oil show continued for some time and when the Gamma log was run the log indicated that the sand continued with increasing amounts of shale and shale partings to about 852 feet.

Based on the log response and the show of oil in the samples, the determination was made to perforate from 822-25 and from 834-842 with 4 shots per foot.

The next Purcell location needs to have the drilling closely monitored to see if the sand becomes cleaner through its total thickness, or if the cleaner sands may lay in another direction on the lease.

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CONCLUSIONS AND RECOMMENDATIONS:

This well appears to have the potential to produce commercial quantities of oil. To evaluate which direction to develop the lease, it becomes important to obtain reasonably accurate elevation on the existing wells so that cross sections can be developed to aid in determining the best way to develop the lease.

It is hoped that the geograph can be repaired in the near future so that the various geologic tops can be more easily determined during the drilling process.

At some point a good set of logs, to include both resistivity and compensated neutron density/porosity logs will be necessary if there is a need to develop reserve information.

DISCLAIMER:

The author of this report has no working or over riding royalty interest in this well or in any wells on this lease. This report is based on the opinions and observations of the author based on training, experience gained from other wells in the area and information gained from the samples and logs from this well.

Should additional information be required, please contact me.

Respectfully submitted;

George E. Petersen, L.C., C.P.G.
#166
DEACON GEOLOGY, INC.
KANSAS
GEOLOGIST



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