

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

SEP 20 2010

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

KCC WICHITA

OPERATOR: License # 6194 Name: ESP DEVELOPMENT, INC. Address 1: 1749 250th Avenue Address 2: City Hays State: KS Zip: 67601 Contact Person: Lewis Eulert Phone: 785, 625-6394 CONTRACTOR License # 31548 Name: Discovery Drilling Co., Inc. Wellsite Geologist: Randall Kilian Purchaser:

API No. 15: 167-23,648-00-00 Spot Description: 215' E of SW SE NE Sec. 36 Twp. 12 S R. 14W East West 2310 Feet from North South Line of Section 775 Feet from East West Line of Section

Footages Calculated from Nearest Outside Section Corner: NE NW SE SW County: Russell

Lease Name: SHANNON Well #: 1 Field Name: Wildcat Producing Formation: None

Elevation: Ground: 1568 Kelly Bushing: 1576 Total Depth: 3150 Plug Back Total Depth: 305.68

Amount of Surface Pipe Set and Cemented at: 305.68 Feet Multiple Stage Cementing Collar Used? Yes No

If yes, show depth set: feet depth to: (30sk In Rat Hole)(15sk In Mouse Hole)

Drilling Fluid Management Plan (Data must be collected from the Reserve Pit)

Chloride content: 16,000 ppm Fluid volume: 400 bbls Dewatering method used: Hauled Free Fluids

Location of fluid disposal if hauled offsite: Operator Name: H & W Oil Lease Name: BOXBERGER A-1 License #: 33700 Quarter NW Sec. 32 Twp. 13 S R. 14W East West County: Russell Permit #: D-23,310

- Designate Type of Completion: X 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 #: Spud Date or Recompletion Date: 7/2/2010 Date Reached TD: 7/7/2010 Completion Date or Recompletion Date: 7/8/2010

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: Lewis Eulert Title: President Date: 9-17-10

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: RJA DG Date: 9/24/10

Operator Name: ESP DEVELOPMENT, INC. Lease Name: SHANNON Well #: 1
 Sec. 36 Twp. 12 S. R. 14W East West County: Russell

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 checked="" type="checkbox"/> Yes <input 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: <u>Borehole Compensated Sonic Log</u> <u>Compensated Density Neutron Log</u> <u>Micro Resistivity Log</u> <u>Dual Induction Log</u>	<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>Anhydrite</td> <td>598'</td> <td>+ 592</td> </tr> <tr> <td>Base</td> <td>630'</td> <td>+ 948</td> </tr> <tr> <td>Topeka</td> <td>2470'</td> <td>- 892</td> </tr> <tr> <td>Heeb. Shale</td> <td>2696'</td> <td>-1118</td> </tr> <tr> <td>Toronto</td> <td>2715'</td> <td>-1137</td> </tr> <tr> <td>Lansing</td> <td>2754'</td> <td>-1176</td> </tr> <tr> <td>BKc.</td> <td>3020'</td> <td>-1442</td> </tr> <tr> <td>Arbuckle</td> <td>3100'</td> <td>-1522</td> </tr> <tr> <td>TD</td> <td>3150'</td> <td>-1572</td> </tr> </table>	Name	Top	Datum	Anhydrite	598'	+ 592	Base	630'	+ 948	Topeka	2470'	- 892	Heeb. Shale	2696'	-1118	Toronto	2715'	-1137	Lansing	2754'	-1176	BKc.	3020'	-1442	Arbuckle	3100'	-1522	TD	3150'	-1572
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CASING RECORD <input checked="" 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 Pipe	12½	8 5/8	23	305.68	Common	180	2%Gel&3%CC

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

TUBING RECORD	Size:	Set At:	Packer At:	Liner Run: <input type="checkbox"/> Yes <input type="checkbox"/> No
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Date of First Resumed Production, SWD or ENHH: <u>D/A</u>	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	Gravity

DISPOSITION OF GAS: <input type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-1H.)</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-5)</i> <input checked="" type="checkbox"/> Other (Specify) _____	PRODUCTION INTERVAL: _____ _____
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QUALITY OILWELL CEMENTING, INC.

Phone 785-483-2025
Cell 785-324-1041

Home Office P.O. Box 32 Russell, KS 67665

No. 4163

Date	7-8-10	Sec.	36	Twp.	12	Range	14	County	RS	State	KS	On Location	5:00 P.M.	Finish	8:00 P.M.
Lease	SHANNON		Well No.	1		Location									
Contractor										Discovery Dry Rig 1					
Type Job										plug					
Hole Size										7 7/8					
Csg.										T.D. 3150					
Tbg. Size										Depth					
Tool										Depth					
Cement Left in Csg.										Shoe Joint					
Meas Line										Displace					

Owner
To Quality Oilwell Cementing, Inc.
You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.

Charge To **ESP Development**

Street

City State

The above was done to satisfaction and supervision of owner agent or contractor.

Cement Amount Ordered **175 5/40 4% gel**

EQUIPMENT

Pumptrk	1	No.	Cement Helper	Dave 3
Bulktrk	10	No.	Driver	Rocky 3
Bulktrk		No.	Driver	

1/4 Flowseal per sk

Common 105

Poz. Mix 70

Gel. 6

JOB SERVICES & REMARKS

Remarks:

Rat Hole

Mouse Hole

Centralizers

Baskets

D/V or Port Collar

25 SK @ 3100

25 @ 610

70 @ 350

10 @ 40 w/ plug

30 Rathole

15 mouse hole

Calcium

Hulls

Salt

Flowseal 43

Kol-Seal

Mud CLR 48

CFL-117 or CD110 CAF 38

Sand

Handling 181

Mileage

FLOAT EQUIPMENT

Guide Shoe

Centralizer

Baskets

AFU Inserts

Float Shoe

Latch Down

RECEIVED
SEP 20 2010
KCC WICHITA

Pumptrk Charge **plug**

Mileage **7**

X Signature *Jeff Mayfield*

Tax

Discount

Total Charge

DEFINITIONS: In these terms and conditions, "Quality" shall mean Quality Oilwell Cementing, Inc., and "Customer" shall refer to the party identified by that term on the front of this contract. As applicable, "Job" relates to the services described on the front side of this contract, "merchandise" refers to the material described on the front of this contract and to any other materials, products, or supplies used, sold, or furnished under the requirements of this contract.

- **TERMS:** Unless satisfactory credit has been established, "CUSTOMER" must tender full cash payment to "QUALITY" before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, "CUSTOMER" agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing in no event shall this Contract provide for interest exceeding the maximum rate of interest that "CUSTOMER" may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the "CUSTOMER" or at the option of "QUALITY," refunded directly to "CUSTOMER." For purposes of this paragraph, QUALITY and CUSTOMER agree that KANSAS law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

- **ATTORNEY FEES:** In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the term of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limit to, a reasonable sum as and attorney's fees.

- **PRICES AND TAXES:** All merchandise listed in "QUALITY'S" current price shall schedule are F.O.B. QUALITY'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by QUALITY shall be added to the quoted prices charged to CUSTOMER.

- **TOWING CHARGES:** QUALITY will make a reasonable attempt to get to and from each job site using its own equipment. Should QUALITY be unable to do so because of poor or inadequate road conditions, and should it become necessary to employ a tractor or other pulling equipment to get to or from the job site, the tractor or pulling equipment will be supplied by CUSTOMER or, if furnished by QUALITY, will be charged to and paid by CUSTOMER.

- **PREPARATION CHARGES:** If a job and/or merchandise is ordered and CUSTOMER cancels the order after preparation of a chemical solution or other material, CUSTOMER will pay QUALITY for the expenses incurred by QUALITY as a result of the cancellation.

- **DEADHAUL, CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charges as set forth in QUALITY'S current price book will be charged each way for each service unit which is ordered by CUSTOMER but not used.

- **SERVICE CONDITIONS AND LIABILITIES:** 1. QUALITY carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond QUALITY'S control, QUALITY shall not be liable for injuries to property or persons or for loss or damage arising from the performance of the job or delivery of the merchandise. Customer shall be responsible for and indemnify, defend, and hold harmless QUALITY, its officers, agents and employees, from and against any and all claims or suits for:

(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with QUALITY'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of QUALITY or its employees.

2. With respect to any of QUALITY'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to QUALITY at the landing, CUSTOMER shall either recover the lost item without cost to QUALITY or reimburse QUALITY the current replacement cost of the item unless the loss or damage results from the sole negligence of QUALITY or its employees.

3. QUALITY does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

WARRANTIES: 1. QUALITY warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. QUALITY'S obligation under this warranty is expressly limited to repair replacement, or allowance for credit, at its option, for any merchandise which is determined by QUALITY to be defective. THIS IS THE SOLE WARRANTY OF QUALITY AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and QUALITY shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.

2. More specifically:

(A) Nothing in this contract shall be constructed as a warranty by QUALITY of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by QUALITY or any interpretation of test, meter readings, chart information, analysis or research, or recommendations made by QUALITY, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of QUALITY or its employees in the preparation or furnishing of such facts, information or data. (C) Work done by QUALITY shall be under the direct supervision and control of the CUSTOMER or his agent and QUALITY will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.



Discovery Drilling

P.O. Box 763 • Hays, KS 67601 • OFFICE (785) 623-2920 • CELLULAR (785) 635-1511

DRILLER'S LOG

Operator: ESP Development, Inc. LIC # 6194 Contractor: Discovery Drilling Co., Inc. LIC#31548
1749 250th Avenue PO Box 763
Hays, KS 67601 Hays, KS 67601

Lease: SHANNON # 1 Location: 215'E of SW/SE/NE
Sec. 36/12S/14W
Russel, Co., KS

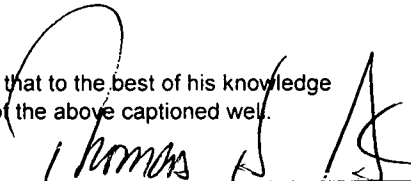
Loggers Total Depth: 3150' API#15- 167-23,648-00-00
Rotary Total Depth: 3150' Elevation: 1568 GL / 1576 KB
Commenced: 7/2/2010 Completed: 2/24/2097
Casing: 8 5/8" @ 305.68'W/180sks Status: D & A

DEPTHS & FORMATIONS (All from KB)

Surface, Sand & Shale	<u>0'</u>	Shale	<u>634'</u>
Dakota Sand	<u>197'</u>	Shale & Lime	<u>1349'</u>
Shale	<u>241'</u>	Shale	<u>1575'</u>
Cedar Hill Sand	<u>364'</u>	Shale & Lime	<u>1859'</u>
Red Bed Shale	<u>502'</u>	Lime & Shale	<u>2702'</u>
Anhydrite	<u>602'</u>	RTD	<u>3150'</u>
Base Anhydrite	<u>634'</u>		

STATE OF KANSAS))
) ss
COUNTY OF ELLIS))

Thomas H. Alm of Discovery Drilling states that to the best of his knowledge the above and foregoing is a true and correct log of the above captioned well.

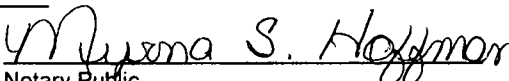


Thomas H. Alm

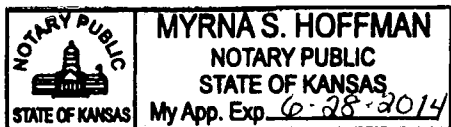
Subscribed and sworn to before me on 7-9-10

My Commission expires: 6-28-2014

(Place stamp or seal below)



Notary Public



RECEIVED
SEP 20 2010
KCC WICHITA