

KANSAS CORPORATION COMMISSION

ONE POINT STABILIZED OPEN FLOW OR DELIVERABILITY TEST

AUG 30 2007

Type Test:

- Open Flow
 Deliverability

(See Instructions on Reverse Side)

CONSERVATION DIVISION
WICHITA, KS

Test Date:
7/18/07

API No. 15
023-20493-0000

| | | | | | |
|--|----------------------------------|--------------------------------------|-----------------------|--|-------------------|
| Company Priority Oil & Gas LLC | | Lease Holzwarth | | Well Number 1-12 | |
| County Cheyenne | Location E/2 W/2 SE SE | Section 12 | TWP 5S | RNG (E/W) 42 | Acres Attributed |
| Field Cherry Creek | | Reservoir Beecher Island | | Gas Gathering Connection Priority Oil & Gas LLC | |
| Completion Date 05/08/03 | | Plug Back Total Depth 1462 | | Packer Set at | |
| Casing Size 4.5 in | Weight 10.5 # | Internal Diameter 4.052 | Set at 1514 | Perforations 1295 | To 1330 |
| Tubing Size none | Weight | Internal Diameter | Set at | Perforations | To |
| Type Completion (Describe) co2 Frac | | Type Fluid Production none | | Pump Unit or Traveling Plunger? Yes / <input checked="" type="checkbox"/> No | |
| Producing Thru (Annulus / Tubing) casing | | % Carbon Dioxide .27 | | % Nitrogen 4.84 | |
| Vertical Depth(H) | | Pressure Taps | | Gas Gravity - G _g .5937 | |
| | | | | (Meter Run) (Prover) Size 2 in. | |

Pressure Buildup: Shut in 7/18/07 20 at 10:49 (AM) (PM) Taken _____ 20 at _____ (AM) (PM)

Well on Line: Started 7/19/07 20 at 11:37 (AM) (PM) Taken _____ 20 at _____ (AM) (PM)

OBSERVED SURFACE DATA

Duration of Shut-in 25 Hours

| Static / Dynamic Property | Orifice Size (inches) | Circle one: Meter Prover Pressure psig (P _m) | Pressure Differential in Inches H ₂ O | Flowing Temperature t | Well Head Temperature t | Casing Wellhead Pressure (P _w) or (P _i) or (P _c) | | Tubing Wellhead Pressure (P _w) or (P _i) or (P _c) | | Duration (Hours) | Liquid Produced (Barrels) |
|---------------------------|-----------------------|---|--|-----------------------|-------------------------|--|--------------|--|------|------------------|---------------------------|
| | | | | | | psig | psia | psig | psia | | |
| Shut-In | | | | | | | | | | | |
| Flow | .500 | | | | | 97 | 111.4 | | | | |

FLOW STREAM ATTRIBUTES

| Plate Coefficient (F _o) (F _s) Mcfd | Circle one: Meter or Prover Pressure psia | Press Extension $\sqrt{P_m \times h}$ | Gravity Factor F _g | Flowing Temperature Factor F _{tt} | Deviation Factor F _{pv} | Metered Flow R (Mcfd) | GOR (Cubic Feet/ Barrel) | Flowing Fluid Gravity G _m |
|--|--|--|-------------------------------|--|----------------------------------|-----------------------|--------------------------|--------------------------------------|
| | | | | | | | | |

(OPEN FLOW) (DELIVERABILITY) CALCULATIONS

(P_a)² = 0.207
(P_o)² = _____

(P_c)² = _____ : (P_w)² = _____ : P_d = _____ % (P_c - 14.4) + 14.4 = _____ :

| (P _c) ² - (P _a) ² or (P _o) ² - (P _d) ² | (P _c) ² - (P _w) ² | Choose formula 1 or 2: 1. P _c ² - P _a ² 2. P _c ² - P _d ² divided by: P _c ² - P _w ² | LOG of formula 1. or 2. and divide by: $P_c^2 - P_w^2$ | Backpressure Curve Slope = "n" ----- Assigned Standard Slope | n x LOG [] | Antilog | Open Flow Deliverability Equals R x Antilog (Mcfd) |
|--|---|---|---|--|-------------|---------|--|
| | | | | | | | |

Open Flow Mcfd @ 14.65 psia Deliverability Mcfd @ 14.65 psia

The undersigned authority, on behalf of the Company, states that he is duly authorized to make the above report and that he has knowledge of the facts stated therein, and that said report is true and correct. Executed this the 31 day of July, 20 07.

Witness (if any)

For Company

Checked by

For Commission

AUG 30 2007

CONSERVATION DIVISION
WICHITA, KS

I declare under penalty of perjury under the laws of the state of Kansas that I am authorized to request exempt status under Rule K.A.R. 82-3-304 on behalf of the operator Priority Oil & Gas LLC and that the foregoing pressure information and statements contained on this application form are true and correct to the best of my knowledge and belief based upon available production summaries and lease records of equipment installation and/or upon type of completion or upon use being made of the gas well herein named.

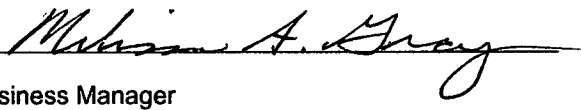
I hereby request a one-year exemption from open flow testing for the Holzwarth 1-12 gas well on the grounds that said well:

(Check one)

- is a coalbed methane producer
- is cycled on plunger lift due to water
- is a source of natural gas for injection into an oil reservoir undergoing ER
- is on vacuum at the present time; KCC approval Docket No. _____
- is not capable of producing at a daily rate in excess of 250 mcf/D

I further agree to supply to the best of my ability any and all supporting documents deemed by Commission staff as necessary to corroborate this claim for exemption from testing.

Date: 7/31/07

Signature: 
Title: Business Manager

Instructions: If a gas well meets one of the eligibility criteria set out in KCC regulation K.A.R. 82-3-304, the operator may complete the statement provided above in order to claim exempt status for the gas well.

At some point during the current calendar year, wellhead shut-in pressure shall have been measured after a minimum of 24 hours shut-in/buildup time and shall be reported on the front side of this form under **OBSERVED SURFACE DATA**. Shut-in pressure shall thereafter be reported yearly in the same manner for so long as the gas well continues to meet the eligibility criterion or until the claim of eligibility for exemption **IS** denied.

The G-2 form conveying the newest shut-in pressure reading shall be filed with the Wichita office no later than December 31 of the year for which it's intended to acquire exempt status for the subject well. The form must be signed and dated on the front side as though it was a verified report of annual test results.