

KANSAS CORPORATION COMMISSION
ONE POINT STABILIZED OPEN FLOW OR DELIVERABILITY TEST
 RECEIVED
 (See Instructions on Reverse Side)

Type Test:

- Open Flow
 Deliverability

FEB 13 2003

Test Date: 1/11/03

API No. 15 15-181-20016-00-00

Company KCC WICHITA Lobo Production, Inc.		Lease Schwendener		Well Number 1-34	
County Sherman	Location CNESW	Section 34	TWP 7S	RNG (E/W) 39W	Acres Attributed
Field Goodland Gas		Reservoir Niobrara	Gas Gathering Connection Kinder-Morgan		
Completion Date 6/11/75		Plug Back Total Depth		Packer Set at	
Casing Size	Weight	Internal Diameter	Set at	Perforations 1025 1045	To
Tubing Size	Weight	Internal Diameter	Set at	Perforations	To
Type Completion (Describe)		Type Fluid Production		Pump Unit or Traveling Plunger? Yes / No	
Producing Thru (Annulus / Tubing)		% Carbon Dioxide		% Nitrogen	
Vertical Depth(H)		Pressure Tests 100" differential, 100lb static, sq root charts			(Meter Run) (Prover) Size 2" meter run
Pressure Buildup: Shut in <u>1/6</u> 19 <u>03</u> at <u>8:00</u> <u>(AM)</u> (PM) Taken <u>1/9</u> 19 <u>03</u> at <u>8:00</u> <u>(AM)</u> (PM)					
Well on Line: Started <u>1/9</u> 19 <u>03</u> at <u>8:00</u> <u>(AM)</u> (PM) Taken <u>1/11</u> 19 <u>03</u> at <u>8:00</u> <u>(AM)</u> (PM)					

OBSERVED SURFACE DATA

Duration of Shut-in 72 Hours

Static / Dynamic Property	Orifice Size inches	Circle one: <u>(Meter)</u> or Prover Pressure psig	Pressure Differential in (h) Inches H ₂ O	Flowing Temperature t	Well Head Temperature t	Casing Wellhead Pressure (P _w) or (P ₁) or (P _c)		Tubing Wellhead Pressure (P _w) or (P ₁) or (P _c)		Duration (Hours)	Liquid Produced (Barrels)
						psig	psia	psig	psia		
Shut-In	.1875					28	41			72	0
Flow	.1875	8	46			10	23			48	0

FLOW STREAM ATTRIBUTES

Plate Coefficient (F _v) (F _p) Mcfd	Circle one: <u>(Meter)</u> or Prover Pressure psia	Press Extension $\sqrt{P_m \times H_w}$	Gravity Factor F _v	Flowing Temperature Factor F _t	Deviation Factor F _{pv}	Metered Flow R (Mcfd)	GOR (Cubic Feet/ Barrel)	Flowing Fluid Gravity G _m
.223	21.5	31.45	1.00	1.00	1.00	7.01	N/A	N/A

(OPEN FLOW) (DELIVERABILITY) CALCULATIONS

(P_c)² = 1.681 : (P_w)² = .529 : P_d = _____ % (P_c - 14.4) + 14.4 = _____ : (P_d)² = 0.207
(P_d)² = _____

(P _c) ² - (P _d) ² or (P _c) ² - (P _w) ²	(P _c) ² - (P _w) ²	Choose formula 1 or 2: 1. P _c ² - P _d ² 2. P _c ² - P _w ² divided by: P _c ² - P _w ²	LOG of formula 1, or 2, and divide by: $\frac{P_c^2 - P_w^2}{P_c^2 - P_d^2}$	Backpressure Curve Slope = "n" ----- Assigned Standard Slope	n x LOG []	Antilog	Open Flow Deliverability Equals R x Antilog Mcfd
1.474	1.152	1.280	.1070	.850	.0910	1.233	8.64

Open Flow 8.64 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 20th day of January, 192003

Witness (if any)

John Sanders
For Company

For Commission

Checked by

I declare under penalty or 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 Lobo Production, Inc. and that the foregoing information and statements contained on this application form are true and correct to the best of my knowledge and belief based upon gas production records and records of equipment installation and/or of type completion or upon use of the gas well herein named.

I hereby request a permanent exemption from open flow testing for the Schwendener 1-34 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 incapable of producing at a daily rate in excess of 150 mcf/D

Date: 1/20/03

Signature: John Sardus

Title: President

Instructions: All active gas wells must have at least an original G-2 form on file with the conservation division. If a gas well meets 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 obtain a testing exemption.

At some point during the succeeding calendar year, wellhead shut-in pressure shall be 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.

The G-2 form conveying the newest shut-in pressure reading shall be filed with the Wichita office no later than thirty (30) days after the taking of the pressure reading. The form must be signed and dated on the front side as though it was a verified report of test results.



Kansas Corporation Commission

Kathleen Sebelius, Governor John Wine, Chair Cynthia L. Claus, Commissioner Brian J. Moline, Commissioner
February 14, 2003

John Snaders/Julie Crow
Lobo Production, Inc.
6715 Road 22
Goodland, KS. 67735

**RE: Further Clarification Of Informational
Content Needing to Be Incorporated On
Annual Testing Exemption Requests For
Niobrara Gas Wells In Sherman County**

Dear John/Julie:

I hate to pester you guys again, but, there are some "*loose ends*" that I feel we need to clear up concerning those G-2 open flow testing exemptions that Lobo submitted a few weeks back.

I've checked with that Colby, KS. office of Kinder-Morgan to which you pointed me in your reply. They assert that they don't now or ever have in the past owned the gas-gathering system around Goodland. They say that the system belongs to Lobo Production Corporation.

In light of that, the blank spot on the front side of the KCC's G-2 form reserved for the identity of the gas-gatherer should have been filled in with "**Lobo Production Corporation**", rather than "**Kinder-Morgan**". It's perfectly acceptable for the gatherer to be the same party as the operator of the wells feeding gas into the gathering system. We're used to it. We see this situation almost all of the time.

Now, for the calculation of the respective gas wells' open flows.

When I verbally went through the mathematics of how to fill in the various boxes that are carried on the front side of the G-2 form with John a number of years ago, I never in my wildest dreams considered the possibility that Lobo was utilizing so-called "*square root*" meter charts. The use of such charts for volume measurement along with the necessary meter-recorder elements renders inapplicable what I had previously passed on to John. Square-root meters were never utilized in the past to any significant extent here in Kansas. Hence, my surprise to find out that Lobo is still using them.

So, the numbers which John obtained and which he entered on those G-2 forms you sent me aren't right. However, the anticipated changes in the calculated open flow potentials that would result from the correct recalculation of those numbers won't be large enough to change the status of these gas wells in terms of their gas allowables.

John Sanders/Julie Crow
Lobo Production, Inc.
February 14, 2003

But, if the outcomes of these tests will be utilized for some other purpose than just establishment of allowables with the KCC so that it matters to Lobo Production what final numbers appear on them, have John contact me by phone. I'll be glad to go over how to correctly refigure the metered flow rates. Changing the measured flow rates will, in turn, change the calculated open flow potentials.

From what I can see, the numbers will all go up significantly. But, I personally don't care whether Lobo resubmits refigured test reports for these wells or not.

It's already been pretty well established that the wells are exempt gas wells, and that's all that matters to me.

Lastly, I really would like to know the source of that chart of coefficients which you mentioned in your reply. In other words, by what organization, trade group, or instrument-maker was this chart compiled ???

I assume that the orifice coefficients contained in this chart have been and continue to be utilized for calculation of the produced volumes from all of Lobo's other gas wells in and around Goodland besides just these seven, right ??? If this is true, then does the chart-integrator to whom Lobo Production sends their charts each month utilize these same coefficients in generating the volume statements ???

Let me know what John wants to do with regard to recalculating the open flow potentials of these seven gas wells.

Thank you both for all of your help and clarification.

Sincerely,

Jim Hemmen
Research Analyst

LOBO PRODUCTION, INC.

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February 11, 2003

Field Office:
Tele: (785) 899-7342

RECEIVED

FEB 13 2003

KCC WICHITA

Kansas Corporation Commission
130 S. Market, Room 2078
Wichita, KS 67202-3802

Dear Jim

This letter is in regards to the letter we received from you dated January 30, 2003.

Your assumption regarding that the wells had been drilled sometime in the past was correct. The G-2 forms were for wells that had been in TA status before John purchased them in 1989. In 2002 the KCC denied the TA status. Lobo Production was to bring the wells back on line or plug the wells. I did not put much information on the cover letter regarding the TA's due to the fact that I had spoken with you on the phone in regards to what we needed to do to bring the TA's back online.

Thank you for submitting the forms "as is". However, we are sending you the G-2 forms with the information that was missing from the previous submitted G-2 forms. I have filled in the blank spaces to the best of our knowledge. Being that these wells were TA status before Lobo purchased them, we do not have much information on the wells.

As for the explanation regarding "**Kinder-Morgan**" for the gas gathering connection, Kinder Morgan bought out KN's gas gathering system. Below are addresses and numbers where they may be contacted.

Kinder Morgan
500 Dallas St., Suite 100
Houston, TX 77002
(713) 369-9000

Kinder Morgan
P.O. Box 505
Colby, KS 67701
785-462-2944
785-443-3129 Leo Baden

In your letter you questioned the use of orifice meters and the orifice plate coefficient. Below is a chart of coefficients for 2" meter runs with orifice meters with 100" differential and 100lb. static using square root charts that we use.

1/8	.099
3/16	.223
1/4	.396
5/16	.613
3/8	.886
7/16	1.209
1/2	1.58
9/16	2.002
5/8	2.48
3/4	3.60
7/8	4.97
1	6.55
1.25	10.75

Hopefully the above information and the resubmitted G-2 forms will help clarify the situation. If you have any questions, please give me a call at 785-899-5684 or you may contact John at 903-679-4403.

Yours truly,



Julie Crow
Secretary