

KANSAS CORPORATION COMMISSION ONE POINT STABILIZED OPEN FLOW OR DELIVERABILITY TEST

Type Test:

- Open Flow
 Deliverability

(See Instructions on Reverse Side)

Test Date:
11-26-2010

API No. 15
033-20905-0000

| | | | | | |
|---|---|---------------------------------|---------------------------------|------------------------|-------------------------|
| Company ARES Energy, Ltd., 405 N. Marlenfeld, Suite 250, Midland, TX 79701 | | | Lease Phillips | | Well Number 1-7 |
| County Comanche | Location NWSWNE | Section 1 | TWP 33S | RNG (E/W) 19W | Acres Attributed 160 |
| Field Colter | Reservoir <u>Cherokee</u> / Marmaton | | Gas Gathering Connection ANR | | |
| Completion Date 11/14/1997 | | Plug Back Total Depth 5,050' | | Packer Set at None | |
| Casing Size 5-1/2" | Weight 15.5# | Internal Diameter 4.95" | Set at 6,039' | Perforations 4,774' | To 4,982' OA |
| Tubing Size 2.375" | Weight 4.70# | Internal Diameter 1.995" | Set at 5,016' | Perforations | To |

Type Completion (Describe): Commingled (Gas+Oil)
 Type Fluid Production: Oil & Water
 Pump Unit or Traveling Plunger? Yes / No: Pumping Unit
 Producing Thru (Annulus / Tubing): Annulus
 % Carbon Dioxide: _____ % Nitrogen: _____ Gas Gravity - G_g: _____

Vertical Depth(H): _____ Pressure Taps: _____ (Meter Run) (Prover) Size: _____

Pressure Buildup: Shut in 11-26 20 10 at 9:00 (AM) (PM) Taken 11-26 20 10 at 9:00 (AM) (PM)
 Well on Line: Started 11-27 20 10 at 9:00 (AM) (PM) Taken _____ 20 _____ at _____ (AM) (PM)

OBSERVED SURFACE DATA

Duration of Shut-in 24 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 _o) | | Tubing Wellhead Pressure (P _w) or (P _i) or (P _o) | | Duration (Hours) | Liquid Produced (Barrels) |
|---------------------------|-----------------------|---|--|-----------------------|-------------------------|--|------|--|------|------------------|---------------------------|
| | | | | | | psig | psia | psig | psia | | |
| Shut-In | | | | | | 80 | | | | | |
| Flow | | | | | | | | | | | |

FLOW STREAM ATTRIBUTES

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

(OPEN FLOW) (DELIVERABILITY) CALCULATIONS

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

| (P _c) ² - (P _w) ² or (P _c) ² - (P _d) ² | (P _w) ² - (P _d) ² | Choose formula 1 or 2: 1. P _o ² - P _d ² 2. P _o ² - P _w ² divided by: P _c ² - P _w ² | LOG of formula 1. or 2. and divide by: $\frac{P_o^2 - P_d^2}{P_c^2 - P_w^2}$ | 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 27 day of December, 20 10.

Witness (if any) _____
For Commission _____

For Company
Bill Woodward
Checked by _____

RECEIVED

DEC 29 2010

KCC WICHITA

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 ARES Energy, Ltd.

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 Phillips 1-7 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: December 27, 2010

Signature: Henry N. Clanton
 Title: Henry N. Clanton, Managing Partner

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.

RECEIVED
 DEC 29 2010
 KCC WICHITA