

KANSAS CORPORATION COMMISSION ONE POINT STABILIZED OPEN FLOW OR DELIVERABILITY TEST

Type Test:

(See Instructions on Reverse Side)

- Open Flow
 Deliverability

Test Date:
11/23/2010

API No. 15
025-21213 - 0000

Company Red Hills Resources, Inc.		Lease This	Well Number 7-4		
County Clark	Location 1320'FSL 2310'FWL	Section 7	TWP 35S	RNG (E/W) 25W	Acres Attributed Wellbore
Field McKinney	Reservoir Chester/Morrow	Gas Gathering Connection D C P Midstream			

Completion Date 8/10/2000	Plug Back Total Depth 6078	Packer Set at	
Casing Size 4.5"	Weight 10.5#	Internal Diameter 4.05"	Set at 6350
Tubing Size 2 3/8"	Weight 4.7#	Internal Diameter 1.995"	Set at 5966
Type Completion, (Describe) Commingled (Gas)	Type Fluid Production Salt water	Pump Unit or Traveling Plunger? Plunger Lift	Yes / No
Producing Thru (Annulus / Tubing)	% Carbon Dioxide	% Nitrogen	Gas Gravity - G _g

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

Pressure Buildup: Shut in 11/23 20 10 at 9:00 am (AM) (PM) Taken 11/24 20 10 at 10:00 am (AM) (PM)
Well on Line: Started 20 at (AM) (PM) Taken 20 at (AM) (PM)

OBSERVED SURFACE DATA

Duration of Shut-in Hours

Static / Dynamic Property	Orifice Size (inches)	Circle one: Meter Prover Pressure psig (Pm)	Pressure Differential in 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						98		96			
Flow											

FLOW STREAM ATTRIBUTES

Plate Coefficient (F _p) (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 _g

(OPEN FLOW) (DELIVERABILITY) CALCULATIONS

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

(P _c) ² - (P _w) ² or (P _c) ² - (P _u) ²	(P _c) ² - (P _w) ²	Choose formula 1 or 2: 1. P _c ² - P _w ² 2. P _c ² - P _u 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" or 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 23rd day of December, 2010

Witness (if any)

For Commission

RECEIVED
DEC 27 2010

Wallace R. McKinney
For Company

Checked by

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 Red Hills Resources, Inc. 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 Theis 7-4 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 23, 2010

Signature: Wallace D. McKinney

Title: Vice-President

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.

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