Form G-2
(Rev. 7/03)

KANSAS CORPORATION COMMISSION
ONE POINT STABILIZED OPEN FLOW OR DELIVERABILITY TEST

Type Test:
☐ Open Flow
☒ Deliverabilty

(See Instructions on Reverse Side)

Test Date: 3/24/11

API No. 15: 15-145-21,508-00-00

Company	Lease	Well Number
VJI Natural Resources	Chicago Ranch "A"	1

County	Location	Section	TWP	RNG (E/W)	Acres Attributed
Pawnee	SE SE SE	33	22	17w	40

Field	Reservoir	Gas Gathering Connection
Garfield	Cherokee Sand & Cong.	Lumen

Completion Date	Plug Back Total Depth	Packer Set at
3-20-05	4277	none

Casing Size	Weight	Internal Diameter	Set at	Perforations	To
4 1/2	11.6	4"	4290	4122	4134

Tubing Size	Weight	Internal Diameter	Set at	Perforations	To
2 3/8	4.7	2"	4104	4100	4104

Type Completion (Describe)	Type Fluid Production	Pump Unit or Traveling Plunger? (Yes) / No
Perforate Natural	salt water	pump unit

Producing Thru (Annulus / Tubing)	% Carbon Dioxide	% Nitrogen	Gas Gravity - G_g
annulus	0.057	10.627	0.6731

Vertical Depth(H)	Pressure Taps	(Meter Run) (Prover) Size
4134	1/2 to 1/4 inch	1/2 inch

Pressure Buildup: Shut in 3-24 20 11 at 10 (AM) (PM) Taken 3-25 20 11 at 10 (AM) (PM)

Well on Line: Started 3-25 20 11 at 10 (AM) (PM) Taken 3-26 20 11 at 10 (AM) (PM)

Duration of Shut-in 24 Hours

OBSERVED SURFACE DATA

Static / Dynamic Property	Orifice Size (inches)	Circle one: Meter / Prover Pressure psig (Pm)	Pressure Differential in Inches H_2O	Flowing Temperature t	Well Head Temperature t	Casing Wellhead Pressure (P_w) or (P_t) or (P_c) psig	Casing psia	Tubing Wellhead Pressure (P_w) or (P_t) or (P_c) psig	Tubing psia	Duration (Hours)	Liquid Produced (Barrels)
Shut-In	1/4"				80	57#				24	-0-
Flow	1/4"				82	7#				24	2 bbls

FLOW STREAM ATTRIBUTES

Plate Coeffiecient (F_b) (F_p) Mcfd	Circle one: Meter or Prover Pressure psia	Press Extension $\sqrt{P_m x h}$	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

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

$(P_c)^2 - (P_a)^2$ or $(P_c)^2 - (P_d)^2$	$(P_c)^2 - (P_w)^2$	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" -------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 27th day of March, 20 11.

Jamie Werth
Witness (if any)

VJI Natural Resources
For Company

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APR 18 2012
KCC WICHITA

For Commission

Checked by

Form G-2
(Rev. 7/03)

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 VJI Natural Resources 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 Chicago Ranch A-1 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. _____
- [X] 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: 3/27/11

Signature: Jason Durges

Title: agent

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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KCC WICHITA

Conservation Division
Finney State Office Building
130 S. Market, Rm. 2078
Wichita, KS 67202-3802

Kansas
Corporation Commission

Phone: 316-337-6200
Fax: 316-337-6211
http://kcc.ks.gov/

March 21, 2012

Donna Garal & Vincent Innone, Jr.
V.J.I. Natural Resources, Inc.
30-38 48th St.
Astoria, N.Y. 11103

RE: ***Background Information Concerning Flow Testing History of Chicago Ranch Gas Well;***

Dear Ms. Garal & Mr. Innone:

Back in **2007**, Mr. Jason Dinges arranged to have the Chicago Ranch gas well shut in so as to obtain a pressure reading to support a claim of eligibility to be exempted from annual testing for that year. The well exhibited a shut-in pressure reading of ***200*** pounds-per-square inch at that time.

The procedure of obtaining subsequent years' shut-in pressure readings in order to support those subsequent years' exemption claims never got repeated, like it should have. That means that the years between **2007** and **2012** were years in which the Chicago Ranch gas well produced natural gas without having a production allowable which is a violation of the **KCC**'s rules and regulations. Those sales of natural gas were illegal.

So, that's how we came to be where we are **now**.

The daily allowable for an exempt gas well is fixed at ***250*** Mcf/Day, so long as the gas well has filed on its behalf an annual claim to being eligible for exemption through filing of a new shut-in pressure reading with this office on or before December 31st of the same calendar year as the one for which exempt status is being claimed. Conservation Division staff doesn't accept shut-in pressure readings of zero pounds-per-square inch.

The length of time for keeping the gas well shut in so as to let it build up to the recorded pressure reading can't be less than ***24*** consecutive hours. The starting and ending dates constituting the pressure build-up period are needed, too. The **KCC** form on which the claim of eligibility to be exempted is made is Form G-2, available for downloading from our website. Acceptable exemption-qualification criteria are listed on the back page of the G-2 form.

Staff will look forward to V.J.I. Natural Resources bringing the Chicago Ranch well into compliance for calendar year **2012** through filing of the requisite G-2 form within the next thirty (**30**) days.

Sincerely,

Jim Hemmen

James Hemmen
Research Analyst

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