

KANSAS CORPORATION COMMISSION

ONE POINT STABILIZED OPEN FLOW OR DELIVERABILITY TEST

Type Test:

- Open Flow
 Deliverability

(See Instructions on Reverse Side)

Test Date: 7-18-12

15-071-20778-00-00

Company Horseshoe Operating, Inc.		Lease Watson E		Well Number 3	
County Greeley	Location NE	Section 12	TWP 20S	RNG (E/W) 40W	Acres Attributed
Field Bradshaw		Reservoir Towanda	Gas Gathering Connection DCP Midstream		
Completion Date 11/15/03		Plug Back Total Depth 2851	Packer Set at None		
Casing Size 4.5	Weight 10.5	Internal Diameter 4.052	Set at 2852	Perforations 2828	To 2834
Tubing Size 2.375	Weight 4.7	Internal Diameter 1.995	Set at 2840	Perforations	To
Type Completion (Describe) Single Gas		Type Fluid Production Water	Pump Unit or Traveling Plunger? Yes / No Yes		
Producing Thru (Annulus / Tubing) Annulus		% Carbon Dioxide	% Nitrogen	Gas Gravity - G _g	
Vertical Depth(H) 2852		Pressure Taps Flange		(Meter Run) (Prover) Size 2"	
Pressure Buildup:	Shut in <u>7-17</u> 20 <u>12</u> at <u>8:00</u> (AM) (PM)	Taken <u>7-18</u> 20 <u>12</u> at <u>8:00</u> (AM) (PM)			
Well on Line:	Started _____ 20 _____ at _____ (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 or 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 _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							<u>92</u>			<u>24</u>	

FLOW STREAM ATTRIBUTES

Plate Coefficient (F _s) (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_g = _____ % ; (P_c - 14.4) + 14.4 = _____ ; (P_a)² = 0.207 ; (P_d)² = _____

(P _c) ² - (P _w) ² or (P _c) ² - (P _g) ²	(P _c) ² - (P _w) ²	Choose formula 1 or 2: 1. P _c ² - P _a ² 2. P _c ² - P _g ² divided by: P _c ² - P _w ²	LOG of formula 1, or 2, and divide by: $\frac{P_c^2 - P_w^2}{P_c^2 - P_a^2}$	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 8 day of October, 2012.

Witness (if any)

For Commission

Janice Ripley
F.R. Company

Checked by

RECEIVED

OCT 11 2012

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 Horseshoe Operating, 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 Watson E #3 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: 10-8-12

Signature: Janice Ripley
Title: Production Assistant

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.