



1st Quarter 2011 Results and Overview

Forward Looking Statements/Additional Information and Cautionary Note Regarding Hydrocarbon Disclosure

Except for the historical information contained in this review, the matters discussed in this presentation are forward-looking statements that are based upon current expectations. Important factors that could cause actual results to differ materially from those in the forward-looking statements include risks inherent in drilling activities, the timing, and extent of changes in commodity prices, unforeseen engineering and mechanical or technological difficulties in drilling wells, availability of drilling rigs and other services, land issues, federal and state regulatory developments and other risks more fully described in the Company's filings with the U.S. Securities and Exchange Commission(SEC).

The SEC requires oil and gas companies, in their filings with the SEC, to disclose proved reserves which are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions (using unweighted average 12-month first day of the month prices), operating methods, and government regulations, regardless of whether deterministic or probabilistic methods are used for the estimation. We currently do not disclose probable or possible reserves in our filings with the SEC.

In this presentation, the term EUR, or estimated ultimate recovery, refers to the Company's internal estimates of hydrocarbon volumes that may be potentially discovered through drilling or recovered with additional recovery techniques, such as polymers. These estimates do not necessarily represent reserves as defined under SEC rules or the Society of Petroleum Engineer's Petroleum Resource Management System and by their nature and accordingly are more speculative and substantially less certain of recovery and no discount or other adjustment is included in the presentation of such estimates. EUR estimates and drilling locations have not been risked by Company management. Drilling results and quantities that may be ultimately recovered from the Company's interests could differ substantially. Factors affecting ultimate recovery include the success of our ongoing drilling plan, which will be directly affected by the availability of capital, drilling and production costs, commodity prices, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals and other factors; and actual drilling results, including geological and mechanical factors affecting recovery rates.

***Forward Looking Statements/Additional Information and
Cautionary Note Regarding Hydrocarbon Disclosure (continued)***

Estimates of EUR and other recoverable hydrocarbon potential may change significantly as development of the Company's prospects provide additional data. Unless otherwise indicated, other estimates of hydrocarbon volumes contained herein have been prepared internally by the Company without review by independent petroleum engineers. Investors are urged to consider closely the reserves disclosures in our Annual Report on Form 10-K for the year ended December 31, 2010, filed earlier today.

Our core development acreage and related well locations in the Kansas refers to acreage and locations that the Company believes the relative geological risks with recovery has been reduced as a result of operations to date. However, even though the bulk of our proved reserves are producing properties, a small portion of our value has been attributed proved undeveloped reserves and ultimate recovery from such acreage and locations remains subject to all the normal business practice recovery risks.

Pre-tax PV10% Value is the estimated present value of the future net revenues from the Company's proved oil and natural gas reserves before income taxes, discounted using a 10% discount rate. Pre-tax PV10% Value is considered a non-GAAP financial measure under SEC regulations because it does not include the effects of future income taxes, as is required in computing the standardized measure of discounted future net cash flows. The Company believes that pre-tax PV10% Value is an important measure that can be used to evaluate the relative significance of its oil and natural gas properties and that pre-tax PV10% Value is widely used by security analysts and investors when evaluating oil and natural gas companies. Because many factors that are unique to each individual company impact the amount of future income taxes to be paid, the use of a pre-tax measure provides greater comparability of assets when evaluating companies. The Company believes that most other companies in the oil and natural gas industry calculate pre-tax PV10% Value on the same basis. Pre-tax PV10% Value is computed on the same basis as the standardized measure of discounted future net cash flows, but without deducting income taxes. The reconciliation of the Company's Pre-tax PV10% Value to its standardized measure was included in the Company's Form 10-K.

2011 Financial & Operation Highlights



1st Qtr 2011 Net Income: \$0.345 million or \$0.01 income per share



1st Qtr 2011 Net income from operations: \$1.0 million



1st Qtr 2011 Revenues: \$3.7 million



**1st Qtr 2011 Production (gross):
52,500 Barrels**

1st Qtr 2011 Financial Summary

(\$ Thousand)

	<u>2011</u>	<u>2010</u>
Revenues	3,662	2,851
Production Cost and Taxes	1,524	1,316
DD&A	572	523
General and Administrative	<u>522</u>	<u>592</u>
Net Income From Operations	1,044	420
Interest Expense	(145)	(177)
Gain (Loss) on Derivatives	(366)	162
Gain (Loss) on Sale of Assets	3	-0-
Income Tax Expense	<u>(182)</u>	<u>(137)</u>
Net Income	<u><u>354</u></u>	<u><u>268</u></u>
Net Loss Per Share – Basic	\$ 0.01	\$ 0.00
Net Loss Per Share – Fully Diluted	\$ 0.01	\$ 0.00

1st Qtr 2011 Revenue Summary

(\$ Thousand)

	<u>2011</u>	<u>2010</u>
Oil Revenues – Kansas	3,502	2,686
Oil Revenues – Swan Creek	74	61
Gas Revenues – Swan Creek	34	34
Methane Plant Gas Sales	29	59
Other	<u>23</u>	<u>11</u>
Total Revenue	<u>3,662</u>	<u>2,851</u>

Derivatives

(Thousands)

Actual Derivative Cash Payments:

\$ 59.6 – January 2011 production month, paid in February 2011

\$ 60.8 – February 2011 production month, paid in March 2011

\$158.4 – March 2011 production month, paid in April 2011 (accrued in 1st qtr)

\$278.8 – Total

\$210.5 – April 2011 production, to be paid in May 2011

Unrealized Loss Liability at March 31, 2011 - \$774

<u>Production Mo.</u>	<u>Volume</u>	<u>Floor/Cap NYMEX</u>	<u>Fair Value at 3/31/2010</u>	<u>Fair Value at 12/31/2010</u>
January 2011	7,375	\$60.00-\$81.50		\$ (75)
February 2011	7,375	\$60.00-\$81.50		\$ (84)
March 2011	7,375	\$60.00-\$81.50		\$ (94)
April 2011	7,375	\$60.00-\$81.50	\$ (187)	\$ (101)
May 2011	7,375	\$60.00-\$81.50	\$ (191)	\$ (107)
June 2011	7,375	\$60.00-\$81.50	\$ (196)	\$ (111)
July 2011	7,375	\$60.00-\$81.50	\$ <u>(200)</u>	\$ <u>(115)</u>
			\$ (774)	\$ (687)

1st Qtr 2011 Capital Spending

\$2.0 million – Drilling

\$0.3 million – Leasehold

\$0.2 million – Polymers

\$0.1 million – Seismic

\$2.6 million – Total Oil & Gas

2011

- **10 wells drilled 1st quarter(8 Producers, 2 Dry) 2011**

Budget

- 14 wells planned for rest of year
- Re-start drilling in June
- Webster Area of early focus

- **April production most since early 2009**

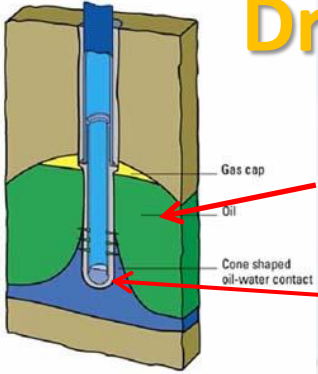
- Nearly 21,000 barrels

- **Drill, Produce, Polymer, Produce Even More**

- **Entering polymer “season” 14 polymers planned**

- 2 finished both producing “more”

Drill produce.... Polymer.. produce more

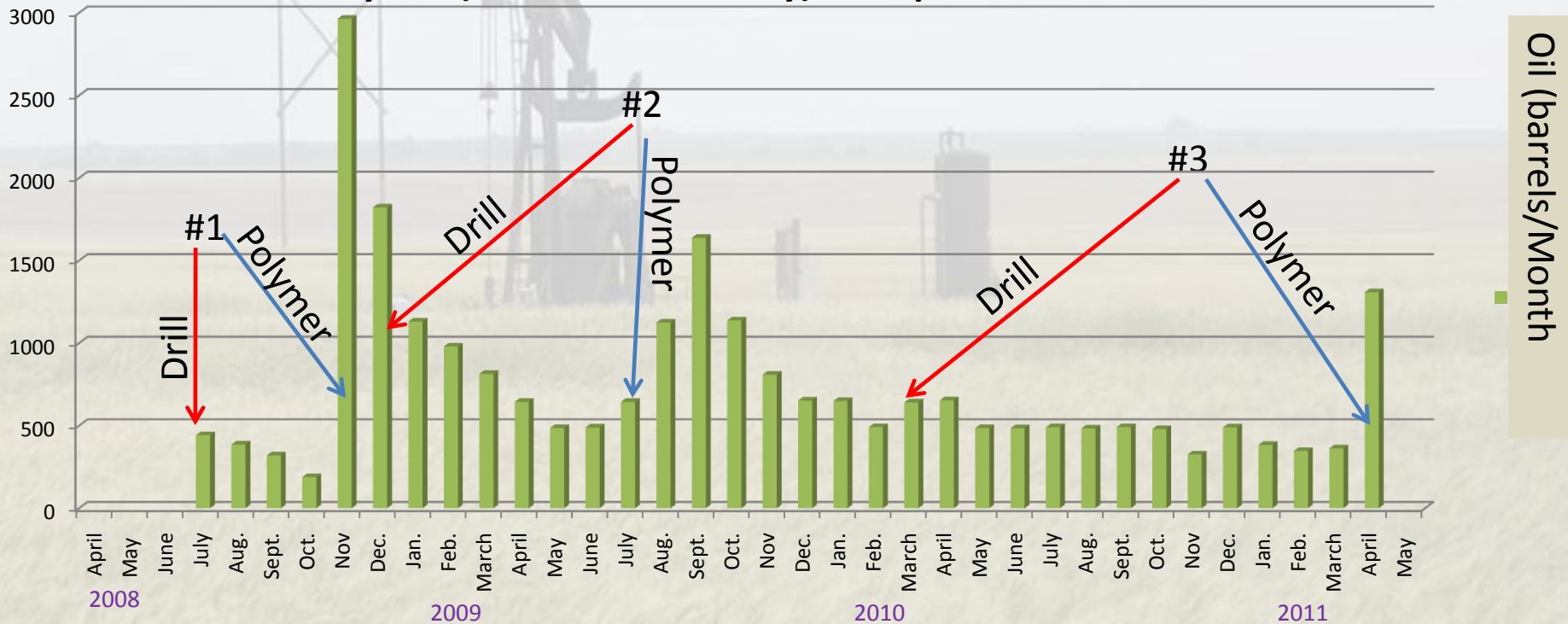


Oil in **Green** water **blue**

Cone shaped oil water contact

3 wells drilled, produced, polymered, and produced more last 3 years

Polymer (Enhanced Recovery) Example Veverka "B" Lease



25,300 Gross barrels in 3 years, approximately 19,800 net barrels
 Total Ultimate Recovery (EUR) 141,000+ net barrels

MMC

- Largest single production day in April
 - 620 MCF
- Appears Oxygen issue for gathering system has been controlled
- Atmos preparing to take larger volumes and Swan Creek gas
 - Still some ups and downs as we configure the delivery