



For KCC Use:  
 Effective Date: \_\_\_\_\_  
 District #: \_\_\_\_\_  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION 1037973  
 OIL & GAS CONSERVATION DIVISION

Form C-1  
 October 2007  
 Form must be Typed  
 Form must be Signed  
 All blanks must be Filled

**NOTICE OF INTENT TO DRILL**

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date: \_\_\_\_\_  
month day year

OPERATOR: License# \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address 1: \_\_\_\_\_  
 Address 2: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_  
 Contact Person: \_\_\_\_\_  
 Phone: \_\_\_\_\_

CONTRACTOR: License# \_\_\_\_\_  
 Name: \_\_\_\_\_

| Well Drilled For:                                   | Well Class:                       | Type Equipment:                     |
|---|-----------------------------------|-------------------------------------|
| <input type="checkbox"/> Oil                        | <input type="checkbox"/> Enh Rec  | <input type="checkbox"/> Infield    |
| <input type="checkbox"/> Gas                        | <input type="checkbox"/> Storage  | <input type="checkbox"/> Pool Ext.  |
|   | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat    |
| <input type="checkbox"/> Seismic ; _____ # of Holes | <input type="checkbox"/> Other    | <input type="checkbox"/> Mud Rotary |
| <input type="checkbox"/> Other: _____               |                                   | <input type="checkbox"/> Air Rotary |
|   |                                   | <input type="checkbox"/> Cable      |

If OWWO: old well information as follows:

Operator: \_\_\_\_\_  
 Well Name: \_\_\_\_\_  
 Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Directional, Deviated or Horizontal wellbore?  Yes  No  
 If Yes, true vertical depth: \_\_\_\_\_  
 Bottom Hole Location: \_\_\_\_\_  
 KCC DKT #: \_\_\_\_\_

Spot Description: \_\_\_\_\_  
 \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W  
(00/00) \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section

Is SECTION:  Regular  Irregular?  
 (Note: Locate well on the Section Plat on reverse side)

County: \_\_\_\_\_  
 Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

Field Name: \_\_\_\_\_  
 Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): \_\_\_\_\_  
 Nearest Lease or unit boundary line (in footage): \_\_\_\_\_

Ground Surface Elevation: \_\_\_\_\_ feet MSL  
 Water well within one-quarter mile:  Yes  No

Public water supply well within one mile:  Yes  No  
 Depth to bottom of fresh water: \_\_\_\_\_

Depth to bottom of usable water: \_\_\_\_\_  
 Surface Pipe by Alternate:  I  II

Length of Surface Pipe Planned to be set: \_\_\_\_\_  
 Length of Conductor Pipe (if any): \_\_\_\_\_

Projected Total Depth: \_\_\_\_\_  
 Formation at Total Depth: \_\_\_\_\_

Water Source for Drilling Operations:  
 Well  Farm Pond Other: \_\_\_\_\_

DWR Permit #: \_\_\_\_\_  
 (Note: Apply for Permit with DWR  )

Will Cores be taken?  Yes  No  
 If Yes, proposed zone: \_\_\_\_\_

**AFFIDAVIT**

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

**Submitted Electronically**

**For KCC Use ONLY**

API # 15 - \_\_\_\_\_  
 Conductor pipe required \_\_\_\_\_ feet  
 Minimum surface pipe required \_\_\_\_\_ feet per ALT. I II  
 Approved by: \_\_\_\_\_  
**This authorization expires:** \_\_\_\_\_  
(This authorization void if drilling not started within 12 months of approval date.)  
 Spud date: \_\_\_\_\_ Agent: \_\_\_\_\_

**Remember to:**

- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

**Well Not Drilled - Permit Expired** Date: \_\_\_\_\_  
 Signature of Operator or Agent: \_\_\_\_\_



1037973

**IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW**

*Plat of acreage attributable to a well in a prorated or spaced field*

**If the intended well is in a prorated or spaced field, please fully complete this side of the form.** If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 - \_\_\_\_\_

Operator: \_\_\_\_\_

Lease: \_\_\_\_\_

Well Number: \_\_\_\_\_

Field: \_\_\_\_\_

Number of Acres attributable to well: \_\_\_\_\_

QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Location of Well: County: \_\_\_\_\_

\_\_\_\_\_ feet from  N /  S Line of Section

\_\_\_\_\_ feet from  E /  W Line of Section

Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W

Is Section:  Regular or  Irregular

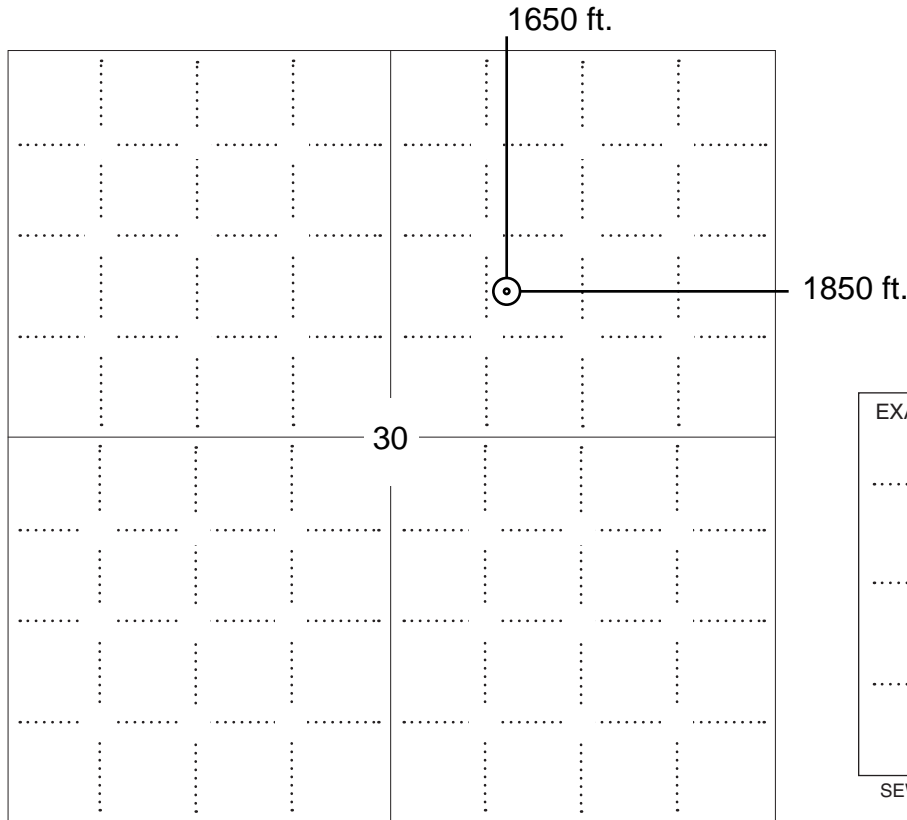
**If Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

**PLAT**

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)*

*(Show footage to the nearest lease or unit boundary line.)*



**NOTE: In all cases locate the spot of the proposed drilling locaton.**

**In plotting the proposed location of the well, you must show:**

1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).



KANSAS CORPORATION COMMISSION 1037973  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
April 2004  
Form must be Typed

**APPLICATION FOR SURFACE PIT**

*Submit in Duplicate*

|   |  |  |  |
|---|--|--|--|
| Operator Name: _____  |  | License Number: _____  |  |
| Operator Address: _____   |  |  |  |
| Contact Person: _____   |  | Phone Number: _____  |  |
| Lease Name & Well No.: _____  |  | Pit Location (QQQQ):<br>_____ - _____ - _____ - _____  |  |
| Type of Pit:<br><input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit<br><input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit<br><input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit<br><i>(If WP Supply API No. or Year Drilled)</i>             |  | Pit is:<br><input type="checkbox"/> Proposed <input type="checkbox"/> Existing<br>If Existing, date constructed:<br>_____<br>Pit capacity:<br>_____ (bbls)   |  |
| Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No   |  | Chloride concentration: _____ mg/l<br><i>(For Emergency Pits and Settling Pits only)</i>   |  |
| Is the bottom below ground level?<br><input type="checkbox"/> Yes <input type="checkbox"/> No   |  | Artificial Liner?<br><input type="checkbox"/> Yes <input type="checkbox"/> No  |  |
| How is the pit lined if a plastic liner is not used?  |  | _____  |  |
| Pit dimensions (all but working pits): _____ Length (feet)    _____ Width (feet)    _____ N/A: Steel Pits<br>Depth from ground level to deepest point: _____ (feet)    _____ No Pit   |  |  |  |
| If the pit is lined give a brief description of the liner material, thickness and installation procedure.   |  | Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.  |  |
| Distance to nearest water well within one-mile of pit<br>_____ feet    Depth of water well _____ feet   |  | Depth to shallowest fresh water _____ feet.<br>Source of information:<br>_____ measured    _____ well owner    _____ electric log    _____ KDWR  |  |
| <b>Emergency, Settling and Burn Pits ONLY:</b><br>Producing Formation: _____<br>Number of producing wells on lease: _____<br>Barrels of fluid produced daily: _____<br>Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No |  | <b>Drilling, Workover and Haul-Off Pits ONLY:</b><br>Type of material utilized in drilling/workover: _____<br>Number of working pits to be utilized: _____<br>Abandonment procedure: _____<br>_____<br>Drill pits must be closed within 365 days of spud date. |  |
| Submitted Electronically  |  |  |  |

|                            |                      |                    |  |      |
|----------------------------|----------------------|--------------------|--|------|
| <b>KCC OFFICE USE ONLY</b> |                      | Steel Pit          | RFAC   | RFAS |
| Date Received: _____       | Permit Number: _____ | Permit Date: _____ | Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No |      |

Notice: Fill out COMPLETELY and return to Conservation Division at the address below within 60 days from plugging date.

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION WELL PLUGGING RECORD K.A.R. 82-3-117

RECEIVED AUG 18 2005 KCC WICHITA

Form CP-4 December 2003 Type or Print on this Form Form must be Signed All blanks must be Filled

Lease Operator: Palomino Petroleum, Inc. Address: 4924 SE 84th, Newton, KS 67114 Phone: (316) 799-1000 Operator License #: 30742 Type of Well: Oil D & A Docket #: The plugging proposal was approved on: 08-09-05 by: Mike Maier (KCC District Agent's Name) Is ACO-1 filed? [X] Yes [ ] No If not, is well log attached? [ ] Yes [ ] No Producing Formation(s): List All (If needed attach another sheet)

API Number: 15 - 135-24379-00-00 Lease Name: David Mellies Well Number: 1 Spot Location (QQQQ): 130' E - N/2 - SW - NE 1650 Feet from [X] North / [ ] South Section Line 1850 Feet from [X] East / [ ] West Section Line Sec. 30 Twp. 19 S. R. 24 [ ] East [X] West County: Ness Date Well Completed: D & A 08-16-05 Plugging Commenced: 08-16-05 Plugging Completed: 08-16-05

Show depth and thickness of all water, oil and gas formations.

Table with 7 columns: Oil, Gas or Water Records (Formation, Content) and Casing Record (Surface Conductor & Production) (From, To, Size, Put In, Pulled Out). Row 1: \*see attached drilling report, 0', 500', 8 5/8" new 23#, 512', 0'

Describe in detail the manner in which the well is plugged, indicating where the mud fluid was placed and the method or methods used in introducing it into the hole. If cement or other plugs were used, state the character of same depth placed from (bottom), to (top) for each plug set.

Plug well with 175 sacks of 60/40 Poz, 6% gel, 1/4# flo-seal per sack. 1st plug @ 1660' with 40 sacks. 2nd plug @ 1000' with 50 sacks. 3rd plug @ 520' with 50 sacks. 4th plug @ 40' with 10 sacks to surface. Plug rat hole with 15 sacks. Plug mouse hole with 10 sacks. Plug down @ 4:00 am on 08-16-05 by Allied Cementing (tk# 17249)

Name of Plugging Contractor: Southwind Drilling, Inc. License #: 33350 Address: PO Box 276, Ellinwood, KS 67526

Name of Party Responsible for Plugging Fees: Klee Watchous State of Kansas County, Barton, ss.

Todd E. Morgenstern, VP/OP of Southwind Drilling, Inc. (Employee of Operator) or (Operator) on above-described well, being first duly sworn on oath, says: That I have knowledge of the facts statements, and matters herein contained, and the log of the above-described well is as filed, and the same are true and correct, so help me God.



(Signature) Todd E. Morgenstern (Address) PO Box 276, Ellinwood, KS 67526

SUBSCRIBED and SWORN TO before me this 17 day of August, 20 05. My Commission Expires: 7-15-09

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AUG 18 2005

SOUTHWIND DRILLING, INC. PLUGGING ORDERS AND REPORTS ~~KSCC~~ WICHITA

*Palmino Petroleum*

Lease: David Mellies #1

Plugging received from: Mike Maier Date: 08-09-05 Time: 10:00 AM

1<sup>st</sup> Plug @ 1660 FT. 40 SX Stands: 27

2<sup>nd</sup> Plug @ 1000 FT. 50 SX Stands: 16

3<sup>rd</sup> Plug @ 520 FT. 50 SX Stands: 842

4<sup>th</sup> Plug @ 40 FT. 10 SX Stands: \_\_\_\_\_

5<sup>th</sup> Plug @ \_\_\_\_\_ FT. \_\_\_\_\_ SX Stands: \_\_\_\_\_

Mousehole 10 SX

Rathole 15 SX

Total Cement used: 175 SX

Type of cement: 60/40 p02 690sel 44<sup>#</sup> floxal/sx

Plug down at 4:00 A.M. 08-16-05 by Allied ~~##~~ #17249

Call State When Completed:

Name Michele Pennington Date: 08-16-05 Time: 8:20 AM

API # 15-135-24379-00-00

# ALLIED CEMENTING CO., INC. 17249

Federal Tax I.D.# ~~XXXXXXXXXX~~

REMIT TO P.O. BOX 31  
RUSSELL, KANSAS 67665

SERVICE POINT:  
Near city

|                                  |               |                 |                                    |                          |                            |                         |                          |
|----------------------------------|---------------|-----------------|------------------------------------|--------------------------|----------------------------|-------------------------|--------------------------|
| DATE <u>8-15-05</u>              | SEC <u>30</u> | TWP. <u>19</u>  | RANGE <u>24</u>                    | CALLED OUT <u>7:00pm</u> | ON LOCATION <u>11:45pm</u> | JOB START <u>1:30am</u> | JOB FINISH <u>4:00am</u> |
| LEASE <u>Melliso</u>             |               | WELL # <u>1</u> | LOCATION <u>Near city 4W6S1/2W</u> |                          | COUNTY <u>Near</u>         | STATE <u>KS</u>         |                          |
| OLD OR <u>(NEW)</u> (Circle one) |               |                 |                                    |                          |                            |                         |                          |

CONTRACTOR Southland Dry #1 OWNER \_\_\_\_\_  
 TYPE OF JOB Rotary Plug  
 HOLE SIZE 7 1/8 T.D. 4428  
 CASING SIZE 8 7/8 DEPTH 512  
 TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 DRILL PIPE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_  
 PRES. MAX \_\_\_\_\_ MINIMUM \_\_\_\_\_  
 MEAS. LINE \_\_\_\_\_ SHOE JOINT \_\_\_\_\_  
 CEMENT LEFT IN CSG. \_\_\_\_\_  
 PERFS. \_\_\_\_\_  
 DISPLACEMENT \_\_\_\_\_

**EQUIPMENT**

PUMP TRUCK CEMENTER MIKE  
 # 224 HELPER A. Wagoner  
 BULK TRUCK \_\_\_\_\_  
 # 357 DRIVER O. Dugan  
 BULK TRUCK \_\_\_\_\_  
 # \_\_\_\_\_ DRIVER \_\_\_\_\_

**REMARKS:**

40 size 1660'  
50 size 1000  
50 size 520  
10 size 40  
15 size RH  
10 size MH  
Thomas

CHARGE TO: Palomino Pot Inc.  
 STREET \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

To Allied Cementing Co., Inc.  
 You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as is listed. The above work was done to satisfaction and supervision of owner agent or contractor. I have read & understand the "TERMS AND CONDITIONS" listed on the reverse side.

SIGNATURE Doug Roberts

**CEMENT**  
 AMOUNT ORDERED  
175 6 9/40 6 9/40  
74 # 7/8 Seal per 52

COMMON \_\_\_\_\_ @ \_\_\_\_\_  
 POZMIX \_\_\_\_\_ @ \_\_\_\_\_  
 GEL \_\_\_\_\_ @ \_\_\_\_\_  
 CHLORIDE \_\_\_\_\_ @ \_\_\_\_\_  
 ASC \_\_\_\_\_ @ \_\_\_\_\_

HANDLING \_\_\_\_\_ @ \_\_\_\_\_  
 MILEAGE 13 \_\_\_\_\_ @ \_\_\_\_\_

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 KCC WICHITA

**SERVICE**

DEPTH OF JOB 1660  
 PUMP TRUCK CHARGE \_\_\_\_\_  
 EXTRA FOOTAGE \_\_\_\_\_ @ \_\_\_\_\_  
 MILEAGE 13 \_\_\_\_\_ @ \_\_\_\_\_

**PLUG & FLOAT EQUIPMENT**

MANIFOLD \_\_\_\_\_ @ \_\_\_\_\_  
2 7/8 Dry Hole \_\_\_\_\_ @ \_\_\_\_\_  
 \_\_\_\_\_ @ \_\_\_\_\_  
 \_\_\_\_\_ @ \_\_\_\_\_

TAX \_\_\_\_\_  
 TOTAL CHARGE \_\_\_\_\_  
 DISCOUNT \_\_\_\_\_ IF PAID IN 30 DAYS

PRINTED NAME Doug Roberts

SOUTHWIND DRILLING, INC.  
RIG #1

PO Box 276, Ellinwood, KS 67526  
Office Phone 620-564-3800, Fax 620-564-3845

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KCC WICHITA

DRILLING REPORT

David Mellies #1

Location: 1650' FNL & 1850' FEL  
API#: 15-135-24379-00-00

Section 30-18S-24W  
Ness County, Kansas

OWNER: : Palomino Petroleum, Inc.  
CONTRACTOR: Southwind Drilling, Inc. Rig #1

COMMENCED: 08-05-05  
COMPLETED: 08-16-05

TOTAL DEPTH: Driller: 4428'  
Log: 4426'

Ground Elevation: 2327'  
KB Elevation: 2337'

LOG :

|       |   |       |            |
|-------|---|-------|------------|
| 0'    | - | 430'  | Sand/Shale |
| 430'  | - | 590'  | Shale      |
| 590'  | - | 1618' | Sand/Shale |
| 1618' | - | 1665' | Anhydrite  |
| 1665' | - | 2765' | Shale      |
| 2765' | - | 2985' | Lime/Shale |
| 2985' | - | 3565' | Shale      |
| 3565' | - | 4428' | Lime/Shale |
|       |   | 4428' | RTD        |

CASING RECORDS

Surface casing – 8 5/8"

Ran 11 joints of 23# new 8 5/8" surface casing. Tally @ 500'. Set @ 512'. Cement with 250 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 11:45 am on 08-06-05 by Allied Cementing (tk #17582)

Production casing – 5 1/2"

None- plugged well

DEVIATION SURVEYS

1 degree (s) @ 515'  
3/4 degree (s) @ 3406'

| MORNING DRILLING REPORT   |                            |   |              | Fax to: Klee Watchous @ 316-799-2728  |            |   |  |
|---|----------------------------|---|--------------|---|------------|---|--|
| Southwind Drilling, Inc.<br>PO Box 276<br>112 North Main<br>Ellinwood, KS 67526 |                            | Wellsite Geologist:<br>Bob Screiber<br>620-786-0991 (mobile)<br>620-653-7691 (home) |              | WELL NAME   |            | David Mellies #1  |  |
| Rig #1 Phone Numbers  |                            | N USE   |              | LOCATION  |            | 1650' FNL & 1850' FEL<br>Sec. 30-19S-24W<br>Ness County, Kansas |  |
| 620-794-2075  | Rig Cellular (Dog house)   | Yes   |              | Palomino Petroleum, Inc.<br>4924 SE 84 <sup>th</sup><br>Newton, KS 67114<br>Office: 316-799-1000<br>Klee's mobile: 316-258-8866 |            |   |  |
| 620-794-2078  | Geologist Trailer Cellular | Yes   |              | ELEVATION   |            |   |  |
| 620-794-2076  | Tool Pusher Cellular       | Yes   | Darryl Krier | G.L. 2327'  | K.B. 2337' | API# 15-135-24379-00-00   |  |

**Driving Directions:** From Ness City: 4 miles West on Hwy 96, 6 miles South, 1 miles West on trail, ½ mile North on trail, NW into.

Day 1 Date 08-05-05 Friday

Moved Rig #1 on location.

Spud @ 5:30 pm

Ran 11.50 hours drilling (1.00 drill rat hole, 10.50 drill 12 ¼"). Down 12.50 hours (9.50 move/rig up, .25 rig check, 2.25 connection, .25 clean screen, .25 rig repair)

Mud properties: wt. 9.7, vis. 32

Daily Mud Cost = \$0.00. Mud Cost to Date = \$0.00

Wt. on bit: 20,000, 100 RPM, 400# pump pressure

Hours on 12 ¼" bit: 10.50

1" fuel = 37.75 gals.

Fuel usage: 113.25 gals. (40" used 3")

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KCC WICHITA

Day 2 Date 08-06-05 Saturday Survey @ 515' = 1 degree

7:00 am – Drilling @ 430'

Ran 8.75 hours drilling (.75 drill 12 ¼", 8.00 drill 7 7/8"). Down 15.25 hours (.50 rig check, 1.25 connection, .75 CTCH, .25 survey, .50 trip, 1.50 run casing, .50 cement, 8.00 wait on cement, .25 drill plug, .25 jet, 1.50 rig repair)

Mud properties: freshwater

Daily Mud Cost = \$1,230.42. Mud Cost to Date = \$1,230.42

Wt. on bit: 30,000, 80 RPM, 700# pump pressure

Hours on 12 ¼" bit: 11.25

Hours on 7 7/8" bit: 8.00

Fuel usage: 169.88 gals. (79" used 4 ½ " 40" + 43 ½" delivered = 83 ½")

Ran 11 joints of 23# new 8 5/8" surface casing. Tally @ 500'. Set @ 512'. Cement with 250 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 11:45 am on 08-06-05 by Allied Cementing (tk #17582)

Day 3 Date 08-07-05 Sunday

7:00 am – Drilling @ 960'

Ran 17.25 hours drilling. Down 6.75 hours (1.75 rig repair, 1.00 jet, 2.75 connection, 1.25 rig check)

Mud properties: freshwater

Daily Mud Cost = \$0.00. Mud Cost to Date = \$1,230.42

Wt. on bit: 30,000, 80 RPM, 750# pump pressure

Hours on 12 ¼" bit: 11.25

Hours on 7 7/8" bit: 25.25

Fuel usage: 339.75 gals. (70" used 9")



| MORNING DRILLING REPORT   |                            |  |              | Fax to: Klee Watchous @ 316-799-2728  |            |   |                         |
|---|----------------------------|--|--------------|---|------------|---|-------------------------|
| Southwind Drilling, Inc.<br>PO Box 276<br>112 North Main<br>Ellinwood, KS 67526 |                            | Wellsite Geologist:<br>Bob Sreiber<br>620-786-0991 (mobile)<br>620-653-7691 (home) |              | WELL NAME   |            | David Mellies #1  |                         |
|   |                            |  |              | LOCATION  |            | 1650' FNL & 1850' FEL<br>Sec. 30-19S-24W<br>Ness County, Kansas |                         |
| Rig #1 Phone Numbers  |                            | N USE  |              | Palomino Petroleum, Inc.<br>4924 SE 84 <sup>th</sup><br>Newton, KS 67114<br>Office: 316-799-1000<br>Klee's mobile: 316-258-8866 |            |   |                         |
| 620-794-2075  | Rig Cellular (Dog house)   | Yes  |              |   |            |   |                         |
| 620-794-2078  | Geologist Trailer Cellular | Yes  |              |   |            |   |                         |
| 620-794-2076  | Tool Pusher Cellular       | Yes  | Darryl Krier | ELEVATION   | G.L. 2327' | K.B. 2337'  | API# 15-135-24379-00-00 |

**Driving Directions:** From Ness City: 4 miles West on Hwy 96, 6 miles South, 1 miles West on trail, ½ mile North on trail, NW into.

Day 4 Date 08-08-05 Monday

7:00 am – Drilling @ 2235'  
 Ran 20.00 hours drilling. Down 4.00 hours (.75 rig check, 1.00 jet, 2.25 connection)  
 Mud properties: freshwater  
 Daily Mud Cost = \$0.00. Mud Cost to Date = \$1,230.42  
 Wt. on bit: 30,000, 80 RPM, 750# pump pressure  
 Hours on 12 ¼" bit: 11.25  
 Hours on 7 7/8" bit: 45.25

Fuel usage: 377.50 gals. (60" used 10")

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Day 5 Date 08-09-05 Tuesday

7:00 am – Drilling @ 2985'  
 Ran 16.50 hours drilling. Down 7.50 hours (.50 rig check, .50 connection, 1.00 jet, 5.25 rig repairs, .25 clean screen)  
**Displace @ 3350'**  
 Mud properties: wt. 8.8, vis. 50  
 Daily Mud Cost = \$1,759.93. Mud Cost to Date = \$2,990.35  
 Wt. on bit: 30,000, 80 RPM, 750# pump pressure  
 Hours on 12 ¼" bit: 11.25  
 Hours on 7 7/8" bit: 61.75

Fuel usage: 396.38 gals. (49 ½" used 10 ½")

Day 6 Date 08-10-05 Wednesday

7:00 am – Drilling @ 3375'  
 Ran 22.00 hours drilling. Down 2.00 hours (.75 rig check, 1.00 connection, .25 clean screen)  
 Mud properties: wt. 9.3, vis. 45  
 Daily Mud Cost = \$723.81. Mud Cost to Date = \$3,714.16  
 Wt. on bit: 30,000, 80 RPM, 800# pump pressure  
 Hours on 12 ¼" bit: 11.25  
 Hours on 7 7/8" bit: 83.75

Fuel usage: 396.38 gals. (39" used 10 ½")

| MORNING DRILLING REPORT   |                            |   |              | Fax to: Klee Watchous @ 316-799-2728  |            |   |                         |
|---|----------------------------|---|--------------|---|------------|---|-------------------------|
| Southwind Drilling, Inc.<br>PO Box 276<br>112 North Main<br>Ellinwood, KS 67526 |                            | Wellsite Geologist:<br>Bob Screiber<br>620-786-0991 (mobile)<br>620-653-7691 (home) |              | WELL NAME   |            | David Mellies #1  |                         |
|   |                            |   |              | LOCATION  |            | 1650' FNL & 1850' FEL<br>Sec. 30-19S-24W<br>Ness County, Kansas |                         |
| Rig #1 Phone Numbers  |                            | N USE   |              | Palomino Petroleum, Inc.<br>4924 SE 84 <sup>th</sup><br>Newton, KS 67114<br>Office: 316-799-1000<br>Klee's mobile: 316-258-8866 |            |   |                         |
| 620-794-2075  | Rig Cellular (Dog house)   | Yes   |              |   |            |   |                         |
| 620-794-2078  | Geologist Trailer Cellular | Yes   |              |   |            |   |                         |
| 620-794-2076  | Tool Pusher Cellular       | Yes   | Darryl Krier | ELEVATION   | G.L. 2327' | K.B. 2337'  | API# 15-135-24379-00-00 |

**Driving Directions:** From Ness City: 4 miles West on Hwy 96, 6 miles South, 1 miles West on trail, ½ mile North on trail, NW into.

Day 7 Date 08-11-05 Thursday

7:00 am – Drilling @ 3895'  
 Ran 21.00 hours drilling. Down 3.00 hours (.75 rig check, 1.00 rig repair, .25 jet, 1.00 connection)  
 Mud properties: wt. 9.3, vis. 49  
 Daily Mud Cost = \$182.92. Mud Cost to Date = \$3,897.08  
 Wt. on bit: 30,000, 80 RPM, 800# pump pressure  
 Hours on 12 ¼" bit: 11.25  
 Hours on 7 7/8" bit: 104.75

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Fuel usage: 415.25 gals. (46" used 11") 39" + 18" = 57"

Day 8 Date 08-12-05 Friday Survey @ 4306' = ¼ degree

DST #1 (4253'-4306')  
Fort Scott formation  
Recovered 630' water

7:00 am – Drilling @ 4232'  
 Ran 6.25 hours drilling. Down 17.75 hours (.25 rig check, .50 rig repair, 1.25 CFS @ 4306', 12.50 trips, .25 survey, 1.00 CTCH, 2.00 DST #1)  
 Mud properties: wt. 9.2, vis. 47  
 Daily Mud Cost = \$1,350.17. Mud Cost to Date = \$5,247.25  
 Wt. on bit: 30,000, 80 RPM, 800# pump pressure  
 Hours on 12 ¼" bit: 11.25  
 Hours on 7 7/8" bit: 111.00

Fuel usage: 226.50 gals. (56" used 6") 46" + 16" = 62"

Day 9 Date 08-13-05 Saturday DST #2 (4377'-4391')

Mississippi formation  
Recovered 40' gas,  
100' clean oil & 50' mud

7:00 am – Tripping in with bit after DST #1 @ 4306'  
 Ran 6.00 hours drilling. Down 18.00 hours (9.75 trips, 1.00 CTCH, .50 rig check, .25 clean screen, .25 jet, 1.50 CFS @ 4380', 1.25 CFS @ 4391', 3.00 DST #2, .50 CTCH)  
 Mud properties: wt. 9.2, vis. 50, water loss 10.5  
 Daily Mud Cost = \$646.52. Mud Cost to Date = \$5,893.77  
 Wt. on bit: 30,000, 80 RPM, 800# pump pressure  
 Hours on 12 ¼" bit: 11.25  
 Hours on 7 7/8" bit: 117.00

Fuel usage: 226.50 gals. (50" used 6")

| MORNING DRILLING REPORT   |                            |   |              | Fax to: Klee Watchous @ 316-799-2728  |            |   |                         |
|---|----------------------------|---|--------------|---|------------|---|-------------------------|
| Southwind Drilling, Inc.<br>PO Box 276<br>112 North Main<br>Ellinwood, KS 67526 |                            | Wellsite Geologist:<br>Bob Screiber<br>620-786-0991 (mobile)<br>620-653-7691 (home) |              | WELL NAME   |            | David Mellies #1  |                         |
|   |                            |   |              | LOCATION  |            | 1650' FNL & 1850' FEL<br>Sec. 30-19S-24W<br>Ness County, Kansas |                         |
| Rig #1 Phone Numbers  |                            | N USE   |              | Palomino Petroleum, Inc.<br>4924 SE 84 <sup>th</sup><br>Newton, KS 67114<br>Office: 316-799-1000<br>Klee's mobile: 316-258-8866 |            |   |                         |
| 620-794-2075  | Rig Cellular (Dog house)   | Yes   |              |   |            |   |                         |
| 620-794-2078  | Geologist Trailer Cellular | Yes   |              |   |            |   |                         |
| 620-794-2076  | Tool Pusher Cellular       | Yes   | Darryl Krier | ELEVATION   | G.L. 2327' | K.B. 2337'  | API# 15-135-24379-00-00 |

**Driving Directions:** From Ness City: 4 miles West on Hwy 96, 6 miles South, 1 miles West on trail, ½ mile North on trail, NW into.

|     |    |      |          |        |                              |
|-----|----|------|----------|--------|------------------------------|
| Day | 10 | Date | 08-14-05 | Sunday | DST #3 (4393'-4401')         |
|     |    |      |          |        | <u>Mississippi formation</u> |
|     |    |      |          |        | <u>Recovered 1' mud</u>      |

7:00 am – CTCH after DST #2 @ 4391'

Ran 1.75 hours drilling. Down 22.25 hours (.50 rig check, 1.75 CFS @ 4399', 1.25 CFS @ 4401', 9.25 trips, 2.00 DST #3, 1.75 CTCH, 1.25 CFS @ 4408'. 1.75 CFS @ 4418', 1.25 CFS @ 4423', 1.00 CFS @ 4428, .50 fill premix)

Mud properties: wt. 9.2, vis. 51, water loss 7.2

Daily Mud Cost = \$436.07. Mud Cost to Date = \$6,329.84

Wt. on bit: 30,000, 80 RPM, 800# pump pressure

Hours on 12 ¼" bit: 11.25

Hours on 7 7/8" bit: 118.75

Fuel usage: 226.50 gals. (44" used 6")

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|     |    |      |          |        |                              |
|-----|----|------|----------|--------|------------------------------|
| Day | 11 | Date | 08-15-05 | Monday | DST #4 (4393'-4428')         |
|     |    |      |          |        | <u>Mississippi formation</u> |
|     |    |      |          |        | <u>Recovered ??</u>          |

RTD = 4428'

LTD = 4426'

7:00 am – Tripping out with DST #4 @ 4428'

Ran 0.00 hours drilling. Down 24.00 hours (8.00 trips, 2.00 DST #4, .75 rig up loggers, 4.75 log, 2.50 lay down pipe, 3.50 plug well, 2.50 tear down)

Mud properties: wt. 9.2, vis. 51, water loss 7.2

Daily Mud Cost = \$298.04. Total Mud Cost = \$6,627.98

Wt. on bit: 30,000, 80 RPM, 800# pump pressure

Hours on 12 ¼" bit: 11.25

Hours on 7 7/8" bit: 118.75

Fuel usage: 113.25 gals. (41" used 3")

|     |    |      |          |         |  |
|-----|----|------|----------|---------|--|
| Day | 12 | Date | 08-16-05 | Tuesday |  |
|-----|----|------|----------|---------|--|

Plug well with 175 sacks of 60/40 Poz, 6% gel, ¼# flo-seal per sack. 1<sup>st</sup> plug @ 1660' with 40 sacks. 2<sup>nd</sup> plug @ 1000' with 50 sacks, 3<sup>rd</sup> plug @ 520' with 50 sacks. 4<sup>th</sup> plug @ 40' with 10 sacks to surface. Plug rat hole with 15 sacks. Plug mouse hole with 10 sacks. Plug down @ 4:00 am on 08-16-05 by Allied Cementing (tkt #17249)

7:00 am – Tearing down