

Stewart

STATE OF KANSAS  
KANSAS CORPORATION COMMISSION  
CONSERVATION DIVISION  
130 South Market - Room 2078  
Wichita, Kansas 67202

DOCKET # CR-8806 (E-19,943)

SE 1/4, Sec. 20, Twp. 17S Rge. 24W NE/W

1700 Feet from the South section line

330 Feet from the East section line

Lease Gerstner "C" Well # 3

Ness County, Kansas

Originally granted to: Palomino Petroleum

APPLICATION TO AMEND INJECTION ORDER

- Salt Water Disposal
- Repressuring
- Other Enhanced Recovery

(All information above this line taken from the original order.)

CURRENT OPERATOR: License # 30742 Contact Person:

Name: Palomino Petroleum, Inc. Name: Klee R. Watchous

Address: 4924 SE 84th Street, Newton, KS 67114-8827 Phone: (316) 283-0232

It is requested that the (caption) (paragraph # 2) of the original order be amended as follows:

- A. Change the authorized injection pressure to: \_\_\_\_\_ psi minimum to \_\_\_\_\_ psi maximum from the current allowable of \_\_\_\_\_ psi to \_\_\_\_\_ psi.
- B. Change the authorized injection quantity to: \_\_\_\_\_ bbl/day to \_\_\_\_\_ bbl/day maximum from the current allowable of \_\_\_\_\_ bbl/day to \_\_\_\_\_ bbl/day.
- C. Add ( ) or delete ( ) the following leases for supplying salt water for injection:

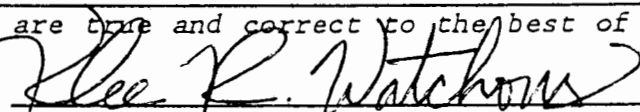
<u>COMPANY</u>	<u>LEASE NAME</u>	<u>LEASE DESCRIPTION</u>
----------------	-------------------	--------------------------

- D. Change the order by: ( ) add the following additional repressuring wells: \_\_\_\_\_; ( ) change the injection formation; or ( X ) add the injection formation in the Cedar Hills from 1175-1370.

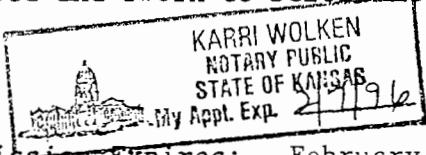
OFFSET OPERATORS, UNLEASED MINERAL OWNERS AND LANDOWNERS  
(Attach additional sheets if necessary.)

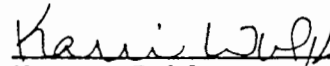
<u>Name</u>	<u>Legal Description of Leasehold</u>
George Depperschmidt	NW/4 28-17S-24W
Joe Gerstner	SE/4 20-17S-24W; NE/4 29-17S-24W
Grand Mesa Operating Company	NW/4 20-17S-24W
Palomino Petroleum, Inc.	NE/4 20-17S-24W; SW/4 20-17S-24W; NW/4 21-17S-24W
Joe Rupp	SW/4 21-17S-24W

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

  
Applicant or Duly Authorized Agent

Subscribed and sworn to before me this 19th day of June, 19 95.



  
Notary Public Karri Wolken

My Commission Expires: February 7, 1996

**INSTRUCTIONS FOR FORM U-8**  
Application to Amend Injection Order

1. All requested changes in injection authority must be submitted in this form.
2. Complete the top portion of the form with the information requested for the pilot well, as shown on the original order.
3. Complete the current operator information, listing the license number, current name and address, contact person and phone number.
4. Fill in the type of change or amendment desired. Leave blank any sections not applicable.
5. For amendments adding additional input wells to enhanced recovery orders, the following information must be submitted in addition to form U-8:
  - a) pages 1 and 2 of form U-1;
  - b) an updated map, showing the new well(s) and all existing wells;
  - c) a complete log of the well(s) to be added;
  - d) some type of verification of cement (cement tickets, bond log, etc.)
6. Attach Affidavit of Notice.
7. This form must be signed by the applicant or an authorized agent. A notarization of the signature is required.
8. All applicable fees must accompany this application.

Docket # E-19,943

API # 15-135-21,769

WELL LOCATION:

SE NE SE, Sec. 20, T17 S, R 24 E (4)  
1700 feet from SOUTH section line  
330 feet from EAST section line

LEASE DESCRIPTION: N/2 SE/4

Lease Name Gerstner "C" Well # 3

Field Name Keilman North

County Ness

DEEPEST USABLE WATER:

Formation: Dakota

Depth to bottom of formation 730

APPLICATION FOR INJECTION WELL

Disposal

Enhanced Recovery: Repressuring

Waterflood

Tertiary

Date: June 14, 1995

Operator License # 30742

Operator: Palomino Petroleum, Inc.  
 Address: 4924 SE 84th Street  
Newton, Kansas 67114-8827

Contact Person: Klee R. Watchous

Phone (316) - 283-0232

Check One:  Old Well Being Converted;  Newly Drilled Well;  Well to be Drilled

Surface Elevation: 2383 feet; Well Total Depth: 4400 feet; Plug Back Depth -- feet.

Datum of top of injection formation: -1949 feet (reference mean sea level).

INJECTION FORMATION DESCRIPTION:

Name	top/bottom	perf/open hole	depth
<u>Cedar Hills</u>	<u>1175 / 1370</u>	<u>perf at</u>	<u>1175 to 1370 feet</u>
<u>Cherokee</u>	<u>4337 / 4400</u>	<u>perf at</u>	<u>4342 to 4376 feet</u>

LIST OF WELLS SUPPLYING SALT WATER (attach additional sheets if necessary).

LEASE OPERATOR	LEASE NAME	LEASE DESCRIPTION	WELL ID & SPOT LOCATION
1. Palomino Petroleum, Inc.	Gerstner "C"	N/2 SE/4 20-17S-24W	#1 SE NW SE
2. Palomino Petroleum, Inc.	Gerstner "C"	N/2 SE/4 20-17S-24W	#2 NW NE SE
3.			

PRODUCING FORMATION	STRATA DEPTH	TOTAL DISSOLVED SOLIDS (if available)
1. Mississippian	<u>4332 to 4345 feet</u>	<u>N/A mg/l</u>
2. Cherokee	<u>4345 to 4352 feet</u>	<u>N/A mg/l</u>
3.	<u>_____ to _____ feet</u>	<u>_____ mg/l</u>

Maximum Requested Liquid Injection Rate: 200 bbls/day; or

Maximum Requested Gas Injection Rate: -- scf/day. Type of Gas --

Maximum Requested Injection Pressure: 0 psig.

WELL COMPLETION

Type: Tubing & Packer  ; Packerless (tubing)  ; Tubingless

	CONDUCTOR	SURFACE	INTERMEDIATE	PRODUCTION	TUBING
SIZE		8-5/8"		5-1/2"	2-3/8"
SETTING DEPTH		294'		4401'	1150'
AMOUNT OF CEMENT		190 sx		150 sx & 225 sx	
TOP OF CEMENT		surface		3600' & surface	
BOTTOM OF CEMENT		294'		4401' & 1700'	

If Alternate II cementing, complete the following:

Perforations/D.V. Tool at 1700 feet, cemented to 600 feet with 225 sx.

TUBING: Type 2-3/8" fiberglass Grade used

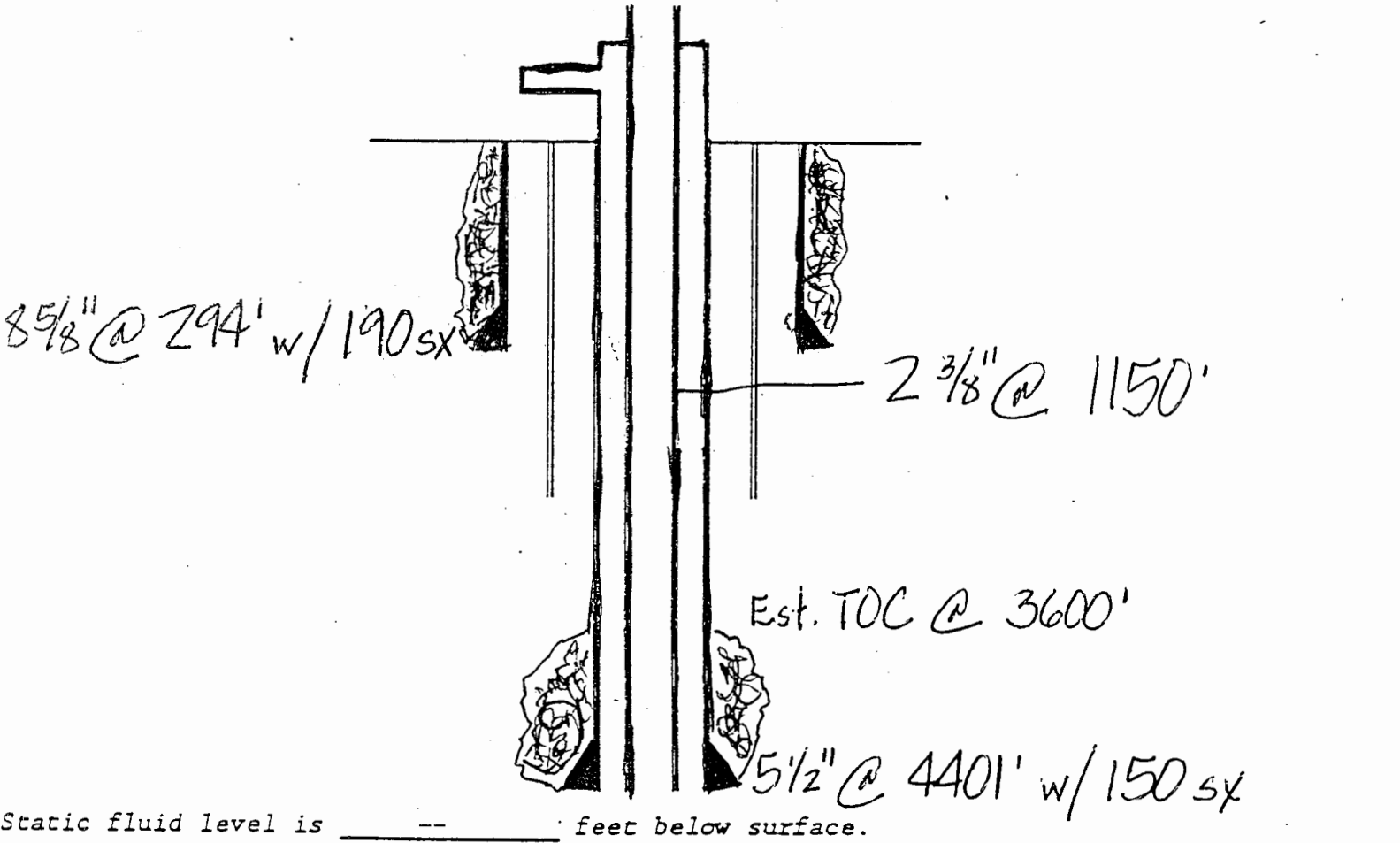
PACKER: Type N/A Depth N/A

ANNULUS CORROSION INHIBITOR: Type N/A Concentration N/A

LIST LOGS ENCLOSED: R.A. Guard Log

WELL SKETCH

(To sketch installation, darken appropriate lines, indicate cement, and show depths.)



APPLICATION FOR WATERFLOOD CERTIFICATION

(To be completed only if requesting certification for Mineral Severance Tax exemption.)

Operator \_\_\_\_\_ Lease or Unit Name \_\_\_\_\_

Legal Description of Lease or Unit \_\_\_\_\_

\_\_\_\_\_ County, Kansas. Enhanced Recovery Docket #E- \_\_\_\_\_

1. Present daily oil production of lease or unit from formation to be repressured. \_\_\_\_\_ barrels
2. Number of presently producible wells on lease or unit producing from formation to be repressured. \_\_\_\_\_ wells [Include the well(s) to be used as input, if producing or dry and abandoned.]
3. Number of injection wells ultimately to be used in repressuring the lease or unit. \_\_\_\_\_ wells
4. Number of wells, completed in formation to be repressured, to be converted to input wells. \_\_\_\_\_ wells
5. Number of wells to be drilled for input wells. \_\_\_\_\_ wells
6. Number of oil wells to be drilled to formation to be repressured on lease or unit. \_\_\_\_\_ wells
7. Estimate of maximum daily oil production on lease or unit from formation to be repressured. \_\_\_\_\_ wells
8. Project will ultimately be: a five spot \_\_\_\_\_; a seven spot \_\_\_\_\_; a nine spot \_\_\_\_\_; a peripheral \_\_\_\_\_; or an irregular \_\_\_\_\_ flood.
9. Supplemental information for additional fluid supply formations other than formation to be repressured:

<u>FORMATION NAME</u>	<u>NUMBER OF PRODUCIBLE WELLS</u>	<u>DAILY OIL PRODUCTION</u>
-----------------------	-----------------------------------	-----------------------------

NOTE: If the estimated maximum daily average oil produced per well is more than 50 barrels, this application will be set for hearing.

ENHANCED RECOVERY INJECTION FLUIDS  
(Provide available information.)

Original fluid quality/analysis:

Additives: (chemical name, concentration, etc.)

Toxicity: High \_\_\_\_, Medium \_\_\_\_, Low \_\_\_\_, None \_\_\_\_.

Estimated injection zone permeability: \_\_\_\_\_ millidarcies.

Determination of qualified waterflood projects for Severance Tax Exemptions are made by the Kansas Department of Revenue, Mineral Severance Tax Division, and are subject to application thereto, and the Rules and Regulations of that Agency.

Determination of qualified tertiary recovery projects are made by the Kansas Corporation Commission. (See K.A.R. 82-3-144.)

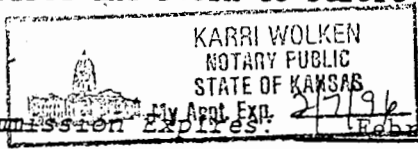
OFFSET OPERATORS, UNLEASED MINERAL OWNERS AND LANDOWNERS  
(Attach additional sheets if necessary.)

<u>Name</u>	<u>Legal Description of Leasehold</u>
George Depperschmidt	NW/4 28-17S-24W
Joe Gerstner	SE/4 20-17S-24W; NE/4 29-17S-24W
Grand Mesa Operating Company	NW/4 20-17S-24W
Palomino Petroleum, Inc.	NE/4 20-17S-24W; SW/4 20-17S-24W; NW/4 21-17S-24W
Joe Rupp	SW/4 21-17S-24W

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Vlee R. Watchorn  
Applicant or Duly Authorized Agent

Subscribed and sworn to before me this 19th day of June, 19 95.



Karri Wolken  
Notary Public Karri Wolken

My Commission Expires: February 7, 1996

INSTRUCTIONS

1. Fully complete application, including page 5 (plat map) showing subject well and all known oil, gas and input wells, including wells abandoned, being drilled, or dry holes, within one-half mile. Show lease names and operators or unleased mineral rights owners of all lands within one-half mile. Show well numbers and elevations of producing formation tops.
2. Attach some type of log (drillers log, electric log, etc.).
3. Attach some type of verification of cementing for surface casing, longstring, D.V. tool, perforations, etc. (Cement ticket and job log, bond log, etc.)
4. Attach Affidavit of Notice.
5. Fill in schematic drawing of subsurface facilities including: size, setting depth, amount of cement, measured or calculated tops of cement for each of surface, intermediate (if any) and production casings; size and setting depth of tubing and packer; geological zone of injection showing top and bottom of injection interval.
6. The original and one copy of the application and all attachments shall be mailed to the State Corporation Commission, Conservation Division Office.
7. Deliver or mail one (1) copy of the application to the landowner on whose land the injection well is located and to each operator of producing leaseholds and each unleased mineral rights owner within one-half mile of the applicant well.
8. Approval of this application, if granted, is valid only as long as there are no substantial changes in the operation set forth in the application. A substantial change requires the approval of a new application. No injection well may be used without prior written authorization.
9. All application fees must accompany the application.

PLAT AND CERTIFICATE OF INJECTION WELL LOCATION AND SURROUNDING ACREAGES

Operator Palomino Petroleum, Inc. LOCATION OF WELL:  
 Lease Gerstner "C" 1700 feet from South section line  
 Well # 3 330 feet from East section line  
 County Ness Section 20, T 17 S, R 24 East West

PLAT

Show the following information: applicant injection well, all producing wells, abandoned wells, plugged wells, and other wells within a one-half mile radius, all lease boundaries, lease operators, unleased mineral rights owners, well numbers, and producing wells producing formation tops.

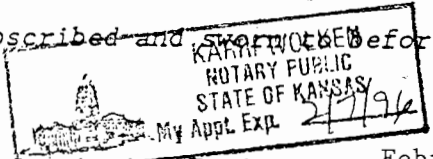

SEE ATTACHED PLAT

applicant well  producing well  plugged injection well   
 D & A well  other injection well  temporarily abandoned well   
 plugged producer  water supply well  wsw

The undersigned hereby certifies that he/she is a duly authorized agent for Palomino Petroleum, Inc., and that all of the information shown herein is true, complete and correct to the best of his/her knowledge

Klee R. Watchorn  
Signature of Duly Authorized Agent

Subscribed and sworn to before me this 19th day of June, 19 95.



Karri Wolken  
Notary Public Karri Wolken

My Commission Expires: February 7, 1996

AFFIDAVIT OF NOTICE SERVED

RE: Application for : Palomino Petroleum, Inc.

Well Name: Gerstner "C" #3 Legal Location: SE NE SE, Sec. 20-17S-24W

The undersigned hereby certifies that he/she is a duly authorized agent for the applicant, and that on the 19th day of June, 19 95, a true and correct copy of the application referenced above was delivered or mailed to the following parties:

NOTE: A copy of this affidavit must be served as a part of the application.

Name Address (Attach additional sheets if necessary.)

George Depperschmidt

Route 2  
Ness City, KS 67560

Joe Gerstner

RR 1, Box 115A  
Ness City, KS 67560

Grand Mesa Operating Company

307 Farmers and Bankers Building  
200 E. First Street  
Wichita, KS 67202

Joe Rupp

608 E. Cedar  
Ness City, KS 67560

I further attest that notice of the filing of this application was published in the Ness County News, the official county publication of Ness county. A copy of the affidavit of this publication is attached.

Signed this 19th day of June, 19 95

[Signature]  
Applicant or Duly Authorized Agent

Subscribed and sworn to before me this 19th day of June, 19 95.



[Signature]  
Notary Public Karri Wolken

My Commission Expires: February 7, 1996

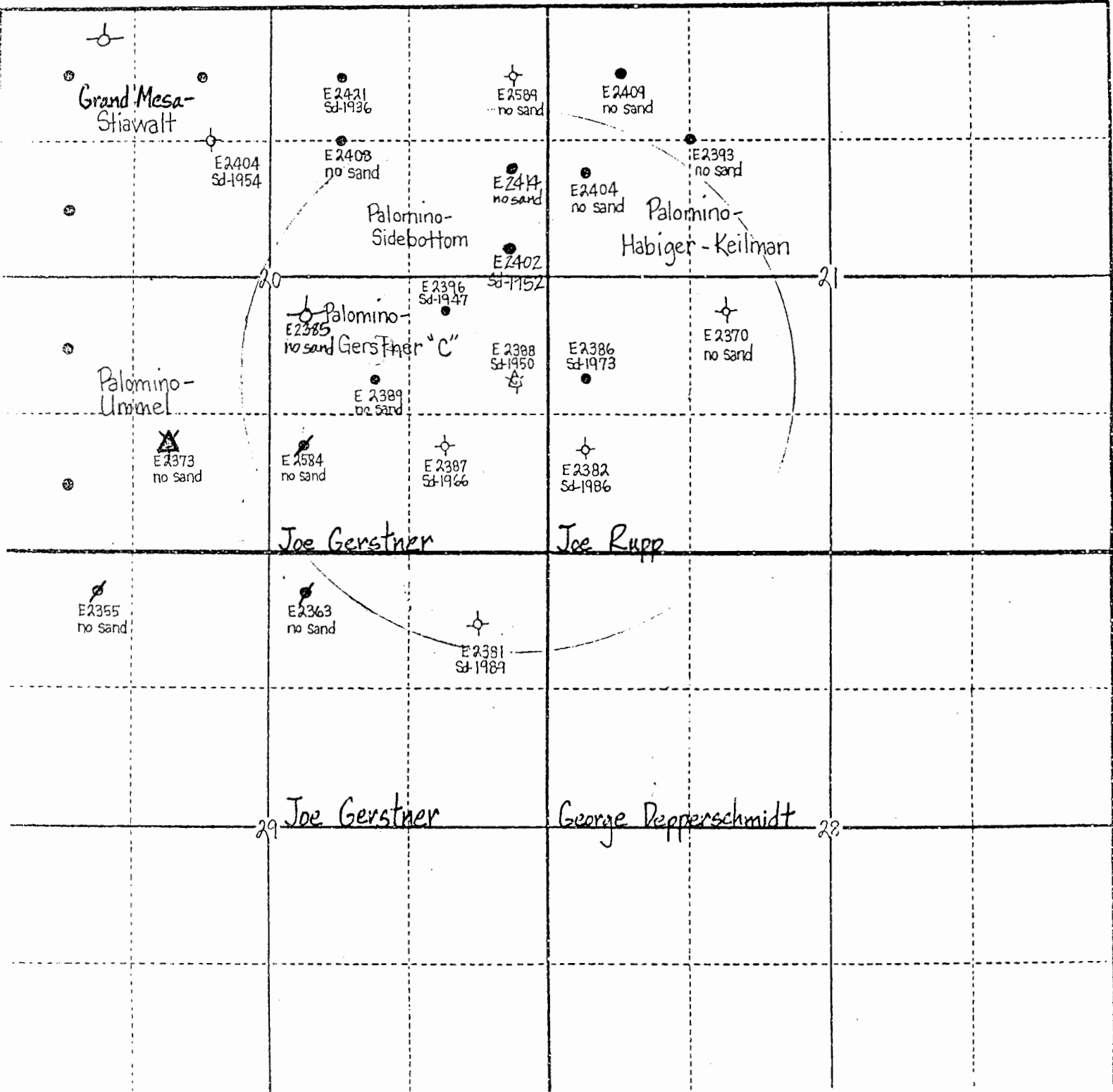
Protests may be filed by any party having a valid interest in the application. Petitions for protests shall be in writing and shall clearly identify the name and address of the protestant and the title of the application. The petition shall include a clear and concise statement of the direct and substantial interest of the protestant in the proceedings, including the manner in which the protestant may be affected, and the nature, extent, character and grounds of the protest. Protestants shall serve the protests upon the applicant by mail or personal service at the same time or before the protestant files the protest with the Conservation Division.

Township 17<sup>S</sup>

Range 24<sup>W</sup>

County Ness

Pool Keilman North



BEFORE THE STATE CORPORATION  
COMMISSION OF THE STATE OF KANSAS  
NOTICE OF FILING APPLICATION

RE: Palomino Petroleum, Inc. - - Application for order to permit disposal of salt water into the Gerstner "C" #3, located in Ness County, Kansas.

TO: All Oil and Gas Producers, Unleased Minerals Interest Owners, Landowners, and all persons whomsoever concerned.

You, and each of you, are hereby notified that Palomino Petroleum, Inc. has filed an application to commence the disposal of salt water into the Cedar Hills & Cherokee formations at the Gerstner "C" #3, located in the SE NE SE of 20-17S-24W, Ness County, Kansas.

Any persons who object to or protest this application shall be required to file their objections or protests with the Conservation Division of the State Corporation Commission of the State of Kansas within fifteen (15) days from the date of this publication. These protests shall be filed pursuant to Commission regulations and must state specific reasons why the grant of the application may cause waste, violate correlative rights or pollute the natural resources of the state of Kansas. If no protests are received, this application may be granted through a summary proceeding. If valid protests are received, this matter will be set for hearing.

All persons interested or concerned shall take notice of the foregoing and shall govern themselves accordingly.

Palomino Petroleum, Inc.  
4924 SE 84th St.  
Newton, Kansas 67114-8827  
(316) 283-0232