R. W. WATCHOUS

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PROGRESS REPORT

Palomino Petroleum #1 Margheim "C" NW NE SE Sec. 17-19S-21W Ness County, Kansas

Elevation: 2225 R.B. (Corrected from 2226')

10-14-76 Moved in rotary tools and spudded.

Set 28# used seamless 8 5/8" surface casing at 307' and cemented with 190 sacks (circulated).

Plug down at 9:00 p.m.

10-15-76 Drilling @ 315'.

10-16-76 Top Cim. Anhydrite 1432 (+793) to 1466 Drilling @ 2200'.

10-18-76 Drilling @ 3440'.

10-19-76 Drilling @ 4080' @ 7:00 a.m.

10-20-76 Top Heebner 3693 (-1468)
Top Lansing 3737 (-1512)
Top Ft. Scott 4232 (-2007)
Fair show of oil in Ft. Scott.
Upper Cherokee Sand 4251 (-2026)

D.S.T. #1 4218-4254 30-30-45 Recovered 290' fluid; 20' oily, watery mud, 270' muddy water. Flow Pressures 101# to 182#. SIP 806# to 826#.

Going back into the hole.

Thursday 10-21-76

Mississippian-Warsaw 4324 (-2099)

Very small show of oil approximately 4340-4362

Mississippian-Osage 4362 (-2137)

Very small show of oil 4362

Rotary Total Depth 4365 (Quite Low)

D.S.T. #2 4338-4365 Open 1 hour, weak blow for 42 minutes (flushed tool twice), recovered 60' very slightly oil cut mud. 30 minute SIP 1005#. Flow Pressures 81# to 81#.

Running open hole electric log to double check Cherokee section (no lower sand found in samples).

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Electric Log Tops:

Heebner	3695	(-1470)	
Lansing-KC	3739	(-1514)	
Ft. Scott	4235	(-2010)	
Upper Cherokee Sand	4254	(-2029)	
Cherty Conglomerate	4305	(-2080)	
Mississippian Warsaw	4325	(-2100)	
Mississippian Osage	Not logo	edLog TD	4362 (

(6' off bottom)

Dry and Abandoned.