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GEOLOGICAL REPORT

for



PALOMINO PETROLEUM, INC.

No. 2 Spangenberg
470' FNL & 1350' FEL
Section 17-22S-12W
Stafford County, Kansas

15-185-23310



Todd E. Morgenstern

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P.O. Box 251
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OPERATOR: Palomino Petroleum, Inc.

WELL: No. 2 Spangenberg
API # 15-185-23,310-00-00

LOCATION: 470' FNL & 1350' FEL
Section 17-22S-12W
Stafford County, Kansas

FIELD: Helene (Ext.)

CONTRACTOR: Southwind Drilling, Inc. Rig # 2

DRILLING COMMENCED: 3-30-2005

DRILLING COMPLETED: 4-08-2005

DRILLING TIME: One (1) foot drilling time was recorded
from 1700' to 3708' RTD.

SAMPLES: Samples were saved and examined from 1700'
to 3708' RTD.

ELEVATIONS: 1872' Ground Level 1881' Kelly Bushing

MEASUREMENTS: All depths are measured from 1881' K.B.

CASING RECORD: 8 5/8" Surface Casing set @ 312' with 275 sxs.

FORMATION TESTING: Five (5) tests were run by Ricketts Testing, Inc.
Jimmy Ricketts, Tester

MUD: Dom-Bar Mud, Inc. (Chemical Mud)

OPEN HOLE LOGS: Log Tech (Radiation Guard)
C. McLaughlin, Engineer

PRODUCTION: D & A

FORMATION TOPS:

FORMATION	SAMPLE	LOG	DATUM
ANHYDRITE	*****	678'	+1203'
BASE ANHYDRITE	*****	700'	+1181'
HERRINGTON	1688'	1688'	+ 193'
WINFIELD	1746'	1747'	+ 134'
TOWANDA	1810'	1811'	+ 70'
FORT RILEY	1848'	1848'	+ 33'
WREFORD	1998'	2000'	- 119'
CROUSE	2054'	2057'	- 176'
NEVA	2195'	2198'	- 317'
RED EAGLE	2286'	2284'	- 403'
ADMIRE	2387'	2385'	- 504'
WOOD SIDING	2445'	2446'	- 565'
STOTLER	2581'	2582'	- 701'
TARKIO	2643'	2642'	- 761'
HOWARD	2794'	2794'	- 913'
TOPEKA	2887'	2886'	-1005'
HEEBNER	3180'	3180'	-1299'
TORONTO	3196'	3198'	-1317'
DOUGLAS	3211'	3212'	-1331'
BROWN LIME	3315'	3315'	-1434'
LANSING	3329'	3330'	-1449'
BASE KANSAS CITY	3551'	3550'	-1669'
VIOLA	3604'	3602'	-1721'
SIMPSON SHALE	3650'	3650'	-1769'
ARBUCKLE	3704'	3703'	-1822'
ROTARY TOTAL DEPTH	3708'	*****	-1827'
LOG TOTAL DEPTH	*****	3708'	-1827'

No. 2 Spangenberg
17-225-12w

SAMPLE DESCRIPTIONS AND TEST DATA:

TORONTO:

3198-3211 Limestone, tan and gray, dense, very finely crystalline, slightly fossiliferous, chalky, fair visible pinpoint porosity, no shows of oil were noted.

LANSING:

3330-3335 Limestone, tan, finely crystalline, dense, slightly fossiliferous, slightly chalky, scattered staining, trace of visible interfossiliferous porosity, no show of free oil, no odor. (Covered by D.S.T. No. 1)

3351-3356 Limestone, gray and cream, finely crystalline, slightly dense and fossiliferous, with poor to fair visible pinpoint porosity, trace of scattered staining, very slight show of oil on break, light odor. (Covered by D.S.T. No. 1)

3373-3378 Limestone, gray and tan, very finely crystalline, slightly fossiliferous, with fair visible intercrystalline and slightly pinpoint porosity, chalky in part, trace of staining, no show of free oil, questionable light odor. (Covered by D.S.T. No. 1)

FORMATION TEST NO. 1

Lansing-Kansas City
Tested from 3320' - 3385'

<i>Weak surface blow</i>	30 min.	I.H.P.	1659#
<i>No blow-back</i>	35 min.	I.F.P.	33# -39#
-	0 min.	<u>I.S.I.P.</u>	<u>740#</u>
-	0 min.	F.F.P.	-
		<u>F.S.I.P.</u>	-
		F.H.P.	1596#

RECOVERY: 5' Drilling Mud

TEMPERATURE: 99*

CHLORIDES: N/A p.p.m. (Recovery), 2,500 p.p.m. (System)

3401-3408 Limestone, gray, tan and brown, very finely crystalline, fossiliferous and slightly oolitic, with poor to fair visible interfossiliferous porosity, slightly chalky, fair staining, slight show of oil on break, light odor. (Covered by D.S.T. No. 2)

FORMATION TEST NO. 2

Lansing-Kansas City
Tested from 3380' - 3410'

<i>Weak 1/2" blow</i>	30 min.	I.H.P.	1677#
<i>No blow-back</i>	30 min.	I.F.P.	15# -18#
<i>No blow</i>	30 min.	<u>I.S.I.P.</u>	<u>27#</u>
<i>No blow-back</i>	30 min.	F.F.P.	19#-20#
		<u>F.S.I.P.</u>	<u>24#</u>
		F.H.P.	1569#

RECOVERY: 5' Drilling Mud

TEMPERATURE: 98*

CHLORIDES: N/A p.p.m. (Recovery), 2,500 p.p.m. (System)

No. 2 Spangenberg
17-225-12w

- 3418-3424 Limestone, gray, tan and buff, finely crystalline, oolitic and oolitic, with fair to good visible oolitic porosity, chalky, trace of dead staining, no show of free oil, no odor.
- 3461-3468 Limestone, buff and gray, finely crystalline, oolitic and oolitic, with fair visible oolitic porosity, slightly fossiliferous, no shows of oil were noted.
- 3480-3485 Limestone, gray and tan, oolitic and slightly fossiliferous, with poor visible interoolitic porosity, slightly chalky, slight staining, very slight show of gassy oil on break, light odor. (Covered by D.S.T. No. 3)
- 3502-3506 Limestone, gray and buff, very finely crystalline, slightly fossiliferous and oolitic, with fair interoolitic porosity, chalky, slight show of free oil on break, scattered staining, light odor. (Covered by D.S.T. No. 3)
- 3522-3532 Limestone, gray and light gray, finely crystalline, slightly fossiliferous, oolitic, with fair visible interoolitic and slightly pinpoint vugular porosity, fair show of free oil, fair odor. (Covered by D.S.T. No. 3)

FORMATION TEST NO. 3

Lansing-Kansas City
Tested from 3474' - 3542'

<i>Weak blow building to 1 1/2"</i>	30 min.	I.H.P.	1763#
<i>No blow-back</i>	30 min.	I.F.P.	38# -53#
<i>Weak blow building to 1/2"</i>	30 min.	<u>I.S.I.P.</u>	<u>491#</u>
<i>No blow-back</i>	30 min.	F.F.P.	50#-55#
		<u>F.S.I.P.</u>	<u>326#</u>
		F.H.P.	1653#

RECOVERY: 20' Drilling Mud

TEMPERATURE: 99*

CHLORIDES: N/A p.p.m. (Recovery), 2,500 p.p.m. (System)

CONGLOMERATE:

- 3582-3585 Sandstone, brown and gray, fine to medium grained, angular to subangular, calcareous, slightly friable, with good brown staining and saturation, slight show of oil film on break, poor visible intergranular porosity, no odor. (Covered by D.S.T. No. 4)

FORMATION TEST NO. 4

Lansing-Kansas City
Tested from 3547' - 3606'

<i>Weak blow building to 1/2"</i>	30 min.	I.H.P.	1799#
<i>No blow-back</i>	30 min.	I.F.P.	40# -55#
<i>Weak surface blow</i>	30 min.	<u>I.S.I.P.</u>	<u>72#</u>
<i>No blow back</i>	30 min.	F.F.P.	47#-56#
		<u>F.S.I.P.</u>	<u>66#</u>
		F.H.P.	1772#

RECOVERY: 10' Drilling Mud

TEMPERATURE: 100*

CHLORIDES: N/A p.p.m. (Recovery), 2,500 p.p.m. (System)

No. 2 Spangenberg
17-225-12w

VIOLA:
3602-3649

Chert, white, tan and bone, fresh, sharp to slightly weathered, with scattered fractured edged staining, very slight show of free oil, no odor.

ARBUCKLE:
3703-3708

Dolomite, brown and tan, fine to medium crystalline, with fair to good visible intercrystalline and pinpoint vugular porosity, fair to good staining and saturation, good show of gassy free oil on break, strong odor.
(Covered by D.S.T. No. 5)

FORMATION TEST NO. 5

Lansing-Kansas City

Tested from 3646' - 3708'

<i>Blow building to B.O.B. in 35 min.</i>	45 min.	I.H.P.	1897#
<i>No blow-back</i>	45 min.	I.F.P.	50# -91#
<i>Weak blow building to 8 inches</i>	45 min.	<u>I.S.I.P.</u>	<u>1012#</u>
<i>No blow-back</i>	60 min.	F.F.P.	93#-127#
		<u>F.S.I.P.</u>	<u>990#</u>
		F.H.P.	1743#

RECOVERY: 110' Drilling Mud
120' Muddy Water
230' Total Liquid Recovery

TEMPERATURE: 111*

CHLORIDES: 16,000 p.p.m. (Recovery), 2,500 p.p.m. (System)

STRUCTURAL COMPARISON:

	Palomino Petroleum No. 2 Spangenberg 470' FNL, 1350' FEL Sec. 17-22S-12W D&A	Globe Exploration No. 1 Spangenberg SE-SW-NE Sec. 17-22S-12W Oil	Bergman Oil Co. No. 1 Milam NW-SE-NE Sec. 17-22S-12W Oil
ANHYDRITE	+1203'	+1212'	N/A
TOPEKA	-1005'	- 993'	N/A
HEEBNER	-1299'	-1285'	-1284'
TORONTO	-1317'	N/A'	N/A
LANSING	-1449'	-1436'	-1438'
BASE KANSAS CITY	-1669'	-1662'	-1659'

SUMMARY:

The No. 2 Spangenberg was under geological supervision from 1600' to 3708' RTD. Due to the somewhat lower structural position, the negative results of five (5) drill stem tests, and in reviewing the open hole log, it was decided to plug and abandon this well.

Respectfully submitted,

Todd E. Morgenstern