

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

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

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

OCT 11 2005

KCC WICHITA

Lease Operator: Horseshoe Operating, Inc.

Address: 110 W. Louisiana, Ste. 200

Phone: (432) 683-1448 Operator License #: 4894

Type of Well: Gas Docket #: _____
(Oil, Gas D&A, SWD, ENHR, Water Supply Well, Cathodic, Other) (If SWD or ENHR)

The plugging proposal was approved on: August 23, 2005 (Date)

by: David P. Williams (KCC District Agent's Name)

Is ACO-1 filed? Yes No If not, is well log attached? Yes No

Producing Formation(s): List All (If needed attach another sheet)

_____ Depth to Top: _____ Bottom: _____ T.D. _____
_____ Depth to Top: _____ Bottom: _____ T.D. _____
_____ Depth to Top: _____ Bottom: _____ T.D. _____

API Number: 15 - 075-20040-0000

Lease Name: Walters

Well Number: 1-7

Spot Location (QQQQ): NW - SE

1980 Feet from North / South Section Line

1980 Feet from East / West Section Line

Sec. 7 Twp. 23 S. R. 40 East West

County: Hamilton

Date Well Completed: 11/13/1971 *KCC 10-12-05 RBDMs CP#3*

Plugging Commenced: 9/15/2005

Plugging Completed: 9/15/2005

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

| Oil, Gas or Water Records | | Casing Record (Surface Conductor & Production) | | | | |
|---------------------------|---------|--|----|--------|-------------|------------|
| Formation | Content | From | To | Size | Put In | Pulled Out |
| | | | | 7" | 9 jts 371 | |
| | | | | 4-1/2" | 81 jts 2590 | |
| | | | | | | |
| | | | | | | |

*KCC
Gem
10-12-05
RBDMs
CP#3*

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.

Set CIBP @ 2075' w/25 sxs on top, FL @ 1800'. Load casing, pressure to 1500#, held. No casing leak. Perforate @ 1050' (4) SPF, pump into @ 1000 - 1100#, pump 150 sxs, pressure up to 1500#, 80 sxs outside casing. Hook up to 4-1/2" x 7" annulus. Pump 65 sxs, pressure to 500# drop to 350#. Plugging completed.

Name of Plugging Contractor: Allied Cementing License #: 99996

Address: P. O. Box 31 Russell, Kansas 67665

Name of Party Responsible for Plugging Fees: Horseshoe Operating, Inc.

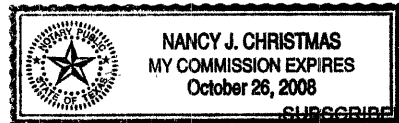
State of Texas County, Midland, ss.

Debbie Franklin (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) Debbie Franklin

(Address) 110 W. Louisiana, Ste. 200 Midland, Texas 79701



SUBSCRIBE and SWORN TO before me this 6 day of October, 20 05

Nancy J. Christmas My Commission Expires: 10/26/08
Notary Public

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

Bm

ALLIED CEMENTING CO., INC. 19826

Federal Tax I.D.#

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

SERVICE POINT: WF
OAKLEY

| | | | | | | | |
|-----------------------|-------------------|--|------------------------|-----------------|----------------------------|--------------------------|---------------------------|
| DATE <u>9-15-05</u> | SEC. <u>7</u> | TWP. <u>23S</u> | RANGE <u>40W</u> | CALLED OUT | ON LOCATION <u>1:45 PM</u> | JOB START <u>3:45 PM</u> | JOB FINISH <u>4:15 PM</u> |
| LEASEE <u>WALTERS</u> | WELL # <u>1-7</u> | LOCATION <u>SYRACUSE SW-1/4 E-1/4 N-E 00</u> | COUNTY <u>HAMILTON</u> | STATE <u>KS</u> | | | |

OLD OR NEW (Circle one)

CONTRACTOR NONE
TYPE OF JOB OLD HOLE
HOLE SIZE _____ T.D. _____
CASING SIZE 4 1/2" DEPTH _____
TUBING SIZE _____ DEPTH _____
DRILL PIPE _____ DEPTH _____
TOOL _____ DEPTH _____
PRES. MAX _____ MINIMUM _____
MEAS. LINE _____ SHOE JOINT _____
CEMENT LEFT IN CSG. _____
PERFS. _____
DISPLACEMENT _____

EQUIPMENT
PUMP TRUCK # 191 CEMENTER TERRY
HELPER JARROLD
BULK TRUCK # 394 DRIVER LARRY
BULK TRUCK # _____ DRIVER _____

REMARKS:
HOOK ON TO 4 1/2 CASING. MIX 150 SKS CEMENT WITH 200# HULLS MAX PRESSURE 1500 PSI. SHUT IN PRESSURE 900 PSI. HOOK ON BACK SIDE MIX 65 SKS CEMENT MAX PRESSURE 500 PSI. SHUT IN 300 PSI.

THANK YOU

CHARGE TO: HORSESHOE OPERATING, 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 Dm [Signature]

OWNER SAME
CEMENT
AMOUNT ORDERED 390 SKS 60/40 PZ 2 6% GEL
600# Hull
Used 215 SKS 60/40 PZ 2 6% GEL 200# HULLS
COMMON 129 SKS @ 10 00/100 = 1290 00
POZMIX 86 SKS @ 4 70/100 = 404 20
GEL 11 SKS @ 14 00/100 = 154 00
CHLORIDE @ _____
ASC @ _____
HULLS 200# @ 21 00/100 = 42 00
RECEIVED
OCT 11 2005
KCC WICHITA
HANDLING 406 SKS @ 1 60/100 = 649 60
MILEAGE 64 PERSKI MILE 2.192 20
TOTAL 4732 20

SERVICE
DEPTH OF JOB _____
PUMP TRUCK CHARGE 600 00
EXTRA FOOTAGE @ _____
MILEAGE 90 MI @ 5 00/100 = 450 00
MANIFOLD @ _____
TOTAL 1050 00

PLUG & FLOAT EQUIPMENT
@ _____
@ _____
@ _____
@ _____
@ _____

TAX _____
TOTAL CHARGE _____
DISCOUNT _____ IF PAID IN 30 DAYS

PRINTED NAME _____

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Allied" shall mean Allied Cementing Co., Inc., and "Customer" shall refer to the party identified by that term on the front of this contract. As applicable, "Job" relates to the services described on the front side of this contract, "merchandise" refers to the material described on the front of this contract and to any other materials, products, or supplies used, sold, or furnished under the requirements of this contract.

—**TERMS:** Unless satisfactory credit has been established, "CUSTOMER" must tender full cash payment to "ALLIED" before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, "CUSTOMER" agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing, in no event shall this Contract provide for interest exceeding the maximum rate of interest that "CUSTOMER" may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the "CUSTOMER" or at the option of "ALLIED," refunded directly to "CUSTOMER." For purposes of this paragraph, ALLIED and CUSTOMER agree that KANSAS law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

—**ATTORNEY FEES:** In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the terms of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and for attorney's fees.

—**PRICES AND TAXES:** All merchandise listed in "ALLIED'S" current price schedule are F.O.B. ALLIED'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by ALLIED shall be added to the quoted prices charged to CUSTOMER.

—**TOWING CHARGES:** ALLIED will make a reasonable attempt to get to and from each job site using its own equipment. Should ALLIED be unable to do so because of poor or inadequate road conditions, and should it become necessary to employ a tractor or other pulling equipment to get to or from the job site, the tractor or pulling equipment will be supplied by CUSTOMER or, if furnished by ALLIED, will be charged to and paid by CUSTOMER.

—**PREPARATION CHARGES:** If a job and/or merchandise is ordered and CUSTOMER cancels the order after preparation of a chemical solution or other material, CUSTOMER will pay ALLIED for the expenses incurred by ALLIED as a result of the cancellation.

—**DEADHAUL, CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charge as set forth in ALLIED'S current price book will be charged each way for each service unit which is ordered by CUSTOMER but not used.

—**SERVICE CONDITIONS AND LIABILITIES:** 1. ALLIED carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond ALLIED'S control, ALLIED shall not be liable for injuries to property or persons or for loss or damage arising from the performance of the job or delivery of the merchandise. Customer shall be responsible for and indemnify, defend, and hold harmless ALLIED, its officers, agents and employees, from and against any and all claims or suits for:

(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

2. With respect to any of ALLIED'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to ALLIED at the landing, CUSTOMER shall either recover the lost item without cost to ALLIED or reimburse ALLIED the current replacement cost of the item unless the loss or damage results from the sole negligence of ALLIED or its employees.

3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

WARRANTIES: 1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.

2. More specifically:

(A) Nothing in this contract shall be construed as a warranty by ALLIED of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by ALLIED or any interpretation of tests, meter readings, chart information, analysis of research, or recommendations made by ALLIED, unless the inaccuracy or incorrectness is caused by the wilful misconduct or gross negligence of ALLIED or its employees in the preparation or furnishing of such facts, information or data.

(C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.