

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

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 #: _____
(Oil, Gas D&A, SWD, ENHR, Water Supply Well, Cathodic, Other) *(If SWD or ENHR)*
The plugging proposal was approved on: 11-14-06 (Date)
by: Steve Pfeifer (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: 15-135-24545-00-00
Lease Name: Schuler Unit
Well Number: 1
Spot Location (QQQQ): 40'W - S/2 - N/2 - S/2
1650 Feet from North / South Section Line
2600 Feet from East / West Section Line
Sec. 10 Twp. 18 S. R. 24 East West
County: Ness
Date Well Completed: D & A
Plugging Commenced: 11-15-06
Plugging Completed: 11-15-06

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
*see attached drilling report		0'	224'	8 5/8" new 20#	212'	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 275 sacks of 60/40 Poz, 6% gel, 1/4# floesal per sack.

1st plug @ 1650' with 50 sacks. 2nd plug @ 950' with 80 sacks. 3rd plug @ 500' with 50 sacks.

4th plug @ 220' with 50 sacks. 5th plug @ 60' with 20 sacks to surface. Plug mouse hole with 10 sacks. Plug rat hole with 15 sacks.

Job complete @ 11:30 am on 11-15-06 by Quality Cement (tk #1163)

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

Name of Party Responsible for Plugging Fees: Palomino Petroleum, Inc.
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 November, 20 06

Renee Kasselmann My Commission Expires: 7-15-09
Notary Public

RECEIVED

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

NOV 20 2006

KCC WICHITA PKT

SOUTHWIND DRILLING, INC. PLUGGING ORDERS AND REPORTS

PALOMINO PETROLEUM

Lease: SCHULER UNIT #1

Plugging received from: Steve Pfeifer Date: 11-14-06 Time: 8:30 AM.

1st Plug @ 1650 FT. 50 SX Stands: 26 1/2

2nd Plug @ 950 FT. 80 SX Stands: 15

3rd Plug @ 500 FT. 50 SX Stands: 8

4th Plug @ 220 FT. 50 SX Stands: 3 1/2

5th Plug @ 60 FT. 20 SX Stands: 1

Mousehole 10 SX

Rathole 15 SX

Total Cement used: 275 SX

Type of cement: 60/40 POZ 6% Gel 1/4# floxed per SX

Plug down at 11:30 AM 11-15-06 by Quality Oilwell Cementing

Call State When Completed:

Ticket # ~~1138~~ 1163

Name KEN JEHLIK Date: 11-16-06 Time: 8:30 AM

40' W of S/2 - N/2 - S/2 Sec. 10 Twp. 18 R. 24 Ness Co.

API # 15-135-24545

ANHYDRITE 1610-1644

8 5/8 set @ 224 w/ 160 SX cement did circ.

RTD = 4434

LTD = 4434 by ELI

Formation @ TD = MISSISSIPPI

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QUALITY OILWELL CEMENTING, INC.

Phone 785-483-2025
Cell 785-324-1041

Home Office P.O. Box 32 Russell, KS 67665

No. **1163**

Date	11-15-06	Sec.	10	Twp.	18	Range	24	Called Out		On Location	1:00 AM	Job Start	8:30 AM	Finish	11:30 PM
Lease	Schuler Unit	Well No.	1	Location				Nass City 3N34W4N	Ness		County	KS	State		
Contractor								Owner							
Southwind Rig 1								To Quality Oilwell Cementing, Inc. You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.							
Type Job	plug														
Hole Size	7 7/8		T.D.	4434											
Csg.			Depth	Charge To											
Tbg. Size			Depth	palamino petroleum											
Drill Pipe			Depth	Street											
Tool			Depth	City											
Cement Left in Csg.			Shoe Joint	State											
Press Max.			Minimum	The above was done to satisfaction and supervision of owner agent or contractor.											
Meas Line			Displace												
Perf.				CEMENT											
EQUIPMENT								Amount Ordered							
								275 60% 6% gel 1/4 1/8 blow seal per sk							
								Consisting of							
Pumptrk	No.	Cementer	Dave												
		Helper													
Bulktrk	No.	Driver	Keith												
		Driver													
Bulktrk	No.	Driver	Darin												
		Driver													
JOB SERVICES & REMARKS								Common							
								Poz. Mix							
								Gel.							
								Chloride							
								Hulls							
Pumptrk Charge	1650' plug														
Mileage															
Footage															
		Total													
Remarks:								Sales Tax							
50 sk @ 1650								Handling							
80 sk @ 950								Mileage							
50 sk @ 500															
50 sk @ 220								Sub Total							
20 sk @ 60								Total							
10 sk mouse hole								Floating Equipment & Plugs							
15 sk Rot. hole								Squeeze Manifold							
								Rotating Head							
Good Job's								RECEIVED							
								NOV 20 2006							
X Signature <i>Doug Roberts</i>								Tax							
								KCC WICHITA							
								Discount							
								Total Charge							

SOUTHWIND DRILLING, INC.
RIG #1

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

DRILLING REPORT

Schuler Unit #1

Location: 1650' FSL & 2600' FWL
API#: 15-135-24545-00-00

Section 10-18S-24W
Ness County, Kansas

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

COMMENCED: 11-06-06
COMPLETED: 11-15-06

TOTAL DEPTH: Driller: 4434'
Logger: 4434'

Ground Elevation: 2310'
KB Elevation: 2320'

LOG :

0'	-	471'	Shale
471'	-	1610'	Sand/Shale
1610'	-	1644'	Anhydrite
1644'	-	3265'	Shale
3265'	-	3420'	Shale/Lime
3420'	-	4434'	Shale
		4434'	RTD

CASING RECORDS

Surface casing - 8 5/8"

Ran 5 joints of 20# new 8 5/8" surface casing. Tally @ 212'. Set @ 224'. Cement with 160 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 8:45 pm on 11-06-06 06 by Allied Cementing (tk# 50026).

Production casing - 5 1/2"

DEVIATION SURVEYS

1 degree (s)	@	227'
3/4 degree (s)	@	4350'

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MORNING DRILLING REPORT				Fax to: 316-799-2728			
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991 (mobile) 620-653-7691 (home)		WELL NAME		Schuler Unit #1	
				LOCATION		1650' FSL & 2600' FWL Sec. 10-18S-24W Ness County, KS	
Rig #1 Phone Numbers				Palomino Petroleum, Inc.			
620-794-2075	Rig Cellular (Dog house)	IN USE	Yes	4924 SE 84 th			
620-794-2078	Geologist Trailer Cellular	Yes		Newton, KS 67114			
620-617-7324	Tool Pusher Cellular	Yes	Doug Roberts	316-799-1000			
		ELEVATION	G.L. 2310'	K.B. 2320'	API# 15-135-24545-00-00		

Driving Directions: From Ness City: 3 miles North on Hwy 283, 3 ½ miles West, North into.

Day	1	Date	11-06-06	Monday	Survey @ 227' = 1 degree
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Moved Rig #1 on location

Spud @ 2:00 pm

Ran 3.50 hours drilling (.75 drill rat hole, 2.25 drill 12 ¼", .50 drill 7 7/8"). Down 20.50 hours (6.50 move/rig up, 1.50 connection, .75 circulate, .25 survey, .25 trip, 1.25 run casing, .25 cement, 8.00 wait on cement, .25 drill plug, 1.50 rig repair)

Mud properties: spud mud

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

Wt. on bit: 20,000, 120 RPM, 500# pump pressure

12 ¼" bit #1 (in @ 0' out @ 227') = 2.25 hrs. - 227'

7 7/8" bit #1 (in @ 227') = .50 hrs. - 33'

1" fuel = 37.75 gals.

Fuel usage: 75.50 gals. (16"used 2") start @ 18"

Ran 5 joints of 20# new 8 5/8" surface casing. Tally @ 212'. Set @ 224'. Cement with 160 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 8:45 pm on 11-06-06 by Allied Cementing (tk# 50026).

Day	2	Date	11-07-06	Tuesday	Anhydrite (1610'-1644')
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7:00 am - Drilling @ 260'

Ran 14.00 hours drilling. Down 10.00 hours (1.00 rig check, 4.25 rig repair, 1.25 jet, 3.50 connection)

Mud properties: freshwater

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

Wt. on bit: 35,000, 80 RPM, 800# pump pressure

12 ¼" bit #1 (in @ 0' out @ 227') = 2.25 hrs. - 227'

7 7/8" bit #1 (in @ 227') = 14.50 hrs. - 1458'

Fuel usage: 320.88 gals. (76 ½ "used 8 ½") 16" + 69" delivered = 85"

Day	3	Date	11-08-06	Wednesday
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7:00 am - Drilling @ 1685'

Ran 18.25 hours drilling. Down 5.75 hours (1.25 rig check, 1.00 rig repair, 2.75 connection, .75 jet)

Mud properties: freshwater

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

Wt. on bit: 35,000, 80 RPM, 900# pump pressure

12 ¼" bit #1 (in @ 0' out @ 227') = 2.25 hrs. - 227'

7 7/8" bit #1 (in @ 227') = 32.75 hrs. - 2523

Fuel usage: 396.38 gals. (66 "used 10 ½")

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MORNING DRILLING REPORT				Fax to: 316-799-2728				
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991 (mobile) 620-653-7691 (home)		WELL NAME		Schuler Unit #1		
				LOCATION		1650' FSL & 2600' FWL Sec. 10-18S-24W Ness County, KS		
Rig #1 Phone Numbers				Palomino Petroleum, Inc.				
620-794-2075	Rig Cellular (Dog house)	IN USE	Yes	4924 SE 84 th Newton, KS 67114 316-799-1000				
620-794-2078	Geologist Trailer Cellular	IN USE	Yes					
620-617-7324	Tool Pusher Cellular	IN USE	Yes	Doug Roberts	ELEVATION	G.L. 2310'	K.B. 2320'	API# 15-135-24545-00-00

Driving Directions: From Ness City: 3 miles North on Hwy 283, 3 1/2 miles West, North into.

Day 4 Date 11-09-06 Thursday

7:00 am – Drilling @ 2750'

Ran 20.00 hours drilling. Down 4.00 hours (1.00 rig check, .75 rig repair, .75 jet, 1.50 connection)

Mud properties: freshwater

Daily Mud Cost = \$3,571.55. Mud Cost to Date = \$3,571.55

Wt. on bit: 35,000, 80 RPM, 900# pump pressure

12 1/4" bit #1 (in @ 0' out @ 227') = 2.25 hrs. - 227'

7 7/8" bit #1 (in @ 227') = 52.75 hrs. - 3038'

Fuel usage: 434.13 gals. (54"used 11 1/2")

Day 5 Date 11-10-06 Friday

7:00 am – Drilling @ 3265'

Ran 17.00 hours drilling. Down 7.00 hours (.75 rig check, 1.00 jet, .50 connection, 4.75 bit trip)

Mud properties: freshwater

Daily Mud Cost = \$265.00. Mud Cost to Date = \$3,863.55

Wt. on bit: 35,000, 80 RPM, 900# pump pressure

12 1/4" bit #1 (in @ 0' out @ 227') = 2.25 hrs. - 227'

7 7/8" bit #1 (in @ 227' out @ 3652') = 68.75 hrs. - 3425'

7 7/8" bit #2 (in @ 3652') = 1.00 hrs. - 40'

Fuel usage: 339.75 gals. (65"used 9") 54" + 20" delivered = 74"

Day 6 Date 11-11-06 Saturday

7:00 am – Drilling @ 3692'

Ran 22.00 hours drilling. Down 2.00 hours (0.75 rig check, 1.25 connection)

Mud properties: wt. 9.0, vis. 46, water loss 7.2

Daily Mud Cost = \$1,497.44. Mud Cost to Date = \$5,360.99

Wt. on bit: 35,000, 80 RPM, 900# pump pressure

12 1/4" bit #1 (in @ 0' out @ 227') = 2.25 hrs. - 227'

7 7/8" bit #1 (in @ 227' out @ 3652') = 68.75 hrs. - 3425'

7 7/8" bit #2 (in @ 3652') = 23.00 hrs. - 396'

Fuel usage: 453.00 gals. (53"used 12")

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MORNING DRILLING REPORT				Fax to: 316-799-2728			
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991 (mobile) 620-653-7691 (home)		WELL NAME		Schuler Unit #1	
				LOCATION		1650' FSL & 2600' FWL Sec. 10-18S-24W Ness County, KS	
Rig #1 Phone Numbers				IN USE			
620-794-2075	Rig Cellular (Dog house)	Yes		Palomino Petroleum, Inc. 4924 SE 84 th Newton, KS 67114 316-799-1000			
620-794-2078	Geologist Trailer Cellular	Yes					
620-617-7324	Tool Pusher Cellular	Yes					
				ELEVATION	G.L. 2310'	K.B. 2320'	API# 15-135-24545-00-00

Driving Directions: From Ness City: 3 miles North on Hwy 283, 3 1/2 miles West, North into.

Day 7 Date 11-12-06 Sunday

7:00 am – Drilling @ 4088'

Ran 14.50 hours drilling. Down 9.50 hours (1.00 CFS @ 4300', 1.50 CFS @ 4334', 1.50 CFS @ 4340', 1.00 CFS @ 4350', 2.25 trips, .75 rig check, .75 rig repair, .25 jet, .50 connection)

Mud properties: wt. 9.3, vis. 47

Daily Mud Cost = \$307.01. Mud Cost to Date = \$5,668.00

Wt. on bit: 35,000, 80 RPM, 900# pump pressure

12 1/4" bit #1 (in @ 0' out @ 227') = 2.25 hrs. - 227'

7 7/8" bit #1 (in @ 227' out @ 3652') = 68.75 hrs. - 3425'

7 7/8" bit #2 (in @ 3652' out @ 4350') = 37.50 hrs. - 698'

Fuel usage: 377.50 gals. (43"used 10")

Day 8 Date 11-13-06 Monday Survey @ 4350' = 1/4 degree
Pipe strap = 0.11 long the board

DST #1 (4293'-4350')

Cherokee formation

Recovered 125' oil & 65' gas oil cut mud

RTD = 4434'

LTD = 4434'

7:00 am – Tripping out with bit for DST #1 @ 4350'

Ran 4.50 hours drilling. Down 19.50 hours (1.25 CTCH after DST #1, .75 CFS @ 4361', 3.00 CTCH for log, .75 rig check, 2.00 rig repair, .25 survey, 2.50 DST #1, 9.00 trips)

Mud properties: wt. 9.3, vis. 48

Daily Mud Cost = \$895.67. Total Mud Cost = \$6,563.67

Wt. on bit: 35,000, 80 RPM, 900# pump pressure

12 1/4" bit #1 (in @ 0' out @ 227') = 2.25 hrs. - 227'

7 7/8" bit #1 (in @ 227' out @ 3652') = 68.75 hrs. - 3425'

7 7/8" bit #2 (in @ 3652' out @ 4350') = 37.50 hrs. - 698'

7 7/8" bit #3 (in @ 4350' out @ 4434') = 4.50 hrs. - 84'

Fuel usage: 302.00 gals. (35"used 8")

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Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800			Wellsite Geologist: Bob Schreiber 620-786-0991 (mobile) 620-653-7691 (home)		WELL NAME		Schuler Unit #1
					LOCATION		1650' FSL & 2600' FWL Sec. 10-18S-24W Ness County, KS
Rig #1 Phone Numbers				IN USE		Palomino Petroleum, Inc. 4924 SE 84 th Newton, KS 67114 316-799-1000	
620-794-2075	Rig Cellular (Dog house)	Yes					
620-794-2078	Geologist Trailer Cellular	Yes					
620-617-7324	Tool Pusher Cellular	Yes	Doug Roberts	ELEVATION	G.L. 2310'	K.B. 2320'	API# 15-135-24545-00-00

Driving Directions: From Ness City: 3 miles North on Hwy 283, 3 1/2 miles West, North into.

Day	9	Date	11-14-06	Tuesday	DST #2 (4329'-4365') Straddle test <u>Cherokee formation</u> <u>Recovered 1000' water with slightly</u> <u>gassy oil</u>
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7:00 am – Tripping out with bit for log @ 4434'
Ran 0.00 hours drilling. Down 24.00 hours (.50 CTCH, 11.50 trips (windy), 4.50 log, 2.00 DST #2, 1.75 wait on orders, 3.75 lay down drill pipe)

Fuel usage: 188.75 gals. (30" used 5")

Day	10	Date	11-15-06	Wednesday
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7:00 am – Plugging the well @ 4434'
Ran 0.00 hours drilling. Down 16.00 hours (.50 lay down drill pipe, 4.00 plug, .50 jet, 11.00 tear down)

Fuel usage: 75.50 gals. (28" used 2")

Plug well with 275 sacks of 60/40 Poz, 6% gel, 1/4# floseal per sack.
1st plug @ 1650' with 50 sacks. 2nd plug @ 950' with 80 sacks. 3rd plug @ 500' with 50 sacks.
4th plug @ 220' with 50 sacks. 5th plug @ 60' with 20 sacks. Plug rat hole with 15 sacks. Plug mouse hole with 10 sacks. Job complete @ 11:30 on 11-15-06 by Quality Cement (tkr #1163)

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