

CONFIDENTIAL

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form ACO-1  
September 1999  
Form Must Be Typed

WELL COMPLETION FORM  
WELL HISTORY - DESCRIPTION OF WELL & LEASE

ORIGINAL

CONFIDENTIAL

Operator: License # 30742  
Name: Palomino Petroleum, Inc.  
Address: 4924 SE 84th St.  
City/State/Zip: Newton, Kansas 67114-8827  
Purchaser: NCRA  
Operator Contact Person: Klee R. Watchous  
Phone: ( 316 ) 799-1000  
Contractor: Name: Pickrell Drilling Company, Inc.  
License: 5123  
Wellsite Geologist: Robert A. Schreiber

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Designate Type of Completion:

- New Well  Re-Entry  Workover
- Oil  SWD  SIOW  Temp. Abd.
- Gas  ENHR  SIGW
- Dry  Other (Core, WSW, Expl., Cathodic, etc)

If Workover/Re-entry: Old Well Info as follows:

Operator: \_\_\_\_\_  
Well Name: \_\_\_\_\_  
Original Comp. Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_  
 Deepening  Re-perf.  Conv. to Enhr./SWD  
 Plug Back \_\_\_\_\_ Plug Back Total Depth \_\_\_\_\_  
 Commingled \_\_\_\_\_ Docket No. \_\_\_\_\_  
 Dual Completion \_\_\_\_\_ Docket No. \_\_\_\_\_  
 Other (SWD or Enhr.?) \_\_\_\_\_ Docket No. \_\_\_\_\_

8/24/04	9/2/04	9/22/04
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24297 00-00  
County: Ness  
\_\_\_\_\_W/2 - E/2 - NW Sec. 10 Twp. 18 S. R. 24  East  West  
1210 feet from S (N) (circle one) Line of Section  
1600 feet from E (W) (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE SE (NW) SW  
Lease Name: Lawrence Schuler Well #: 3

Field Name: Swell NE  
Producing Formation: Cherokee Sand  
Elevation: Ground: 2320 Kelly Bushing: 2325  
Total Depth: 4433 Plug Back Total Depth: \_\_\_\_\_  
Amount of Surface Pipe Set and Cemented at 229 Feet  
Multiple Stage Cementing Collar Used?  Yes  No  
If yes, show depth set 1566 Feet  
If Alternate II completion, cement circulated from 1566  
feet depth to surface w/ 150 sx cmt.  
ALT II WTM 11-29-06

**Drilling Fluid Management Plan**  
(Data must be collected from the Reserve Pit)  
Chloride content \_\_\_\_\_ ppm Fluid volume \_\_\_\_\_ bbls  
Dewatering method used \_\_\_\_\_  
Location of fluid disposal if hauled offsite: \_\_\_\_\_  
Operator Name: \_\_\_\_\_  
Lease Name: \_\_\_\_\_ License No.: \_\_\_\_\_  
Quarter \_\_\_\_\_ Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  East  West  
County: \_\_\_\_\_ Docket No.: \_\_\_\_\_

**INSTRUCTIONS:** An original and two copies of this form shall be filed with the Kansas Corporation Commission, 130 S. Market - Room 2078, Wichita, Kansas 67202, within 120 days of the spud date, recompletion, workover or conversion of a well. Rule 82-3-130, 82-3-106 and 82-3-107 apply. Information of side two of this form will be held confidential for a period of 12 months if requested in writing and submitted with the form (see rule 82-3-107 for confidentiality in excess of 12 months). One copy of all wireline logs and geologist well report shall be attached with this form. ALL CEMENTING TICKETS MUST BE ATTACHED. Submit CP-4 form with all plugged wells. Submit CP-111 form with all temporarily abandoned wells.

All requirements of the statutes, rules and regulations promulgated to regulate the oil and gas industry have been fully complied with and the statements herein are complete and correct to the best of my knowledge.

Signature: Klee R. Watchous  
Title: President Date: 12/21/04

Subscribed and sworn to before me this 21st day of December,  
2004.

Notary Public: Carla R. Penwell  
Carla R. Penwell

Date Commission Expires: October 6, 2005



**KCC Office Use ONLY**

- \_\_\_\_\_ Letter of Confidentiality Received
- \_\_\_\_\_ If Denied, Yes  Date: \_\_\_\_\_
- \_\_\_\_\_ Wireline Log Received
- \_\_\_\_\_ Geologist Report Received
- \_\_\_\_\_ UIC Distribution

Operator Name: Palomino Petroleum, Inc. Lease Name: Lawrence Schuler Well #: 3  
 Sec. 10 Twp. 18 S. R. 24  East  West County: Ness

**INSTRUCTIONS:** Show important tops and base of formations penetrated. Detail all cores. Report all final copies of drill stems tests giving interval tested, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static level, hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface test, along with final chart(s). Attach extra sheet if more space is needed. Attach copy of all Electric Wireline Logs surveyed. Attach final geological well site report.

Drill Stem Tests Taken  Yes  No  
 (Attach Additional Sheets)

Samples Sent to Geological Survey  Yes  No

Cores Taken  Yes  No

Electric Log Run  Yes  No  
 (Submit Copy)

List All E. Logs Run:

**Micro Log, Compensated Density Neutron Log,  
 Dual Induction Log,**

<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
Name	Top	Datum
Anhy.	1610	(+ 715)
Base Anhy.	1640	(+ 685)
Topeka	3402	(-1077)
Heebner	3695	(-1370)
LKC	3737	(-1412)
BKC	4028	(-1703)
Marmaton	4082	(-1757)

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CASING RECORD <input checked="" type="checkbox"/> New <input checked="" type="checkbox"/> Used <b>Continued on next page.</b>							
Report all strings set-conductor, surface, intermediate, production, etc.							
Purpose of String	Size Hole Drilled	Size Casing Set (In O.D.)	Weight Lbs. / Ft.	Setting Depth	Type of Cement	# Sacks Used	Type and Percent Additives
surface (used)	12 1/4"	8 5/8"	19#	229'	common	165	2% gel, 3% c.c.
production (new)		5 1/2"	14#	4323'	SMD	175	500 gal. mud, 20 bbls. KCl water

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
<input type="checkbox"/> Perforate				
<input type="checkbox"/> Protect Casing				
<input type="checkbox"/> Plug Back TD				
<input type="checkbox"/> Plug Off Zone				

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record (Amount and Kind of Material Used)	Depth
3	4362-4366	acidized 250 gal. 15% mud acid	

TUBING RECORD		Size	Set At	Packer At	Liner Run
		2 7/8"	4407		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr.			Producing Method		
9/27/04			<input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)		
Estimated Production Per 24 Hours	Oil Bbls.	Gas Mcf	Water Bbls.	Gas-Oil Ratio	Gravity
	100% 109		0% 0		

Disposition of Gas  Vented  Sold  Used on Lease (If vented, Submit ACO-18.)

METHOD OF COMPLETION  Open Hole  Perf.  Dually Comp.  Commingled

Production Interval  Other (Specify) \_\_\_\_\_

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LOG

TOP

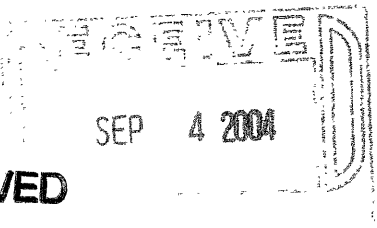
DATUM

Pawnee	4156	(-1831)
Ft. Scott	4240	(-1915)
Cherokee Sh.	4266	(-1941)
Cherokee Sd.	4320	(-1995)
Miss.	4375	(-2050)
Miss. Dolo.	4388	(-2063)
LTD	4436	(-2111)

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ALLIED CEMENTING CO., INC.  
 P.O. BOX 31  
 RUSSELL, KS 67665  
 PH (785) 483-3887  
 FAX (785) 483-5566  
 FEDERAL TAX ID# 48-0727860



\*\*\*\*\*  
 \* INVOICE \*  
 \*\*\*\*\*

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Invoice Number: 094303  
 Invoice Date: 08/31/04

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Sold Palomino Petroleum, Inc.  
 To: 4924 SE 84th St.  
 Newton, KS  
 67114-8827

Cust I.D.....: Palo  
 P.O. Number...: L.Schuler #3  
 P.O. Date.....: 08/31/04

Due Date.: 09/30/04  
 Terms.....: Net 30

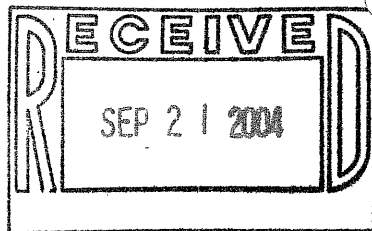
Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	165.00	SKS	7.8500	1295.25	T
Gel	3.00	SKS	11.0000	33.00	T
Chloride	5.00	SKS	33.0000	165.00	T
Handling	173.00	SKS	1.3500	233.55	E
Mileage min.chg.	1.00	MILE	150.0000	150.00	E
Surface	1.00	JOB	570.0000	570.00	E
Mileage pmp trk	7.00	MILE	4.0000	28.00	E
TWP	1.00	EACH	55.0000	55.00	T

All Prices Are Net, Payable 30 Days Following  
 Date of Invoice. 1 1/2% Charged Thereafter.  
 If Account CURRENT take Discount of \$252.98  
 ONLY if paid within 30 days from Invoice Date

Subtotal:	2529.80
Tax.....:	82.06
Payments:	0.00
Total....:	2611.86



**SWIFT SERVICES, INC.**  
 PO BOX 466  
 NESS CITY, 67560-0466



**Invoice**

DATE	INVOICE #
9/2/2004	7147

**KCC**

DEC 21 2004

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BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827

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TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	#3	Lawrence Sc...	Ness	Pickrell Drilling	Oil	Development	Wayne	5-1/2" Longst...
PRICE REFERE...	DESCRIPTION				QTY	UNIT PRICE	AMOUNT	
575D	Milage				10	2.50	25.00	
578D	Pump Service				1	1,200.00	1,200.00	
221	Liquid KCL				2	19.00	38.00T	
281	Mud Flush				500	0.60	300.00T	
193	Rotating Head				1	150.00	150.00T	
402-5	5 1/2" Centralizers				9	44.00	396.00T	
403-5	5 1/2" Cement Basket				3	125.00	375.00T	
404-5	5 1/2" Port Collar - (Top Joint #68)				1	1,500.00	1,500.00T	
406-5	5 1/2" Latch Down Plug & Baffle				1	200.00	200.00T	
407-5	5 1/2" Insert Float Shoe with Auto Fill				1	230.00	230.00T	
330	Swift Multi-Density				175	10.00	1,750.00T	
276	Flocele				44	0.90	39.60T	
581D	Service Charge Cement				175	1.00	175.00	
582D	Minimum Drayage Charge				1	100.00	100.00	
	Subtotal						6,478.60	
	Sales Tax					5.30%	263.87	
<b>Thank you for your business.</b>						<b>Total</b>	<b>\$6,742.47</b>	



CHARGE TO: **PALOMEJO PETROLEUM**  
 ADDRESS:  
 CITY, STATE, ZIP CODE:

TICKET No 7147  
 PAGE 1 OF 2

SERVICE LOCATIONS: 1. **NESS CITY, KS**  
 WELL/PROJECT NO.: **3**  
 LEASE: **LAWRENCE SCHULER**  
 COUNTY/PARISH: **NESS**  
 STATE: **KS**  
 CITY:  
 DATE: **9-2-04**  
 OWNER: **SAME**  
 TICKET TYPE:  SERVICE  SALES  
 CONTRACTOR: **PIZZELL DRILLING**  
 RIG NAME/NO.:  
 SHIPPED VIA: **CT**  
 DELIVERED TO: **LOCATION**  
 ORDER NO.:  
 WELL TYPE: **OR**  
 WELL CATEGORY: **DEVELOPMENT**  
 JOB PURPOSE: **5 1/2" LOGGING**  
 WELL PERMIT NO.:  
 WELL LOCATION: **NESS CITY, KS - 2W, 3' W, 1/2 W, E W**  
 REFERRAL LOCATION:  
 INVOICE INSTRUCTIONS:

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT
		LOC	ACCT	DF							
575		1			MILEAGE #104	10	ME			2.50	25.00
578		1			PUMP SERVICE	1	JOB	4423	FT	1200.00	1200.00
221		1			LEADS KCL	2	GA			19.00	38.00
281		1			MUDFLUSH	500	GA			.60	300.00
193		1			ROTATING HEAD	1	JOB			150.00	150.00
402		1			CENTRALIZERS	9	SA	5 1/2"		44.00	396.00
403		1			CONCAT BASKETS	3	SA			125.00	375.00
404		1			PORT COLLAR	1	SA	1566	FT	1500.00	1500.00
406		1			LATCH DOWN PLUG - RAFFLE	1	SA			200.00	200.00
407		1			INSERT FLOAT SHADE w/ FALUP	1	SA			230.00	230.00

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**LEGAL TERMS:** Customer hereby acknowledges and agrees to the terms and conditions on the reverse side hereof which include, but are not limited to, **PAYMENT, RELEASE, INDEMNITY, and LIMITED WARRANTY** provisions.

MUST BE SIGNED BY CUSTOMER OR CUSTOMER'S AGENT PRIOR TO START OF WORK OR DELIVERY OF GOODS

X  
 DATE SIGNED: **9-2-04**  
 TIME SIGNED: **1800**  
 A.M.  
 P.M.

REMIT PAYMENT TO:  
 SWIFT SERVICES, INC.  
 P.O. BOX 466  
 NESS CITY, KS 67560  
 785-798-2300

SURVEY	AGREE	UN-DECIDED	DIS-AGREE	PAGE TOTAL	
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				#1	4414.00
WE UNDERSTOOD AND MET YOUR NEEDS?				#2	2064.60
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				subtotal	6478.60
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				TAX	263.87
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	6742.47
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND					

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES: The customer hereby acknowledges receipt of the materials and services listed on this ticket.

SWIFT OPERATOR  
*Wayne Wasen*

APPROVAL  
*Mark Shredle*

Thank You!





**JOB LOG**

**SWIFT Services, Inc.**

DATE 9-2-04 PAGE NO. 1

CUSTOMER PALOMINO PETROLEUM WELL NO. 3 LEASE LAWRENCE SCHWEL JOB TYPE 5 1/2" LONGSTRONG TICKET NO. 7147

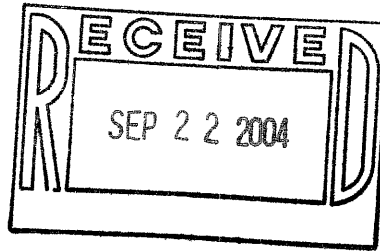
CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1730							ON LOCATION
	1830							START 5 1/2" CASING IN WELL
								TD - 4436 SITE 4423
								TD - 4423 5 1/2" # 14
								ST - 16.85
								CENTRALIZERS - 1, 2, 3, 6, 9, 12, 15, 18, 67
								CMT BSKTS - 2, 4, 68
								PORT COLLAR @ 1566' TOPST # 68
	2020							DROP BALL - CALCULATE ROTATE
	2050	6	12		✓		450	PUMP 12 BBLs MUDFLUSH "
	2052	6	20		✓		450	PUMP 20 BBLs KCL-FLUSH "
	2057		4					PLUG RH
	2100	6	37		✓		400	MIX CEMENT - 100 SKS @ 12.7 PPG "
			21		✓		350	75 SKS @ 14.0 PPG "
	2111							WASH OUT PUMP - LINES
	2112							RELEASE LATCH DOWN PLUG
	2114	7	0		✓			DISPLACE PLUG
		6 1/2	97				650	SHUT OFF ROTATE
	2130		107.5				1750	PLUG DOWN - PSE UP LATCH 2ND PLUG
	2132						OK	RELEASE PSE - HEEL
								WASH-UP
	2230							JOB COMPLETE THANK YOU WARRIE DUSTY, SHAVE

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**SWIFT SERVICES, INC.**

PO BOX 466

NESS CITY, 67560-0466



**Invoice**

DATE	INVOICE #
9/17/2004	7237

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827

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DEC 21 2004  
**CONFIDENTIAL**

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	#3	Lawrence Sc...	Ness	D S & W	Oil	Development	Wayne	Cement Port ...

PRICE REFERE...	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
575D	Milage	10	2.50	25.00
577D	Pump Service	1	750.00	750.00
105	Port Collar Tool Rental with man	1	400.00	400.00T
330	Swift Multi-Density	150	10.00	1,500.00T
276	Flocele	44	0.90	39.60T
581D	Service Charge Cement	175	1.00	175.00
582D	Minimum Drayage Charge	1	100.00	100.00
	Subtotal			2,989.60
	Sales Tax		5.30%	102.80

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**KCC WICHITA**

**Thank you for your business.**

**Total** \$3,092.40



CHARGE TO:  
**PALOMEDO PETROLEUM**  
 ADDRESS  
 CITY, STATE, ZIP CODE

TICKET  
 No 7237

PAGE 1 OF 1

SERVICE LOCATIONS 1. <b>NESS CITY, KS</b>	WELL/PROJECT NO. <b>3</b>	LEASE <b>LAWRENCE SCHULER</b>	COUNTY/PARISH <b>NESS</b>	STATE <b>KS</b>	CITY	DATE <b>9-17-04</b>	OWNER <b>SAME</b>
2.	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR <b>DS-W</b>	RIG NAME/NO.	SHIPPED VIA <b>CT</b>	DELIVERED TO <b>LOCATION</b>	ORDER NO.	
3.	WELL TYPE <b>OTZ</b>	WELL CATEGORY <b>DEVELOPMENT</b>	JOB PURPOSE <b>CEMENT FOOT COLLAR</b>	WELL PERMIT NO.	WELL LOCATION <b>NESS CITY, KS - 2W, 3'NW, 1'NW, E-W</b>		
4.	REFERRAL LOCATION	INVOICE INSTRUCTIONS					

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT
		LOC	ACCT	DF							
575		1			MILEAGE # 104		10	MC		250	2500
577		1			PUMP SERVICE		1	SOB		750.00	750.00
105		1			FOOT COLLAR CEMENT TOOL		1	JOB		400.00	400.00
330		1			SWIFT MULTI-DENSITY STANDARDS		150	STD		10.00	1500.00
276		1			FLOCCLE		44	LB		.90	39.60
581		1			SERVICE CHARGE CEMENT		175	SOB		1.00	175.00
582		1			MINIMUM DRAINAGE		17384	LB	86.92	1.00	100.00

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MUST BE SIGNED BY CUSTOMER OR CUSTOMER'S AGENT PRIOR TO START OF WORK OR DELIVERY OF GOODS.

*[Signature]*  
 DATE SIGNED **9-17-04** TIME SIGNED **1000**  A.M.  P.M.

REMIT PAYMENT TO:  
 SWIFT SERVICES, INC.  
 P.O. BOX 466  
 NESS CITY, KS 67560  
 785-798-2300

SURVEY	AGREE	UN-DECIDED	DIS-AGREE	PAGE TOTAL	
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?					2989.60
WE UNDERSTOOD AND MET YOUR NEEDS?					
OUR SERVICE WAS PERFORMED WITHOUT DELAY?					
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				TAX	102.80
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	3092.40
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND					

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES The customer hereby acknowledges receipt of the materials and services listed on this ticket.

OPERATOR  
*WAVE WASON*

APPROVAL

Thank You!

