

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

CONFIDENTIAL

CONFIDENTIAL

ORIGINAL

Operator: License # 30742  
Name: Palomino Petroleum, Inc.  
Address: 4924 SE 84th St.  
City/State/Zip: Newton, KS 67114-8827  
Purchaser: NCRA  
Operator Contact Person: Klee R. Watchous  
Phone: (316) 799-1000  
Contractor: Name: Shields Oil Producers, Inc.  
License: 5184  
Wellsite Geologist: Robert A. Schreiber

RECEIVED

APR 01 2004

KCC WICHITA

KCC

MAR 31 2004

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

CONFIDENTIAL

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. \_\_\_\_\_

12/17/03	1/2/04	1/23/04
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24254-00-00  
County: Ness  
\_\_\_\_ E/2 - SE - NW Sec. 10 Twp. 18 S. R. 24  East  West  
1890 feet from S N (circle one) Line of Section  
2310 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 #: 2  
Field Name: Swell NE  
Producing Formation: Cherokee Sand  
Elevation: Ground: 2315 Kelly Bushing: 2320  
Total Depth: 4882 Plug Back Total Depth: \_\_\_\_\_  
Amount of Surface Pipe Set and Cemented at 218 Feet  
Multiple Stage Cementing Collar Used?  Yes  No  
If yes, show depth set 1574 Feet  
If Alternate II completion, cement circulated from 1574  
feet depth to Surface w/ 165 sx cmt.

**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: 3/31/04

Subscribed and sworn to before me this 31st day of March,  
20 04.

Notary Public: Carla R. Penwell  
Carla R. Penwell

Date Commission Expires: October 6, 2005



**KCC Office Use ONLY**  
yes Letter of Confidentiality Attached  
If Denied, Yes  Date: \_\_\_\_\_  
 Wireline Log Received  
 Geologist Report Received  
 UIC Distribution

✓

X

**CONFIDENTIAL**

Side Two

**ORIGINAL**

Operator Name: Palomino Petroleum, Inc. Lease Name: Lawrence Schuler Well #: 2  
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:

Dual Receiver Cement Bond Log  
Sonic Log

**KCC**  
MAR 31 2004

**CONFIDENTIAL**

Log Formation (Top), Depth and Datum  Sample

Name	Top	Datum
Anhy.	1605	(+ 715)
Base Anhy.	1637	(+ 683)
Topeka	3396	(+1076)
Heebner	3689	(-1369)
LKC	3733	(-1413)
BKC	4029	(-1709)
Marmaton	4079	(-1759)

CASING RECORD <input checked="" type="checkbox"/> New <input 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	12 1/4"	8 5/8"	20#	218'	60-40 pozmix	160	2% gel, 3% c.c.
Production		5 1/2"	14#	4855'	SMD cement	210	500 gal. mud flush
							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	4332-4337	<b>RECEIVED</b> <b>APR 01 2004</b> <b>KCC WICHITA</b>	

TUBING RECORD		Size	Set At	Packer At	Liner Run		
		2 7/8"	4373		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Date of First, Resumerd Production, SWD or Enhr. 1/24/04			Producing Method <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%	116			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) \_\_\_\_\_

**CONFIDENTIAL**

**ORIGINAL**

<b>LOG TOPS</b>	<b>TOP</b>	<b>DATUM</b>
Pawnee	4145	(-1825)
Ft. Scott	4234	(-1914)
Cherokee Sh.	4257	(-1937)
Cherokee Sd.	4306	(-1986)
Miss.	4344	(-2024)
Miss. Kind.	4542	(-2222)
Viola	4653	(-2333)
Arbuckle	4801	(-2481)
LTD	4880	(-2560)

**KCC**  
**MAR 31 2004**  
**CONFIDENTIAL**

**RECEIVED**  
**APR 01 2004**  
**KCC WICHITA**

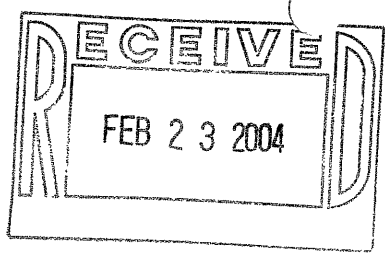
CONFIDENTIAL

ORIGINAL

# SWIFT SERVICES, INC.

PO BOX 466

NESS CITY, 67560-0466



## Invoice

DATE	INVOICE #
1/6/04	6293

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

RECEIVED  
APR 01 2004  
KCC WICHITA

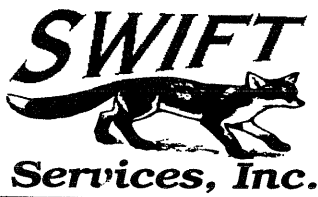
100  
1111 0114  
CONFIDENTIAL

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	# 2	Lawrence Sch...	Ness	DS&W	Oil	Development	Wayne	Cement top st...

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 Opening Tool	1	400.00	400.00T
330	Swift Multi-Density	165	9.75	1,608.75T
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			3,098.35
	Sales Tax		5.30%	108.56

Thank you for your business.

**Total** \$3,206.91



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

**RECEIVED**  
**APR 01 2004**  
**KCC WICHITA**

TICKET No. **6293**

PAGE **1** OF **1**

**ORIGINAL**

WELL/PROJECT NO. <b>#2</b>	LEASE <b>LAWRICE SCHULER</b>	COUNTY/PARISH <b>NESS</b>	STATE <b>Ks</b>	CITY	DATE <b>1-6-04</b>	OWNER <b>SAME</b>
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>LOCARD</b>	ORDER NO.	
WELL TYPE <b>OTZ</b>	WELL CATEGORY <b>DEVELOPMENT</b>	JOB PURPOSE <b>CSMCT TOP STAGE</b>	WELL PERMIT NO.	WELL LOCATION <b>NESS COE, KS - 22, 4W, 1/2W, ES</b>		
INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT
		LOC	ACCT	DF							
575		1			MILEAGE # 104	10	MI			250	25000
577		1			PUMP SERVICE	1	JOB			75000	75000
105		1			PORT COLLAR OPENING TOOL	1	JOB			40000	40000
330	<b>KCC</b> <b>MAR 31 2004</b> <b>CONFIDENTIAL</b>	1			SWIFT MULTI-DENSITY STANDARDS	165	SD			975	160875
276		1			FLOCLE	44	URS			90	3960
581		1			SERVICE CHARGE COMPT	175	SD			100	17500
582		1			MINIMUM DRAINAGE CHARGE	17384	URS	86.92	M	10000	10000

**CONFIDENTIAL**

**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

DATE SIGNED **1-6-04** TIME SIGNED **1330**  A.M.  P.M.

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

<b>SURVEY</b>	AGREE	UN-DECIDED	DIS-AGREE	<b>PAGE TOTAL</b>	<b>309835</b>
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?					
WE UNDERSTOOD AND MET YOUR NEEDS?					
OUR SERVICE WAS PERFORMED WITHOUT DELAY?					
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				<b>TAX</b>	<b>10856</b>
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				<b>TOTAL</b>	<b>320691</b>
<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 Wilson**

APPROVAL  
 Thank You!

CUSTOMER Palomares Petroleum

WELL NO. #2

LEASE LAWRENCE SCHULER

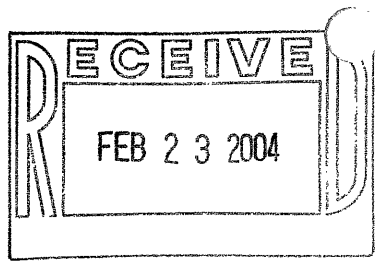
JOB TYPE CSMT TOP STAGE

TICKET NO. 6293

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL)(GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1330							ON LOCATION KCC MAR 31 2004 2 3/8 x 5 1/2 PORT COLLAR 1574' CONFIDENTIAL
	1405				✓		1000	PSE TEST CASING
	1410	3		✓		400	✱	OPST PORT COLLAR - 2 1/2 RATE
	1415	4 1/2	92	✓		600		MAX CSMT - 165 SEC 8MDC
	1435	3	5	✓		500		DISPLACE CSMT CORRELATED 10 SEC CSMT TO PBT
	1445			✓		1000		CLOSE PORT COLLAR - PSE TEST - HEAD
	1453	3 1/2	20		✓		600	RUN 3 JTS - CORRELATE CLEAN - PULL DOWN WASH UP
	1600							JOBS COMPLETE
								THANK YOU WANK, DUSTY, SHANE
								RECEIVED APR 01 2004 KCC WICHITA

**CONFIDENTIAL**  
**SWIFT SERVICES, INC.**

PO BOX 466  
 NESS CITY, 67560-0466



**ORIGINAL**  
**Invoice**

DATE	INVOICE #
1/2/04	6291

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

RECEIVED  
 APR 01 2004  
 KCC WICHITA

KCC  
 MAR 31 2004  
 CONFIDENTIAL

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	2	Lawrence Sch...	Ness	Shields Drilling	Oil	Development	Wayne	5 1/2" Longst...

PRICE REFERENCE...	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
400-5	5 1/2" Guide Shoe	1	100.00	100.00T
401-5	5 1/2" Insert Float with Auto Fill	1	125.00	125.00T
402-5	5 1/2" Centralizers	12	44.00	528.00T
403-5	5 1/2" Cement Basket	4	125.00	500.00T
404-5	5 1/2" Port Collar	1	1,500.00	1,500.00T
410-5	Top Plug	1	50.00	50.00T
193	Rotating Head	1	150.00	150.00T
330	Swift Multi-Density	225	9.75	2,193.75T
276	Flocele	56	0.90	50.40T
285	CFR-1	106	2.75	291.50T
581D	Service Charge Cement	225	1.00	225.00
582D	Minimum Drayage Charge	1	100.00	100.00
	Subtotal			7,376.65
	Sales Tax		5.30%	308.81

**Thank you for your business.**

**Total** \$7,685.46

ORIGINAL



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

RECEIVED  
 APR 01 2004  
 KCC WICHITA

TICKET No 6291

PAGE 1 OF 2

SERVICE LOCATIONS NESS CITY, KS	WELL/PROJECT NO. 2	LEASE LAURENCE SCHUEER	COUNTY/PARISH NESS	STATE KS	CITY	DATE 1-2-04	OWNER SAME
TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR SHEENS DRILLING		RIG NAME/NO.	SHIPPED VIA CT	DELIVERED TO LOCATION	ORDER NO.	
WELL TYPE OIL	WELL CATEGORY DEVELOPMENT	JOB PURPOSE 5 1/2" LOGGING		WELL PERMIT NO.	WELL LOCATION NESS CITY, KS - 2W, 3'hw, 1/2w, KS		
REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UNIT PRICE		AMOUNT
		LOC	ACCT	DF		QTY.	U/M	QTY.	U/M	
575	KCC MAR 31 2004 CONFIDENTIAL	1			MILEAGE # 104	10	MC		2.50	25.00
578		1			PUMP SERVICE	1	JOB	4855	FT	1200.00
221		1			LIGNED WCL	2	GA		19.00	38.00
281		1			MUD PULP	500	GA		.60	300.00
400		1			GUIDE SHOE	1	GA	5 1/2"	100.00	100.00
401		1			INSERT FLAT W/ FALUP	1	GA		125.00	125.00
402		1			CENTRACERS	12	GA		44.00	528.00
403		1			CEMENT BASKETS	4	GA		125.00	500.00
404		1			PORT COAR TOP JT # 64	1	GA	1574	FT	1500.00
410		1			TOP PLUG	1	GA		50.00	50.00
193	1			ROTATING HEAD	1	JOB		150.00	150.00	

CONFIDENTIAL

**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 *Rick Sheer*  
 DATE SIGNED 1-2-04 TIME SIGNED 1430  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	AMOUNT
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				#1	4516.00
WE UNDERSTOOD AND MET YOUR NEEDS?				#2	2860.65
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				TAX	7376.65
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?					308.81
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	7685.46
<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  
*Wade Wason*

APPROVAL

Thank You!





CUSTOMER PALOMINO PERDIEM WELL NO. 2 LEASE LAWRENCE SCHULER JOB TYPE 5 1/2" ROADSIDE TICKET NO. 6291

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1400							ON LOCATION <b>KCC</b>
	1545							MAR 31 2004 START 5 1/2" CASING 21 WELL <b>CONFIDENTIAL</b>
								TD- 4882 SITE 4855 TP - 4855 5 1/2- 14" / FT ST- 19.71 CENTRALS - 1, 2-1, 2-4, 2-8, 2-14, 2-16, 4, 8, 12, 15, 63, 78 OBT BKTS - 2-2, 2-17, 64, 79 PORT COLLAR = 1574' TOP JT" 64
	1800							DROP BALL- CIRCULATE WELL ROTATE
	1835	6	12		✓		450	PUMP 500 GAL MUDFLUSH "
	1837	6	20		✓		450	PUMP 20 BBS KCL- FLUSH "
	1842							PLUG RH-MH (25 SKS)
	1847	6	33		✓		350	MAX COMPT 75 SKS = 12.0 PP6 "
			35		✓		300	125 SKS = 14.0 PP6
	1900							WASH OUT PUMP- LINES
	1903							RELEASE TOP PLUG
	1905	6 1/2	0		✓			REPLACE PLUG "
		6 1/2	108				800	SHUT OFF ROTATE
	1925	6	118				1250	PLUG DOWN <b>RECEIVED</b>
	1928						OK	RELEASE PSE- HEAD <b>APR 01 2004</b>
								WASH UP <b>KCC WICHITA</b>
	2030							JOB COMPLETE <b>THANK YOU</b> WAKE DUSTY, SHAKE