

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: 12-18-06 (Date)
by: David Wann (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 - 065-23260-00-00
Lease Name: Nelson-Thurlow
Well Number: 1
Spot Location (QQQQ): 70'S-160'E - S/2 - N/2 - SW
1580 Feet from North / South Section Line
1480 Feet from East / West Section Line
Sec. 33 Twp. 6 S. R. 22 East West
County: Graham
Date Well Completed: D & A
Plugging Commenced: 12-19-06
Plugging Completed: 12-19-06

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 225 sacks of 60/40 Poz, 6% gel, 1/4# floesal per sack.
1st plug @ 3900' with 25 sacks. 2nd plug @ 1975' with 25 sacks. 3rd plug @ 1200' with 100 sacks.
4th plug @ 260' with 40 sacks. 5th plug @ 40' with 10 sacks to surface. Plug mouse hole with 10 sacks. Plug rat hole with 15 sacks.
Job complete @ 4:00 pm on 12-19-06 by Allied Cementing (tkr #26092)

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 22 day of December, 20 06
Renee Kasselmann My Commission Expires: 07-15-09
Notary Public

RECEIVED - KANSAS CORPORATION COMMISSION

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

DEC 22 2006

CONSERVATION DIVISION
WICHITA, KS

PT

FRI - TUE →

SOUTHWIND DRILLING, INC. PLUGGING ORDERS AND REPORTS
PALOMINO PETROLEUM

Lease: NELSON-THURLOW #1

Plugging received from: DAVE Wann Date: 12-18-06 Time: 8:30 AM

1st Plug @ 3900 FT. 25 SX Stands: 63

2nd Plug @ 1975 FT. 25 SX Stands: 32

3rd Plug @ 1200 FT. 100 SX Stands: 19 1/2

4th Plug @ 260 FT. 40 SX Stands: 4

5th Plug @ 40 FT. ^{wiper plus} 10 SX Stands: 1

Mousehole 10 SX

Rathole 15 SX

Total Cement used: 225 SX

Type of cement: 60/40 POZ 690 Gel 1/4" flo seal per SX

Plug down at 4:00 PM 12-19-06 by Allied ticket # 26092

Call State When Completed:

Name HERB DEINES Date: 12-20-06 Time: 8:00 AM

70'S ± 160' E of S/2 - N/2 - SW SEC, 33 Twp. 6 R. 22 Graham, Co.

API # 15-065-23260

ELEV = 2302 GL 2312 KB

ANHYDRITE = 1972-2005

RTD = 3995 FORMATION @ TD Arbuckle

TOP ARBUCKLE = 3920

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ALLIED CEMENTING CO., INC.

26092

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

SERVICE POINT:

Russell

DATE <u>12-19-06</u>	SEC. <u>33</u>	TWP. <u>6</u>	RANGE <u>22</u>	CALLED OUT	ON LOCATION <u>12:30pm</u>	JOB START <u>1:52pm</u>	JOB FINISH <u>4:02pm</u>
LEASE <u>Melson</u>	WELL # <u>1</u>	LOCATION <u>Hilary 2 Sp 3w 44c</u>		COUNTY <u>Graham</u>		STATE <u>KS</u>	
<input checked="" type="radio"/> OLD OR NEW (Circle one)				EITD			

CONTRACTOR Southwest Drilling #1
 TYPE OF JOB Dry Hole Plug
 HOLE SIZE _____ T.D. 3995
 CASING SIZE _____ DEPTH _____
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE _____ DEPTH _____
 TOOL _____ DEPTH _____
 PRES. MAX _____ MINIMUM _____
 MEAS. LINE _____ SHOE JOINT _____
 CEMENT LEFT IN CSG. _____
 PERFS. _____
 DISPLACEMENT _____

OWNER _____
 CEMENT AMOUNT ORDERED 225 60/40 64 64 #14-70
 COMMON _____ @ _____
 POZMIX _____ @ _____
 GEL _____ @ _____
 CHLORIDE _____ @ _____
 ASC _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 HANDLING _____ @ _____
 MILEAGE _____ @ _____
 TOTAL _____

EQUIPMENT

PUMP TRUCK CEMENTER Craig
 # 409 HELPER Alison
 BULK TRUCK DRIVER Branon
 # 345
 BULK TRUCK DRIVER _____
 # _____

REMARKS:

250 3900
250 1900
1000 1200
400 200
100 40
Washhole 105X
Rathole 155X
THANKS!

CHARGE TO: Palomino Petroleum
 STREET _____
 CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB _____
 PUMP TRUCK CHARGE _____
 EXTRA FOOTAGE _____ @ _____
 MILEAGE _____ @ _____
 MANIFOLD _____ @ _____
 _____ @ _____
 _____ @ _____
 TOTAL _____

PLUG & FLOAT EQUIPMENT

1 8 7/8 wooden Dry Hole Plug
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 TOTAL _____

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.

GODD!
 SOB!
 SIGNATURE Doug Roberts

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

DOUG ROBERTS
 PRINTED NAME

SOUTHWIND DRILLING, INC.
RIG #1

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

DRILLING REPORT

Nelson-Thurlow #1

Location: 1580' FSL & 1480' FWL
API#: 15-065-23260-00-00

Section 33-6S-22W
Graham County, Kansas

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

COMMENCED: 12-11-06
COMPLETED: 12-19-06

TOTAL DEPTH: Driller: 3995'
Logger: 3995'

Ground Elevation: 2302'
KB Elevation: 2312'

LOG:

0'	-	227'	Sand/Lome
227'	-	727'	Shale
727'	-	1972'	Sand/Shale
1972'	-	2005'	Anhydrite
2005'	-	3995'	Shale
		3995'	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 @ 12.00 am on 12-12-06 by Allied Cementing (tk #24478).

Production casing – 5 1/2"

None- plugged the well

DEVIATION SURVEYS

3/4 degree (s)	@	227'
0 degree (s)	@	3620'

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WICHITA, KS

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		Nelson-Thurlow #1	
Rig #1 Phone Numbers				LOCATION		1580' FSL & 1480' FWL Sec. 33-6S-22W Graham County, KS	
620-794-2075		Rig Cellular (Dog house)		Palomino Petroleum, Inc. 4924 SE 84 th Newton, KS 67114 316-799-1000			
620-794-2078		Geologist Trailer Cellular		ELEVATION			
620-617-7324		Tool Pusher Cellular		G.L. 2302'		K.B. 2312'	API# 15-065-23260-00-00
		Doug Roberts					

Driving Directions: From Hill City (Junction of Hwy 24 & Hwy 283): 8 miles North on Hwy 283, 3 miles East, ¼ mile North, East into.

Day 1 Date 12-11-06 Monday Survey @ 227' = ¾ degree

Moved Rig #1 on location

Spud @ 6:45 pm

Ran 2.25 hours drilling (.50 drill rat hole, 1.75 drill 12 ¼"). Down 21.75 hours (11.25 move/rig up, 1.00 connection, .50 CTCH, .25 survey, .25 trip, .50 run casing, .50 circulate, .50 cement, 7.00 wait on cement)

Mud properties: freshwater

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') = 1.75 hrs. - 227'

1" fuel = 34.50 gals.

Fuel usage: 151.00 gals (24" used 4") Start @ 28"

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 @ 12.00 am on 12-12-06 by Allied Cementing (tk#24478).

Day 2 Date 12-12-06 Tuesday

7:00 am - Waiting on cement @ 227'

Ran 16.75 hours drilling. Down 7.25 hours (1.50 wait on cement, .25 drill plug, .75 rig check, .50 rig repair, 1.00 jet, 2.75 connection, .50 lost circulation @ 1063')

Mud properties: freshwater

Daily Mud Cost = \$898.00. Mud Cost to Date = \$898.00

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

12 ¼" bit #1 (in @ 0' out @ 227') = 1.75 hrs. - 227'

7 7/8" bit #1 (in @ 227') = 16.75 hrs. - 1613'

Fuel usage: 264.25 gals (75" used 7") 24" + 58" delivered = 82"

Day 3 Date 12-13-06 Wednesday Anhydrite (1972'-2005')

7:00 am - Drilling @ 1840'

Ran 20.25 hours drilling. Down 3.75 hours (.75 rig check, 1.25 jet, 1.75 connection)

Mud properties: freshwater

Daily Mud Cost = \$0.00. Mud Cost to Date = \$898.00

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

12 ¼" bit #1 (in @ 0' out @ 227') = 1.75 hrs. - 227'

7 7/8" bit #1 (in @ 227') = 37.00 hrs. - 2641'

Fuel usage: 415.25 gals (64" used 11")

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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)	
Rig #1 Phone Numbers		Palomino Petroleum, Inc. 4924 SE 84 th Newton, KS 67114 316-799-1000	
620-794-2075	Rig Cellular (Dog house)		
620-794-2078	Geologist Trailer Cellular		
620-617-7324	Tool Pusher Cellular	Doug Roberts	
		ELEVATION	G.L. 2302' K.B. 2312' API# 15-065-23260-00-00

Driving Directions: From Hill City (Junction of Hwy 24 & Hwy 283): 8 miles North on Hwy 283, 3 miles East, ¼ mile North, East into.

Day 4 Date 12-14-06 Thursday

7:00 am – Drilling @ 2868'
Ran 20.25 hours drilling. Down 3.75 hours (1.00 rig check, .50 rig repair, .50 jet, 1.25 connection, .50 displace @ 3000')
Mud properties: wt. 8.9, vis. 50
Daily Mud Cost = \$3,373.71. Mud Cost to Date = \$4,271.71
Wt. on bit: 35,000 80 RPM, 800# pump pressure
12 ¼" bit #1 (in @ 0' out @ 227') = 1.75 hrs. - 227'
7 7/8" bit #1 (in @ 227') = 57.25 hrs. - 3141'
Fuel usage: 377.50 gals (54" used 10")

Day 5 Date 12-15-06 Friday Survey @ 3620' = 0 degrees

7:00 am – Drilling @ 3368'
Ran 12.00 hours drilling. Down 12.00 hours (.25 rig check, .50 rig repair, .25 jet, .75 connection, 1.25 CFS @ 3620', 2.25 CTCH, 5.75 trip, .25 survey, .75 DST #1)
Mud properties: wt. 9.1, vis. 46
Daily Mud Cost = \$728.56. Mud Cost to Date = \$5,000.27
Wt. on bit: 35,000 80 RPM, 800# pump pressure
12 ¼" bit #1 (in @ 0' out @ 227') = 1.75 hrs. - 227'
7 7/8" bit #1 (in @ 227') = 69.25 hrs. - 3393'
Fuel usage: 377.50 gals (44" used 10")

Day 6 Date 12-16-06 Saturday DST #1 (3571'-3620')
LKC "A" – "D" formation
Recovered 360' oil cut mud & water

DST #2 (3628' – 3645')
LKC "F" formation
Recovered 15' oil, & 300' mud cut oil

7:00 am – On bottom with DST #1 @ 3620'
Ran 4.00 hours drilling. Down 20.00 hours (2.00 CTCH, 1.50 CFS @ 3645', 13.25 trip, 1.25 DST #1, 2.00 DST #2)
Mud properties: wt. 9.2, vis. 52
Daily Mud Cost = \$863.59. Mud Cost to Date = \$5,863.86
Wt. on bit: 30,000 80 RPM, 800# pump pressure
12 ¼" bit #1 (in @ 0' out @ 227') = 1.75 hrs. - 227'
7 7/8" bit #1 (in @ 227') = 73.25 hrs. - 3445'
Fuel usage: 245.38 gals (37 1/2" used 6 1/2")

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Rig #1 Phone Numbers				LOCATION		1580' FSL & 1480' FWL Sec. 33-6S-22W Graham County, KS
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620-794-2078	Geologist Trailer Cellular			ELEVATION		
620-617-7324	Tool Pusher Cellular	Doug Roberts		G.L. 2302'	K.B. 2312'	API# 15-065-23260-00-00

Driving Directions: From Hill City (Junction of Hwy 24 & Hwy 283): 8 miles North on Hwy 283, 3 miles East, ¼ mile North, East into.

Day 7 Date 12-17-06 Sunday

7:00 am – Drilling @ 3672'

Ran 17.50 hours drilling. Down 6.50 hours (.75 rig check, 1.75 rig repair, .50 connection, 1.00 CFS @ 3715', 1.50 CFS @ 3760', 1.00 CFS @ 3820')

Mud properties: wt. 9.3, vis. 59

Daily Mud Cost = \$1,047.29. Mud Cost to Date = \$6,911.15

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

12 ¼" bit #1 (in @ 0' out @ 227') = 1.75 hrs. - 227'

7 7/8" bit #1 (in @ 227') = 90.75 hrs. - 3733'

Fuel usage: 415.25 gals (26 1/2" used 11")

Day 8 Date 12-18-06 Monday

RTD = 3995'

LTD = 3995'

7:00 am – Drilling @ 3960'

Ran 2.75 hours drilling. Down 21.25 hours (.50 rig check, 1.50 CFS @ 3995', 2.00 trip, 1.75 log, 15.50 wait on cementers)

Mud properties: wt. 9.3, vis. 59

Daily Mud Cost = \$1,075.68. **Total Mud Cost = \$7,986.83**

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

12 ¼" bit #1 (in @ 0' out @ 227') = 1.75 hrs. - 227'

7 7/8" bit #1 (in @ 227' out @ 3995') = 93.50 hrs. - 3768'

Fuel usage: 207.63 gals (21" used 5 ½")

Day 9 Date 12-19-06 Tuesday

7:00 am – Waiting on cementers to plug the well @ 3995'

Ran 0.00 hours drilling. Down 16.00 hours (6.00 wait on cementers, 3.00 plug, .50 jet, 6.50 tear down)

Fuel usage: 113.25 gals. (18" used 3")

Plug well with 225 sacks of 60/40 Poz, 6% gel, ¼# floreal per sack.

1st plug @ 3900' with 25 sacks. 2nd plug @ 1975' with 25 sacks. 3rd plug @ 1200' with 100 sacks.

4th plug @ 260' with 40 sacks. 5th plug @ 40' with 10 sacks to surface. Plug rat hole with 15 sacks. Plug mouse hole with 10 sacks. Job complete @ 4:00 pm on 12-19-06 by Allied Cementing (tk #26092).

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