

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

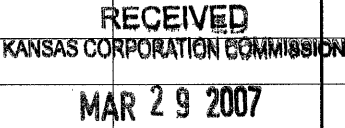
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WELL PLUGGING RECORD
K.A.R. 82-3-117

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: 03-22-07 (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 - 135-24618-00-00
 Lease Name: Nyle
 Well Number: 1
 Spot Location (QQQQ): 150'S - 120'E - SE-SW - NE
2460 Feet from North / South Section Line
1530 Feet from East / West Section Line
 Sec. 29 Twp. 17 S. R. 23 East West
 County: Ness
 Date Well Completed: D & A
 Plugging Commenced: 03-23-07
 Plugging Completed: 03-23-07

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'	223'	8 5/8" new 20#	211'	0'
						

Describe in detail the manner in which the wells 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 @ 1700' with 50 sacks. 2nd plug @ 950' with 80 sacks. 3rd plug @ 450' with 50 sacks.

4th plug @ 240' 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 @ 1:30 pm on 03-23-07 by Allied Cementing (tk #30140).

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 27 day of March, 20 07
Rene Kassel My Commission Expires: 7-15-09
 Notary Public

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

P107

SOUTHWIND DRILLING, INC. PLUGGING ORDERS AND REPORTS

PALOMINO PETROLEUM

Lease: Nyle #1

Plugging received from: Steve Pfeifer Date: 03-22-07 Time: 10:00 AM

1st Plug @ 1700 FT. 50 SX Stands: 28

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

3rd Plug @ 450 FT. 50 SX Stands: 7

4th Plug @ 240 FT. 50 SX Stands: 4

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

Mousehole 10 SX

Rathole 15 SX

Total Cement used: 275 SX

Type of cement: 60/40 P02 690 Gel 1/4" Floscal per SX

Plug down at 1:30 PM 03-23-07 by Allied Cementing Co.
Ticket # 30140

Call State When Completed:

Name Michelle Pennington Date: 03-23-07 Time: 4:00 PM

API# 15-135-24618

150' S & 120' E of SE-SW-NE Sec. 29 Twp 17S Range 23W
NESS COUNTY

3 5/8 Casings Set @ 223'

ELEVATION = 2353 GL

ANHYDRITE = 1655 to 1689

FORMATION @ TD 4500' MISSISSIPPI

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 29 2007

CONSERVATION DIVISION
WICHITA, KS

SOUTHWIND DRILLING, INC.
RIG #1

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

DRILLING REPORT

Nyle #1

Location: 2460' FNL & 1530' FEL
API#: 15-135-24618-00-00

Section 29-17S-23W
Ness County, Kansas

OWNER: _____ : Palomino Petroleum, Inc.
CONTRACTOR: Southwind Drilling, Inc. Rig #2

COMMENCED: 03-13-07
COMPLETED: 03-23-07

TOTAL DEPTH: Driller: 4500'
Logger: 4497'

Ground Elevation: 2353'
KB Elevation: 2363'

LOG:

0'	-	478'	Sand/Shale
478'	-	1131'	Shale
1131'	-	1655'	Sand/Shale
1655'	-	1690'	Anhydrite
1690'	-	4500'	Shale
		4500'	RTD

CASING RECORDS

Surface casing – 8 5/8"

Ran 5 joints of 20# new 8 65/8" surface casing. Tally @ 211'. Set @ 223'. Cement with 160 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 3:00 pm on 03-14-07 by Allied Cementing (tk #30129).

Production casing – 5 1/2"

None – plugged the well

DEVIATION SURVEYS

3/4 degree (s)	@	226'
1 degree (s)	@	4392'

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 29 2007

CONSERVATION DIVISION
WICHITA, KS

MORNING DRILLING REPORT			Fax to: Klee Watchous			
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991	WELL NAME	Nyle #1		
Rig #1 Phone Numbers			LOCATION	2460' FNL & 1530' FEL Sec. 29-17S-23W Ness 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	G.L. 2353'	K.B. 2563'	API# 15-135-24618-00-00
620-617-7324	Tool Pusher Cellular	Doug Roberts				

Driving Directions: From Ness City (Hwy. 96 & Hwy. 283): 4 miles North on Hwy 283, 1 mile East, 2 ½ miles North, West into.

Day 1 Date 03-13-07 Tuesday

Moved Rig #1 on location
Ran 0.25 hours drilling (.25 drill rat hole). Down 23.75 hours (move/rig up)

1" fuel = 37.75 gals.
Fuel usage: 75.50 gals (26" used 2") Start @ 28"

Day 2 Date 03-14-07 Wednesday Survey @ 226' = ¼ degree

Spud @ 7:30 am
7:00 am - Drilling the rat hole
Ran 6.75 hours drilling (.50 drill rat hole, 3.25 drill 12 ¼", 3.00 drill 7 7/8"). Down 17.25 hours (1.50 connection, .50 CTCH, .25 survey, .25 trip, 1.00 run casing, .25 circulate, .75 wait on cements, .50 cement, 8.00 wait on cement, 3.50 rig repair, .75 drill plug)

Mud properties: freshwater
Daily Mud Cost = \$1,981.64. Mud Cost to Date = \$1,981.64
Wt. on bit: 30,000, 80 RPM, 500# pump pressure
12 ¼" bit #1 (in @ 0' out @ 226') = 3.25 hrs. - 226'
7 7/8" bit #1 (in @ 226') = 3.00 hrs. - 252'

RECEIVED
KANSAS CORPORATION COMMISSION
MAR 29 2007

Fuel usage: 113.25 gals (76" used 3") 26" + 53" delivered = 79"

CONSERVATION DIVISION
WICHITA, KS

Ran 5 joints of 20# new 8 65/8" surface casing. Tally @ 211'. Set @ 223'. Cement with 160 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 3:00 pm on 03-14-07 by Allied Cementing (tkr #30129).

Day 3 Date 03-15-07 Thursday Anhydrite (1655'-1690')

7:00 am - Drilling @ 478'
Ran 19.25 hours drilling. Down 4.75 hours (1.00 rig check, .25 jet, 3.50 connection)

Mud properties: freshwater
Daily Mud Cost = \$0.00. Mud Cost to Date = \$1,981.64
Wt. on bit: 30,000, 80 RPM, 800# pump pressure
12 ¼" bit #1 (in @ 0' out @ 226') = 3.25 hrs. - 226'
7 7/8" bit #1 (in @ 226') = 22.25 hrs. - 1709'

Fuel usage: 151.00 gals (72" used 4")

MORNING DRILLING REPORT			Fax to: Klee Watchous			
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991	WELL NAME	Nyle #1		
Rig #1 Phone Numbers			LOCATION	2460' FNL & 1530' FEL Sec. 29-17S-23W Ness 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	G.L. 2353'	K.B. 2563'	API# 15-135-24618-00-00
620-617-7324	Tool Pusher Cellular	Doug Roberts				

Driving Directions: From Ness City (Hwy. 96 & Hwy. 283): 4 miles North on Hwy 283, 1 mile East, 2 ½ miles North, West into.

Day 4 Date 03-16-07 Friday

7:00 am – Drilling @ 1935'
 Ran 17.00 hours drilling. Down 7.00 hours (.75 rig check, 4.50 rig repair, 1.75 connection)
 Mud properties: freshwater
 Daily Mud Cost = \$0.00. Mud Cost to Date = \$1,981.64
 Wt. on bit: 35,000, 80 RPM, 800# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 226') = 3.25 hrs. - 226'
 7 7/8" bit #1 (in @ 226') = 39.25 hrs. - 2472'
 Fuel usage: 339.75 gals (63" used 9")

Day 5 Date 03-17-07 Saturday

7:00 am – Drilling @ 2698'
 Ran 21.50 hours drilling. Down 2.50 hours (.75 rig check, .25 rig repair, 1.50 connection)
 Mud properties: freshwater
 Daily Mud Cost = \$468.05. Mud Cost to Date = \$2,449.69
 Wt. on bit: 35,000, 80 RPM, 850# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 226') = 3.25 hrs. - 226'
 7 7/8" bit #1 (in @ 226') = 60.75 hrs. - 3121'
 Fuel usage: 415.25 gals (52" used 11")

Day 6 Date 03-18-07 Sunday

7:00 am – Drilling @ 3347'
 Ran 20.75 hours drilling. Down 3.25 hours (1.00 rig check, 1.00 rig repair, .25 jet, 1.00 connection)
 Mud properties: wt. 8.7, vis. 56
 Daily Mud Cost = \$2,238.58. Mud Cost to Date = \$5,188.27
 Wt. on bit: 35,000, 80 RPM, 850# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 226') = 3.25 hrs. - 226'
 7 7/8" bit #1 (in @ 226') = 81.50 hrs. - 3524''
 Fuel usage: 339.75 gals (43" used 9")

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 29 2007

CONSERVATION DIVISION
WICHITA, KS

MORNING DRILLING REPORT			Fax to: Klee Watchous			
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991	WELL NAME	Nyle #1		
Rig #1 Phone Numbers			LOCATION	2460' FNL & 1530' FEL Sec. 29-17S-23W Ness 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	G.L. 2353'	K.B. 2563'	API# 15-135-24618-00-00
620-617-7324	Tool Pusher Cellular	Doug Roberts				

Driving Directions: From Ness City (Hwy. 96 & Hwy. 283): 4 miles North on Hwy 283, 1 mile East, 2 ½ miles North, West into.

Day 7 Date 03-19-07 Monday

7:00 am – Drilling @ 3750'
 Ran 22.00 hours drilling. Down 2.00 hours (.75 rig check, .75 connection, .50 rig repair)
 Mud properties: wt. 9.2, vis. 50
 Daily Mud Cost = \$538.41. Mud Cost to Date = \$5,726.68
 Wt. on bit: 35,000, 80 RPM, 850# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 226') = 3.25 hrs. - 226'
 7 7/8" bit #1 (in @ 226') = 103.50 hrs. - 3874''

Fuel usage: 377.50 gals (59" used 10") 43" + 26" delivered = 69"

Day 8 Date 03-20-07 Tuesday

7:00 am – Drilling @ 4100'
 Ran 18.75 hours drilling. Down 5.25 hours (.75 rig check, .75 connection, 1.25 CFS @ 4388', 1.00 CFS @ 4392', .25 CTCH, 1.25 short trip)
 Mud properties: wt. 9.2, vis. 53
 Daily Mud Cost = \$401.76. Mud Cost to Date = \$6,128.44
 Wt. on bit: 35,000, 80 RPM, 850# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 226') = 3.25 hrs. - 226'
 7 7/8" bit #1 (in @ 226') = 122.25 hrs. - 4166'

Fuel usage: 377.50 gals (49" used 10")

Day 9 Date 03-21-07 Wednesday DST #1 (4323'-4392')
Cherokee Sand formation
Recovered 10' oily mud
Survey @ 4392' = 1 degree
Pipe strap = 1.28 short to the board

7:00 am – CTCH for DST #1 @ 4392'
 Ran 0.50 hours drilling. Down 23.50 hours (1.75 CTCH, .25 survey, 14.75 trip, 2.00 DST #1, 1.50 CFS @ 4402', 1.25 CFS @ 4412', 2.00 DST #2)
 Mud properties: wt. 9.4, vis. 48
 Daily Mud Cost = \$367.26. Mud Cost to Date = \$6,495.70
 Wt. on bit: 35,000, 80 RPM, 850# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 226') = 3.25 hrs. - 226'
 7 7/8" bit #1 (in @ 226') = 122.75 hrs. - 4186'

Fuel usage: 226.50 gals (43" used 6")

RECEIVED
 KANSAS CORPORATION COMMISSION
 MAR 29 2007
 CONSERVATION DIVISION
 WICHITA, KS

MORNING DRILLING REPORT			Fax to: Klee Watchous			
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991	WELL NAME	Nyle #1		
Rig #1 Phone Numbers			LOCATION	2460' FNL & 1530' FEL Sec. 29-17S-23W Ness 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	G.L. 2353'	K.B. 2563'	API# 15-135-24618-00-00
620-617-7324	Tool Pusher Cellular	Doug Roberts				

Driving Directions: From Ness City (Hwy. 96 & Hwy. 283): 4 miles North on Hwy 283, 1 mile East, 2 ½ miles North, West into.

Day	10	Date	03-22-07	Thursday	DST #2 (4323'-4412')
					<u>Conglomerate formation</u>
					<u>Recovered 540' oil cut mud</u>

RTD = 4500'
LTD = 4497'

7:00 am – On bottom with DST #2 @ 4412'
Ran 2.50 hours drilling. Down 21.50 hours (2.00 CTCH, 9.00 trip, 5.75 log, 1.00 rig repair, 3.75 lay down pipe)
Mud properties: wt. 9.4, vis. 48
Daily Mud Cost = \$0.00. **Total Mud Cost = \$6,495.70**
Wt. on bit: 35,000, 80 RPM, 850# pump pressure
12 ¼" bit #1 (in @ 0' out @ 226') = 3.25 hrs. - 226'
7 7/8" bit #1 (in @ 226' out @ 4500') = 125.25 hrs. - 4274'

Fuel usage: 151.00 gals (39" used 4")

Day	11	Date	03-23-07	Friday
-----	----	------	----------	--------

7:00 am – Waiting on cementers to plug the well @ 4500'
Ran 0.00 hours drilling. Down 16.00 hours (1.00 nipple down, 3.00 wait on cementers, 2.50 plug, 9.50 tear down)

Fuel usage: 113.25 gals. (36" used 3")

Plug well with 275 sacks of 60/40 Poz, 6% gel, ¼# floseal per sack.
1st plug @ 1700' with 50 sacks. 2nd plug @ 950' with 80 sacks. 3rd plug @ 450' with 50 sacks. 4th plug @ 240' 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 @ 1:30 pm on 03-23-07 by Allied Cementing (ttk# 30140).

RECEIVED
KANSAS CORPORATION COMMISSION
MAR 29 2007
CONSERVATION DIVISION
WICHITA, KS

ALLIED CEMENTING CO., INC.

30140

Federal Tax I.D.# XXXXXXXXXX

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

SERVICE POINT MO

DATE <u>3-23-07</u>	SEC <u>29</u>	TWP <u>19</u>	RANGE <u>23</u>	CALLED OUT <u>7 AM</u>	ON LOCATION <u>10 AM</u>	JOB START <u>9:30 PM</u>	JOB FINISH <u>2 PM</u>
LEASE <u>1/2</u>	WELL # <u>1</u>	LOCATION <u>Nuss City 7 1/2 E 15 N 15</u>			COUNTY <u>N 55</u>	STATE <u>K.S.</u>	
OLD OR NEW (Circle one)							

CONTRACTOR Southwind Rig #1

TYPE OF JOB Rotary Plug

HOLE SIZE _____ T.D. 11500 ft

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE 4 1/2 DEPTH 1700 ft

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER _____

CEMENT AMOUNT ORDERED 275 6/8 6 7/8 1 1/2

COMMON @ _____

POZMIX @ _____

GEL @ _____

CHLORIDE @ _____

ASC @ _____

EQUIPMENT

PUMP TRUCK CEMENTER Mike m.

120 HELPER Dwayne w.

BULK TRUCK # 160 DRIVER Steve T.

BULK TRUCK # _____ DRIVER _____

REMARKS:

50 ft 1700 ft

80 ft 750 ft

50 ft 4150 ft

50 ft 240 ft

20 ft 60 ft

15 ft 7 ft

10 ft 11 ft

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 29 2007

CONSERVATION DIVISION
WICHITA, KS

HANDLING @ _____

MILEAGE @ _____

TOTAL _____

SERVICE

DEPTH OF JOB 1700 ft

PUMP TRUCK CHARGE _____

EXTRA FOOTAGE @ _____

MILEAGE @ _____

MANIFOLD @ _____

@ _____

@ _____

CHARGE TO Palomino Rt.

STREET _____

CITY _____ STATE _____ ZIP _____

TOTAL _____

PLUG & FLOAT EQUIPMENT

@ _____

@ _____

@ _____

@ _____

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.

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE [Signature]

ROY WHEELER
PRINTED NAME

Thank you
CWO