

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: 05-08-07 (Date)  
by: Herb Deines (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)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

API Number: 15 - 009-25046-00-00  
Lease Name: Demel  
Well Number: 2  
Spot Location (QQQQ): 90'N - NE - SE - NE  
1560 Feet from  North /  South Section Line  
330 Feet from  East /  West Section Line  
Sec. 20 Twp. 16 S. R. 12  East  West  
County: Barton  
Date Well Completed: D & A  
Plugging Commenced: 05-09-07  
Plugging Completed: 05-09-07

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'	395'	8 5/8" new 23#	384.29'	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 135 sacks of 60/40 Poz, 6% gel, 1/4# floseal per sack  
1st plug @ 3380' with 25 sacks. 2nd plug @ 865' with 25 sacks. 3rd plug @ 420' with 50 sacks.  
4th plug @ 40' with 10 sacks to surface. Plug rat hole with 15 sacks. Plug mouse hole with 10 sacks.  
Job complete @ 3:45 am on 05-09-07 by Jet Star (tk #16111).

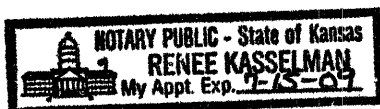
Name of Plugging Contractor: Southwind Drilling, Inc. License #: 33350  
Address: PO Box 276, Ellinwood, KS 67526

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.

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(Signature) Todd E. Morgenstern  
(Address) PO Box 276, Ellinwood, KS 67526



SUBSCRIBED and SWORN TO before me this 10 day of May, 20 07  
Renee Kasselmann My Commission Expires: 07-15-09  
Notary Public

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

*[Handwritten initials]*

**SOUTHWIND DRILLING, INC.  
PLUGGING ORDERS AND REPORTS**

Lease: DEMEL #2 (PALOMINO PETROLEUM)

Plugging received from KCC representative:

Name: HERB DEINES Date 5-8-07 Time 6:15 P.M.

1<sup>st</sup> plug @ 3380 ft. 25 sx. Stands: 54

2nd plug @ 865 ft. 25 sx. Stands: 13 1/2

3rd plug @ 420 ft. 50 sx. Stands: 6 1/2

4th plug @ 40 ft. 10 sx. Stands: 1

5th plug @ \_\_\_\_\_ ft. \_\_\_\_\_ sx. Stands: \_\_\_\_\_

Mousehole \_\_\_\_\_ 10 sx.

Rahole \_\_\_\_\_ 15 sx.

Total Cement used: \_\_\_\_\_ 135 sx.

Type of cement 60/40 P02, 6% GEL, 1/4" FLOEAL PER SX

Plug down @ 3:45 A.M., 5-9-07 By JETSTAR, TIC #16111

Call KCC When Completed:

Name: HERB DEINES Date 5-9-07 Time 8:30 A.M.

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**TREATMENT REPORT**

CONSERVATION DIVISION  
WICHITA, KS Date

Customer <b>PALOMINO PET.</b>	Lease No.	Date <b>5-9-07</b>	
Lease <b>DEMEL</b>	Well # <b>2</b>		
Field Order # <b>16111</b>	Station <b>PRATT, KS.</b>	Casing	Depth
Type Job	Formation	County <b>BARTON</b>	State <b>KS.</b>
		Legal Description <b>20-16S-12W</b>	

PIPE DATA		PERFORATING DATA		FLUID USED		TREATMENT RESUME		
Casing Size	Tubing Size	Shots/Ft		Acid	RATE	PRESS	ISIP	
				<b>135 SKS. 60/40</b>				
Depth	Depth	From	To	Pre-Pad	Max		5 Min.	
Volume	Volume	From	To	Pad	Min		10 Min.	
Max Press	Max Press	From	To	Frac	Avg		15 Min.	
Well Connection	Annulus Vol.	From	To		HHP Used		Annulus Pressure	
Plug Depth	Packer Depth	From	To	Flush	Gas Volume		Total Load	

Customer Representative	Station Manager <b>DAVE SCOTT</b>	Treater <b>STEVE ORLANDO</b>			
Service Units	<b>148269</b>	<b>19209</b>	<b>19242</b>	<b>19226</b>	<b>19263</b>
Driver Names	<b>STEVE</b>	<b>KEELEN</b>	<b>MIKE</b>		

Time	Casing Pressure	Tubing Pressure	Bbls. Pumped	Rate	Service Log
<b>11:00</b>					<b>ON LOCATION - SAFETY MEETING</b>
					<b>1ST PLUG - 3380' w/ 25 SKS.</b>
			<b>10</b>	<b>4.0</b>	<b>H2O</b>
			<b>7</b>	<b>4.0</b>	<b>MIX CEMENT @ 13.3#/gal.</b>
			<b>10</b>	<b>4.0</b>	<b>H2O DISP.</b>
			<b>38</b>		<b>MUD DISP.</b>
					<b>2ND PLUG - 3165' w/ 25 SKS.</b>
			<b>10</b>	<b>4.0</b>	<b>H2O</b>
			<b>7</b>	<b>4.0</b>	<b>MIX CEMENT @ 13.3#/gal.</b>
			<b>8</b>	<b>4.0</b>	<b>H2O DISP.</b>
					<b>3RD PLUG - 420' w/ 50 SKS.</b>
			<b>5</b>	<b>4.0</b>	<b>H2O</b>
			<b>14</b>	<b>4.0</b>	<b>CMT @ 13.3#/gal.</b>
			<b>4</b>	<b>4.0</b>	<b>DISP.</b>
					<b>4TH PLUG - 40' w/ 10 SKS.</b>
			<b>3</b>	<b>4.0</b>	<b>MIX CMT @ 13.3#/gal.</b>
<b>4:00 AM</b>			<b>1</b>	<b>4.0</b>	<b>DISP.</b>
			<b>4</b>		<b>RATHOLE - 13.3#/gal w/ 15 SKS.</b>
			<b>3</b>		<b>MOUSEHOLE - 13.3#/gal w/ 10 SKS</b>
					<b>JOB COMPLETE</b>
					<b>THANKS, STEVE</b>

Bearer 3/4 North West 1/4



FIELD ORDER 16111

Subject to Correction

Date 5.9.07	Customer ID	Lease Demel	Well # 2	Legal 21-165-12w
		County Barton	State KS	Station Pratt
C H A R G E		Depth	Formation	Shoe Joint
Palimiro Petroleum		Casing	Casing Depth	TD
4924 SE 84th St		Customer Representative Lou		Treater Steve Orlando
Newton, KS 67114-8827		316-799-1000 Klee Wachs		
AFE Number	PO Number	Materials Received by X <i>[Signature]</i>		

Station Code	Product Code	QUANTITY	MATERIALS, EQUIPMENT, and SERVICES USED	UNIT PRICE	AMOUNT
P	D203	1355sk	60/40 P02		1445.35
P	C320	468lb	Cement Gel		117.00
P	C194	33lb	Cellflake		122.10
P	E100	130mi	Heavy Vehicle Mileage		650.00
P	E101	65mi	Pickup Mileage		195.00
P	E109	380tm	Bulk Delivery		608.40
P	E107	1355sk	Cement Service Charge		202.50
P	E891	1ca	Service Supervisor		150.00
P	R207	1ca	Cement pump 3601-3500'		1596.00
			Discounted price plus taxes		4578.17

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10244 NE Hiway 61 • P.O. Box 8613 • Pratt, KS 67124-8613 • (620) 672-1201 • Fax (620) 672-5383

TOTAL

# SOUTHWIND DRILLING, INC.

## RIG #2

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

### DRILLING REPORT

Demel #2

Location: 1560' FNL & 330' FEL  
API#: 15-009-25046-00-00

Section 20-16S-12W  
Barton County, Kansas

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

COMMENCED: 04-30-07  
COMPLETED: 05-09-07

TOTAL DEPTH: Driller: 3594'  
Logger: 3590'

Ground Elevation: 1922'  
KB Elevation: 1931'

### LOG:

0'	-	395'	Sand/Shale
395'	-	847'	Shale/Lime
847'	-	870'	Anhydrite
870'	-	1383'	Shale
1383'	-	3594'	Lime/Shale
		3594'	RTD

### CASING RECORDS

#### Surface casing – 8 5/8"

Ran 9 joints of 23# new 8 5/8" surface casing. Tally @ 384.29'. Set @ 395'. Cement with 235 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 7:15 am on 05-01-07 by Allied Cementing (tk # 30174).

#### Production casing – 5 1/2"

None – plugged the well

### DEVIATION SURVEYS

1 1/2 degree (s)	@	395'
1 1/4 degree (s)	@	2701'
1/2 degree (s)	@	3418'

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<b>MORNING DRILLING REPORT</b>				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	WELL NAME		Demel #2	
				LOCATION		1560' FNL & 330' FEL Sec. 20-16S-12W Barton Co., KS	
Rig #2 Phone Numbers				Palomino Petroleum, Inc. 4924 SE 84 <sup>th</sup> Newton, KS 67114 316-799-1000			
620-617-5921	Rig Cellular (Dog house)	Yes					
620-617-5920	Geologist Trailer Cellular	No					
620-450-7682	Tool Pusher Cellular	Yes	LeWayne Tresner	ELEVATION	G.L. 1922'	K.B. 1931'	API# 15-009-25046-00-00

**Driving Directions:** From Beaver: ¼ mile North, West into.

Day	1	Date	04-30-07	Monday	Survey @ 395' = 1 ½ degree
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Moved Rig #2 on location

Spud @ 10:00 pm

Ran 5.50 hours drilling (1.00 rat hole, 4.50 drill 12 ¼"). Down 18.50 hours (14.00 move/rig up, 1.50 connection, .25 CTCH, .25 trip, .25 survey, 1.25 run casing, .25 jet, .50 wait on cement, .25 cement)

Mud properties: wt. 10.0, vis. 44

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

Wt. on bit: 15,000, 110 RPM, 400# pump pressure

12 ¼" bit #1 (in @ 0' out @ 395') = 4.50 hrs. - 395"

1" fuel = 34.50 gals.

Fuel usage: 103.50 gals (33" used 3") Start @ 36"

Ran 9 joints of 23# new 8 5/8" surface casing. Tally @ 384.29'. Set @ 395'. Cement with 235 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 7:15 am on 05-01-07 by Allied Cementing (tk # 30174).

Day	2	Date	05-01-07	Tuesday	Anhydrite (847'-870')
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7:00 am - Cementing casing @ 395'

Ran 9.75 hours drilling. Down 14.25 hours (.25 cement, 8.00 wait on cement, .50 drill plug, .25 rig check, 2.25 rig repair, 2.50 connection, .50 jet)

Mud properties: wt. 8.8

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

Wt. on bit: 20,000, 80 RPM, 650# pump pressure

12 ¼" bit #1 (in @ 0' out @ 395') = 4.50 hrs. - 395'

7 7/8" bit #1 (in @ 395') = 9.75 hrs. - 836'

Fuel usage: 276.00 gals (82" used 8") 33" + 57" delivered = 90"

Day	3	Date	05-02-07	Wednesday
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7:00 am - Drilling @ 1231'

Ran 15.50 hours drilling. Down 8.50 hours (.50 rig check, 1.00 connection, 6.25 rig repair, .75 jet)

Mud properties: wt. 9.6, vis. 28

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

Wt. on bit: 20,000, 80 RPM, 825# pump pressure

12 ¼" bit #1 (in @ 0' out @ 395') = 4.50 hrs. - 395'

7 7/8" bit #1 (in @ 395') = 25.25 hrs. - 1524'

Fuel usage: 276.00 gals (74" used 8")

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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	WELL NAME		Demel #2	
				LOCATION		1560' FNL & 330' FEL Sec. 20-16S-12W Barton Co., KS	
Rig #2 Phone Numbers				Palomino Petroleum, Inc. 4924 SE 84 <sup>th</sup> Newton, KS 67114 316-799-1000			
620-617-5921	Rig Cellular (Dog house)	Yes					
620-617-5920	Geologist Trailer Cellular	No					
620-450-7682	Tool Pusher Cellular	Yes	LeWayne Tresner	ELEVATION	G.L. 1922'	K.B. 1931'	API# 15-009-25046-00-00

**Driving Directions:** From Beaver: ¼ mile North, West into.

Day	4	Date	05-03-07	Thursday
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7:00 am – Drilling @ 1919'  
 Ran 18.25 hours drilling. Down 5.75 hours (.75 rig check, 1.00 connection, .75 jet, 3.25 rig repair)  
 Mud properties: wt. 9.5, vis. 28  
 Daily Mud Cost = \$3,480.15. Mud Cost to Date = \$3,480.15  
 Wt. on bit: 30,000, 80 RPM, 775# pump pressure  
 12 ¼" bit #1 (in @ 0' out @ 395') = 4.50 hrs. - 395'  
 7 7/8" bit #1 (in @ 395') = 43.50 hrs. - 2117'

Fuel usage: 379.50 gals (63" used 11")

Day	5	Date	05-04-07	Friday	Survey @ 2701' = 1 ¼ degree
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**Pipe strap = .026 short to the board**

7:00 am – Drilling @ 2512'  
 Ran 17.00 hours drilling. Down 7.00 hours (.50 rig check, 1.50 connection, 1.00 displace @ 2701', 3.25 bit trip, .25 CTCH, .25 survey, .25 jet)  
 Mud properties: wt. 9.5, vis. 43, water loss 9.6  
 Daily Mud Cost = \$1,569.62. Mud Cost to Date = \$5,049.77  
 Wt. on bit: 30,000, 80 RPM, 725# pump pressure  
 12 ¼" bit #1 (in @ 0' out @ 395') = 4.50 hrs. - 395'  
 7 7/8" bit #1 (in @ 395' out @ 2701') = 49.00 hrs. - 2306'  
 7 7/8" bit #2 (in @ 2701') = 11.50 hrs. - 249'

Fuel usage: 345.00 gals (53" used 10")

Day	6	Date	05-05-07	Saturday
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7:00 am – Drilling @ 2950'  
 Ran 12.75 hours drilling. Down 11.25 hours (.50 rig check, .50 connection, 6.00 bad weather, 4.25 mix mud)  
 Mud properties: wt. 8.8, vis. 48, water loss 11.2  
 Daily Mud Cost = \$1,159.47. Mud Cost to Date = \$6,209.24  
 Wt. on bit: 30,000, 80 RPM, 775# pump pressure  
 12 ¼" bit #1 (in @ 0' out @ 395') = 4.50 hrs. - 395'  
 7 7/8" bit #1 (in @ 395' out @ 2701') = 49.00 hrs. - 2306'  
 7 7/8" bit #2 (in @ 2701') = 24.25 hrs. - 549'

Fuel usage: 310.50 gals (44" used 9")

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<b>MORNING DRILLING REPORT</b>				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	WELL NAME		Demel #2	
				LOCATION		1560' FNL & 330' FEL Sec. 20-16S-12W Barton Co., KS	
Rig #2 Phone Numbers				Palomino Petroleum, Inc. 4924 SE 84 <sup>th</sup> Newton, KS 67114 316-799-1000			
620-617-5921	Rig Cellular (Dog house)	Yes		ELEVATION			
620-617-5920	Geologist Trailer Cellular	No		G.L. 1922'	K.B. 1931'	API# 15-009-25046-00-00	
620-450-7682	Tool Pusher Cellular	Yes	LeWayne Tresner				

**Driving Directions:** From Beaver: ¼ mile North, West into.

Day	7	Date	05-06-07	Sunday	Survey @ 3418' = ½ degree
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7:00 am – Drilling @ 3250'

Ran 9.50 hours drilling. Down 14.50 hours (.50 rig check, .25 connection, 1.25 CFS @ 3389', 1.50 CFS @ 3397', 1.25 CFS @ 3405', 1.50 CFS @ 3410', 1.50 CFS @ 3418', 2.00 CTCH, 4.50 trip, .25 survey)

Mud properties: wt. 9.2, vis. 52, water loss 9.6

Daily Mud Cost = \$2,509.43. Mud Cost to Date = \$8,718.67

Wt. on bit: 30,000, 80 RPM, 775# pump pressure

12 ¼" bit #1 (in @ 0' out @ 395') = 4.50 hrs. - 395'

7 7/8" bit #1 (in @ 395' out @ 2701') = 49.00 hrs. - 2306'

7 7/8" bit #2 (in @ 2701') = 33.75 hrs. - 717'

Fuel usage: 345.00 gals (34" used 10")

Day	8	Date	05-07-07	Monday	DST #1 (3338'-3418')
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Arbuckle formation

Recovered 12' slightly oil cut mud

DST #2 (3338'-3427')

Arbuckle formation

Recovered 10' mud

7:00 am – Tripping in with DST #1 @ 3418'

Ran 3.50 hours drilling. Down 20.50 hours (11.75 trip, 2.00 DST #1, 1.50 DST #2, , 1.50 CFS @ 3423', 1.50 CFS @ 3427', 2.00 CTCH, .25 connection)

Mud properties: wt. 9.0, vis. 54, water loss 8.8

Daily Mud Cost = \$768.62. Mud Cost to Date = \$9,487.29

Wt. on bit: 30,000, 80 RPM, 800# pump pressure

12 ¼" bit #1 (in @ 0' out @ 395') = 4.50 hrs. - 395'

7 7/8" bit #1 (in @ 395' out @ 2701') = 49.00 hrs. - 2306'

7 7/8" bit #2 (in @ 2701') = 37.25 hrs. - 799'

Fuel usage: 207.00 gals (28" used 6")

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620-617-5921	Rig Cellular (Dog house)	Yes						
620-617-5920	Geologist Trailer Cellular	No						
620-450-7682	Tool Pusher Cellular	Yes	LeWayne Tresner		ELEVATION	G.L. 1922'	K.B. 1931'	API# 15-009-25046-00-00

**Driving Directions:** From Beaver: ¼ mile North, West into.

Day	8	Date	05-08-07	Tuesday
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**RTD = 3594'**  
**LTD = 3590'**

7:00 am – Drilling @ 3500'

Ran 5.00 hours drilling. Down 19.00 hours (.25 rig check, 1.00 CFS @ 3594', 1.50 trip, 2.25 log, 10.75 lay down pip/plug, 3.25 tear down)

Mud properties: wt. 8.9, vis. 51, water loss 7.6

Daily Mud Cost = \$506.87. **Total Mud Cost = \$9,994.16**

Wt. on bit: 30,000, 80 RPM, 800# pump pressure

**12 ¼" bit #1 (in @ 0' out @ 395') = 4.50 hrs. - 395'**

**7 7/8" bit #1 (in @ 395' out @ 2701') = 49.00 hrs. - 2306'**

**7 7/8" bit #2 (in @ 2701' out @ 3594') = 42.25 hrs. - 893'**

Fuel usage: 172.50 gals (23" used 5")

Plug well with 135 sacks of 60/40 Poz, 6% gel, ¼# floseal per sack

1<sup>st</sup> plug @ 3380' with 25 sacks. 2<sup>nd</sup> plug @ 865' with 25 sacks. 3<sup>rd</sup> plug @ 420' with 50 sacks.

4<sup>th</sup> plug @ 40' with 10 sacks to surface. Plug rat hole with 15 sacks. Plug mouse hole with 10 sacks.

Job complete @ 3:45 am on 05-09-07 by Jet Star (tk #16111).

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