

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: 07-03-07 (Date)

by: Steve Durant (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 - 135-24670-00-00

Lease Name: Habiger-Keilman

Well Number: 7

Spot Location (QQQQ): 95'S - E/2 - SE - NW 2075

Feet from North / South Section Line

2310 Feet from East / West Section Line

Sec. 21 Twp. 17 S. R. 24 East West

County: Ness

Date Well Completed: D & A

Plugging Commenced: 07-04-07

Plugging Completed: 07-04-07

Show depth and thickness of all water, oil and gas formations.

Table with 7 columns: Oil, Gas or Water Records (Formation, Content), Casing Record (Surface Conductor & Production) (From, To, Size, Put In, Pulled Out). Row 1: *see attached drilling report, 0', 222', 8 5/8" new 20#, 209', 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.

Plug well with 215 sacks of 60/40 Poz, 6% gel, 1/4# floseal per sack.

1st plug @ 1710' with 50 sacks. 2nd plug @ 960' with 80 sacks. 3rd plug @ 240' with 40 sacks.

4th plug @ 60' with 20 sacks to surface. Plug mouse hole with 10 sacks. Plug rat hole with 15 sacks.

Job complete @ 9:15 am on 07-04-07 by Quality Cementing (tk #1248)

Name of Plugging Contractor: Southwind Drilling, Inc. License #: 33350

Address: PO Box 276, Ellinwood, KS 67526

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Name of Party Responsible for Plugging Fees: Palomino Petroleum, Inc.

JUL 12 2007

State of Kansas County, Barton, ss.

CONSERVATION DIVISION WICHITA, KS

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) [Handwritten Signature]

(Address) PO Box 276, Ellinwood, KS 67526

SUBSCRIBED and SWORN TO before me this 11 day of July, 20 07

[Handwritten Signature] My Commission Expires: 07-15-09

SOUTHWIND DRILLING, INC. PLUGGING ORDERS AND REPORTS

PALOMINO PETROLEUM

Lease: Habiger / Keilman #7

Plugging received from: Steve Durant Date: 7-03-07 Time: 4:00 PM

1st Plug @ 1710 FT. 50 SX Stands: 28

2nd Plug @ 960 FT. 80 SX Stands: 15 1/2

3rd Plug @ 240 FT. 40 SX Stands: 4

4th Plug @ 60 FT. 20 SX Stands: 1

5th Plug @ _____ FT. _____ SX Stands: _____

Mousehole _____ 10 SX

Rathole _____ 15 SX

Total Cement used: _____ 215 SX

Type of cement: 60/40 POZ 670 GEL 1/4" Floseal per SX

Plug down at 9:15 AM 7-04-07 by Quality Oilwell Cementing
ticket # 1248

Call State When Completed:

Name Mike Maier Date: 7-05-07 Time: 9:30 AM

95' S of E/2 - SE - NW Sec. 21 Twp 17s R 24w Ness County

API # 15-135-24670

2075' FNL 2310' FWL

ANHYDRITE = 1667 to 1697

ELEVATION = 2377 GL 2387 KB

RTD = 4450

LTD = 4446 by Superior

Formation @ TD = MISSISSIPPI

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CONSERVATION DIVISION
WICHITA, KS

QUALITY OILWELL CEMENTING, INC.

Phone 785-483-2025
Cell 785-324-1041

Home Office P.O. Box 32 Russell, KS 67665

No. **1248**

Date 7-4-07	Sec.	Twp.	Range	Called Out	On Location 7:30 AM	Job Start 7:45 AM	Finish 9:15 AM
Lease Habigee-Kailmen	Well No. 7	Location Ransom SW 5 1/2 S 1/2 E			County Ness	State Ks	
Contractor Southwind Day				Owner			
Type Job Plug				To Quality Oilwell Cementing, Inc. You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.			
Hole Size 7 7/8		T.D. 4450		Charge To PALOMINO			
Csg.		Depth		Street			
Tbg. Size		Depth		City			
Drill Pipe		Depth		State			
Tool		Depth		The above was done to satisfaction and supervision of owner agent or contractor.			
Cement Left in Csg.		Shoe Joint		CEMENT			
Press Max.		Minimum					
Meas Line		Displace					
Perf.							
EQUIPMENT				Amount Ordered 215 gal 6% gel 1/4 lb Fluoreol			
				Consisting of			
Pumptrk 1	No.	Cementer	Dave	Common			
		Helper					
Bulktrk 2	No.	Driver	Brian	Poz. Mix			
		Driver					
Bulktrk PH	No.	Driver	Darin	Gel.			
		Driver					
JOB SERVICES & REMARKS				Chloride			
				Hulls			
Pumptrk Charge Plug							
Mileage							
Footage							
		Total					
Remarks:				Sales Tax			
50 sl @ 1710				Handling			
80 sl @ 960				Mileage			
40 @ 240							
20 @ 60				Sub Total			
1 Rat hole				Total			
10 mouse hole				Floating Equipment & Plugs			
				Squeeze Manifold			
				Rotating Head			
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				KANSAS CORPORATION COMMISSION			
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				CONSERVATION DIVISION WICHITA, KS			
				Tax			
				Discount			
				Total Charge			
Signature Day Roberts THANKS!							

SOUTHWIND DRILLING, INC.

RIG #1

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

DRILLING REPORT

Habiger-Keilman #7

Location: 2075' FNL & 2310' FWL
API#: 15-135-24670-00-00

Section 21-17S-24W
Ness County, Kansas

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

COMMENCED: 06-26-07
COMPLETED: 07-04-07

TOTAL DEPTH: Driller: 4450'
Logger: 4446'

Ground Elevation: 2377'
KB Elevation: 2387'

LOG:

0'	-	1500'	Shale
1500'	-	1667'	Shale/Sand
1667'	-	1697'	Anhydrite
1697'	-	1920'	Shale/Sand
1920'	-	4450'	Shale
		4450'	RTD

CASING RECORDS

Surface casing - 8 5/8"

Ran 5 joints of 20# new 8 5/8" surface casing. Tally @ 209'. Set @ 222'. Cement with 160 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 1:15 am on 06-27-07 by Allied Cementing (tk #30569).

Production casing - 5 1/2"

None - plugged the well

DEVIATION SURVEYS

1/2 degree (s)	@	224'
Misrun	@	4362'
1 degree (s)	@	4372'

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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		Habiger-Keilman #7	
Rig #1 Phone Numbers			LOCATION		2075' FNL & 2310' FWL Sec. 21-17S-24W 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. 2377' K.B. 2387' API# 15-135-24670-00-00	
620-617-7324		Tool Pusher Cellular	Doug Roberts			

Driving Directions: From Ness City: 4 miles West on Hwy 96, 7 1/2 miles North on "N" Road, East into.

Day 1 Date 06-26-07 Tuesday Survey @ **224' = 1/2 degree**

Moved Rig #1 on location
 Spud @ 7:15 pm
 Ran 2.75 hours drilling (.50 drill rat hole, 2.50 drill 12 1/4"). Down 21.25 hours (12.00 move/rig up, .50 connection, .50 CTCH, .25 survey, .25 trip, 1.00 run casing, .25 circulate, .50 wait on cementers, .25 cement, 5.75 wait on cement)
 Mud properties: spud mud
 Daily Mud Cost = \$0.00. Mud Cost to Date = \$0.00
 Wt. on bit: 20,000, 100 RPM, 500# pump pressure
 12 1/4" bit #1 (in @ 0' out @ 224') = 2.50 hrs. - 224'
 1" fuel = 37.75 gals.
 Fuel usage: 37.75 gals (79" used 1") Start @ 17" + 63" delivered = 80"

Ran 5 joints of 20# new 8 5/8" surface casing. Tally @ 209'. Set @ 222'. Cement with 160 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 1:15 am on 06-27-07 by Allied Cementing (tk #30569).

Day 2 Date 06-27-07 Wednesday Anhydrite (1667'-1697')

7:00 am - Waiting on cement @ 224'
 Ran 17.00 hours drilling. Down 7.00 hours (2.00 wait on cement, .50 drill plug, .50 rig check, 1.00 jet, 3.00 connection)
 Mud properties: freshwater
 Daily Mud Cost = \$651.05. Mud Cost to Date = \$651.05
 Wt. on bit: 30,000, 80 RPM, 700# pump pressure
 12 1/4" bit #1 (in @ 0' out @ 224') = 2.50 hrs. - 224'
 7 7/8" bit #1 (in @ 224') = 17.00 hrs. - 1696'
 Fuel usage: 188.75 gals (74" used 5")

Day 3 Date 06-28-07 Thursday

7:00 am - Drilling @ 1920'
 Ran 20.00 hours drilling. Down 4.00 hours (.75 rig check, .25 rig repair, .75 jet, 2.25 connection)
 Mud properties: freshwater
 Daily Mud Cost = \$0.00. Mud Cost to Date = \$651.05
 Wt. on bit: 35,000, 80 RPM, 800# pump pressure
 12 1/4" bit #1 (in @ 0' out @ 224') = 2.50 hrs. - 224'
 7 7/8" bit #1 (in @ 224') = 37.00 hrs. - 2606'
 Fuel usage: 377.50 gals (64" used 10")

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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		Habiger-Keilman #7	
Rig #1 Phone Numbers			LOCATION		2075' FNL & 2310' FWL Sec. 21-17S-24W 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. 2377' K.B. 2387' API# 15-135-24670-00-00	
620-617-7324		Tool Pusher Cellular	Doug Roberts			

Driving Directions: From Ness City: 4 miles West on Hwy 96, 7 1/2 miles North on "N" Road, East into.

Day 4 Date 06-29-07 Friday

7:00 am – Drilling @ 2830'
Ran 20.00 hours drilling. Down 4.00 hours (.75 rig check, .25 rig repair, 1.25 jet, 1.00 connection, .75 displace @ 3403')
Mud properties: wt. 8.8, vis. 52
Daily Mud Cost = \$3,427.47. Mud Cost to Date = \$4,078.52
Wt. on bit: 35,000, 80 RPM, 800# pump pressure
12 1/4" bit #1 (in @ 0' out @ 224') = 2.50 hrs. - 224'
7 7/8" bit #1 (in @ 224') = 57.00 hrs. - 3236'
Fuel usage: 377.50 gals (54" used 10")

Day 5 Date 06-30-07 Saturday

7:00 am – Drilling @ 3460'
Ran 21.50 hours drilling. Down 2.50 hours (.75 rig check, 1.75 connection)
Mud properties: wt. 9.3, vis. 47
Daily Mud Cost = \$1,002.87. Mud Cost to Date = \$5,081.39
Wt. on bit: 35,000, 80 RPM, 800# pump pressure
12 1/4" bit #1 (in @ 0' out @ 224') = 2.50 hrs. - 224'
7 7/8" bit #1 (in @ 224') = 78.50 hrs. - 3776'
Fuel usage: 377.50 gals (44" used 10")

Day 6 Date 07-01-07 Sunday

7:00 am – Drilling @ 4000'
Ran 21.75 hours drilling. Down 2.25 hours (.75 rig check, .50 rig repair, .50 jet, .50 connection)
Mud properties: wt. 9.3, vis. 51
Daily Mud Cost = \$1,555.41. Mud Cost to Date = \$6,636.80
Wt. on bit: 35,000, 80 RPM, 800# pump pressure
12 1/4" bit #1 (in @ 0' out @ 224') = 2.50 hrs. - 224'
7 7/8" bit #1 (in @ 224') = 100.25 hrs. - 4096'
Fuel usage: 415.25 gals (33" used 11")

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Rig #1 Phone Numbers			LOCATION		2075' FNL & 2310' FWL Sec. 21-17S-24W 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			
620-617-7324	Tool Pusher Cellular	Doug Roberts	G.L. 2377'	K.B. 2387'	API# 15-135-24670-00-00	

Driving Directions: From Ness City: 4 miles West on Hwy 96, 7 1/2 miles North on "N" Road, East into.

Day	7	Date	07-02-07	Monday	DST #1 (4297'-4362')
					Mississippi formation
					Recovered 60' clean oil and
					120' mud cut oil
					Survey @ 4362' = misrun
					Survey @ 4372' = 1 degree
					Pipe strap = 1.28 long to the board

7:00 am – Drilling @ 4320'

Ran 2.75 hours drilling. Down 21.25 hours (.50 rig check, 1.25 CFS @ 4357', 1.50 CFS @ 4362', 11.00 trip, 2.75 CTCH, .50 surveys, 2.25 DST #1, 1.50 CFS @ 4372')

Mud properties: wt. 9.4, vis. 50, water loss 10.4

Daily Mud Cost = \$1,073.94. Mud Cost to Date = \$7,710.74

Wt. on bit: 35,000, 80 RPM, 850# pump pressure

12 1/4" bit #1 (in @ 0' out @ 224') = 2.50 hrs. - 224'

7 7/8" bit #1 (in @ 224') = 103.00 hrs. - 4148'

Fuel usage: 264.25 gals (26" used 7")

Day	8	Date	07-03-07	Tuesday	DST #2 (4297'-4372')
					Mississippi formation
					Recovered 60' clean oil and
					120' mud cut oil
					Survey @ 4372' = 1 degree

7:00 am – Tripping in with DST #2 @ 4372'

Ran 1.75 hours drilling. Down 22.25 hours (9.50 hours, 2.00 DST #2, .25 rig check, 1.50 CFS @ 4450', 1.50 wait on loggers, 2.50 log, 1.00 wait on orders, 4.00 lay down pipe)

Mud properties: wt. 9.4, vis. 50, water loss 10.4

Daily Mud Cost = \$72.21. **Total Mud Cost = \$7,782.95**

Wt. on bit: 35,000, 80 RPM, 850# pump pressure

12 1/4" bit #1 (in @ 0' out @ 224') = 2.50 hrs. - 224'

7 7/8" bit #1 (in @ 224' out @ 4450') = 104.75 hrs. - 4226'

Fuel usage: 151.00 gals (22" used 4")

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Rig #1 Phone Numbers			LOCATION	2075' FNL & 2310' FWL Sec. 21-17S-24W 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. 2377'	K.B. 2387'	API# 15-135-24670-00-00
620-617-7324	Tool Pusher Cellular	Doug Roberts				

Driving Directions: From Ness City: 4 miles West on Hwy 96, 7 ½ miles North on "N" Road, East into.

Day	8	Date	07-04-07	Wednesday
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RTD = 4450'

LTD = 4446'

7:00 am – Logging @ 4450'

Ran 0.00 hours drilling. Down 8.00 hours (.75 trip, 1.50 plug, .50 jet, 5.25 tear down)

Fuel usage: 75.50 gals (20" used 2")

Plug the well with 215 sacks of 60/40 Poz, 6% gel, ¼# floseal per sack.

1st plug @ 1710' with 50 sacks. 2nd plug @ 960' with 80 sacks. 3rd plug @ 240' with 40 sacks.

4th plug @ 60' with 20 sacks to surface. Plug rat hole with 15 sacks. Plug mouse hole with 10 sacks.

Job complete @ 9:15 am on 07-04-07 by Quality Cement (tk #1248).

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