

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 St., Newton, Kansas 67114-8827
 Phone: (316) 799-1000 Operator License #: 30742
 Type of Well: D & A Docket #: _____
 (Oil, Gas D&A, SWD, ENHR, Water Supply Well, Cathodic, Other) (If SWD or ENHR)
 The plugging proposal was approved on: June 25, 2007 (Date)
 by: Lynn Reimer (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 - 025-21416-0000
 Lease Name: Loesch-Stephens
 Well Number: 1
 Spot Location (QQQQ): SW - SW - SW - NE
2600 Feet from North / South Section Line
2630 Feet from East / West Section Line
 Sec. 14 Twp. 32 S. R. 21 East West
 County: Clark
 Date Well Completed: 6/25/07
 Plugging Commenced: 6/26/07
 Plugging Completed: 6/26/07

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
		0	40	20"	40	0
		0	734	8 5/8"	734	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.

50 sacks cement @ 6720'. Drilling mud to 1170' & 50 sacks cement. Drilling mud to 780' & 50 sacks cement. Drilling mud to 210' & 30 sacks cement. Drilling mud to 60' & 20 sacks cement. 15 sacks in R.H. 10 sacks in M.H. 60-40 Pozmix, 6% gel, 1/4 lb. Flocele

Name of Plugging Contractor: VAL Energy, Inc. License #: 5822

Address: 200 W. Douglas, Suite 520, Wichita, KS 67202-3005

RECEIVED
KANSAS CORPORATION COMMISSION

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

JUL 16 2007

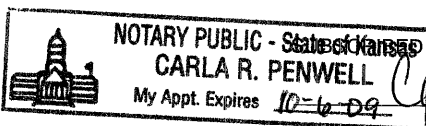
State of Kansas County, Harvey, ss.

CONSERVATION DIVISION
WICHITA, KS

Klee R. Watchous (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) [Signature]

(Address) 4924 SE 84th St., Newton, Kansas 67114-8827



and SWORN TO before me this 12th day of July, 2007
Carla R. Penwell My Commission Expires: October 6, 2009
 Notary Public Carla R. Penwell

[Handwritten initials]