

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

ORIGINAL

Form ACO-1
September 1999
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Operator: License # 30742
Name: Palomino Petroleum, Inc.
Address: 4924 SE 84th St.
City/State/Zip: Newton, Kansas 67114-8827
Purchaser: NCRA
Operator Contact Person: Klee R. Watchous
Phone: (316) 799-1000
Contractor: Name: Southwind Drilling, Inc.
License: 33350
Wellsite Geologist: Robert A. Schreiber
Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SLOW Temp. Abd.
 Gas ENHR SIGW
 Dry Other (Core, WSW, Expl., Cathodic, etc)
If Workover/Re-entry: Old Well Info as follows:
Operator: _____
Well Name: _____
Original Comp. Date: _____ Original Total Depth: _____
 Deepening Re-perf. Conv. to Enhr./SWD
 Plug Back Plug Back Total Depth
 Commingled Docket No. _____
 Dual Completion Docket No. _____
 Other (SWD or Enhr.?) Docket No. _____

<u>9/12/06</u>	<u>9/18/06</u>	<u>9/18/06</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 009-24982-0000
County: Barton
S/2 - N/2 - NW Sec. 20 Twp. 16 S. R. 12 East West
870 feet from S / (N) (circle one) Line of Section
1320 feet from E / (W) (circle one) Line of Section
Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE (NW) SW
Lease Name: Staudinger Well #: 1
Field Name: Beaver SW
Producing Formation: Arbuckle
Elevation: Ground: 1891 Kelly Bushing: 1899
Total Depth: 3458 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 413 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set _____ Feet
If Alternate II completion, cement circulated from _____
feet depth to _____ w/ _____ sx cmt.

Drilling Fluid Management Plan ALT IWHM
(Data must be collected from the Reserve Pit) 7-12-07
Chloride content _____ ppm Fluid volume _____ bbls
Dewatering method used _____
Location of fluid disposal if hauled offsite: _____
Operator Name: _____
Lease Name: _____ License No.: _____
Quarter _____ Sec. _____ Twp. _____ S. R. _____ East West
County: _____ Docket No.: _____

INSTRUCTIONS: An original and two copies of this form shall be filed with the Kansas Corporation Commission, 130 S. Market - Room 2078, Wichita, Kansas 67202, within 120 days of the spud date, recompletion, workover or conversion of a well. Rule 82-3-130, 82-3-106 and 82-3-107 apply. Information of side two of this form will be held confidential for a period of 12 months if requested in writing and submitted with the form (see rule 82-3-107 for confidentiality in excess of 12 months). One copy of all wireline logs and geologist well report shall be attached with this form. ALL CEMENTING TICKETS MUST BE ATTACHED. Submit CP-4 form with all plugged wells. Submit CP-111 form with all temporarily abandoned wells.

All requirements of the statutes, rules and regulations promulgated to regulate the oil and gas industry have been fully complied with and the statements herein are complete and correct to the best of my knowledge.

Signature: Klee R. Watchous
Title: President Date: December 28, 2006
Subscribed and sworn to before me this 28th day of December,
20 06

Notary Public: Carla R. Penwell
NOTARY PUBLIC - State of Kansas
CARLA R. PENWELL
Date Commission Expires: October 6, 2009
My Appt. Expires 10-6-09

KCC Office Use ONLY

N Letter of Confidentiality Received
If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

RECEIVED
KANSAS CORPORATION COMMISSION
DEC 29 2006
CONSERVATION DIVISION
WICHITA, KS

Operator Name: Palomino Petroleum, Inc. Lease Name: Staudinger Well #: 1
 Sec. 20 Twp. 16 S. R. 12 East West County: Barton

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all final copies of drill stems tests giving interval tested, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static level, hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface test, along with final chart(s). Attach extra sheet if more space is needed. Attach copy of all Electric Wireline Logs surveyed. Attach final geological well site report.

Drill Stem Tests Taken <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(Attach Additional Sheets)</i> Samples Sent to Geological Survey <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Cores Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Electric Log Run <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(Submit Copy)</i> List All E. Logs Run: Radiation Guard	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum <input type="checkbox"/> Sample <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">Name</td> <td style="width:15%;">Top</td> <td style="width:15%;">Datum</td> </tr> <tr> <td>Anhy.</td> <td>832</td> <td>(+1067)</td> </tr> <tr> <td>Base Anhy.</td> <td>857</td> <td>(+1042)</td> </tr> <tr> <td>Howard</td> <td>2682</td> <td>(- 783)</td> </tr> <tr> <td>Topeka</td> <td>2721</td> <td>(- 822)</td> </tr> <tr> <td>Heebner</td> <td>2995</td> <td>(-1096)</td> </tr> <tr> <td>Toronto</td> <td>3011</td> <td>(-1112)</td> </tr> <tr> <td>Brown Lime</td> <td>3080</td> <td>(-1181)</td> </tr> <tr> <td>LKC</td> <td>3090</td> <td>(-1191)</td> </tr> </table>	Name	Top	Datum	Anhy.	832	(+1067)	Base Anhy.	857	(+1042)	Howard	2682	(- 783)	Topeka	2721	(- 822)	Heebner	2995	(-1096)	Toronto	3011	(-1112)	Brown Lime	3080	(-1181)	LKC	3090	(-1191)
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CASING RECORD <input checked="" type="checkbox"/> New <input type="checkbox"/> Used							
Report all strings set-conductor, surface, intermediate, production, etc.							
Purpose of String	Size Hole Drilled	Size Casing Set (In O.D.)	Weight Lbs. / Ft.	Setting Depth	Type of Cement	# Sacks Used	Type and Percent Additives
Surface	12 1/4"	8 5/8"	23#	413'	Common	240	2% gel, 3% c.c.
Production	7 7/8"	5 1/2"	14#	3443'	EA-2	140	500 gal. mud flush w/add.
							20 bbls. KCL water

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
<input type="checkbox"/> Perforate				
<input type="checkbox"/> Protect Casing				
<input type="checkbox"/> Plug Back TD				
<input type="checkbox"/> Plug Off Zone				

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record (Amount and Kind of Material Used)	Depth
4	3374-3377		
4	3354-3358		
	Set cast iron bridge plug at 3370'	1/2 sack	

TUBING RECORD	Size 2 7/8"	Set At 3441'	Packer At	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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Date of First, Resumerd Production, SWD or Enhr. 10/23/06	Producing Method <input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)
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Estimated Production Per 24 Hours	Oil	Bbls.	Gas	Mcf	Water	Bbls.	Gas-Oil Ratio	Gravity
	95%	22			5%	1		

Disposition of Gas	METHOD OF COMPLETION	Production Interval
<input type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-18.)</i>	<input type="checkbox"/> Open Hole <input checked="" type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <input type="checkbox"/> Other (Specify) _____	RECEIVED KANSAS CORPORATION COMMISSION DEC 29 2006

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LOGS

BKC	3337	(-1438)
Arbuckle	3351	(-1452)
LTD	3458	(-1559)

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WICHITA, KS

SWIFT



P. O. Box 466
Ness City, KS 67560
Off: 785-798-2300

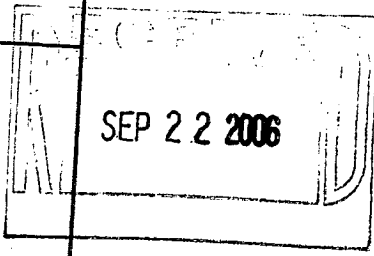


Invoice

DATE	INVOICE #
9/18/2006	10715

BILL TO

Palomino Petroleum Inc.
4924 S E 84th Street
Newton, KS 67114-8827



- Acidizing
- Cement
- Tool Rental

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Job Purpose	Operator
Net 30	#1	Staudinger	Barton	SouthWind Drillin...	Oil	Development	5-1/2" LongString	Dave
PRICE REF.	DESCRIPTION				QTY	UM	UNIT PRICE	AMOUNT
575D	Mileage - 1 Way				60	Miles	4.00	240.00
578D-L	Pump Charge - Long String				1	Job	1,250.00	1,250.00
221	Liquid KCL (Clayfix)				2	Gallon(s)	26.00	52.00T
281	Mud Flush				500	Gallon(s)	0.75	375.00T
290	D-Air				1	Gallon(s)	32.00	32.00T
402-5	5 1/2" Centralizer				8	Each	75.00	600.00T
403-5	5 1/2" Cement Basket				2	Each	260.00	520.00T
406-5	5 1/2" Latch Down Plug & Baffle				1	Each	210.00	210.00T
407-5	5 1/2" Insert Float Shoe With Auto Fill				1	Each	250.00	250.00T
419-5	5 1/2" Rotating Head Rental				1	Each	250.00	250.00T
325	Standard Cement				150	Sacks	11.00	1,650.00T
276	Flocele				38	Lb(s)	1.25	47.50T
283	Salt				750	Lb(s)	0.20	150.00T
284	Calseal				7	Sack(s)	30.00	210.00T
285	CFR-1				71	Lb(s)	4.00	284.00T
581D	Service Charge Cement				150	Sacks	1.10	165.00
583D	Drayage				469.77	Ton Miles	1.00	469.77
	Subtotal							6,755.27
	Sales Tax Barton County						6.55%	303.30

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Thank You For Your Business!

Total \$7,058.57



CHARGE TO: Palomino Petroleum
 ADDRESS:
 CITY, STATE, ZIP CODE:

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 KANSAS CORPORATION COMMISSION No. **10715**
 DEC 29 2006

CONSERVATION DIVISION
 WICHITA, KS

PAGE 1 OF 2

1. SERVICE LOCATIONS <u>HAYS</u>	WELL/PROJECT NO. <u>1</u>	LEASE <u>Staudinger</u>	COUNTY/PARISH <u>Barton</u>	STATE <u>Ks</u>	CITY <u>WICHITA, KS</u>	DATE <u>09-18-06</u>	OWNER
2. <u>NESS</u>	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR	RIG NAME/NO. <u>Southwind Dr #3</u>	SHIPPED VIA <u>CZ</u>	DELIVERED TO <u>In. 3/4 x 5/8 in Beaver 1/8</u>	ORDER NO.	
3.	WELL TYPE <u>Oil</u>	WELL CATEGORY <u>Develop</u>	JOB PURPOSE <u>5 1/2 Longstring</u>	WELL PERMIT NO. <u>15-009-24982</u>	WELL LOCATION <u>S20, T16, R12w</u>		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UNIT PRICE		AMOUNT	
		LOC	ACCT	DF		QTY.	U/M	QTY.	U/M		
575		1			MILEAGE #105	60	mi	4	20	240	00
578		1			Pump Service	1	hrs	12.50	00	12.50	00
221		1			Liquid HCL	2	gal	26	00	52	00
281		1			Mud Flush	500	gal	75		375	00
290		1			D-Air	1	gal	32	00	32	00
402		1			Centralizer	8	09	5 1/2	in	75	00
403		1			CMT Bucket	2	09	5 1/2	in	260	00
406		1			Latchdown Plug & Baffle	1	09	5 1/2	in	210	00
407		1			Insert Foot Shoe 4/8 in. Fill	1	09	5 1/2	in	250	00
419		1			Rotating Head Rental	1	09	5 1/2	in	250	00

LEGAL TERMS: Customer hereby acknowledges and agrees to the terms and conditions on the reverse side hereof which include, but are not limited to, **PAYMENT, RELEASE, INDEMNITY, and LIMITED WARRANTY** provisions.

MUST BE SIGNED BY CUSTOMER OR CUSTOMER'S AGENT PRIOR TO START OF WORK OR DELIVERY OF GOODS

Rick Schreiber
 DATE SIGNED 09-18-06 TIME SIGNED 1530 A.M. P.M.

REMIT PAYMENT TO:
 SWIFT SERVICES, INC.
 P.O. BOX 466
 NESS CITY, KS 67560
 785-798-2300

SURVEY	AGREE	UN-DECIDED	DIS-AGREE		
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				Pg-1 PAGE TOTAL	3779 00
WE UNDERSTOOD AND MET YOUR NEEDS?				Pg-2	2976 27
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				sub Total	6,755 27
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				Barton TAX 6.55%	303 30
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	7058 57
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND					

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES: The customer hereby acknowledges receipt of the materials and services listed on this ticket.

SWIFT OPERATOR *Dave* APPROVAL

Thank You!



TICKET CONTINUATION

PO Box 466
 Ness City, KS 67560
 Off: 785-798-2300

TICKET No. 10715

CUSTOMER *Petroleum* WELL #1, *Studingar* DATE 09-18-06 PAGE 2 OF 2

PRICE REFERENCE	SECONDARY REFERENCE / PART NUMBER	ACCOUNTING			TIME	DESCRIPTION	QTY		QTY	U/M	UNIT PRICE	AMOUNT		
		LOC	ACCT	DF										
325		2				Standard CMT EA-2	150	SX			11 00	1650	00	
276		2				Flocote	38	lb			1 25	47	50	
283		2				Selt	250	lb			20	150	00	
284		2				Calseal	7	SX			30 00	210	00	
285		2				CFR	71	lb			4 00	284	00	
21		2				Service Chg CMT	150	SX			1 10	165	00	
583		2				Dryseal	46977	Tm			1 00	469	77	
SERVICE CHARGE							CUBIC FEET							
MILEAGE CHARGE							TOTAL WEIGHT		LOADED MILES		TON MILES			

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CONTINUATION TOTAL 2976.27

JOB LOG

SWIFT Services, Inc.

DATE 08-18-06 PAGE NO. 1

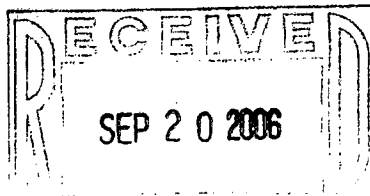
CUSTOMER Petroleum WELL NO. 1 LEASE Standing JOB TYPE 5 1/2 Longstring TICKET NO. 10715

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1530							DELOCATION, SETUP, DISCONNECT, LAYING DOWN
								1505 EA 2 CMT
								5 1/2 14" HCS
								TO 3458 sets 3443, SJ, 18, 63, Zasad 3425
								Cont 1, 2, 3, 4, 7, 11, 15, 18 Bas Hole 3, 5
	1930							Start Cold Flooding
	2040							Tag Bottom
	2045							Drop Bell - Hookup
	2055							Break Circ - Rotate Pipe
	2125		3					Plug Pot Hole
	2130	4.0	0			200		Start Mud Flush
			12					Start Well Flush
			32					End Flushing
	2138	5.0	0			200		Start EA 2 CMT
			34					end CMT
								Drop Plug - Washout Pumping Lines
	2150	6.0	0			100		Start Dip
		6.0	49.5			200		CMT on bottom
		6.0	60			300		
		6.0	65			400		
		6.0	70			500		
		6.0	75			600		Stop Rotating pipe
		6.0	80			600		
	2200	4.0	83.4			1500		Land Plug
	2205							Release - Hold
								Washup
								Rehookup
								Tickets
	2240							Job Complete
								Thank You!
								DAVE Blaine,

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 WICHITA, KS

Allied Cementing Co., Inc
P.O. Box 31

Russell, KS 67665



* I N V O I C E *

Invoice Number: 104381

Invoice Date: 09/15/06

Sold Palomino Petroleum, Inc.
To: 4924 SE 84th St.
Newton, KS
67114-8827

Cust I.D.....: Palo
P.O. Number...: Standiner #1
P.O. Date.....: 09/15/06

Due Date.: 10/15/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	240.00	SKS	10.6500	2556.00	T
Gel	5.00	SKS	16.6500	83.25	T
Chloride	8.00	SKS	46.6000	372.80	T
Handing	253.00	SKS	1.9000	480.70	E
Mileage	24.00	MILE	22.7700	546.48	E
253 sks @.09 per sk per mi					
Surface	1.00	JOB	815.0000	815.00	E
Extra Footage	113.00	PER	0.6500	73.45	E
Mileage pmp trk	24.00	MILE	6.0000	144.00	E
Two Cup Plug	1.00	EACH	60.0000	60.00	T

All Prices Are Net, Payable 30 Days Following
Date of Invoice. 1 1/2% Charged Thereafter.
If Account CURRENT take Discount of 513.17
ONLY if paid within 30 days from Invoice Date

Subtotal: 5131.68
Tax.....: 201.22
Payments: 0.00
Total....: 5332.90

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WICKITA, KS

ALLIED CEMENTING CO., INC.

23812

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

SERVICE POINT:

Great Bend

DATE <i>9-17-06</i>	SEC <i>20</i>	TWP. <i>16</i>	RANGE <i>12 W</i>	CALLED OUT <i>7:00 PM</i>	ON LOCATION <i>9:00 PM</i>	JOB START <i>11:30 AM</i>	JOB FINISH <i>12:30 PM</i>
LEASE <i>Standing</i>		WELL # <i>1</i>	LOCATION <i>Beaver LN 3/4 S 1/2</i>		COUNTY <i>Barton</i>	STATE <i>K.S.</i>	
OLD OR <input checked="" type="radio"/> NEW (Circle one)							

CONTRACTOR *Southwind Rig #3* OWNER _____
 TYPE OF JOB *Surface*
 HOLE SIZE *12 1/4 I.D. 4 1/2 H*
 CASING SIZE *8 3/4* DEPTH *413 H*
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE _____ DEPTH _____
 TOOL _____ DEPTH _____
 PRES. MAX _____ MINIMUM _____
 MEAS. LINE _____ SHOE JOINT _____
 CEMENT LEFT IN CSG. *25 H*
 PERFS. _____
 DISPLACEMENT *24 bbl*

CEMENT AMOUNT ORDERED *240 sk Common*
37 cc 2 Equal

COMMON	<i>240 sk</i>	@	<i>10.65</i>	<i>2556.00</i>
POZMIX		@		
GEL	<i>5 sk</i>	@	<i>16.45</i>	<i>83.25</i>
CHLORIDE	<i>8 sk</i>	@	<i>46.60</i>	<i>372.80</i>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<i>253 sk</i>	@	<i>1.90</i>	<i>480.70</i>
MILEAGE	<i>253 sk 09</i>		<i>24</i>	<i>516.48</i>
TOTAL				<i>4039.23</i>

EQUIPMENT

PUMP TRUCK CEMENTER *M. L. M.*
 # *120* HELPER *J. D.*
 BULK TRUCK DRIVER *Eody R.*
 # *374*
 BULK TRUCK DRIVER _____

REMARKS:

*Circulate Hole with Reg Mud Pump
 Mix Cement + Release Plug
 Displace Plug Down with water*

*Cement did circulate to
 Surface*

SERVICE

DEPTH OF JOB	<i>413 H</i>			
PUMP TRUCK CHARGE				<i>815.00</i>
EXTRA FOOTAGE	<i>113</i>	@	<i>LS</i>	<i>73.45</i>
MILEAGE	<i>24</i>	@	<i>6.00</i>	<i>144.00</i>
MANIFOLD		@		
		@		
		@		
TOTAL				<i>1032.45</i>

CHARGE TO: *Palomino Petr.*
 STREET _____
 CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

<i>1-8 1/2 Two Cup Plug</i>	@	<i>60.00</i>	<i>60.00</i>
	@		
	@		
	@		
	@		
TOTAL			<i>60.00</i>

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.

*Thank you
 CH*

SIGNATURE *J. Palomino*

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

PRINTED NAME