

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: D & A Docket #: _____
(Oil, Gas D&A, SWD, ENHR, Water Supply Well, Cathodic, Other) (If SWD or ENHR)
The plugging proposal was approved on: 04-24-08 (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 - 135-24772-00-00
Lease Name: Schlegel-Schroyer
Well Number: 1
Spot Location (QQQQ): 30'N - 110' E - SE - SW-NE
2280 Feet from North / South Section Line
1540 Feet from East / West Section Line
Sec. 10 Twp. 19 S. R. 25 East West
County: Ness
Date Well Completed: D & A
Plugging Commenced: 04-26-08
Plugging Completed: 04-26-08

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'	839'	8 5/8" new 23#	881.11'	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 175 sacks of 60/40 Poz, 4% gel, 1/4# floeal per sack.

1st plug @ 1750' with 50 sacks. 2nd plug @ 900' with 50 sacks. 3rd plug @ 420' with 30 sacks.

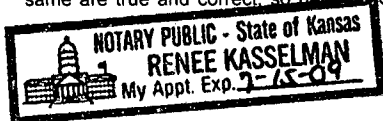
4th plug @ 60' with 20 sacks to surface. Plug mouse hole with 10 sacks. Plug rat hole with 15 sacks.

Job complete @ 10:30 pm on 04-26-08 by Allied Cementing (tk #30219)

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

RECEIVED SUBSCRIBED and SWORN TO before me this 29 day of April, 20 08
KANSAS CORPORATION COMMISSION
Renee Kasselmann My Commission Expires: 7-15-09
Notary Public

APR 30 2008

CONSERVATION DIVISION
WICHITA, KS

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

PK

SOUTHWIND DRILLING, INC.
RIG #1

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

DRILLING REPORT

Schlegel-Schroyer #1

Location: 2280' FNL & 1540' FEL
API#: 15-135-24772-00-00

Section 10-19S-25W
Ness County, Kansas

OWNER: _____ : Palomino Petroleum, Inc.

COMMENCED: 04-16-08

CONTRACTOR: Southwind Drilling, Inc. Rig #1

COMPLETED: 04-26-08

TOTAL DEPTH: Driller: 4546'
Logger: 4546'

Ground Elevation: 2409'
KB Elevation: 2419'

LOG:

0' - 1365' Redbed/Shale
1365' - 1890' Shale
1890' - 4546' Lime/Shale
4546' RTD

CASING RECORDS

Surface casing – 8 5/8"

Ran 22 joints of 23# new 8 5/8" surface casing. Tally @ 881.11'. Set @ 839'. Cement with 425 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 4:00 pm on 04-17-08 by Allied Cementing (tk #33222).

Production casing – 5 1/2"

None – plugged the well

DEVIATION SURVEYS

1 degree (s) @ 895'
1 degree (s) @ 4269'
1 1/2 degree (s) @ 4465'
1 3/4 degree (s) @ 4546'

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CONSERVATION DIVISION
WICHITA, KS

MORNING DRILLING REPORT			Fax to: Palomino Petroleum				
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991		WELL NAME		Schlegel-Schroyer #1	
Rig #1 Phone Numbers				LOCATION		2280' FNL & 1540' FEL Sec. 10-19S-25W Ness County, KS	
620-794-2075		Rig Cellular (Dog house)		Palomino Petroleum, Inc. 4924 SE 84 th Street Newton, KS 67114 316-799-1000			
620-794-2078		Geologist Trailer Cellular					
620-617-7324		Tool Pusher Cellular		Frank Rome		ELEVATION	
						G.L. 2409' K.B. 2419' API# 15-135-24772-00-00	

Driving Directions: From Ness City: 8 miles West on Hwy. 96, 2 1/2 miles South, West into.

Day 1 Date 04-18-08 Wednesday

Moved Rig #1 on location

Spud @ 5:15 pm

Ran 12.00 hours drilling (.50 drill rat hole, 11.50 drill 12 1/4"). Down 12.00 hours (9.75 move rig up, .25 rig check, 2.00 connection)

Mud properties: spud mud

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

Wt. on bit: 25,000, 120 RPM, 700# pump pressure

12 1/4" bit #1 (in @ 0) = 11.50 hrs. - 855'

1" fuel = 37.75 gals.

Fuel usage: 188.75 gals (77" used 5") Start @ 20" + 62" delivered = 82"

Day 2 Date 04-17-08 Thursday Survey @ 895' = 1degree

7:00 am - Drilling 12 1/4" @ 855'

Ran 6.25 hours drilling (1.50 drill 12 1/4", 4.75 drill 7 7/8"). Down 17.75 hours (1.00 CTCH, 1.75 dummy trip, .25 CTCH, 1.00 trip, 3.50 run casing/cement, 8.00 wait on cement, 1.25 drill plug, .25 jet, .75 connection)

Mud properties: fresh water

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

Wt. on bit: 25,000, 70 RPM, 650# pump pressure

12 1/4" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'

7 7/8" bit #1 (in @ 895') = 4.75 hrs. - 470'

Fuel usage: 264.25 gals (70" used 7")

Ran 22 joints of 23# new 8 5/8" surface casing. Tally @ 881.11'. Set @ 839'. Cement with 425 sacks of common, 2% gel, 3% calcium chloride. Cement did circulate. Plug down @ 4:00 pm on 04-17-08 by Allied Cementing (tk #33222).

Day 3 Date 04-18-08 Friday

7:00 am - Drilling @ 1365'

Ran 17.75 hours drilling. Down 6.25 hours (.75 rig check, .50 rig repair, 2.00 connection, 1.00 jet, 2.00 trip/hole in pipe)

Mud properties: fresh water

Daily Mud Cost = \$678.00. Mud Cost to Date = \$678.00

Wt. on bit: 30,000, 80 RPM, 750# pump pressure

12 1/4" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'

7 7/8" bit #1 (in @ 895') = 22.50 hrs. - 1658'

Fuel usage: 453.00 gals (58" used 12")

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CONSERVATION DIVISION
WICHITA, KS

MORNING DRILLING REPORT			Fax to: Palomino Petroleum				
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991		WELL NAME		Schlegel-Schroyer #1	
Rig #1 Phone Numbers				LOCATION		2280' FNL & 1540' FEL Sec. 10-19S-25W Ness County, KS	
620-794-2075		Rig Cellular (Dog house)		Palomino Petroleum, Inc. 4924 SE 84 th Street Newton, KS 67114 316-799-1000			
620-794-2078		Geologist Trailer Cellular					
620-617-7324		Tool Pusher Cellular		Frank Rome		ELEVATION	
				G.L. 2409'		K.B. 2419'	
						API# 15-135-24772-00-00	

Driving Directions: From Ness City: 8 miles West on Hwy. 96, 2 1/2 miles South, West into.

Day 4 Date 04-19-08 Saturday

7:00 am – Tripping in with bit after looking for hole in pipe @ 2553'
 Ran 14.50 hours drilling. Down 9.50 hours (7.25 trip/hole in pipe, .50 rig check, 1.00 connection, .75 jet)
 Mud properties: fresh water
 Daily Mud Cost = \$2,306.49. Mud Cost to Date = \$2,984.49.
 Wt. on bit: 30,000, 80 RPM, 850# pump pressure
 12 1/4" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'
 7 7/8" bit #1 (in @ 895') = 37.00 hrs. - 2089'

Fuel usage: 415.25 gals (47" used 11")

Day 5 Date 04-20-08 Sunday

7:00 am – Drilling @ 2984'
 Ran 19.50 hours drilling. Down 4.50 hours (.50 trip/hole in pipe, 1.00 rig check, 1.00 jet, 1.25 connection, .75 displace @ 3367')
 Mud properties: wt. 8.8, vis. 41, water loss 8.9
 Daily Mud Cost = \$1,396.32. Mud Cost to Date = \$4,380.81
 Wt. on bit: 30,000, 80 RPM, 750# pump pressure
 12 1/4" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'
 7 7/8" bit #1 (in @ 895') = 56.50 hrs. - 2587'

Fuel usage: 490.75 gals (60" used 13") 47" + 26" delivered = 73"

Day 6 Date 04-21-08 Monday

7:00 am – Drilling @ 3482'
 Ran 21.25 hours drilling. Down 2.75 hours (.75 rig check, 1.50 connection, .50 rig repair)
 Mud properties: wt. 9.2, vis. 46, water loss 9.6
 Daily Mud Cost = \$1,726.99. Mud Cost to Date = \$6,107.80
 Wt. on bit: 30,000, 70 RPM, 850# pump pressure
 12 1/4" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'
 7 7/8" bit #1 (in @ 895') = 77.75 hrs. - 3048''

Fuel usage: 453.00 gals (48" used 12")

Day 7 Date 04-22-08 Tuesday

7:00 am – Drilling @ 3943'
 Ran 20.25 hours drilling. Down 3.75 hours (2.50 rig repair, .75 connection, .50 rig check)
 Mud properties: wt. 9.3, vis. 54, water loss 9.6
 Daily Mud Cost = \$142.11. Mud Cost to Date = \$6,249.91
 Wt. on bit: 30,000, 80 RPM, 800# pump pressure
 12 1/4" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'
 7 7/8" bit #1 (in @ 895') = 98.00 hrs. - 3320'

Fuel usage: 415.25 gals (37" used 11")

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WICHITA, KS

MORNING DRILLING REPORT			Fax to: Palomino Petroleum				
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991		WELL NAME Schlegel-Schroyer #1		LOCATION 2280' FNL & 1540' FEL Sec. 10-19S-25W Ness County, KS	
Rig #1 Phone Numbers			Palomino Petroleum, Inc. 4924 SE 84 th Street Newton, KS 67114 316-799-1000				
620-794-2075	Rig Cellular (Dog house)						
620-794-2078	Geologist Trailer Cellular						
620-617-7324	Tool Pusher Cellular		Frank Rome	ELEVATION	G.L. 2409'	K.B. 2419'	API# 15-135-24772-00-00

Driving Directions: From Ness City: 8 miles West on Hwy. 96, 2 1/2 miles South, West into.

Day	8	Date	04-23-08	Wednesday	DST #1 (4150' – 4269')
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Marmaton formation
Recovered 5' mud

7:00 am – Drilling @ 4215'

Ran 9.25 hours drilling. Down 14.75 hours (.25 rig check, 1.00 CFS @ 4269', 9.75 trip, 1.75 CTCH, .25 survey, 1.75 DST #1)

Mud properties: wt. 9.3, vis. 55, water loss 8.8

Daily Mud Cost = \$603.07. Mud Cost to Date = \$6,852.98

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

12 1/4" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'

7 7/8" bit #1 (in @ 895') = 107.25 hrs. - 3406'

Fuel usage: 302.00 gals (29" used 8")

Day	9	Date	04-24-08	Thursday	Survey @ 4465' = 1 1/2 degree
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7:00 am – Drilling @ 4301'

Ran 15.00 hours drilling. Down 9.00 hours (.50 rig check, 1.25 CFS @ 4452', 1.25 CFS @ 4465', .25 survey, 5.75 trip)

Mud properties: wt. 9.3, vis. 49, water loss 9.6

Daily Mud Cost = \$-282.70. Mud Cost to Date = \$6,570.28

Wt. on bit: 30,000, 75 RPM, 850# pump pressure

12 1/4" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'

7 7/8" bit #1 (in @ 895') = 122.25 hrs. - 3570'

Fuel usage: 339.75 gals (39" used 9") 29" + 19" delivered = 48"

Day	10	Date	04-25-08	Friday	DST #2 (4406' – 4465')
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Mississippi formation
Recovered 10' gassy oil and 60' oil cut mud

DST #3 (4462' – 4471')
Mississippi formation
Recovered 45' oil and 750' oil cut watery mud

7:00 am – On bottom with DST #2 @ 4465'

Ran 2.50 hours drilling. Down 21.50 hours (13.75 trip, 1.25 CTCH, 1.00 DST #2, 2.25 DST #3, 2.00 CFS @ 4471', 1.00 CFS @ 4546', .25 connection)

Mud properties: wt. 9.3, vis. 53, water loss 9.6.

Daily Mud Cost = \$457.26. Mud Cost to Date = \$7,027.54.

Wt. on bit: 30,000, 75 RPM, 850# pump pressure

12 1/4" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'

7 7/8" bit #1 (in @ 895') = 124.75 hrs. - 3651'

Fuel usage: 226.50 gals (33" used 6")

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WICHITA, KS

MORNING DRILLING REPORT			Fax to: Palomino Petroleum			
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991		WELL NAME		Schlegel-Schroyer #1
Rig #1 Phone Numbers				LOCATION		2280' FNL & 1540' FEL Sec. 10-19S-25W Ness County, KS
620-794-2075		Rig Cellular (Dog house)		Palomino Petroleum, Inc. 4924 SE 84 th Street Newton, KS 67114 316-799-1000		
620-794-2078		Geologist Trailer Cellular		ELEVATION		
620-617-7324		Tool Pusher Cellular		G.L. 2409'	K.B. 2419'	API# 15-135-24772-00-00
		Frank Rome				

Driving Directions: From Ness City: 8 miles West on Hwy. 96, 2 ½ miles South, West into.

Day 11 Date 04-26-08 Saturday Survey @ 4546' = 1 ¾ degrees

RTD = 4546'

LTD = 4546'

7:00 am – CFS @ 4546'

Ran 0.00 hours drilling. Down 24.00 hours (.50 CFS @ 4546', .25 survey, 4.50 trip, 4.75 log, 3.00 lay down pipe, 1.00 nipple down, 1.50 plug, 8.50 tear down)

Mud properties: wt. 9.3, vis. 53, water loss 8.8.

Daily Mud Cost = \$406.46. Total Mud Cost = \$7,434.00.

Wt. on bit: 30,000, 75 RPM, 850# pump pressure

12 ¼" bit #1 (in @ 0' out @ 895') = 13.00 hrs. - 895'

7 7/8" bit #1 (in @ 895' out @ 4546') = 124.75 hrs. - 3651'

Fuel usage: 151.00 gals (29" used 4")

Plugged well 175 sacks of 60/40 Poz, 4% gel, ¼# floseal per sack.

1st plug @ 1750' with 50 sacks. 2nd plug @ 900' with 50 sacks. 3rd plug @ 420' with 30 sacks.

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

Job complete @ 10:30 p.m. on 04-26-08 by Allied Cementing (tkr #30219).

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CONSERVATION DIVISION
WICHITA, KS

SOUTHWIND DRILLING, INC.
PLUGGING ORDERS AND REPORTS

Lease: Schlegel-Schroyer #1

Plugging received from KCC representative:

Name: Steve Durant Date 4-24-08 Time 4:30 PM

1st plug @ 1750 ft. 50 sx. Stands: 23 1/2

2nd plug @ 900 ft. 50 sx. Stands: 14 1/2

3rd plug @ 420 ft. 30 sx. Stands: 7

4th plug @ 60 ft. 20 sx. Stands: 1

5th plug @ _____ ft. _____ sx. Stands: _____

Mousehole 10 sx.

Rahole 15 sx.

Total Cement used: 175 sx.

Type of cement 60/40 PCZ 4% Gel 1/4" Flo Seal Per Sack

Plug down @ 10:30 PM 4-26-08 By Allied TK# 30219

Call KCC When Completed:

Name: Eric McLaren Date 4-28-08 Time 9:00 AM

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CONSERVATION DIVISION
WICHITA, KS

ALLIED CEMENTING CO., INC.

30219

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

SERVICE POINT:

Elwood Bend

DATE <u>4-26-08</u>	SEC <u>10</u>	TWP <u>19s</u>	RANGE <u>25w</u>	CALLED OUT <u>3:30pm</u>	ON LOCATION <u>1pm</u>	JOB START <u>7am</u>	JOB FINISH <u>10:00am</u>
LEASE <u>Schlegel</u>	WELL# <u>1</u>	LOCATION <u>ho rd 1/2 w 2 1/2 s w 12</u>			COUNTY <u>Nowa</u>	STATE <u>K.S.</u>	
OLD OR NEW (Circle one)							

CONTRACTOR Southwind Rig 1

TYPE OF JOB Rotary Plug

HOLE SIZE 7 3/4 T.D. 1750 ft

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE 4 1/2 DEPTH 1750 ft

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER _____

CEMENT AMOUNT ORDERED 175 60 4 7 gal

1/4 # floe seal 1/2 gal

COMMON _____ @ _____

POZMIX _____ @ _____

GEL _____ @ _____

CHLORIDE _____ @ _____

ASC _____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

HANDLING _____ @ _____

MILEAGE _____ @ _____

EQUIPMENT

PUMP TRUCK CEMENTER Mike M

181 HELPER Tyler W

BULK TRUCK DRIVER Kevin W

260

BULK TRUCK DRIVER _____

REMARKS:

93% Mix 50 lb at 1750 ft

Mix 50 lb at 900 ft

Mix 30 lb at 420 ft

Mix 20 lb at 60 ft

Mix 15 lb at 9 ft

Mix 10 lb at 11 ft

CHARGE TO: Palomino Petr.

STREET _____

CITY _____ STATE _____ ZIP _____

Thank you

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.

SIGNATURE Frank Rome

TOTAL _____

SERVICE _____

DEPTH OF JOB 1750 ft

PUMP TRUCK CHARGE _____

EXTRA FOOTAGE _____ @ _____

MILEAGE _____ @ _____

MANIFOLD _____ @ _____

_____ @ _____

_____ @ _____

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CONSERVATION DIVISION
WICHITA, KS

PLUG & FLOAT EQUIPMENT

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

TOTAL _____

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

PRINTED NAME Frank Rome