

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: 06-19-08 (Date)
by: Eric MacLaren (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 - 135-24810-00-00
Lease Name: Gantz-Holloway
Well Number: 1
Spot Location (QQQQ): NE - NW - SE - SW
1010 Feet from North / South Section Line
1690 Feet from East / West Section Line
Sec. 24 Twp. 19 S. R. 25 East West
County: Ness
Date Well Completed: D & A
Plugging Commenced: 06-21-08
Plugging Completed: 06-21-08

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'	224'	8 5/8" new 20#	212.06'	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 205 sacks of 60/40 Poz, 4% gel, 1/4# floseal per sack

1st plug @ 1680' with 50 sacks. 2nd plug @ 840' with 80 sacks. 3rd plug @ 250' with 40 sacks.

4th plug @ 60' with 20 sacks to surface. Plug rat hole with 15 sacks. No mousehole.

Job complete @ 10:30 pm on 06-21-08 by Allied Cementing (tk #26892)

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



SUBSCRIBED and SWORN TO before me this 250' day of June, 20 08

Renee Kasselmann My Commission Expires: 07-15-09
Notary Public

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JUN 26 2008

CONSERVATION DIVISION
WICHITA, KS

[Handwritten signature]

SOUTHWIND DRILLING, INC.

RIG #1

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

DRILLING REPORT

Gantz-Holloway #1

Location: 1010' FSL & 1690' FWL
API#: 15-135-24810-00-00

Section 24-19S-25W
Ness County, Kansas

OWNER: _____ : Palomino Petroleum, Inc.
CONTRACTOR: Southwind Drilling, Inc. Rig #1

COMMENCED: 06-14-08
COMPLETED: 06-21-08

TOTAL DEPTH: Driller: 4525'
Logger: 4525'

Ground Elevation: 2380'
KB Elevation: 2390'

LOG:

0'	-	915'	Redbed
915'	-	1555'	Shale/Sand
1555'	-	1689'	Shale
1689'	-	1710'	Anhydrite
1710'	-	2382'	Shale
2382'	-	4525'	Lime/Shale
		4525'	RTD

CASING RECORDS

Surface casing – 8 5/8"

Ran 5 joints of 20# new 8 5/8" surface casing. Tally @ 212.06'. Set @ 224'. Cement with 235 sacks of common, 3% calcium chloride, 2% gel. Cement did circulate. Plug down @ 10:00 p.m. on 06-14-08 by Allied Cementing (tkr #68302)

Production casing – 5 1/2"

None – plugged the well

DEVIATION SURVEYS

1 degree (s) @ 227'
1 degree (s) @ 4525'

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MORNING-DRILLING REPORT			Fax to: Palomino Petroleum/ Email 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 Gantz-Holloway #1		LOCATION 1010' FSL & 1690 FWL Sec. 24-19S-25W Ness County, KS	
Rig #1 Phone Numbers			Palomino Petroleum, Inc. 4924 SE 84 th 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. 2380'	K.B. 2390'	API# 15-135-24810-00-00	

Driving Directions: From Ness City & Hwy. 96: 6 miles West, 3 miles South, ¼ mile Southwest on dirt trail.

Day 1 Date 06-14-08 Saturday Survey @ 227' = 1 degree

Moved Rig #1 on location

Spud @ 3:30 pm

Ran 2.75 hours drilling (.75 drill rat hole, 1.50 drill 12 ¼", .50 drill 7 7/8"). Down 21.25 hours (7.25 move/rig up, 2.75 lost circulation @ 25', .25 CTCH, .25 trip, .25 survey, 1.50 run casing/cement, 8.00 wait on cement, .75 connection, .25 drill plug)

Mud properties: spud mud

Daily Mud Cost = \$527.40. Mud Cost to Date = \$527.40.

Wt. on bit: 15,000, 110 RPM, 600# pump pressure

12 ¼" bit #1 (in @ 0' out @ 227') = 1.50 hrs. - 227'

7 7/8" bit #1 (in @ 227') = .50 hrs. - 28'

1" fuel = 37.75 gals.

Fuel usage: 75.50 gals (50" used 2") start @ 52"

Ran 5 joints of 20# new 8 5/8" surface casing. Tally @ 212.06'. Set @ 224'. Cement with 235 sacks of common, 3% calcium chloride, 2% gel. Cement did circulate. Plug down @ 10:00 p.m. on 06-14-08 by Allied Cementing (tkr #68302)

Day 2 Date 06-15-08 Sunday Anhydrite (1689' - 1710')

7:00 am - Drilling @ 255'

Ran 18.50 hours drilling. Down 5.50 hours (.75 rig check, 3.25 connection, 1.00 jet, .50 rig repair)

Mud properties: fresh water

Daily Mud Cost = \$2,351.25. Mud Cost to Date = \$2,878.65

Wt. on bit: 30,000, 80 RPM, 975# pump pressure

12 ¼" bit #1 (in @ 0' out @ 227') = 1.50 hrs. - 227'

7 7/8" bit #1 (in @ 227') = 19.00 hrs. - 1743'

Fuel usage: 377.50 gals (40" used 10")

Day 3 Date 06-16-08 Monday

7:00 am - Drilling @ 1970'

Ran 19.50 hours drilling. Down 4.50 hours (.75 rig check, 2.00 connection, .50 jet, 1.25 rig repair)

Mud properties: fresh water

Daily Mud Cost = \$3,222.30. Mud Cost to Date = \$6,100.95

Wt. on bit: 30,000, 80 RPM, 900# pump pressure

12 ¼" bit #1 (in @ 0' out @ 227') = 1.50 hrs. - 227'

7 7/8" bit #1 (in @ 227') = 38.50 hrs. - 2578'

Fuel usage: 415.25 gals (83" used 11") 40" + 54" delivered = 94"

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MORNING DRILLING REPORT			Fax to: Palomino Petroleum/ Email 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 Gantz-Holloway #1		
Rig #1 Phone Numbers				LOCATION 1010' FSL & 1690 FWL Sec. 24-19S-25W 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				
620-617-7324		Tool Pusher Cellular		Frank Rome		
				ELEVATION G.L. 2380' K.B. 2390' API# 15-135-24810-00-00		

Driving Directions: From Ness City & Hwy. 96: 6 miles West, 3 miles South, ¼ mile Southwest on dirt trail.

Day 4 Date 06-17-08 Tuesday

7:00 am – Drilling @ 2805'
Ran 18.25 hours drilling. Down 5.75 hours (.50 rig check, 1.25 connection, 2.50 trip/hole in pipe @ 3000', .25 rig repair, 1.25 displace @ 3316')
Mud properties: fresh water
Daily Mud Cost = \$622.25. Mud Cost to Date = \$6,723.20
Wt. on bit: 30,000, 75 RPM, 1000# pump pressure
12 ¼" bit #1 (in @ 0' out @ 227') = 1.50 hrs. - 227'
7 7/8" bit #1 (in @ 227') = 56.75 hrs. - 3098'
Fuel usage: 453.00 gals (71" used 12")

Day 5 Date 06-18-08 Wednesday

7:00 am – Drilling @ 3325'
Ran 21.25 hours drilling. Down 2.75 hours (.75 rig check, 1.50 connection, .50 jet)
Mud properties: wt. 8.9, vis. 51, water loss 8.8
Daily Mud Cost = \$1,800.40. Mud Cost to Date = \$8,523.60
Wt. on bit: 30,000, 75 RPM, 850# pump pressure
12 ¼" bit #1 (in @ 0' out @ 227') = 1.50 hrs. - 227'
7 7/8" bit #1 (in @ 227') = 78.00 hrs. - 3665'
Fuel usage: 415.25 gals (60" used 11")

Day 6 Date 06-19-08 Thursday

7:00 am – Drilling @ 3892'
Ran 22.00 hours drilling. Down 2.00 hours (.75 rig check, 1.25 connection).
Mud properties: wt. 9.1, vis. 60, water loss 8.8.
Daily Mud Cost = \$843.00. Mud Cost to Date = \$9,366.60.
Wt. on bit: 35,000, 75 RPM, 950# pump pressure
12 ¼" bit #1 (in @ 0' out @ 227') = 1.50 hrs. - 227'
7 7/8" bit #1 (in @ 227') = 100.00 hrs. - 4058'
Fuel usage: 453.00 gals (48" used 12")

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MORNING DRILLING REPORT			Fax to: Palomino Petroleum/ Email 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 Gantz-Holloway #1		
Rig #1 Phone Numbers				LOCATION 1010' FSL & 1690 FWL Sec. 24-19S-25W 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				
620-617-7324		Tool Pusher Cellular		Frank Rome		
				ELEVATION G.L. 2380' K.B. 2390' API# 15-135-24810-00-00		

Driving Directions: From Ness City & Hwy. 96: 6 miles West, 3 miles South, ¼ mile Southwest on dirt trail.

Day 7 Date 06-20-08 Friday Survey @ **4525' = 1 degree**

RTD = 4525'

LTD = 4525'

7:00 am – Drilling @ 4285'

Ran 13.75 hours drilling. Down 10.25 hours (.75 rig check, .25 jet, 1.00 CFS @ 4361', 1.25 CFS @ 4450', 1.00 CFS @ 4525', 2.75 trip, 1.50 CTCH, .25 survey, .75 wait on loggers, .75 log)

Mud properties: wt. 9.2, vis. 57, water loss 9.0

Daily Mud Cost = \$863.30. **Total Mud Cost = \$10,229.90**

Wt. on bit: 35,000, 75 RPM, 1000# pump pressure

12 ¼" bit #1 (in @ 0' out @ 227') = 1.50 hrs. - 227'

7 7/8" bit #1 (in @ 227' out @ 4525') = 113.75 hrs. - 4298'

Fuel usage: 377.50gals (54" used 10") 48" + 16" delivered = 64"

Day 8 Date 06-21-08 Saturday

7:00 am – Logging @ 4525'

Ran 0.00 hours drilling. Down 24.00 hours (1.25 log, .25 wait on orders, 1.50 trip, 4.75 lay down pipe, .75 nipple down, 6.00 wait on cementers, 1.00 plug, 8.50 tear down)

Fuel usage: 75.50 gals (52" used 2")

Plug well with 205 sacks of 60/40 Poz, 4% gel, ¼# floseal per sack.

1st plug @ 1680' with 50 sacks. 2nd plug @ 840' with 80 sacks. 3rd plug @ 250' with 40 sacks.

4th plug @ 60' with 20 sacks to surface. Plug rat hole with 15 sacks. No mouse hole.

Job complete @ 10:30 pm on 06-21-08 by Allied Cementing (tk #26892).

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WICHITA, KS

SOUTHWIND DRILLING, INC.
PLUGGING ORDERS AND REPORTS

Lease: Gantz-Holloway

Plugging received from KCC representative:

Name: Eric MacLaren Date 6-19-08 Time 11:30 AM

1st plug @ 1680 ft. 50 sx. Stands: 27

2nd plug @ 840 ft. 80 sx. Stands: 13 1/2

3rd plug @ 250 ft. 40 sx. Stands: 4

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

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

Mousehole _____ sx.

Rahole 15 sx.

Total Cement used: 205 sx.

Type of cement 60/40 P02 4% Col 1/4" Fl Seal Per Sack

Plug down @ 10:30 PM 6-21-08 by Allied

Call KCC When Completed:

Name: Jerry Stapleton Date 6-23-08 Time 9:00 AM

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CONSERVATION DIVISION
WICHITA, KS

ALLIED CEMENTING CO., INC.

26892

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

SERVICE POINT: L. 2nd St. 1st

DATE <u>6-21-08</u>	SEC. <u>24</u>	TWP. <u>19S</u>	RANGE <u>25W</u>	CALLED OUT	ON LOCATION	JOB START <u>9:30 AM</u>	JOB FINISH <u>10:30 PM</u>
LEASE <u>Grant-Hill way</u>	WELL# <u>1</u>	LOCATION <u>Nice C. L. 25-4.1W 13 2W</u>			COUNTY <u>Ness</u>	STATE <u>KS</u>	
OLD OR <input checked="" type="radio"/> NEW (Circle one)			<u>5+6 1/2"</u>				

CONTRACTOR Southland Drilling
 TYPE OF JOB Rat-hole Plug
 HOLE SIZE _____ T.D. _____
 CASING SIZE _____ DEPTH _____
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE 4 1/2 DEPTH 1680
 TOOL _____ DEPTH _____
 PRES. MAX _____ MINIMUM _____
 MEAS. LINE _____ SHOE JOINT _____
 CEMENT LEFT IN CSG. _____
 PERFS. _____
 DISPLACEMENT _____

EQUIPMENT

PUMP TRUCK CEMENTER B. By
 # 477 HELPER Kenny
 BULK TRUCK
 # 471 DRIVER Tony
 BULK TRUCK
 # _____ DRIVER _____

REMARKS:

8050 Plug 1680'
805k Plug 840'
405k Plug 360'
205k Plug 180'
155k Rathole

CHARGE TO: Palamino Petro
 STREET _____
 CITY _____ STATE _____ ZIP _____

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JUN 26 2008

To Allied Cementing Co., Inc. CONSERVATION DIVISION WICHITA, KS
 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

OWNER _____

CEMENT

AMOUNT ORDERED 705sk 60/40 4% Gel
1/4" Floreal

COMMON	<u>123sk</u>	@ <u>14.22</u>	<u>1746.00</u>
POZMIX	<u>82sk</u>	@ <u>7.25</u>	<u>596.50</u>
GEL	<u>7sk</u>	@ <u>18.75</u>	<u>131.25</u>
CHLORIDE	_____	@ _____	_____
ASC	_____	@ _____	_____
<u>Floreal</u>	<u>51</u>	@ <u>2.25</u>	<u>114.75</u>
_____	_____	@ _____	_____
_____	_____	@ _____	_____
_____	_____	@ _____	_____
_____	_____	@ _____	_____
_____	_____	@ _____	_____
_____	_____	@ _____	_____
_____	_____	@ _____	_____
HANDLING	<u>214</u>	@ <u>2.12</u>	<u>453.68</u>
MILEAGE	<u>5k m. 29</u>	@ _____	<u>1251.00</u>
TOTAL			<u>4295.00</u>

SERVICE

DEPTH OF JOB 1680
 PUMP TRUCK CHARGE _____ 917.00
 EXTRA FOOTAGE _____ @ _____
 MILEAGE 65 m. @ 7.00 455.00
 MANIFOLD _____ @ _____
 _____ @ _____
 _____ @ _____
 TOTAL 1372.00

PLUG & FLOAT EQUIPMENT

_____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 TOTAL _____

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

Frank Rome
 PRINTED NAME