TO:

STATE CORPORATION COMMISSION **CONSERVATION DIVISION - PLUGGING**

130 SOUTH MARKET, SUITE 2078

WICHITA, KANSAS 67202

Operator License No.: 30931

Op Name: DAYSTAR PETROLEUM, INC.

Address: 1321 W 93 N PO BOX 360

VALLEY CENTER, KS 67147

API Well Number: 15-159-21491-00-00

Spot: W2NESWNW

County: RICE

Sec/Twnshp/Rge: 10-19S-6W

3630 feet from S Section Line,

4390 feet from E Section Line

Lease Name: KRUSE A

Well #: 3

Total Vertical Depth: 3292 feet

String Size Depth (ft) Pulled (ft) Comment

PROD 4.5 3220

SURF 8.625 210

Well Type: SWO EOR

UIC Docket No: F26533.1

Date/Time to Plug: 11/14/2007 3:00 PM

Plug Co. License No.: 31529

Plug Co. Name: MIKE'S TESTING & SALVAGE, INC.

Proposal Rcvd. from: MIKE KELSO

Company: MIKE'S TESTING & SALVAGE, INC Phone: (620) 562-8088

Plugging Method:

Proposed SEE BELOW

Plugging Proposal Received By: JEFF KLOCK

WitnessType: PARTIAL

Date/Time Plugging Completed: 11/14/2007 5:15 PM

KCC Agent: VIRGIL CLOTHIER

Actual Plugging Report:

Perfs:

MIKE'S TESTING & SALVAGE. INC. RIGGED UP THE FIRST WEEK OF NOVEMBER TO REPAIR CASING LEAK ON WELL. CIBP ST @ 2900' AND TESTED TO 1300#. HOLES IN CASING AT 450' AND 960'. SPOTTED 50 SX @ 1000'. TIED ONTO 4 1/2" CASING AND PUMPED 960' AND PUMPED ADDITIONAL 400 SX W/NO CEMENT RETURNS. TAGGED CMT @ 595' HOLE AT 450' STILL LEAKING AND WOULD NOT HOLD PRESSURE. MIX 200 SX COMMON. 16 SX GEL & 3%CC AND DISPLACED TO 290'. LET SET FOR 1 WK. ON 11/12 DRILLED FROM 290' TO 522'. PRESSURED UP TO 300# AND LOST 160# IN 6 MIN. DRILLED FROM 522' TO 930' LOSING FLUID BELOW 600'. 11/14 DRILLED OUTSIDE 4 1/2" CASING AT APPROX. 930', CIRC UP PIECES OF SALT. WATER COMING UP 4 1/2" CASING TO SURFACE. SET CIBP @ 580' ABOVE TOP OF SALT AND SHUT OFF WATER COMING UP 4 1/2" CASING. PERF @ 550' AND RIH W/ TUBING TO 550' AND PUMPED 50 SXS. DISPLACED CEMENT OUT THRU PERFS WITH 4BBL WATER @ 550#. LET CEMENT SET. TAGGED CEMENT @ 233'. PERF @220' AND RIH W/TUBING AND CEMENTED. PRESSURED UP TO 300#. CIRCULATED CEMENT TO SURFACE INSIDE 4 1/2" THEN TIED ONTO SURFACE CASING AND PUMPED 2 BBL CEMENT BEFORE PRESSURING UP TO 1200#.

RECEIVED KANSAS CORPORATION COMMISSION

NOV 2 9 2007

CONSERVATION DIVISION WICHITA, KS

Remarks:

60-40 POZ, 4% GEL. 3% CC., 25 FLO-SEAL. ALLIED TICKET 25510

Plugged through: TBG

District: 02

(TECHNICIAN)

Form CP-2/3