

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

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: None
 Operator Contact Person: Klee R. Watchous
 Phone: (316) 799-1000
 Contractor: Name: VAL Energy, Inc.
 License: 5822
 Wellsite Geologist: Kevin Davis
 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>6/9/07</u>	<u>6/26/07</u>	<u>6/26/07</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

CONFIDENTIAL

ORIGINAL

API No. 15 - 025-21416-0000
 County: Clark
SW SW SW NE Sec. 14 Twp. 32 S. R. 21 East West
2600 feet from S (N) (circle one) Line of Section
2630 feet from (E) W (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) (NE) SE NW SW
 Lease Name: Loesch-Stephens Well #: 1
 Field Name: None (Wildcat)
 Producing Formation: None
 Elevation: Ground: 1972 Kelly Bushing: 1982
 Total Depth: 6774 Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 734 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 PANIT 8-6-08
 (Data must be collected from the Reserve Pit)
 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: [Signature]
 Title: President Date: July 12, 2007
 Subscribed and sworn to before me this 12th day of July

20-07
 NOTARY PUBLIC - State of Kansas
 Notary Public: Carla R. Penwell
 My Appt. Expires 10-6-09
 Date Commission Expires: October 6, 2009
[Signature]
 Carla R. Penwell

KCC Office Use ONLY

Letter of Confidentiality Received
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

If Denied, Yes Date: _____

RECEIVED
 KANSAS CORPORATION COMMISSION
JUL 16 2007
 CONSERVATION DIVISION
 WICHITA, KS

Operator Name: Palomino Petroleum, Inc. Lease Name: Loesch-Stephens Well #: 1
 Sec. 14 Twp. 32 S. R. 21 East West County: Clark

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 <i>(Attach Additional Sheets)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
Samples Sent to Geological Survey	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name	Top Datum
Cores Taken	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Anhy.	991 (+ 991)
Electric Log Run <i>(Submit Copy)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Base Anhy.	1005 (+ 977)
List All E. Logs Run:		Heebner	4222 (-2240)
		Brown Lime	4418 (-2436)
		Stark	4784 (-2802)
		Marmaton	4905 (-2923)
		Pawnee	4992 (-3010)
		Cherokee Sh.	5039 (-3057)

Dual Induction, Compensated Density/Neutron
 PE, Micro, Sonic

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#	734'	Apoz	200	2% gel, 3% c.c.
					Common	150	

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
		RECEIVED JUL 16 2007 KCC WICHITA	

TUBING RECORD	Size	Set At	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.	Producing Method <input type="checkbox"/> Flowing <input 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
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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 type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <input type="checkbox"/> Other (Specify) _____	

LOGS

Morrow Sh.	5144	(-3162)
Morrow Sd.	5154	(-3172)
Miss.	5161	(-3179)
Kinderhook	6201	(-4219)
Viola	6304	(-4322)
Simpson	6496	(-4514)
Arbuckle	6606	(-4624)
LTD	6774	(-4792)

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Pratt

B I L L T O
 PALOMINO PETROLEUM, INC.
 4924 SE 84TH STREET
 NEWTON KS 67114-8824
 ATTN:

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-- JUN 29 2007

PAGE 1 of 1	CUST NO 1970-PAL020	INVOICE DATE 06/28/2007
INVOICE NUMBER 1970000484		

J O B S I T E
LEASE NAME Loesch-Stephens
WELL NO. 1
COUNTY Clark
STATE KS
JOB DESCRIPTION Cement-New Well Casing/Pipe:
JOB CONTACT

JOB # 1970-00487	EQUIPMENT # 301	PURCHASE ORDER NO.	TERMS Net 30 DAYS	DUE DATE 07/28/2007
----------------------------	---------------------------	---------------------------	-----------------------------	-------------------------------

For Service Dates: 06/26/2007 to 06/26/2007

1970-00487

1970-16226 Cement-New Well Casing 6/26/07

	QTY	U of M	UNIT PRICE	INVOICE AMOUNT
Pump Charge-Hourly Casing Cement Pumper	1.00	Hour	2268.000	2,268.00
Mileage Cement Service Charge	225.00	DH	1.500	337.50
Mileage Heavy Vehicle Mileage	170.00	DH	5.000	850.00
Mileage Proppant and Bulk Delivery	825.00	DH	1.600	1,320.00
Pickup Car, Pickup or Van Mileage	85.00	Hour	3.000	255.00
Standby Time Cement Pumper, Additional Hrs. on Location	4.00	Hour	210.000	840.00
Additives Cellflake	56.00	EA	3.700	207.20 T
Additives Cement Gel	776.00	EA	0.250	194.00 T
Cement 60/40 POZ	225.00	EA	10.710	2,409.75 T
Supervisor Service Supervisor	1.00	Hour	150.000	150.00

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PLEASE REMIT TO:
BASIC ENERGY SERVICES, LP
PO BOX 841903
DALLAS, TX 75284-1903

SEND OTHER CORRESPONDENCE TO:
 BASIC ENERGY SERVICES, LP
 PO BOX 10460
 MIDLAND, TX 79702

BID DISCOUNT -883.86
SUBTOTAL 7,947.59
TAX 134.06
INVOICE TOTAL 8,081.65

Subject to Correction

Date	6-26-07	Customer ID		Lease	Loesch-Stephens	Well #	1	Legal	16-325-21W
				County	Clark	State	KS.	Station	Pratt
C H A R G E	Palomino Petroleum, Incorporated			Depth		Formation		Shoe Joint	
	Casing		11"	Casing Depth	4 1/2	TD		Job Type	C.N.W.-P.T.A.
	Customer Representative			Rick Smith		Treater Clarence R. Messick			

AFE Number		PO Number		Materials Received by	X Solar Haganer	DLS
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Station Code	Product Code	QUANTITY	MATERIALS, EQUIPMENT, and SERVICES USED	UNIT PRICE	AMOUNT
P	D203	225sk	60/40 Poz —	\$	2,409.75
P	C194	56Lb.	Cellflake —	\$	207.20
P	C320	776Lb.	Cement Gel —	\$	194.00
P	E100	170mi	Heavy Vehicle Mileage, 1-Way	\$	850.00
P	E101	85mi	Pickup Mileage, 1-Way	\$	255.00
P	E104	825tm.	Bulk Delivery	\$	1,319.20
P	E107	225sk	Cement Service Charge	\$	337.50
P	E891	1eq.	Service Supervisor	\$	150.00
P	R214	1eq.	Cement Pumper: 6,501 FT. To 7,000 FT.	\$	2,268.00
P	R402	4hr.	Cement Pumper, Additional Hours on Location	\$	840.00
			Discounted Price =	\$	7,947.59
			Plus taxes		

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Customer Alomino Petroleum, Incorporated	Lease No.	Date 6-26-07
Lease Loesch-Stephens	Well #1	
Field Order # 16226	Station Pratt	County Clark
Type Job C.N.W.-Plug To Abandon	Formation 1 1/2" Drill Pipe	State KS.
		Legal Description 16-225-21W

PIPE DATA		PERFORATING DATA		FLUID USED		TREATMENT RESUME		
Casing Size 1 1/2" Drill Pipe	Tubing Size	Shots/Ft		ATG 225 sacks	60	RATE/PRESS	10	ISIP with 6% Gel,
Depth	Depth	From	To	Rp Pkg 25	b./sk	Max		Cellfak
Volume	Volume	From	To	220	13.32	Min	8.09	60 Min. 1.59 CV FT/sk
Max Press	Max Press	From	To	FRAC		Avg		15 Min.
Well Connection	Annulus Vol.	From	To			HHP Used		Annulus Pressure
Plug Depth	Packer Depth	From	To	Flush Drilling Mud		Gas Volume and Fresh Water		Total Load

Customer Representative Rick Smith	Station Manager David Scott	Treater Clarence R. Messick
Service Units 19,870	19,903	19,832
Driver Names Messick	Nelson	Boles

Time	Casing Pressure	Tubing Pressure	Bbls. Pumped	Rate	Service Log
10:15					Trucks on location and hold safety meeting.
					1 st / Plug 6,720 Ft. - 50 sacks
7:40 11:23 A.M.	700		6	5	Start Fresh Water Pre-Flush.
			20	5	Start mixing cement.
			34	6	Start Fresh Water Displacement.
			44	6	Start Drilling mud Displacement.
	-0-	128			Stop pumping.
7:40 P.M.	400		6	5	2 nd / Plug 1,170 Ft. - 50 sacks
			20	5	Start Fresh Water Pre-Flush.
			34	5	Start mixing cement.
	-0-	44			Start Drilling mud Displacement.
					Stop pumping.
8:15					3 rd / Plug 780 Ft. - 50 sacks
8:15	300		6	5	Start Fresh Water Pre-Flush.
			10	5	Start mixing cement.
			24	5	Start Fresh Water Displacement.
	-0-	29			4 th / Plug 210 Ft. - 30 sacks
8:45	150		5	5	Start mixing cement.
8:48	-0-	9			Stop pumping.
					5 th / Plug 60 Ft. - 20 sacks
	-0-		3		Start mixing cement.
9:30	-0-	6			Cement Circulated to Surface. Stop pumping

BASiC *energy services*

JetStar / Acid Services Division

P.O. Box 8613

Pratt KS 67124

Phone (620) 672-1201

Fax (620) 672-7019

As of March 7, 2007 BASiC Energy Services has purchased JetStar Energy Services / Acid Services LLC.

We would like to thank you for being one of our valued customers and would appreciate if you would let your accounts payable department know the new remittance address is:

BASiC Energy Services, LP

P.O. Box 841903

Dallas TX 75284-1903

Thank you for your cooperation in this matter. If you have any questions or need any additional information please call the BASiC Energy billing office in Pratt KS at (620) 672-1201.

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Pratt

B PALOMINO PETROLEUM, INC.
I 4924 SE 84TH STREET
L
T NEWTON KS 67114-8824
O ATTN:

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 JUN 14 2007

PAGE 1 of 1	CUST NO 1970-PAL020	INVOICE DATE 06/12/2007
INVOICE NUMBER 1970000410		

J LEASE NAME Loesch-Stephens
O WELL NO. 1
B COUNTY Clark
S STATE KS
I JOB DESCRIPTION Cement-New Well Casing/Pipe
T JOB CONTACT
E

JOB #	EQUIPMENT #	PURCHASE ORDER NO.	TERMS	DUE DATE	
1970-00412	301		Net 30 DAYS	07/12/2007	
For Service Dates: 06/10/2007 to 06/10/2007					
1970-00412					
1970-15793	Cement-New Well Casing 6/10/07				
Pump Charge-Hourly		1.00	Hour	924.000	924.00
Casing Cement Pumper		1.00	EA	250.000	250.00
Cementing Head w/Manifold		1.00	EA	332.500	332.50
Cement Head Rental		2.00	EA	90.000	180.00
Cement Float Equipment		1.00	EA	275.000	275.00
Basket		1.00	EA	145.700	145.70
Cement Float Equipment		350.00	DH	1.500	525.00
Centralizer		170.00	DH	5.000	850.00
Cement Float Equipment		1,398.00	DH	1.600	2,236.80
Flapper Type Insert Float		85.00	Hour	3.000	255.00
Valve		88.00	EA	3.700	325.60 T
Cement Float Equipment		846.00	EA	1.000	846.00 T
Top Rubber Cement Plug		200.00	EA	17.070	3,414.00 T
Mileage		150.00	EA	15.050	2,257.50 T
Cement Service Charge		1.00	Hour	150.000	150.00
Mileage					
Heavy Vehicle Mileage					
Mileage					
Proppant and Bulk Delivery					
Pickup					
Car, Pickup or Van Mileage					
Additives					
Cellflake					
Calcium Chloride					
Cement					
A-Con Blend					
Cement					
Common					
Supervisor					
Service Supervisor					

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PLEASE REMIT TO: BASIC ENERGY SERVICES, LP PO BOX 841903 DALLAS, TX 75284-1903	SEND OTHER CORRESPONDENCE TO: BASIC ENERGY SERVICES, LP PO BOX 10460 MIDLAND, TX 79702	BID DISCOUNT SUBTOTAL TAX INVOICE TOTAL	-2,074.40 10,892.70 304.65 11,197.35
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Customer DOMINGO PET.	Lease No.	Date 6-10-07
Lease LOESCH-STEPHEN	Well # 1	
Field Order # 13173	Station PRATT, KS	Casing # 078
	Depth 737	County CHASK
Type Job C/W - SURFACE	Formation 740-TD	Legal Description 16-32-21

PIPE DATA		PERFORATING DATA		FLUID USED		TREATMENT RESUME		
Casing Size	Tubing Size	Shots/Ft		Acid	RATE	PRESS	ISIP	
7 7/8								
Depth	Depth	From	To	Pre Pad	Max		5 Min.	
737								
Volume	Volume	From	To	Pad	Min		10 Min.	
Max Press	Max Press	From	To	Frac	Avg		15 Min.	
Well Connection	Annulus Vol.	From	To		HP Used		Annulus Pressure	
Plug Depth	Packer Depth	From	To	Flush	Gas Volume		Total Load	
695								

Customer Representative KICK	Station Manager SCOTTY	Treater GORDLEY
--	----------------------------------	---------------------------

Service Units	19907	19841	19832	19860					
Driver Names	KG	MASON	ANTHONY						

Time	Casing Pressure	Tubing Pressure	Bbls. Pumped	Rate	Service Log
11:00					ON LOCATION LOST PIPE AT 211' GOT IT BACK.
					RECEIVED JUL 16 2007 KCC WICHITA
					RUN 722' 8 5/8 CSG - 17 STS. INSERT FLOAT 12" COLLAR. CENT. - 1-13 BAKER - 14 AT 166' THE BOTTOM DROP BAR - CIRC
					MIX CEMENT
12:00	200		91	5	200 SL. A-CON AT 12.0 ppq 3% CC 1/4" CELL FLAKE
	200		31	5	150 SL. COMMON AT 15.6 ppq 2% CC
					SDP - RELEASE PUG
	0		0	5	START DISP.
1:30	500		44.2	2	PUG DOWN - HELD
					CORE. 5 bbl CEMENT, JOB COMPLETE - 1622'
1:30					



PALOMINO PETROLEUM, INC.

4924 SE 84th St. • Newton, Kansas 67114-8827
(316) 799-1000 • FAX (316) 799-2728

July 12, 2007

CONFIDENTIAL

7-12-2008

Kansas Corporation Commission
130 S. Market-Room 2078
Wichita, Kansas 67202

Dear Sharon:

We are requesting that the enclosed well information for the Loesch-Stephens #1 be kept confidential.

Sincerely,

PALOMINO PETROLEUM, INC.

Klee R. Watchous
President

KRW/cp

Enclosures

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KANSAS CORPORATION COMMISSION

JUL 16 2007

CONSERVATION DIVISION
WICHITA, KS

BASiC *energy services*

JetStar / Acid Services Division

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