

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

ORIGINAL

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: Southwind Drilling, Inc.  
 License: 33350  
 Wellsite Geologist: Jon R. (Zeb) Stewart  
 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>1/13/07</u>	<u>1/21/07</u>	<u>1/21/07</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24595-0000  
 County: Ness  
SE NE NW Sec. 7 Twp. 19 S. R. 24  East  West  
1010 feet from S  (circle one) Line of Section  
2310 feet from E  (circle one) Line of Section  
 Footages Calculated from Nearest Outside Section Corner:  
 (circle one) NE SE  (NW) SW  
 Lease Name: Borger-McCoy Well #: 1  
 Field Name: Sunshine  
 Producing Formation: None  
 Elevation: Ground: 2358 Kelly Bushing: 2368  
 Total Depth: 4495 Plug Back Total Depth: \_\_\_\_\_  
 Amount of Surface Pipe Set and Cemented at 225 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**  
 (Data must be collected from the Reserve Pit) *Alt II within 12-11-07*  
 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: February 28, 2007

Subscribed and sworn to before me this 28th day of February,  
 20 07

Notary Public Carla R. Penwell  
 CARLA R. PENWELL  
 My Comm. Expires: October 6, 2009  
 My App. Expires: 10-6-09

**KCC Office Use ONLY**  
 Letter of Confidentiality Received  
 If Denied, Yes  Date: \_\_\_\_\_  
 Wireline Log Received  
 Geologist Report Received  
 UIC Distribution  
**RECEIVED**  
 KANSAS CORPORATION COMMISSION  
**MAR 01 2007**  
 CONSERVATION DIVISION  
 WICHITA, KS

Operator Name: Palomino Petroleum, Inc. Lease Name: Borger-McCoy Well #: 1  
 Sec. 7 Twp. 19 S. R. 24  East  West County: Ness

**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:  <b>Radiation Guard, Sonic</b>	<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:60%;">Name</td> <td style="width:20%;">Top</td> <td style="width:20%;">Datum</td> </tr> <tr> <td>Anhy.</td> <td>1632</td> <td>(+ 731)</td> </tr> <tr> <td>Base Anhy.</td> <td>1668</td> <td>(+ 700)</td> </tr> <tr> <td>Topeka</td> <td>3421</td> <td>(-1053)</td> </tr> <tr> <td>Heebner</td> <td>3723</td> <td>(-1355)</td> </tr> <tr> <td>LKC</td> <td>3767</td> <td>(-1399)</td> </tr> <tr> <td>BKC</td> <td>4087</td> <td>(-1719)</td> </tr> <tr> <td>Marmaton</td> <td>4127</td> <td>(-1759)</td> </tr> <tr> <td>Pawnee</td> <td>4203</td> <td>(-1835)</td> </tr> </table>	Name	Top	Datum	Anhy.	1632	(+ 731)	Base Anhy.	1668	(+ 700)	Topeka	3421	(-1053)	Heebner	3723	(-1355)	LKC	3767	(-1399)	BKC	4087	(-1719)	Marmaton	4127	(-1759)	Pawnee	4203	(-1835)
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Pawnee	4203	(-1835)																										

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 7/8"	23#	225'	Common	160	2% gel, 3% c.c.

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

TUBING RECORD	Size	Set At	Packer At	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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)		
Estimated Production Per 24 Hours	Oil Bbls.	Gas Mcf	Water Bbls.	Gas-Oil Ratio Gravity

Disposition of Gas <input type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-18.)</i>	METHOD OF COMPLETION <input type="checkbox"/> Open Hole <input type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <input type="checkbox"/> Other (Specify) _____	Production Interval
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**RECEIVED**  
**KANSAS CORPORATION COMMISSION**  
**MAR 01 2007**  
**CONSERVATION DIVISION**  
**WICHITA, KS**

**LOGS**

Ft. Scott	4278	(-1910)
Miss.	4418	(-2050)
LTD	4495	(-2127)

**RECEIVED**  
**KANSAS CORPORATION COMMISSION**  
**MAR 01 2007**  
**CONSERVATION DIVISION**  
**WICHITA, KS**

RECEIVED

JAN 31 2007

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

Russell, KS 67665

\*\*\*\*\*  
\* I N V O I C E \*  
\*\*\*\*\*

Invoice Number: 106280

Invoice Date: 01/26/07

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

Cust I.D.....: Palo  
P.O. Number...: Borger/McCoy#1  
P.O. Date.....: 01/26/07

Due Date.: 02/25/07  
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	153.00	SKS	10.6500	1629.45	T
Pozmix	102.00	SKS	5.8000	591.60	T
Gel	13.00	SKS	16.6500	216.45	T
FloSeal	64.00	LBS	2.0000	128.00	T
Handling	270.00	SKS	1.9000	513.00	T
Mileage min	1.00	MILE	240.0000	240.00	T
Rotary Plug	1.00	JOB	815.0000	815.00	T
Mileage pmp trk	8.00	MILE	6.0000	48.00	T

All Prices Are Net, Payable 30 Days Following	Subtotal:	4181.50
Date of Invoice. 1 1/2% Charged Thereafter.	Tax.....:	221.62
If Account CURRENT take Discount of <u>418.15</u>	Payments:	0.00
ONLY if paid within 30 days from Invoice Date	Total....:	4403.12

RECEIVED  
KANSAS CORPORATION COMMISSION  
MAR 01 2007  
CONSERVATION DIVISION  
WICHITA, KS

# ALLIED CEMENTING CO., INC.

Federal Tax I.D.

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

SERVICE POINT: 26350  
Ness City

DATE 1-21-09	SEC 7	TWP. 19	RANGE 24	CALLED OUT	ON LOCATION 2:00 PM	JOB START 5:45 PM	JOB FINISH 6:45 PM
BOGGS-MCCOY LEASE	WELL # 1	LOCATION Ness City, 6W, 2S, 2E			COUNTY NESS	STATE KS	
OLD OR <input checked="" type="radio"/> NEW (Circle one)			S/ Side				

CONTRACTOR Southwind #1  
 TYPE OF JOB Rotary plug  
 HOLE SIZE 7 1/8" I.D. 4500'  
 CASING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 DRILL PIPE 4 1/2" DEPTH 4500'  
 TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_  
 PRES. MAX 200# PSI MINIMUM \_\_\_\_\_  
 MEAS. LINE \_\_\_\_\_ SHOE JOINT \_\_\_\_\_

OWNER Palamino Petroleum  
 CEMENT AMOUNT ORDERED 255 sx 60/40 6% Gel  
2# Flo-seal

CEMENT LEFT IN CSG. \_\_\_\_\_  
 PERFS. \_\_\_\_\_  
 DISPLACEMENT Freshwater and mud  
 EQUIPMENT \_\_\_\_\_

COMMON	<u>153 net.</u>	@	<u>10.65</u>	<u>1629.45</u>
POZMIX	<u>102 net.</u>	@	<u>5.80</u>	<u>591.60</u>
GEL	<u>13 net.</u>	@	<u>16.45</u>	<u>216.45</u>
CHLORIDE		@		
ASC		@		
<u>Flo Seal</u>	<u>64#</u>	@	<u>2.00</u>	<u>128.00</u>
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>270 net</u>	@	<u>1.90</u>	<u>513.00</u>
MILEAGE	<u>270 net 09</u>	@	<u>8.00</u>	<u>2160.00</u>
				TOTAL <u>3318.50</u>

PUMP TRUCK CEMENTER Pick H.  
 # 224 HELPER Jim W.  
 BULK TRUCK DRIVER Marlyn S.  
 # 344  
 BULK TRUCK DRIVER \_\_\_\_\_  
 # \_\_\_\_\_

REMARKS:

1680' - 50 SX  
830' - 80 SX  
425' - 40 SX  
250' - 40 SX  
60' - 20 SX  
Mousehole - 10 SX  
Rat hole - 15 SX  
total cement 255 sx 60/40 6% Gel 2# Flo-seal

SERVICE

DEPTH OF JOB 1680'  
 PUMP TRUCK CHARGE 815.00  
 EXTRA FOOTAGE @ \_\_\_\_\_  
 MILEAGE 8 @ 6.00 48.00  
 MANIFOLD @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 TOTAL 863.00

CHARGE TO: Palamino Petroleum  
 STREET \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

PLUG & FLOAT EQUIPMENT

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.

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

THANKS  
 SIGNATURE A Doug Roberts

X Doug Roberts  
 PRINTED NAME

RECEIVED

JAN 26 2007

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

Russell, KS 67665

\*\*\*\*\*  
\* I N V O I C E \*  
\*\*\*\*\*

Invoice Number: 106174

Invoice Date: 01/23/07

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

RECEIVED  
KANSAS CORPORATION COMMISSION  
MAR 01 2007  
CONSERVATION DIVISION  
WICHITA, KS

Cust I.D.....: Palo  
P.O. Number...: Borger/McCoy#1  
P.O. Date.....: 01/23/07

Due Date.: 02/22/07  
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	175.00	SKS	10.6500	1863.75	T
Gel	3.00	SKS	16.6500	49.95	T
Chloride	5.00	SKS	46.6000	233.00	T
Handling	183.00	SKS	1.9000	347.70	E
Mileage min.	1.00	MILE	240.0000	240.00	E
Surface	1.00	JOB	815.0000	815.00	E
Mileage pmp trk	8.00	MILE	6.0000	48.00	E
Head Rental	1.00	PER	100.0000	100.00	E
Top Wood	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 375.74  
ONLY if paid within 30 days from Invoice Date

Subtotal: 3757.40  
Tax.....: 116.96  
Payments: 0.00  
Total....: 3874.36

# ALLIED CEMENTING CO., INC.

Federal Tax ID

26344

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

SERVICE POINT:

Ness City

10:00 PM

DATE 1-13-07	SEC 7	TWP 19	RANGE 24	CALLED OUT	ON LOCATION 12:30 PM	JOB START 10:00 PM	JOB FINISH 2:00 PM
LEASE Berger Mccoy	WELL # 1	LOCATION Ness City 6W, 2S, 2E, 3/4S			COUNTY Ness	STATE KS	
OLD OR NEW (Circle one)							

CONTRACTOR Southwind #1 OWNER Palamino Petroleum

TYPE OF JOB Surface

HOLE SIZE 12 1/4" T.D. 226'

CASING SIZE 8 3/8" DEPTH 225'

TUBING SIZE DEPTH

DRILL PIPE 4 1/2" DEPTH 226'

TOOL DEPTH

PRES. MAX 200 PSI MINIMUM

MEAS. LINE SHOE JOINT 15'

CEMENT LEFT IN CSG. 15'

PERFS.

DISPLACEMENT 13 BBL Fresh H<sub>2</sub>O

**EQUIPMENT**

PUMP TRUCK CEMENTER Rick H.

# 224 HELPER Kevin D.

BULK TRUCK

# 260 DRIVER David J.

BULK TRUCK

# DRIVER

CEMENT AMOUNT ORDERED 175 sx Common 3% CC  
2% Gel

COMMON 175 Sbx @ 10.65 1863.75

POZMIX @

GEL 344 @ 16.65 4995

CHLORIDE 5.44 @ 46.60 233.00

ASC @

@

@

@

@

@

@

@

@

HANDLING 183.44 @ 1.90 347.70

MILEAGE 183.44 @ 1.31 240.00

TOTAL 2734.40

**REMARKS:**

pipe on bottom broke circulation

mixed 175 sx Common 3% CC, 2% Gel

Displaced w/ 13 BBLs of freshwater

and shut in

Cement did circulate

**SERVICE**

DEPTH OF JOB 225'

PUMP TRUCK CHARGE 815.00

EXTRA FOOTAGE @

MILEAGE 8 @ 6.00 48.00

MANIFOLD @

HEAD LIFT @ 100.00 100.00

@

TOTAL 963.00

CHARGE TO Palamino Petroleum

STREET

CITY STATE ZIP

**PLUG & FLOAT EQUIPMENT**

1-Top 8 3/8" Wood @ 60.00 60.00

@

@

@

@

TOTAL 60.00

TAX

TOTAL CHARGE

DISCOUNT IF PAID IN 30 DAYS

SIGNATURE X Rory Wheeler

X Rory Wheeler

PRINTED NAME

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.