

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-1
September 1999
Form Must Be Typed

WELL COMPLETION FORM ORIGINAL
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: NCRA
Operator Contact Person: Klee R. Watchous
Phone: (316) 799-1000
Contractor: Name: Southwind Drilling, Inc.
License: 33350
Wellsite Geologist: Robert A. Schreiber
Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SIOW 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. _____
8/28/06 9/5/06 9/5/06
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API No. 15 - 185-23382-0000
County: Stafford
S/2 - N/2 - NE Sec. 17 Twp. 21 S. R. 13 East West
1110 feet from S / (N) (circle one) Line of Section
1280 feet from (E) / W (circle one) Line of Section
Footages Calculated from Nearest Outside Section Corner:
(circle one) (NE) SE NW SW
Lease Name: Holy Family Well #: 1
Field Name: Hazel West
Producing Formation: Arbuckle
Elevation: Ground: 1898 Kelly Bushing: 1907
Total Depth: 3779 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 351 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 *ALTI WITH*
(Data must be collected from the Reserve Pit) *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: October 18, 2006

Subscribed and sworn to before me this 18th day of October,
20 06.

Notary Public Carla R. Penwell
CARLA R. PENWELL
Date of Commission Expires: October 6, 2009
My Appt. Expires: 10-6-09

KCC Office Use ONLY

Letter of Confidentiality Received
If Denied, Yes Date: _____

Wireline Log Received

Geologist Report Received **RECEIVED**

UIC Distribution **OCT 19 2006**

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Operator Name: Palomino Petroleum, Inc. Lease Name: Holy Family Well #: 1
 Sec. 17 Twp. 21 S. R. 13 East West County: Stafford

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 Yes No
 (Attach Additional Sheets)

Samples Sent to Geological Survey Yes No

Cores Taken Yes No

Electric Log Run Yes No
 (Submit Copy)

List All E. Logs Run:

Radiation Guard, Micro

<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
	Name	Top Datum
	Anhy.	789 (+1118)
	Base Anhy.	810 (+1097)
	Howard	2855 (- 948)
	Topeka	2934 (-1027)
	Heebner	3216 (-1309)
	Toronto	3235 (-1328)
	Brown Lime	3337 (-1430)
	LKC	3350 (-1443)

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#	351'	Common	300	2% gel, 3% c.c.
Production	7 7/8"	5 1/2"	14#	3766'	EA-2	160	500 gal. mud flush
							w/add., 20bbls. KCL water

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
4	3666-3670		

TUBING RECORD		Size	Set At	Packer At	Liner Run
		2 7/8"	3754'		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr.		Producing Method			
9/15/06		<input type="checkbox"/> Flowing <input checked="" 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
	50% 55		50% 55		

Disposition of Gas Vented Sold Used on Lease (If vented, Submit ACO-18.)

METHOD OF COMPLETION Open Hole Perf. Dually Comp. Commingled Other (Specify)

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LOGS

BKC	3570	(-1663)
Viola	3594	(-1687)
Simpson	3610	(-1703)
Arbuckle	3661	(-1754)
LTD	3779	(-1872)

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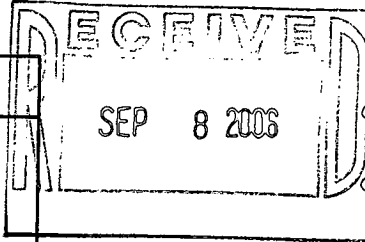
P. O. Box 466
Ness City, KS 67560
Off: 785-798-2300



Invoice

DATE	INVOICE #
9/5/2006	10701

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827



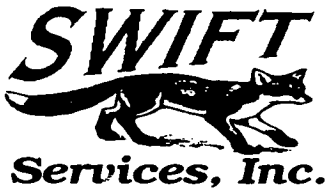
Acidizing
Cement
Tool Rental

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Job Purpose	Operator
Net 30	#1	Holy Family	Stafford	SouthWind Drillin...	Oil	Development	5-1/2" LongString	Dave

PRICE REF.	DESCRIPTION	QTY	UM	UNIT PRICE	AMOUNT
575D	Mileage - 1 Way	80	Miles	4.00	320.00
578D-L	Pump Charge - Long String	1	Job	1,250.00	1,250.00
221	Liquid KCL (Clayfix)	2	Gallon(s)	26.00	52.00T
281	Mud Flush	500	Gallon(s)	0.75	375.00T
290	D-Air	2	Gallon(s)	32.00	64.00T
402-5	5 1/2" Centralizer	8	Each	75.00	600.00T
403-5	5 1/2" Cement Basket	3	Each	260.00	780.00T
406-5	5 1/2" Latch Down Plug & Baffle	1	Each	210.00	210.00T
407-5	5 1/2" Insert Float Shoe With Auto Fill	1	Each	250.00	250.00T
419-5	5 1/2" Rotating Head Rental	1	Each	250.00	250.00T
325	Standard Cement	175	Sacks	11.00	1,925.00T
276	Flocele	44	Lb(s)	1.25	55.00T
283	Salt	900	Lb(s)	0.20	180.00T
284	Calseal	8	Sack(s)	30.00	240.00T
285	CFR-1	82	Lb(s)	4.00	328.00T
581D	Service Charge Cement	175	Sacks	1.10	192.50
583D	Drayage	731.04	Ton Miles	1.00	731.04
	Subtotal				7,802.54
	Sales Tax Stafford County			6.30%	334.47

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We Appreciate Your Business!	Total	\$8,137.01
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CHARGE TO: Palomino Petroleum
 ADDRESS:
 CITY, STATE, ZIP CODE:

TICKET
 No. 10701

PAGE 1 OF 2

1. SERVICE LOCATIONS <u>HAYS</u>	WELL/PROJECT NO. <u>1</u>	LEASE <u>Holy Family</u>	COUNTY/PARISH <u>Stafford</u>	STATE <u>Ks</u>	CITY	DATE <u>09-05-06</u>	OWNER
2. <u>Ness</u>	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR	RIG NAME/NO. <u>Southwind Oils #2</u>	SHIPPED VIA <u>512</u>	DELIVERED TO <u>10s 1w 1/4s Wmbo Core of Bends</u>	ORDER NO.	
3.	WELL TYPE <u>Oil</u>	WELL CATEGORY <u>Develop</u>	JOB PURPOSE <u>5 1/2 Longstring</u>	WELL PERMIT NO. <u>15-185-23382</u>	WELL LOCATION <u>S17, T21, R13W</u>		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UNIT PRICE		AMOUNT
		LOC	ACCT	DF		QTY.	U/M	QTY.	U/M	
575		1			MILEAGE #105	80	m	4.00		320.00
578		1			Pump Service	1	cs	1250.00		1250.00
221		1			Liquid NCL RECEIVED	2	gal	26.00		52.00
281		1			Mud Flush OCT 19 2006	500	gal	.75		375.00
290		1			Dr Air KCG WICHITA	2	gal	32.00		64.00
402		1			Centralizer	8	cs	75.00	5 1/2 in	600.00
403		1			CMT Basket	3	cs	260.00	5 1/2 in	780.00
406		1			Letdown Plug & Baffle	1	cs	210.00	5 1/2 in	210.00
407		1			Insert Flood Shoe w/ Auto F.I.	1	cs	250.00	5 1/2 in	250.00
419		1			Rotating Head Rental	1	cs	250.00	5 1/2 in	250.00

LEGAL TERMS: Customer hereby acknowledges and agrees to the terms and conditions on the reverse side hereof which include, but are not limited to, **PAYMENT, RELEASE, INDEMNITY, and LIMITED WARRANTY** provisions.

MUST BE SIGNED BY CUSTOMER OR CUSTOMER'S AGENT PRIOR TO START OF WORK OR DELIVERY OF GOODS

Rick Shroeder
 DATE SIGNED 09-05-06 TIME SIGNED 1900 A.M. P.M.

REMIT PAYMENT TO:
 SWIFT SERVICES, INC.
 P.O. BOX 466
 NESS CITY, KS 67560
 785-798-2300

SURVEY	AGREE	UN-DECIDED	DIS-AGREE		
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				P6-1 PAGE TOTAL	4151.00
WE UNDERSTOOD AND MET YOUR NEEDS?				P6-2	3651.54
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				sub Total	7800.54
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				Stafford TAX 6.3%	334.47
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	8137.01
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND					

SWIFT OPERATOR DAVE BR APPROVAL _____

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES The customer hereby acknowledges receipt of the materials and services listed on this ticket.

Thank You!



PO Box 466
Ness City, KS 67560
Off: 785-798-2300

TICKET CONTINUATION

TICKET No. 10701

CUSTOMER *Palomino Petroleum* WELL *#1 Holy Family* DATE *09-05-06* PAGE *2* OF *2*

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			TIME	DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT	
		LOC	ACCT	DF			QTY.	U/M	QTY.	U/M			
325		2				EA-2 CMT	175	SK			11.00	1925	00
276		2				Flocalc	44	lb			1.25	55	00
283		2				Solt	900	lb			.20	180	00
274		2				Cal/Seal	800	SK			30.00	2400	00
285		2				CFL	82	lb			4.00	328	00
81		2				Service Chg CMT	175	SK			1.10	192	50
583		2				Drygas	731.04	TM			1.00	731	04
<p>RECEIVED OCT 19 2006 KCC WICHITA</p>													
SERVICE CHARGE						CUBIC FEET							
MILEAGE CHARGE		TOTAL WEIGHT		LOADED MILES		TON MILES							

CONTINUATION TOTAL 3,651.54

JOB LOG

SWIFT Services, Inc.

DATE 09-29-06 PAGE NO. 1

CUSTOMER Palomino Petroleum WELL NO. 1 LEASE Hwy Family JOB TYPE 5 1/2 Longstring TICKET NO. 10701

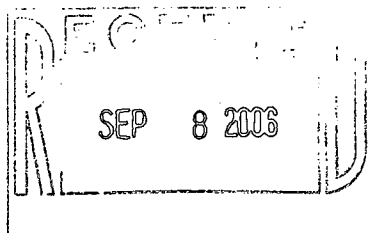
CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1900							ONLOCATION, Discuss Tub, 175 SMS EA-2 CMT
								5 1/2 14" CS, Cont. 1, 2, 4, 6, 8, 11, 15, 18, Becks 35, 12 TD 3779, Sets 3766, ST 19.40, Insert 3747
	1905							Start CS & Float EDU.
	2038							Tag Bottom, - Drop ball
								Hookup
	2050							Break Circ
								Rotate pipe
	2120		3-2					Plug Rat Hole, Mousehole 15 SMS
	2130	4.0	0				200	Start Mud Flush
			12					Start NCL Flush
	2138	5.0	32				300	end Flushes
	2138	5.0	0				300	Start CMT 160 SMS
			39					end CMT
								Wash Pumping Lines
								Drop Plug
	2149	6.0	0				200	Start Drop
		6.0	52.6				300	CMT on bottom
		5.8	60.0				400	Catch CMT
		5.8	70				450	
		5.8	75				550	
		5.8	80				600	
		5.8	85				800	
	2205	5.8	91.2				1600	Low Plug
								Release Float Plug/Holding
								Washup
								Lockup
								Tickets
	2250							Job Complete

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Thank You!
DAVE Blaine, Sean

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

Russell, KS 67665



* I N V O I C E *

Invoice Number: 104236

Invoice Date: 08/31/06

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

Cust I.D.....: Palo
P.O. Number...: Holy Family #1
P.O. Date.....: 08/31/06

Due Date.: 09/30/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	300.00	SKS	10.6500	3195.00	T
Gel	6.00	SKS	16.6500	99.90	T
Chloride	9.00	SKS	46.6000	419.40	T
Handling	315.00	SKS	1.9000	598.50	E
Mileage	12.00	MILE	28.3500	340.20	E
315 sks @.09 per sk per mi					
Surface	1.00	JOB	815.0000	815.00	E
Mileage pmp trk	12.00	MILE	6.0000	72.00	E
Wood Plug	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 560.00
ONLY if paid within 30 days from Invoice Date

Subtotal: 5600.00
Tax.....: 237.78
Payments: 0.00
Total....: 5837.78

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ALLIED CEMENTING CO., INC.

23836

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

SERVICE POINT:
Great Bend

DATE <u>8-28-06</u>	SEC. <u>17</u>	TWP. <u>21</u>	RANGE <u>13w</u>	CALLED OUT <u>8:30 pm</u>	ON LOCATION <u>10:00 am</u>	JOB START <u>1:00 am</u>	JOB FINISH <u>1:45 am</u>
Holy Family LEASE	WELL # <u># 1</u>		LOCATION <u>Barton - Shafford city line</u>		COUNTY <u>Shafford KS</u>	STATE <u>KS</u>	
OLD OR NEW (Circle one) <u>NEW</u>			<u>2 south - 1 west - 5 south - West into</u>				

CONTRACTOR Southwind #2

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 355'

CASING SIZE 8 5/8 DEPTH 351'

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. approx 15'

PERFS. _____

DISPLACEMENT 2 1/2 BBk

OWNER Palimino Petroleum

CEMENT

AMOUNT ORDERED 300 sy Common

3% gel & 2% gel

COMMON	<u>300 sy</u>	@	<u>10.15</u>	<u>3195.00</u>
POZMIX		@		
GEL	<u>604</u>	@	<u>16.65</u>	<u>99.90</u>
CHLORIDE	<u>9.00</u>	@	<u>46.60</u>	<u>419.40</u>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>315.4</u>	@	<u>1.90</u>	<u>598.50</u>
MILEAGE	<u>315.4</u>	@	<u>12</u>	<u>340.20</u>
TOTAL				<u>4653.00</u>

REMARKS:

Run 8 jts of 8 5/8 csg - cement with 300 sy cement - Displace plug with 2 1/2 BBk of fresh water - Cement did pipe Plug down @ 1:45 am

Thanks from Allied Cementing

CHARGE TO: Palimino Petroleum

STREET _____

CITY _____ STATE _____ ZIP _____

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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 Andrew Truesner

SERVICE

DEPTH OF JOB	<u>351'</u>		
PUMP TRUCK CHARGE			<u>815.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>12</u>	@	<u>6.00</u>
MANIFOLD		@	
		@	
		@	
TOTAL			<u>887.00</u>

PLUG & FLOAT EQUIPMENT

<u>1-8 5/8 Wood</u>	@	<u>60.00</u>	<u>60.00</u>
	@		
	@		
	@		
	@		
TOTAL			<u>60.00</u>

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

LEWAYNE TRUESNER
PRINTED NAME