

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE**

Form ACO-1
September 1999
Form Must Be Typed

ORIGINAL

Operator: License # 30742
 Name: Palomino Petroleum, Inc.
 Address: 4924 SE 84th St.
 City/State/Zip: Newton, KS 67114-8827
 Purchaser: None
 Operator Contact Person: Klee R. Watchous
 Phone: (316) 799-1000
 Contractor: Name: Pickrell Drilling Company, Inc.
 License: 5123
 Wellsite Geologist: Jon R. (Zeb) Stewart
 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. _____

<u>9/27/06</u>	<u>10/6/06</u>	<u>10/6/06</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24534-0000
 County: Ness
 C W/2 NE Sec. 8 Twp. 20 S. R. 24 East West
1270 feet from S / (circle one) Line of Section
1970 feet from (circle one) W (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE NW SW
 Lease Name: Slagle Well #: 1
 Field Name: Hair
 Producing Formation: None
 Elevation: Ground: 2332 Kelly Bushing: 2337
 Total Depth: 4413 Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 219 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 *PJA KGR 11/01/07*
 (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: *Klee R. Watchous*
 Title: President Date: November 6, 2006
 Subscribed and sworn to before me this 6th day of November,
 20 06

Notary Public - State of Kansas
Carla R. Penwell
 CARLA R. PENWELL
 Date 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
 UIC Distribution

RECEIVED
 NOV 07 2006

KCC WICHITA

Operator Name: Palomino Petroleum, Inc. Lease Name: Slagle Well #: 1
 Sec. 8 Twp. 20 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: Radiation Guard	<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>1584</td> <td>(+ 753)</td> </tr> <tr> <td>Base Anhy.</td> <td>1622</td> <td>(+ 715)</td> </tr> <tr> <td>Topeka</td> <td>3400</td> <td>(-1063)</td> </tr> <tr> <td>Heebner</td> <td>3724</td> <td>(-1387)</td> </tr> <tr> <td>Toronto</td> <td>3746</td> <td>(-1409)</td> </tr> <tr> <td>LKC</td> <td>3768</td> <td>(-1431)</td> </tr> <tr> <td>BKC</td> <td>4098</td> <td>(-1761)</td> </tr> <tr> <td>Marmaton</td> <td>4136</td> <td>(-1799)</td> </tr> </table>	Name	Top	Datum	Anhy.	1584	(+ 753)	Base Anhy.	1622	(+ 715)	Topeka	3400	(-1063)	Heebner	3724	(-1387)	Toronto	3746	(-1409)	LKC	3768	(-1431)	BKC	4098	(-1761)	Marmaton	4136	(-1799)
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CASING RECORD New 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"	20#	219'	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 <i>(Amount and Kind of Material Used)</i>	Depth

TUBING RECORD	Size	Set At	Packer At	Liner Run <input type="checkbox"/> Yes <input 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) _____	<input type="checkbox"/> _____

RECEIVED

NOV 07 2006

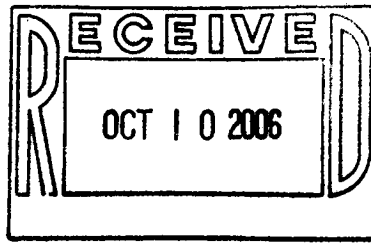
KCC WICHITA

LOGS

Pawnee	4214	(-1877)
Ft. Scott	4286	(-1949)
Cherokee Sh.	4309	(-1972)
Miss. Lime	4388	(-2051)
Miss. Dolo.	4395	(-2058)
LTD	4413	(-2076)

RECEIVED
NOV 07 2006
KCC WICHITA

Allied Cementing Co., Inc
P.O. Box 31
Russell, KS 67665



*
* I N V O I C E *
*

Invoice Number: 104794

Invoice Date: 10/06/06

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

Cust. I.D.....: Palo
P.O. Number...: Slagle #1
P.O. Date.....: 10/06/06

Due Date.: 11/05/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	160.00	SKS	10.6500	1704.00	T
Gel	3.00	SKS	16.6500	49.95	T
Chloride	5.00	SKS	46.6000	233.00	T
Handling	168.00	SKS	1.9000	319.20	E
Mileage min.	1.00	MILE	240.0000	240.00	E
Surface	1.00	JOB	815.0000	815.00	E
Mileage pmp trk	14.00	MILE	6.0000	84.00	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 350.51
ONLY if paid within 30 days from Invoice Date

Subtotal: 3505.15
Tax.....: 108.49
Payments: 0.00
Total....: 3613.64

RECEIVED
NOV 07 2006
KCC WICHITA

ALLIED CEMENTING CO., INC.

26228

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

SERVICE POINT:
Ness city

DATE <u>9-28-06</u>	SEC. <u>8</u>	TWP. <u>20</u>	RANGE <u>24</u>	CALLED OUT <u>12:30AM</u>	ON LOCATION <u>2:00AM</u>	JOB START <u>2:45AM</u>	JOB FINISH <u>3:15AM</u>
LEASE <u>Slagle</u>		WELL # <u>1</u>	LOCATION <u>Ness city 7s5w 1 1/2 s</u>		COUNTY <u>Ness</u>	STATE <u>KS</u>	
OLD OR <u>NEW</u> (Circle one)			<u>1/2w 1/4n</u>				

CONTRACTOR <u>Pickrell Oily #1</u>	OWNER
TYPE OF JOB <u>Surface</u>	CEMENT
HOLE SIZE <u>12 1/4</u>	T.D. <u>223</u>
CASING SIZE <u>8 7/8</u>	DEPTH <u>220</u>
TUBING SIZE	DEPTH
DRILL PIPE	DEPTH
TOOL	DEPTH
PRES. MAX	MINIMUM
MEAS. LINE	SHOE JOINT
CEMENT LEFT IN CSG. <u>15</u>	
PERFS:	
DISPLACEMENT <u>13 1/2</u>	

AMOUNT ORDERED
160 Com 3%cc 2%Ad

COMMON <u>160 Ad</u>	@	<u>10.65</u>	<u>1704.00</u>
POZMIX	@		
GEL <u>3 Ad</u>	@	<u>16.65</u>	<u>49.95</u>
CHLORIDE <u>5 Ad</u>	@	<u>46.60</u>	<u>233.00</u>
ASC	@		
	@		
	@		
	@		
	@		
	@		
	@		
HANDLING <u>168 Ad</u>	@	<u>1.90</u>	<u>319.20</u>
MILEAGE <u>14 09 163 Ad</u>			<u>240.00</u>
TOTAL			<u>2546.15</u>

EQUIPMENT

PUMP TRUCK # <u>224</u>	CEMENTER <u>J. Weighman</u>
BULK TRUCK # <u>357</u>	DRIVER <u>Don</u>
BULK TRUCK #	DRIVER <u>Cody</u>

REMARKS:

New 20#
circ 8 7/8 csg w/ long pump
Max Cemt, drop plug w/ 13 1/2 BBL
cent dial Circ

Thanks

CHARGE TO: Palomino Pet.
STREET _____
CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB <u>220</u>		
PUMP TRUCK CHARGE		<u>815.00</u>
EXTRA FOOTAGE	@	
MILEAGE <u>14</u>	@	<u>6.00</u>
MANIFOLD	@	
	@	
	@	
TOTAL <u>899.00</u>		

PLUG & FLOAT EQUIPMENT

<u>8 7/8 Topwood</u>	@	<u>60.00</u>	<u>60.00</u>
	@		
	@		
	@		
	@		
TOTAL			<u>60.00</u>

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 CHARGE _____
DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE Mike Kern

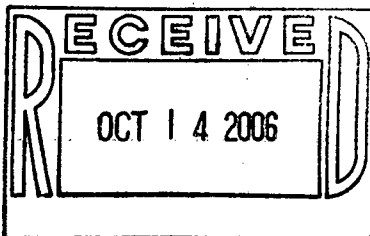
Mike Kern
PRINTED NAME

Allied Cementing Co., Inc
P.O. Box 31
Russell, KS 67665

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

Invoice Number: 104840

Invoice Date: 10/11/06



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

Cust I.D.....: Palo
P.O. Number...: Slagle #1
P.O. Date.....: 10/11/06

Due Date.: 11/10/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	117.00	SKS	10.6500	1246.05	T
Pozmix	78.00	SKS	5.8000	452.40	T
Gel	10.00	SKS	16.6500	166.50	T
FloSeal	49.00	LBS	2.0000	98.00	T
Handling	207.00	SKS	1.9000	393.30	T
Mileage	14.00	MILE	18.6300	260.82	T
207 sks @.09 per sk per mi					
Rotary Plgu	1.00	JOB	815.0000	815.00	T
Mileage pmp trk	14.00	MILE	6.0000	84.00	T

All Prices Are Net, Payable 30 Days Following
Date of Invoice. 1 1/2% Charged Thereafter.
If Account CURRENT take Discount of 351.61
ONLY if paid within 30 days from Invoice Date

Subtotal:	3516.07
Tax.....:	186.35
Payments:	0.00
Total....:	3702.42

ALLIED CEMENTING CO., INC.

26235

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

SERVICE POINT:

Ness City

DATE <u>10-6-06</u>	SEC. <u>8</u>	TWP. <u>20</u>	RANGE <u>24</u>	CALLED OUT <u>12:00AM</u>	ON LOCATION <u>1115AM</u>	JOB START <u>2:00AM</u>	JOB FINISH <u>3:30AM</u>
LEASE <u>Slagle</u> WELL # <u>1</u>		LOCATION <u>Ness City 75 SW 1/4 S</u>		COUNTY <u>Ness</u>	STATE <u>KS</u>		
OLD OR <u>NEW</u> (Circle one)				<u>1/2" N.S</u>			

CONTRACTOR Picknell Drilling #10 OWNER _____

TYPE OF JOB Rotary Plug

HOLE SIZE 7 7/8 T.D. _____

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

CEMENT AMOUNT ORDERED

195 6 3/4 6 3/4

1/4" # 2 Seal per sq

COMMON	<u>117 sep</u>	@	<u>10.65</u>	<u>1246.05</u>
POZMIX	<u>78 sep</u>	@	<u>5.80</u>	<u>452.40</u>
GEL	<u>10 sep</u>	@	<u>16.65</u>	<u>166.50</u>
CHLORIDE		@		
ASC		@		
<u>No Seal</u>	<u>49 #</u>	@	<u>2.00</u>	<u>98.00</u>
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>207 sep</u>	@	<u>1.90</u>	<u>393.30</u>
MILEAGE	<u>14 09 207</u>			<u>260.82</u>
				TOTAL <u>2617.07</u>

EQUIPMENT

PUMP TRUCK CEMENTER MIKE

224 HELPER J. Weighous

BULK TRUCK

342 DRIVER Cody

BULK TRUCK

_____ DRIVER _____

REMARKS:

<u>50</u>	<u>1620'</u>
<u>70</u>	<u>840</u>
<u>40</u>	<u>240</u>
<u>20</u>	<u>60</u>
<u>15</u>	<u>R.H.</u>

Thanks

CHARGE TO: Palomares Pet.

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB 1620

PUMP TRUCK CHARGE _____ 815.00

EXTRA FOOTAGE @ _____

MILEAGE 14 @ 6.00 84.00

MANIFOLD @ _____

_____ @ _____

_____ @ _____

TOTAL 899.00

PLUG & FLOAT EQUIPMENT

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

TOTAL _____

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 CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE Jm R. Weighous
Allied Cementing

PRINTED NAME _____