

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

ORIGINAL

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: Southwind Drilling, Inc.
License: 33350

Wellsite Geologist: Robert A. Schreiber
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. _____

10/6/06	10/14/06	10/14/06
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24546-0000
County: Ness
NE NW NW Sec. 11 Twp. 18 S. R. 24 East West
410 feet from S (N) (circle one) Line of Section
1015 feet from E (W) (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE (NW) SW
Lease Name: Hopper Well #: 2
Field Name: Nexus

Producing Formation: None
Elevation: Ground: 2353 Kelly Bushing: 2363
Total Depth: 4502 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 224 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 *RJA KGR 11/01/07*
(Data must be collected from the Reserve Pit) *Part II*

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 20, 2006

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

Notary Public Carla R. Penwell
CARLA R. PENWELL
Date Commission 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 **RECEIVED**
 Geologist Report Received **NOV 08 2006**
 UIC Distribution

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Operator Name: Palomino Petroleum, Inc. Lease Name: Hopper Well #: 2
 Sec. 11 Twp. 18 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: Compensated Density Neutron, Dual Induction	<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:70%;">Name</td> <td style="width:15%;">Top</td> <td style="width:15%;">Datum</td> </tr> <tr> <td>Anhy.</td> <td>1656</td> <td>(+ 707)</td> </tr> <tr> <td>Base Anhy.</td> <td>1689</td> <td>(+ 674)</td> </tr> <tr> <td>Topeka</td> <td>3448</td> <td>(-1085)</td> </tr> <tr> <td>Heebner</td> <td>3747</td> <td>(-1384)</td> </tr> <tr> <td>LKC</td> <td>3792</td> <td>(-1429)</td> </tr> <tr> <td>BKC</td> <td>4089</td> <td>(-1726)</td> </tr> <tr> <td>Marmaton</td> <td>4131</td> <td>(-1768)</td> </tr> <tr> <td>Pawnee</td> <td>4205</td> <td>(-1842)</td> </tr> </table>	Name	Top	Datum	Anhy.	1656	(+ 707)	Base Anhy.	1689	(+ 674)	Topeka	3448	(-1085)	Heebner	3747	(-1384)	LKC	3792	(-1429)	BKC	4089	(-1726)	Marmaton	4131	(-1768)	Pawnee	4205	(-1842)
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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"	24#	224'	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	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

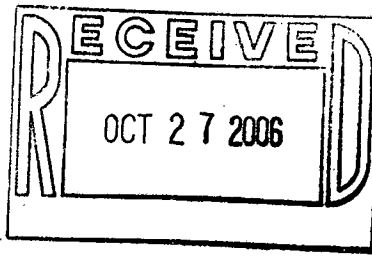
NOV 08 2006

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LOGS

BKC	4089	(-1726)
Marmaton	4131	(-1768)
Pawnee	4205	(-1842)
Ft. Scott	4292	(-1929)
Cherokee Sh.	4317	(-1954)
Cher. Sd.-Upr	4369	(-2006)
Cher. Sd.-Lwr	4392	(-2029)
Miss.	4466	(-2103)
LTD	4502	(-2139)

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

 * I N V O I C E *

Invoice Number: 105043

Invoice Date: 10/23/06

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

Cust I.D.....: Palo
 P.O. Number...: Hopper #2
 P.O. Date.....: 10/23/06

Due Date.: 11/22/06
 Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	135.00	SKS	10.6500	1437.75	T
Pozmix	90.00	SKS	5.8000	522.00	T
Gel	12.00	SKS	16.6500	199.80	T
FloSeal	56.00	LBS	2.0000	112.00	T
Handling	239.00	SKS	1.9000	454.10	T
Mileage min.	1.00	MILE	240.0000	240.00	T
Rotary Plug	1.00	JOB	815.0000	815.00	T
Mileage pmp trk	7.00	MILE	6.0000	42.00	T

All Prices Are Net, Payable 30 Days Following
 Date of Invoice. 1 1/2% Charged Thereafter.
 If Account CURRENT take Discount of 382.26
 ONLY if paid within 30 days from Invoice Date

Subtotal:	3822.65
Tax.....:	202.60
Payments:	0.00
Total....:	4025.25

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 NOV 08 2006
 KCC WICHITA

ALLIED CEMENTING CO., INC.

26244

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

SERVICE POINT:
Near City

DATE <u>10-14-06</u>	SEC. <u>11</u> 20	TWP. <u>18</u>	RANGE <u>24</u> <u>26</u>	CALLED OUT <u>2:00 pm</u>	ON LOCATION <u>8:30 pm</u>	JOB START <u>9:00 pm</u>	JOB FINISH <u>11:30 pm</u>
LEASE <u>Hopper</u>	WELL # <u>2.</u>	LOCATION <u>Near city 4 N 2 3/4 W S 5</u>			COUNTY <u>Near</u>	STATE <u>KS</u>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR South Wind Drilling #1

TYPE OF JOB Rotary Plug

HOLE SIZE 7 7/8 T.D. 4500

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER _____

CEMENT

AMOUNT ORDERED
225 6 3/4 16 1/2 Gal.
1/4" # 720 Seal per sk.

COMMON	<u>135 sk</u>	@	<u>10.65</u>	<u>1437.75</u>
POZMIX	<u>90 sk</u>	@	<u>5.80</u>	<u>522.00</u>
GEL	<u>12 sk</u>	@	<u>16.65</u>	<u>199.80</u>
CHLORIDE		@		
ASC		@		
	<u>720 Seal 36"</u>	@	<u>2.00</u>	<u>112.00</u>
		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>239 sk</u>	@	<u>1.90</u>	<u>454.10</u>
MILEAGE	<u>239 sk 09 7 sk</u>			<u>240.00</u>
TOTAL				<u>2965.65</u>

EQUIPMENT

PUMP TRUCK CEMENTER Mike

224 HELPER J. Weighous

BULK TRUCK

357 DRIVER Bud

BULK TRUCK

_____ DRIVER _____

REMARKS:

<u>50</u>	<u>1690'</u>
<u>80</u>	<u>900</u>
<u>50</u>	<u>260</u>
<u>20</u>	<u>60</u>
<u>15</u>	<u>RH.</u>
<u>10</u>	<u>MH.</u>

Thanks

CHARGE TO: Palomino Pet

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB 1690

PUMP TRUCK CHARGE 815.00

EXTRA FOOTAGE @ _____

MILEAGE 7 @ 6.00 42.00

MANIFOLD @ _____

@ _____

@ _____

TOTAL 857.00

PLUG & FLOAT EQUIPMENT

RECEIVED @ _____

NOV 08 2006 @ _____

KCC WICHITA @ _____

@ _____

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 Doug Roberts

Doug Roberts
PRINTED NAME

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

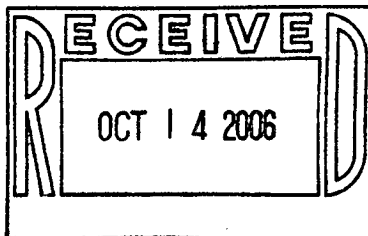
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Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	160.00	SKS	10.6500	1704.00	T
Gel	3.00	SKS	16.6500	49.95	T
Chloride	5.00	SKS	46.6000	233.00	T
Handling	168.00	SKS	1.9000	319.20	E
Mileage min.	1.00	MILE	240.0000	240.00	E
Surface	1.00	JOB	815.0000	815.00	E
Mileage pmp trk	7.00	MILE	6.0000	42.00	E
Top Wood	1.00	EACH	60.0000	60.00	T

All Prices Are Net, Payable 30 Days Following	Subtotal:	3463.15
Date of Invoice. 1 1/2% Charged Thereafter.	Tax.....:	108.49
If Account CURRENT take Discount of <u>346.31</u>	Payments:	0.00
ONLY if paid within 30 days from Invoice Date	Total....:	3571.64

RECEIVED
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KCC WICHITA

