

**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. 100' S & 150'
 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 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>4/15/05</u>	<u>4/23/05</u>	<u>4/23/05</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

**RECEIVED
KANSAS CORPORATION COMMISSION
JUL 25 2005
CONSERVATION DIVISION
WICHITA, KS**

API No. 15 - 135-24350-0000
 County: Ness
 E of W/2 SW NW Sec. 33 Twp. 17 S. R. 24 East West
1940 feet from S (N) (circle one) Line of Section
430 feet from E (W) (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE (NW) SW
 Lease Name: Minnie Rufenacht Well #: 1
 Field Name: None (Wildcat)
 Producing Formation: Cherokee Sand
 Elevation: Ground: 2321 Kelly Bushing: 2331
 Total Depth: 4462 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 1612 Feet
 If Alternate II completion, cement circulated from 1612
 feet depth to surface w/ 160 sx cmt.

Drilling Fluid Management Plan AH II NCR 8-11-08
 (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: Klee R. Watchous
 Title: President Date: July 22, 2005

Subscribed and sworn to before me this 22nd day of July,
20 05

Notary Public: Carla R. Penwell
 Carla R. Penwell

Date Commission Expires: 2005

NOTARY PUBLIC - State of Kansas
CARLA R. PENWELL
 My Appt. Expires 10-6-05

KCC Office Use ONLY

NO Letter of Confidentiality Received
 If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

Operator Name: Palomino Petroleum, Inc. Lease Name: Minnie Rufenacht Well #: 1
 Sec. 33 Twp. 17 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 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:

**Sonic, Compensated Density/Neutron, Micro,
 Dual Induction, Dual Receiver Cement Bond**

Log Formation (Top), Depth and Datum Sample

Name	Top	Datum
Anhy.	1622	(+ 709)
Base Anhy.	1654	(+ 677)
Topeka	3411	(-1080)
Heebner	3690	(-1359)
LKC	3733	(-1402)
BKC	4030	(-1699)
Marmaton	4078	(-1747)
Pawnee	4153	(-1822)

CASING RECORD <input type="checkbox"/> New <input checked="" 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"	20#	224'	Common	180	2% gel, 3% c.c.
Production	7 7/8"	5 1/2"	14#	4442'	SMD	160	500 gal. mud flush with add. 20 bbls. 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
3	4325-4328		

TUBING RECORD	Size	Set At	Packer At	Liner Run
	2 7/8"	4371'		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr.	Producing Method			
5/18/05	<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
	63% 23		37% 14	

Disposition of Gas

METHOD OF COMPLETION

Production Interval

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

Open Hole Perf. Dually Comp. Commingled
 Other (Specify) _____

ORIGINAL

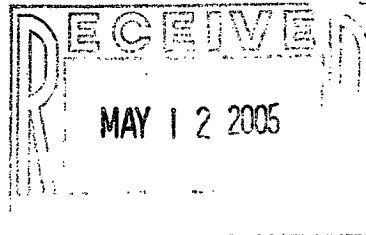
LOGS

Ft. Scott	4239	(-1908)
Cherokee Sh.	4265	(-1934)
Cherokee Sd.	4322	(-1991)
Miss.	4412	(-2081)
LTD	4462	(-2131)

SWIFT SERVICES, INC.

PO BOX 166

NESS CITY, KS 67560-0466



ORIGINAL
Invoice

DATE	INVOICE #
5/9/2005	8307

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

RECEIVED
KANSAS CORPORATION COMMISSION
JUL 25 2005
CONSERVATION DIVISION
WICHITA, KS

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Job Purpose	Operator
Net 30	#1	Minnie Rufe...	Ness	DS&W	Oil	Development	Cement Port Collar	Wayne
PRICE REF.	DESCRIPTION				QTY	UNIT PRICE	AMOUNT	
575D	Mileage				10	4.00	40.00	
577D	Pump Service				1	800.00	800.00	
105	Port Collar Tool Rental With Man				1	400.00	400.00T	
330	Swift Multi-Density Standard (MIDCON II)				160	10.50	1,680.00T	
276	Flocele				44	1.00	44.00T	
581D	Service Charge Cement				175	1.10	192.50	
582D	Minimum Drayage Charge				1	100.00	100.00	
	Subtotal						3,256.50	
	Sales Tax Ness County					5.30%	112.57	

We Appreciate Your Business!

Total \$3,369.07



CHARGE TO:
PALOMINO PETROLEUM
 ADDRESS
 CITY, STATE, ZIP CODE

TICKET
 No 8307

PAGE 1 OF 1

SERVICE LOCATIONS 1. NESS CITY, KS	WELL/PROJECT NO. #1	LEASE MDJEE-ROFEWACHT	COUNTY/PARISH NESS	STATE Ks	CITY	DATE 5-9-05	OWNER SAME
2. ORIG	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR DS-U	RIG NAME/NO.	SHIPPED VIA CT	DELIVERED TO LOCATION	ORDER NO.	
3. ORIG	WELL TYPE OIL	WELL CATEGORY DEVELOPMENT	JOB PURPOSE CONWT PORT COLLR	WELL PERMIT NO.	WELL LOCATION NESS CITY - 4W, 6N, E5		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.	UM	QTY.	UM	UNIT PRICE	AMOUNT
		LOC	ACCT	DF							
575		1			MILEAGE # 104	10	MC			4.00	40.00
577		1			PUMP SERVICE	1	NBS			800.00	800.00
105		1			PORT COLLAR OPENING TOOL	1	NBS			400.00	400.00
330		1			SLEWT MULT-BENSITY STANDARDS	160	SKS			10.50	1680.00
276		1			FLOOSE	44	WBS			1.00	44.00
581		1			SERVICE CHARGE CONWT	175	SKS			1.10	192.50
582		1			MINIMUM DEBRAG	17384	WBS	86.42	TM	100.00	100.00

RECEIVED
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 JUL 25 2005
 CONSERVATION DIVISION
 WICHITA, KS

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

X *Raul Skowalski*
 DATE SIGNED **5-9-05** TIME SIGNED **1130** 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	PAGE TOTAL	
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?					3256.50
WE UNDERSTOOD AND MET YOUR NEEDS?					
OUR SERVICE WAS PERFORMED WITHOUT DELAY?					
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?					
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO					
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND				TOTAL	3369.07

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

SWIFT OPERATOR *Wanda W...* APPROVAL

Thank You!

JOB LOG

SWIFT Services, Inc.

ORIGINAL

DATE 5-9-05 PAGE NO. 1

CUSTOMER
PALOMAR OIL & GAS

WELL NO.
#1

LEASE
MILWEE RUFENJACHT

JOB TYPE
CONCRETE PORT COLLAR

TICKET NO.
8307

CHART NO.	TIME	RATE (BPM)	VOLUME (BBLS/GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1115							ON LOCATION
								2 7/8 x 5 1/2 PORT COLLAR = 1612'
	1145				✓		1000	PSI TEST - HEAD
	1150	3	3	✓		350		OPEN PORT COLLAR - 25% RATE
	1155	4 1/4	87	✓		400		MAX CONCT - 160 SKS SMA
	1217	4	8	✓		600		DISPLACE CONCT
	1224			✓		1100		CLOSE PORT COLLAR - PSI TEST - HEAD
	1235	4	25	✓		400		RUN 4 JTS CIRCULATE CLEAN
								CIRCULATE 10 SKS CONCT TO PLS
								PULL TOOL
								WASH-UP
	1330							JOB COMPLETE

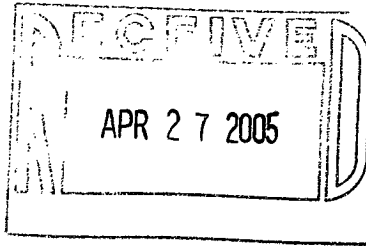
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JUL 25 2005
CONSERVATION DIVISION
WICHITA, KS

THANK YOU
WANK, DUSTY, BEST

SWIFT SERVICES, INC.

PO BOX 466

NESS CITY, KS 67560-0466



ORIGINAL Invoice

DATE	INVOICE #
4/23/2005	8283

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

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Job Purpose	Operator
Net 30	#1	Minnie Rufe...	Ness	Southwind Drilling	Oil	Development	5-1/2" Longstring	Wayne
PRICE REF.	DESCRIPTION				QTY	UNIT PRICE	AMOUNT	
575D	Mileage				10	3.00	30.00	
578D	Pump Service - Deep Squeeze (>1500 Ft.) - 4442 Feet				1	1,250.00	1,250.00T	
221	Liquid KCL (Clayfix)				2	19.00	38.00T	
281	Mud Flush				500	0.65	325.00T	
402-5	5 1/2" Centralizers				9	55.00	495.00T	
403-5	5 1/2" Cement Basket				3	140.00	420.00T	
404-5	5 1/2" Port Collar - Top Joint #67 - 1612 Feet				1	1,600.00	1,600.00T	
406-5	5 1/2" Latch Down Plug & Baffle				1	200.00	200.00T	
407-5	5 1/2" Insert Float Shoe With Auto Fill				1	230.00	230.00T	
419-5	5 1/2" Rotating Head Rental				1	200.00	200.00T	
330	Swift Multi-Density Standard (MIDCON II)				175	10.25	1,793.75T	
276	Flocele				44	1.00	44.00T	
581D	Service Charge Cement				175	1.10	192.50	
582D	Minimum Drayage Charge				1	100.00	100.00	
	Subtotal						6,918.25	
	Sales Tax Ness County					5.30%	283.32	

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KANSAS CORPORATION COMMISSION
JUL 25 2005
CONSERVATION DIVISION
WICHITA, KS

Thank You For Your Business!	Total	\$7,201.57
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CHARGE TO:
PALOMINO PETROLEUM
 ADDRESS:
 CITY, STATE, ZIP CODE:

TICKET
 No 8283

PAGE 1 OF 2

SERVICE LOCATIONS
 1. **NESS CO. KS**
 2.
 3.
 4. ORIGINAL

WELL/PROJECT NO. # **1**
 LEASE **MELWEE RUFENACHT**
 COUNTY/PARISH **NESS**
 STATE **KS**
 CITY
 DATE **4-23-05**
 OWNER **SAME**

TICKET TYPE
 SERVICE
 SALES
 CONTRACTOR **SOUTHLAND DRILL**
 RIG NAME/NO.
 SHIPPED VIA **CT**
 DELIVERED TO **LOCATION**
 ORDER NO.

WELL TYPE **OIL**
 WELL CATEGORY **DEVELOPMENT**
 JOB PURPOSE **5 1/2" LONGSPEW**
 WELL PERMIT NO.
 WELL LOCATION **NESS CO. KS - 4W, 6W**

REFERRAL LOCATION
 INVOICE INSTRUCTIONS

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UNIT PRICE		AMOUNT
		LOC	ACCT	DF		QTY.	UM	QTY.	UM	
575		1			MILEAGE #104	10	ME	3	00	30.00
578		1			PUMP SERVICE	1	JOB	4442	FT	1250.00
221		1			LIQUID KCL	2	GA	19	00	38.00
281		1			MUDFLUSH	500	GA	65		325.00
402		1			CONDUITS	9	EA	55	00	495.00
403		1			CONWT BASKETS	3	EA	140	00	420.00
404		1			PORT COLLAR TOP JT # 67	1	EA	1600	00	1600.00
406		1			LATCH BOLLW AUG - RAFFLE	1	EA	200	00	200.00
407		1			ZUSSET FLUAT SHOE W/ AUTO FOL	1	EA	230	00	230.00
419		1			ROTATING HEAD ASSEMBLY	1	JOB	200	00	200.00

RECEIVED
 KANSAS CORPORATION COMMISSION
 JUL 25 2005
 CONSERVATION DIVISION
 WICHITA, KS

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

X
 DATE SIGNED **4-23-05** 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	PAGE TOTAL	AMOUNT
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				#1	4788.00
WE UNDERSTOOD AND MET YOUR NEEDS?				#2	2130.25
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				subtotal	6918.25
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				TAX	5.3%
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				1755 COO	283.32
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND				TOTAL	7201.57

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

SWIFT OPERATOR **WAYNE WISEW** APPROVAL *[Signature]*

Thank You!



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

TICKET CONTINUATION

TICKET No. 8283

CUSTOMER PALOMINO PENNSUM WELL MIWJEE RUFENACHT #1 DATE 4-23-05 PAGE 2 OF 2

PRICE REFERENCE	SECONDARY REFERENCE/PART NUMBER	ACCOUNTING			TIME	DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT
		LOC	ACCT	DF								
530		1				SWIFT MULTIGRADE SAE	175	SKS			10.25	1793.75
276		1				FLOCEL	44	LBS			1.00	44.00
RECEIVED KANSAS CORPORATION COMMISSION JUL 25 2005 CONSERVATION DIVISION WICHITA KS												
581		1				SERVICE CHARGE						
582		1				MILEAGE CHARGE						
						TOTAL WEIGHT	17384					
						LOADED MILES	10					
						CUBIC FEET		175			1.10	192.50
						TON MILES		86.92			100.00	100.00

ORIGINAL

CONTINUATION TOTAL 2130.25

JOB LOG

SWIFT Services, Inc. ORIGINAL

DATE 4-23-05 PAGE NO. 1

CUSTOMER PALOMDJO RESERVOIR WELL NO. #1 LEASE MENJEE RUFENJACTH JOB TYPE 5 1/2" LONGSTRAK TICKET NO. 8283

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL/GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1900							ON LOCATION
	2000							START 5 1/2" CASING ON WELL
								TD- 4462 SET e 4442
								TP- 4442 5 1/2" / FT 14
								ST- 17.89
								CONTRADICES- 1, 2, 4, 7, 10, 14, 18, 22, 66
								CHT BSPTS - 3, 5, 67
								PORT COLLAR e 1612 TOP JT # 67
	2200							DROP BALL - BREAK COLLAR, ROTATE
	2230	6	12				500	PUMP 500 GAL MUD FLUSH "
	2232	6	20				500	PUMP 20 BBS KCL FLUSH "
	2237		4/2					PLUG RH - MH
	2245	6	41				400	MIX CMWT 100 SA SMD e 12.2 PPG "
		6	21					75 SLS SMD e 14.0 PPG
	2257							WASHOUT PUMP - LIXS
	2258							RELEASE LATCH DOWN PLUG
	2300	6 1/2	0					DISPLACE PLUG
		6 1/2	98				800	SHUT OFF ROTATE
	2315	6	107.9				1750	PLUG DOWN - PSE UP LATCH ON PLUG
	2318						OK	RELEASE PSE - HEAD
								WASH-UP
	2400							JOB COMPLETE

RECEIVED
KANSAS CORPORATION COMMISSION
JUL 25 2005
CONSERVATION DIVISION
WICHITA, KS

THANK YOU
 WAKES, DUSTY, JASON

ALLIED CEMENTING CO., INC.

P.O. BOX 31
 RUSSELL, KS 67665
 PH (785) 483-3887
 FAX (785) 483-5566

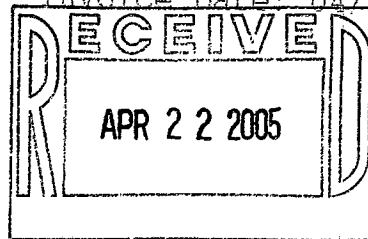
ORIGINAL

 * INVOICE *

Invoice Number: 096540

Invoice Date: 04/19/05

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



RECEIVED
KANSAS CORPORATION COMMISSION

JUL 25 2005

CONSERVATION DIVISION
WICHITA, KS

Cust I.D.....: Palo
 P.O. Number...: M.Rufenacth #1
 P.O. Date.....: 04/19/05

Due Date : 05/19/05

Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	180.00	SKS	8.7000	1566.00	T
Gel	3.00	SKS	14.0000	42.00	T
Chloride	5.00	SKS	38.0000	190.00	T
Handling	188.00	SKS	1.6000	300.80	E
Mileage min.chg.	1.00	MILE	180.0000	180.00	E
Surface	1.00	JOB	670.0000	670.00	E
Mileage pmp trk	10.00	MILE	5.0000	50.00	E
TWP	1.00	EACH	55.0000	55.00	T

All Prices Are Net, Payable 30 Days Following
 Date of Invoice. 1 1/2% Charged Thereafter.
 If Account CURRENT take Discount of \$ **305.38**
 ONLY if paid within 30 days from Invoice Date

Subtotal: 3053.80
 Tax.....: 98.21
 Payments: 0.00
 Total....: 3152.01

