

**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, 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. _____

<u>1/31/07</u>	<u>2/9/07</u>	<u>2/9/07</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24604-0000
 County: Ness
 E/2 E/2 NE Sec. 10 Twp. 16 S. R. 24 East West
1260 feet from S (N) (circle one) Line of Section
150 feet from (E) W (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) (NE) SE NW SW
 Lease Name: Harris-Higbee Well #: 1
 Field Name: None (Wildcat)
 Producing Formation: None
 Elevation: Ground: 2448 Kelly Bushing: 2458
 Total Depth: 4570 Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 218 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 PA Alt II NHG-30-08
 (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: [Signature]
 Title: President Date: February 28, 2007
 Subscribed and sworn to before me this 28th day of February,
 20 07.

Notary Public - State of Kansas
Carla R. Penwell
 Carla R. Penwell
 Date Commission Expires: October 6, 2009

KCC Office Use ONLY

N 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: Harris-Higbee Well #: 1
 Sec. 10 Twp. 16 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: Dual Induction, Compensated Neutron/Density	<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>1813</td> <td>(+ 645)</td> </tr> <tr> <td>Base Anhy.</td> <td>1846</td> <td>(+ 612)</td> </tr> <tr> <td>Topeka</td> <td>3556</td> <td>(-1098)</td> </tr> <tr> <td>Heebner</td> <td>3821</td> <td>(-1363)</td> </tr> <tr> <td>LKC</td> <td>3863</td> <td>(-1405)</td> </tr> <tr> <td>BKC</td> <td>4150</td> <td>(-1692)</td> </tr> <tr> <td>Marmaton</td> <td>4190</td> <td>(-1732)</td> </tr> <tr> <td>Pawnee</td> <td>4270</td> <td>(-1812)</td> </tr> </table>	Name	Top	Datum	Anhy.	1813	(+ 645)	Base Anhy.	1846	(+ 612)	Topeka	3556	(-1098)	Heebner	3821	(-1363)	LKC	3863	(-1405)	BKC	4150	(-1692)	Marmaton	4190	(-1732)	Pawnee	4270	(-1812)
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Pawnee	4270	(-1812)																										

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"	20#	218'	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 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	RECEIVED
<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) _____		KANSAS CORPORATION COMMISSION MAR 01 2007

**CONSERVATION DIVISION
WICHITA, KS**

LOGS

Ft. Scott	4353	(-1895)
Cherokee Sh.	4377	(-1919)
Cher. Sd.-Upr.	4425	(-1967)
Cher. Sd.-Lwr.	4469	(-2011)
Miss.	4486	(-2028)
Miss. Osage	4513	(-2055)
LTD	4570	(-2112)

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

Quality Oilwell Cementing Inc.

845 E Wichita
P.O. Box 32
Russell, KS 67665

RECEIVED

FEB 14 2007

Invoice

Date	Invoice #
2/12/2007	271

Bill To
Palomino Petroleum Inc 4924 SE 84th Newton Ks 67114

P.O. No.	Terms	Project
	Net 30	

Quantity	Description	Rate	Amount
153	common	10.80	1,652.40T
102	POZ	6.00	612.00T
13	GEL	16.50	214.50T
63	Celloseal	2.00	126.00T
268	handling	1.90	509.20T
8,040	.08 cents per sack per mile	0.08	643.20T
1	dry hole plug	45.00	45.00T
1	pump truck charge plugging	800.00	800.00T
30	pump truck mileage charge	5.00	150.00T
475	discount 10% if paid within 30 days DISCOUNT HAS ALREADY BEEN DEDUCTED	-1.00	-475.00
	LEASE: HARRIS HIGBEE WELL #1 Ness county Sales Tax	5.30%	251.87

Thank you for your business. Dave	Total RECEIVED \$4,529.17 <small>KANSAS CORPORATION COMMISSION</small>
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MAR 01 2007

CONSERVATION DIVISION
WICHITA, KS

QUALITY OILWELL CEMENTING, INC.

Phone 785-483-2025
Cell 785-324-1041

Home Office P.O. Box 32 Russell, KS 67665

No. 1340

Date	2-9-07	Sec.	10	Twp.	16	Range	24	Called Out		On Location	17:00pm	Job Start	17:30pm	Finish	2:45pm	
Lease	Huron Hedges	Well No.	1			Location	Widening 1st Colono 3rd			Alas	County	KS	State			
Contractor	Southwest Drilling Rig 1							Owner	To Quality Oilwell Cementing, Inc. You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.							
Type Job	Day Run Plug							Charge To	Preston Petroleum							
Hole Size	7 7/8			T.D.	4570											
Csg.				Depth												
Tbg. Size				Depth												
Drill Pipe				Depth												
Tool				Depth	The above was done to satisfaction and supervision of owner agent or contractor.											
Cement Left in Csg.				Shoe Joint												
Press Max.				Minimum												
Meas Line				Displace												
Perf.																
EQUIPMENT								Amount Ordered	25.5 cwt. 62 Gal 1/11 Flt Seal							
								Consisting of								
Pumptrk	No.	Cementer	Helper		Common		153 @ 10.00		1,652.40							
Bulktrk	No.	Driver	Driver		Poz. Mix		102 @ 6.00		612.00							
Bulktrk	No.	Driver	Driver		Gel.		12 @ 16.00		214.50							
								Chloride								
								Hulls								
								Fluorosed	63 @ 2.00		126.00					
JOB SERVICES & REMARKS																
Wass City chg mileage																
Pumptrk Charge	plug			800.00		Fluorosed		63 @ 2.00		126.00						
Mileage	260 @ 5.00			150.00												
Footage				Total		950.00										
Remarks:	1st Plug 1841' 5 1/2" size							Sales Tax								
	2nd " " 1100' 8 1/2" size							Handling		268 @ 1.90		509.20				
	3rd " " 550' 4 1/2" size							Mileage		260 @ 2.45 per mile		643.20				
	4th " " 250' 4 1/2" size							30 Pump Truck Charge		Sub Total		950.00				
	5th " " 60' 2 1/2" size							Total								
	Mixer Area 10' Port Hg 15'							Floating Equipment & Plugs		1 Day Run Plug		45.00				
	Thanks							Squeeze Manifold								
								Rotating Head								
								RECEIVED								
								KANSAS CORPORATION COMMISSION								
								MAR 01 2007								
								CONSERVATION DIVISION		WICHITA, KS						
								Tax		251.87						
								Discount		(475.00)						
X Signature								Dorsey Robert		Total Charge		4529.17				

ALLIED CEMENTING CO., INC.

26572

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

SERVICE POINT: Neosho

DATE <u>1-31-07</u>	SEC <u>10</u>	TWP. <u>16</u>	RANGE <u>24</u>	CALLED OUT <u>6 AM</u>	ON LOCATION <u>9 AM</u>	JOB START <u>11 AM</u>	JOB FINISH <u>11:45</u>
LEASE <u>Harris Higbee</u>		WELL # <u>1</u>	LOCATION <u>4+283 Hwy 3N 3W S15</u>			COUNTY <u>Neosho</u>	STATE <u>K.S.</u>
OLD OR <input checked="" type="radio"/> NEW (Circle one)							

CONTRACTOR Southwind Rig 1

TYPE OF JOB Surface

HOLE SIZE 12 1/2 T.D. 221 ft

CASING SIZE 20 8 3/4 DEPTH 221 ft

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15 ft

PERFS. _____

DISPLACEMENT 13 bbl

EQUIPMENT

PUMP TRUCK CEMENTER Mike M.

224 HELPER Jim W.

BULK TRUCK _____

357 DRIVER Steve T.

BULK TRUCK _____

_____ DRIVER _____

OWNER _____

CEMENT AMOUNT ORDERED 160 Common
3200 20 gal

COMMON _____ @ _____

POZMIX _____ @ _____

GEL _____ @ _____

CHLORIDE _____ @ _____

ASC _____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

HANDLING _____ @ _____

MILEAGE _____ @ _____

REMARKS:

Circulate Hole with Rimud pump
Mix Cement + Release Plug
Displace Plug Down with water

Cement did circulate
to surface

TOTAL _____

SERVICE

DEPTH OF JOB 221 ft

PUMP TRUCK CHARGE _____

EXTRA FOOTAGE _____ @ _____

MILEAGE _____ @ _____

MANIFOLD _____ @ _____

_____ @ _____

_____ @ _____

CHARGE TO: Palomino

STREET _____

CITY _____ STATE _____ ZIP _____

TOTAL _____

PLUG & FLOAT EQUIPMENT

1-8 1/2 wooden Plug

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

Thank you

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.

TOTAL _____

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE Doug Roberts

Doug Roberts
PRINTED NAME

RECEIVED

FEB 07 2007

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

Russell, KS 67665

* I N V O I C E *

Invoice Number: 106382

Invoice Date: 01/31/07

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

Cust I.D.....: Palo
P.O. Number...: Harris Higbee1
P.O. Date.....: 01/31/07

Due Date.: 03/02/07
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
Mielage	19.00	MILE	15.1200	287.28	E
168 sks @>09 per sk per mi					
Surface	1.00	JOB	815.0000	815.00	E
Mileage pmp trk	19.00	MILE	6.0000	114.00	E
Head Rent	1.00	EACH	100.0000	100.00	E
Wooden Plug	1.00	EACH	60.0000	60.00	T

All Prices Are Net, Payable 30 Days Following	Subtotal:	3682.43
Date of Invoice. 1 1/2% Charged Thereafter.	Tax.....:	108.49
If Account CURRENT take Discount of <u>368.24</u>	Payments:	0.00
ONLY if paid within 30 days from Invoice Date	Total....:	3790.92