

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. _____

11/6/06	11/15/06	11/15/06
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24545-0000
 County: Ness
S/2 N/2 S/2 Sec. 10 Twp. 18 S. R. 24 East West
1650 feet from (S) N (circle one) Line of Section
2600 feet from E (W) (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE NW (SW)
 Lease Name: Schuler Unit Well #: 1
 Field Name: Swell NE
 Producing Formation: None
 Elevation: Ground: 2310 Kelly Bushing: 2320
 Total Depth: 4434 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 PA Alt # Ntl 6-24-08
 (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: January 31, 2007
 Subscribed and sworn to before me this 31st day of January,
 20 07.

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

KCC Office Use ONLY

N Letter of Confidentiality Received
 If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

RECEIVED
FEB 01 2007
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Operator Name: Palomino Petroleum, Inc. Lease Name: Schuler Unit Well #: 1
 Sec. 10 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: Dual Induction, Micro, Compensated Density/ Neutron	<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>1608</td> <td>(+ 712)</td> </tr> <tr> <td>Base Anhy.</td> <td>1640</td> <td>(+ 680)</td> </tr> <tr> <td>Topeka</td> <td>3410</td> <td>(-1090)</td> </tr> <tr> <td>Heebner</td> <td>3706</td> <td>(-1386)</td> </tr> <tr> <td>LKC</td> <td>3750</td> <td>(-1430)</td> </tr> <tr> <td>BKC</td> <td>4049</td> <td>(-1729)</td> </tr> <tr> <td>Marmaton</td> <td>4096</td> <td>(-1776)</td> </tr> <tr> <td>Pawnee</td> <td>4165</td> <td>(-1845)</td> </tr> </table>	Name	Top	Datum	Anhy.	1608	(+ 712)	Base Anhy.	1640	(+ 680)	Topeka	3410	(-1090)	Heebner	3706	(-1386)	LKC	3750	(-1430)	BKC	4049	(-1729)	Marmaton	4096	(-1776)	Pawnee	4165	(-1845)
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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"	23#	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 <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
<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) _____	RECEIVED FEB 01 2007

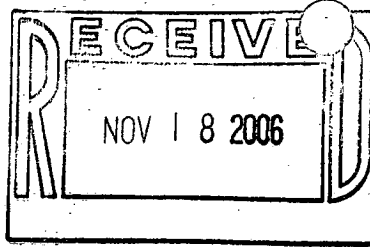
LOGS

Ft. Scott 4252 (-1932)
Cherokee Sh. 4276 (-1956)
Cher. Sd.-Upr 4325 (-2005)
Cher. Sd.-Mid 4337 (-2017)
Cher. Sd.-Lwr 4358 (-2038)
LTD 4434 (-2114)

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KCC WICHITA

Quality Oilwell Cementing Inc.

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



Invoice

Date	Invoice #
11/16/2006	163

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

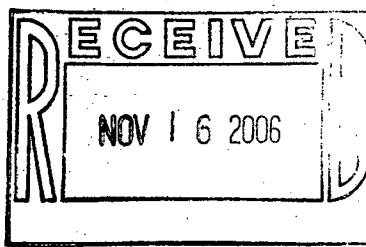
P.O. No.	Terms	Project
Schuler Unit #1	Net 30	

Quantity	Description	Rate	Amount
165	common	10.60	1,749.00T
110	POZ	6.00	660.00T
14	GEL	16.50	231.00T
68	Celloseal	2.00	136.00T
289	handling	1.90	549.10T
1	MINIMUM CHARGE MILEAGE	300.00	300.00T
1	pump truck charge plugging	850.00	850.00T
100	pump truck mileage charge	5.00	500.00T
498	discount 10% if paid within 30 days	-1.00	498.00
	LEASE: SCHULER WELL #1		
	Ness county Sales Tax	5.30%	263.68
Thank you for your business. Dave		Total	\$4,740.78

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

Russell, KS 67665



* INVOICE *

Invoice Number: 105324

Invoice Date: 11/10/06

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

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

Due Date.: 12/10/06
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	7.00	MILE	6.0000	42.00	E
Wooden Plug	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

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FEB 01 2007
KCC WICHITA

ALLIED CEMENTING CO., INC.

26500

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

SERVICE POINT:

M.B.

DATE <i>11-6-06</i>	SEC. <i>10</i>	TWP. <i>18s</i>	RANGE <i>24w</i>	CALL LOG <i>1 am</i>	ON-LOCATION <i>4 am</i>	JOB START <i>6 am</i>	JOB END <i>9 am</i>
WELL # <i>1</i>		LOCATION <i>Missouri 3N 3 1/2 W N/3</i>			COUNTY <i>Miss</i>	STATE <i>K.S.</i>	
OLD OR <input checked="" type="radio"/> NEW (Circle one)							

CONTRACTOR *Southwind Rig #1*

TYPE OF JOB *Surface*

HOLE SIZE *12 1/2* T.D. *227 ft*

CASING SIZE *8 1/2* DEPTH *227 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 1/2 bbl*

OWNER

CEMENT AMOUNT ORDERED *160 Common*

36cc 28 gel

COMMON	<i>160 net</i>	@	<i>10.65</i>	<i>1704.00</i>
POZMIX		@		
GEL	<i>314</i>	@	<i>16.65</i>	<i>4995</i>
CHLORIDE	<i>514</i>	@	<i>46.60</i>	<i>233.00</i>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<i>168 net</i>	@	<i>1.90</i>	<i>319.20</i>
MILEAGE	<i>168 net</i>	@	<i>7.11</i>	<i>240.00</i>
TOTAL				<i>2546.15</i>

REMARKS:

*Circulate hole with rig mud pump
Mix cement + Release Plug
Displace Plug Down with water
Cement did circulate to
Surface*

SERVICE

DEPTH OF JOB	<i>227 ft</i>		
PUMP TRUCK CHARGE			<i>815.00</i>
EXTRA FOOTAGE		@	
MILEAGE	<i>7</i>	@	<i>6.00</i>
MANIFOLD		@	
		@	
		@	
TOTAL <i>857.00</i>			

CHARGE TO: *Palomino Petr.*

STREET _____

CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

<i>1-8 1/2 wooden Plug box</i>	<i>60.00</i>		
		@	
		@	
		@	
		@	
TOTAL <i>60.00</i>			

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