

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-1
September 1999
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

ORIGINAL

Operator: License # 30742
Name: Palomino Petroleum, Inc.
Address: 4924 SE 84th St.
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 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>3/8/07</u> | <u>3/16/07</u> | <u>3/16/07</u> |
| Spud Date or Recompletion Date | Date Reached TD | Completion Date or Recompletion Date |

API No. 15 - 009-25029-0000

County: Barton

S/2 NE NW Sec. 20 Twp. 16 S. R. 12 East West

890 feet from S (N) (circle one) Line of Section

2130 feet from E (W) (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:

(circle one) NE SE (NW) SW

Lease Name: Staudinger Well #: 2

Field Name: Beaver SW

Producing Formation: Arbuckle

Elevation: Ground: 1890 Kelly Bushing: 1898

Total Depth: 3448 Plug Back Total Depth: _____

Amount of Surface Pipe Set and Cemented at 413 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 cm.

Drilling Fluid Management Plan AI INH 7-11-08
(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: June 28, 2007

Subscribed and sworn to before me this 28th day of June

NOTARY PUBLIC - State of Kansas
CARLA R. PENWELL
My Appt. Expires 10-6-09
Notary Public: Carla R. Penwell
Carla R. Penwell

Date Commission Expires: October 6, 2009

KCC Office Use ONLY

Letter of Confidentiality Received

If Denied, Yes Date: _____

Wireline Log Received

Geologist Report Received

UIC Distribution

RECEIVED
KANSAS CORPORATION COMMISSION
JUN 29 2007

CONSERVATION DIVISION
WICHITA, KS

Operator Name: Palomino Petroleum, Inc. Lease Name: Staudinger Well #: 2
 Sec. 20 Twp. 16 S. R. 12 East West County: Barton

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, Micro | <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>825</td> <td>(+1073)</td> </tr> <tr> <td>Base Anhy.</td> <td>850</td> <td>(+1048)</td> </tr> <tr> <td>Howard</td> <td>2678</td> <td>(- 780)</td> </tr> <tr> <td>Topeka</td> <td>2718</td> <td>(- 820)</td> </tr> <tr> <td>Heebner</td> <td>2992</td> <td>(-1094)</td> </tr> <tr> <td>Toronto</td> <td>3008</td> <td>(-1110)</td> </tr> <tr> <td>Brown Lime</td> <td>3076</td> <td>(-1178)</td> </tr> <tr> <td>LKC</td> <td>3092</td> <td>(-1194)</td> </tr> </table> | Name | Top | Datum | Anhy. | 825 | (+1073) | Base Anhy. | 850 | (+1048) | Howard | 2678 | (- 780) | Topeka | 2718 | (- 820) | Heebner | 2992 | (-1094) | Toronto | 3008 | (-1110) | Brown Lime | 3076 | (-1178) | LKC | 3092 | (-1194) |
| Name | Top | Datum | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Anhy. | 825 | (+1073) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Base Anhy. | 850 | (+1048) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Howard | 2678 | (- 780) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Topeka | 2718 | (- 820) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Heebner | 2992 | (-1094) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Toronto | 3008 | (-1110) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Brown Lime | 3076 | (-1178) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LKC | 3092 | (-1194) | | | | | | | | | | | | | | | | | | | | | | | | | | |

| 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# | 413' | Common | 225 | 2% gel, 3% c.c. |
| Production | 7 7/8" | 5 1/2" | 14# | 3446' | EA2 cement | 140 | 500 gal. mud flush |
| | | | | | | | w/add., 20bbls. 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 |
|----------------|---|---|-------|
| 4 | 3351-3355 | | |
| | | | |
| | | | |
| | | | |

| | | | | |
|--|-----------------------------------|--|------------------------------------|---|
| TUBING RECORD | Size 2 7/8" | Set At 3399' | Packer At | Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Date of First, Resumerd Production, SWD or Enhr. 4/12/07 | | Producing Method <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. 90% 63 | Gas Mcf | Water Bbls. 10% 7 | Gas-Oil Ratio Gravity |

| | | |
|---|---|---|
| Disposition of Gas <input type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-18.)</i> | METHOD OF COMPLETION <input type="checkbox"/> Open Hole <input checked="" type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <input type="checkbox"/> Other (Specify) _____ | Production Interval RECEIVED KANSAS CORPORATION COMMISSION JUN 29 2007 |
|---|---|---|

LOGS

| | | |
|----------|------|---------|
| BKC | 3331 | (-1433) |
| Arbuckle | 3350 | (-1452) |
| LTD | 3448 | (-1550) |

RECEIVED
KANSAS CORPORATION COMMISSION

JUN 29 2007

CONSERVATION DIVISION
WICHITA, KS

COPELAND

POST OFFICE BOX 438
 HAYSVILLE, KS 67060
 (316) 524-1225
 (316) 524-1027 FAX

Acid & Cement

BURRTON, KS ♦ GREAT BEND, KS
 (620) 463-5161 (620) 793-3366
 FAX (620) 463-2104 FAX (620) 793-3536

INVOICE NUMBER:
 C031886-IN

BILL TO:
 PALOMINO PETROLEUM
 4924 SE 84TH STREET
 NEWTON, KS 67114-8827

LEASE: STANDINGER #2

| DATE | ORDER | SALESMAN | ORDER DATE | PURCHASE ORDER | SPECIAL INSTRUCTIONS | |
|---|--------|----------------------|------------|----------------|---|---------------|
| 4/11/2007 | 031886 | | 4/3/2007 | | NET 30 | |
| QUANTITY | U/M | ITEM NO./DESCRIPTION | | D/C | PRICE | EXTENSION |
| 28.00 | MI | MILEAGE | | | 3.00 | 84.00 |
| 1.00 | EA | DELIVERY CHARGE | | | 150.00 | 150.00 |
| 250.00 | GAL | 15% MCA | | | 1.83 | 457.50 |
| 0.50 | GAL | CORROSION INHIBITOR | | | 30.00 | 15.00 |
| 1.00 | EA | 15% FUEL SURCHARGE | | | 35.10 | 35.10 |
| FUEL SURCHARGE IS NOT TAXABLE AND IS ADDED TO MILEAGE, PUMP AND OR DELIVERY CHARGES ONLY. | | | | | | |
| | | | | | RECEIVED KANSAS CORPORATION COMMISSION JUN 29 2007 CONSERVATION DIVISION WICHITA, KS | |
| REMIT TO: | | COP-GRB | | Net Invoice: | | 741.60 |
| P.O. BOX 438 HAYSVILLE, KS 67060 | | | | Sales Tax: | | 9.83 |
| RECEIVED BY _____ | | NET 30 DAYS | | Invoice Total: | | 751.43 |

There will be a charge of 1.5% (18% annual rate) on all accounts over 30 days past due.

SWIFT



Services, Inc.

P. O. Box 466
Ness City, KS 67560
Off: 785-798-2300



Invoice

| | |
|-----------|-----------|
| DATE | INVOICE # |
| 3/16/2007 | 11461 |

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

RECEIVED

MAR 22 2007

- Acidizing
- Cement
- Tool Rental

| TERMS | Well No. | Lease | County | Contractor | Well Type | Well Category | Job Purpose | Operator |
|------------|---|------------|--------|----------------------|-----------|---------------|--------------------|-----------|
| Net 30 | #2 | Staudinger | Barton | SouthWind Drillin... | Oil | Development | Cement LongStri... | Nick |
| PRICE REF. | DESCRIPTION | | | | QTY | UM | UNIT PRICE | AMOUNT |
| 575D | Mileage - 1 Way | | | | 60 | Miles | 4.00 | 240.00 |
| 578D-L | Pump Charge - Long String - 3450 Feet | | | | 1 | Job | 1,250.00 | 1,250.00 |
| 221 | Liquid KCL (Clayfix) | | | | 2 | Gallon(s) | 26.00 | 52.00T |
| 281 | Mud Flush | | | | 500 | Gallon(s) | 0.75 | 375.00T |
| 402-5 | 5 1/2" Centralizer | | | | 9 | Each | 80.00 | 720.00T |
| 403-5 | 5 1/2" Cement Basket | | | | 2 | Each | 280.00 | 560.00T |
| 406-5 | 5 1/2" Latch Down Plug & Baffle | | | | 1 | Each | 235.00 | 235.00T |
| 407-5 | 5 1/2" Insert Float Shoe With Auto Fill | | | | 1 | Each | 310.00 | 310.00T |
| 419-5 | 5 1/2" Rotating Head Rental | | | | 1 | Each | 250.00 | 250.00T |
| 325 | Standard Cement | | | | 150 | Sacks | 11.50 | 1,725.00T |
| 283 | Salt | | | | 750 | Lb(s) | 0.20 | 150.00T |
| 284 | Calseal | | | | 7 | Sack(s) | 30.00 | 210.00T |
| 285 | CFR-1 | | | | 70 | Lb(s) | 4.00 | 280.00T |
| 276 | Flocele | | | | 38 | Lb(s) | 1.25 | 47.50T |
| 581D | Service Charge Cement | | | | 150 | Sacks | 1.10 | 165.00 |
| 583D | Drayage | | | | 469.74 | Ton Miles | 1.00 | 469.74 |
| | Subtotal | | | | | | | 7,039.24 |
| | Sales Tax Barton County | | | | | | 6.55% | 321.90 |

We Appreciate Your Business!

Total

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KANSAS CORPORATION COMMISSION

JUN 29 2007

CONSERVATION DIVISION
WICHITA, KS



CHARGE TO: Palomisa Petroleum
 ADDRESS:
 CITY, STATE, ZIP CODE:

RECEIVED
 KANSAS CORPORATION COMMISSION
 JUN 29 2007
 CONSERVATION DIVISION
 WICHITA, KS

TICKET No 11461

| | |
|------|----|
| PAGE | OF |
| 1 | 2 |

| | | | | | | | |
|--|---------------------------------------|--|--------------------------------|---------------------------------|-----------|------------------------|----------------------|
| SERVICE LOCATIONS 1. <u>Hays, Ks</u> 2. <u>Ness City, Ks</u> 3. 4. | WELL/PROJECT NO. #2 | LEASE <u>Standing</u> | COUNTY/PARISH <u>Barton</u> | STATE <u>Ks</u> | CITY | DATE <u>3-16-07</u> | OWNER <u>Same</u> |
| TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES | CONTRACTOR <u>Southwind Dlg #3</u> | RIG NAME/NO. | SHIPPED VIA <u>et</u> | DELIVERED TO <u>Location</u> | ORDER NO. | WELL PERMIT NO. | WELL LOCATION |
| WELL TYPE <u>oil</u> | WELL CATEGORY <u>Development</u> | JOB PURPOSE <u>Cement long string</u> | | | | | |
| REFERRAL LOCATION | INVOICE INSTRUCTIONS | | | | | | |

| PRICE REFERENCE | SECONDARY REFERENCE/ PART NUMBER | ACCOUNTING | | | DESCRIPTION | QTY. | | U/M | | UNIT PRICE | AMOUNT |
|-----------------|-------------------------------------|------------|------|----|-----------------------------|------|-----|--------|--|------------|---------|
| | | LOC | ACCT | DF | | | | | | | |
| 575 | | 1 | | | MILEAGE #103 | 60 | mi | | | 4.00 | 240.00 |
| 578 | | 1 | | | Pump Charge (long string) | 1 | ea | 3950 | | 1250.00 | 1250.00 |
| 221 | | 1 | | | KCL | 2 | gal | | | 26.00 | 52.00 |
| 281 | | 1 | | | Mud Flush | 500 | gal | | | 75 | 375.00 |
| 402 | | 1 | | | Centralizers | 9 | ea | 5 1/2" | | 80.00 | 720.00 |
| 403 | | 1 | | | Baskets | 2 | ea | | | 280.00 | 560.00 |
| 406 | | 1 | | | L.D. Plug & Buflk | 1 | ea | | | 235.00 | 235.00 |
| 407 | | 1 | | | Trasec + Float Shoe w/ P.II | 1 | ea | | | 310.00 | 310.00 |
| 419 | | 1 | | | Rotating Head | 1 | ea | | | 250.00 | 250.00 |

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 Bob Scheik
 DATE SIGNED 3-16-07 TIME SIGNED 0950
 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 | 3992.00 |
| OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN? | | | | Page 2 | 2767 24 |
| WE UNDERSTOOD AND MET YOUR NEEDS? | | | | subtotal | 6759 24 |
| OUR SERVICE WAS PERFORMED WITHOUT DELAY? | | | | Barton TAX | 7039 |
| WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY? | | | | 6.55% | 321.90 |
| ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | TOTAL | 7361.14 |
| <input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND | | | | | |



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

TICKET CONTINUATION

TICKET No. 11461

CUSTOMER Palomino Petroleum WELL # Standinger DATE 3-16-07 PAGE 2 OF 2

| PRICE REFERENCE | SECONDARY REFERENCE/ PART NUMBER | ACCOUNTING | | | TIME | DESCRIPTION | QTY | | UM | | UNIT PRICE | AMOUNT |
|-----------------|-------------------------------------|------------|------|----|------|-----------------|-----|-----|-----|----|------------|---------|
| | | LOC | ACCT | DF | | | QTY | UM | QTY | UM | | |
| 325 | | 2 | | | | Standard Cement | 150 | SKS | | | 11.50 | 1725.00 |
| 283 | | 2 | | | | Salt | 750 | # | | | 20 | 150.00 |
| 284 | | 2 | | | | Calseal | 7 | SKS | | | 30.00 | 210.00 |
| 285 | | 2 | | | | QFR-1 | 70 | # | | | 4.00 | 280.00 |
| 276 | | 2 | | | | Flocele | 38 | # | | | 1.25 | 47.50 |
| 581 | | 2 | | | | SERVICE CHARGE | | | | | 1.10 | 165.00 |
| 583 | | 2 | | | | MILEAGE CHARGE | | | | | 1.00 | 469.74 |

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CONSERVATION DIVISION WICHITA KS

CONTINUATION TOTAL 3047.74

JOB LOG

SWIFT Services, Inc.

DATE 3-16-07 PAGE NO. 1

CUSTOMER Palenino Petroleum WELL NO. H2 LEASE Staudinger JOB TYPE cement Long string TICKET NO. 11461

| CHART NO. | TIME | RATE (BPM) | VOLUME (BBL) (GAL) | PUMPS | | PRESSURE (PSI) | | DESCRIPTION OF OPERATION AND MATERIALS |
|-----------|------|------------|--------------------|-------|---|----------------|--------|---|
| | | | | T | C | TUBING | CASING | |
| | 0400 | | | | | | | on loc w/FE |
| | | | | | | | | 5 1/2" x 14 # x 33' 48' x 21' set @ 3442' |
| | | | | | | | | ceat. 1, 2, 3, 5, 7, 9, 13, 16, 19 |
| | | | | | | | | Basket 3, 6 |
| | | | | | | | | RT D. 3450' |
| | 0530 | | | | | | | st FE Tag bottom 36' high |
| | 0800 | | | | | | | Break circ. |
| | 0900 | 2 | 3 | | | | | Plug RH |
| | 0905 | 4 | 0 | | | 150 | | start Preflush 500 gal Mud Flush 20 bbl KCL flush |
| | 0913 | 6 | 32/0 | | | 250 | | start Cement |
| | 0918 | | 32 | | | | | End Cement |
| | | | | | | | | Wash P&L |
| | | | | | | | | Drop Plug |
| | 0922 | 6.5 | 0 | | | 150 | | Start Displacement |
| | 0930 | 5.5 | 61 | | | 200 | | Catch Cement |
| | 0935 | | 83.5 | | | 600/1200 | | Load Plug |
| | | | | | | | | Release Pressure |
| | | | | | | | | Float Held |

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KANSAS CORPORATION COMMISSION

JUN 29 2007

CONSERVATION DIVISION
WICHITA, KS

Thank you
Nick, Josh & Shane

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

RECEIVED
MAR 14 2007

* I N V O I C E *

Invoice Number: 106880
Invoice Date: 03/12/07

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

Cust I.D.....: Palo
P.O. Number...: Staudinger #2
P.O. Date.....: 03/12/07

Due Date.: 04/11/07
Terms.....: Net 30

| Item I.D./Desc. | Qty. Used | Unit | Price | Net | TX |
|----------------------------|-----------|------|----------|---------|----|
| Common | 225.00 | SKS | 10.6500 | 2396.25 | T |
| Gel | 4.00 | SKS | 16.6500 | 66.60 | T |
| Chloride | 7.00 | SKS | 46.6000 | 326.20 | T |
| Handling | 236.00 | SKS | 1.9000 | 448.40 | E |
| Mielage | 24.00 | MILE | 21.2400 | 509.76 | E |
| 236 sks @.09 per sk per mi | | | | | |
| Surface | 1.00 | JOB | 815.0000 | 815.00 | E |
| Extra Footage | 113.00 | PER | 0.6500 | 73.45 | E |
| Mileage pmp trk | 24.00 | MIEL | 6.0000 | 144.00 | E |
| Head Rental | 1.00 | PER | 100.0000 | 100.00 | E |
| Wooden Plug | 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 493.97
ONLY if paid within 30 days from Invoice Date

| | |
|------------|---------|
| Subtotal: | 4939.66 |
| Tax.....: | 186.61 |
| Payments: | 0.00 |
| Total....: | 5126.27 |

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KANSAS CORPORATION COMMISSION

JUN 29 2007

CONSERVATION DIVISION
WICHITA, KS

ALLIED CEMENTING CO., INC.

30726

Federal Tax I.D. #

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

SERVICE POINT:
Great Bend

| | | | | | | | |
|--|-----------------|---------------------------------------|-----------------|---------------------------|----------------------------|--------------------------|---------------------------|
| DATE <u>3-9-07</u> | SEC. <u>20</u> | TWP. <u>16</u> | RANGE <u>12</u> | CALLED OUT <u>3:30 AM</u> | ON LOCATION <u>5:30 AM</u> | JOB START <u>6:30 AM</u> | JOB FINISH <u>7:30 AM</u> |
| Standing Lease | WELL # <u>2</u> | LOCATION <u>Beaver, 1W, 1N, 1/8 E</u> | | | COUNTY <u>Barber</u> | STATE <u>KS</u> | |
| OLD OR <input checked="" type="radio"/> NEW (Circle one) | | | <u>S/Into</u> | | | | |

CONTRACTOR Southwind #3 OWNER Palamino Petroleum

TYPE OF JOB Surface Job
 HOLE SIZE 12 1/4" T.D. 413'
 CASING SIZE 8 3/8" DEPTH 413'
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE _____ DEPTH _____
 TOOL _____ DEPTH _____
 PRES. MAX 2000 PSI MINIMUM _____
 MEAS. LINE _____ SHOE JOINT 15'
 CEMENT LEFT IN CSG. 15'
 PERFS. _____
 DISPLACEMENT 25 BBLs of freshwater

| | | |
|----------|-------------------------------------|---|
| CEMENT | AMOUNT ORDERED | <u>225</u> <u>5x Common 3% CL, 2% Gel</u> |
| COMMON | <u>225</u> <u>25</u> @ <u>10.65</u> | <u>2396.25</u> |
| POZMIX | @ _____ | _____ |
| GEL | <u>4</u> <u>24</u> @ <u>16.65</u> | <u>66.60</u> |
| CHLORIDE | <u>7</u> <u>24</u> @ <u>46.60</u> | <u>326.20</u> |
| ASC | @ _____ | _____ |
| HANDLING | <u>236</u> <u>04</u> @ <u>1.90</u> | <u>448.40</u> |
| MILEAGE | <u>236</u> <u>04</u> @ <u>0.9</u> | <u>212.76</u> |
| | | TOTAL <u>3747.21</u> |

EQUIPMENT

PUMP TRUCK CEMENTER Lick H.
 # 120 HELPER Dwayne W.
 BULK TRUCK DRIVER Steve T.
 # 260
 BULK TRUCK DRIVER _____
 # _____

REMARKS:
pipe on bottom broke circulation hooked to pump truck mixed 225 5x Common 3% CL, 2% Gel shut down. Released plug displaced with 25 BBLs of freshwater and shut in.

Cement did Circulate

CHARGE TO: Palamino Petroleum
 STREET _____
 CITY _____ STATE _____ ZIP _____

SERVICE

| | | |
|-------------------|----------------------------------|----------------------|
| DEPTH OF JOB | <u>413'</u> | |
| PUMP TRUCK CHARGE | | <u>815.00</u> |
| EXTRA FOOTAGE | <u>113'</u> @ <u>.65</u> | <u>73.45</u> |
| MILEAGE | <u>24</u> @ <u>6.00</u> | <u>144.00</u> |
| MANIFOLD | <u>Head Rent</u> @ <u>100.00</u> | <u>100.00</u> |
| | | TOTAL <u>1132.45</u> |

PLUG & FLOAT EQUIPMENT

| | | |
|--|----------------|--------------------|
| <u>1-8 3/8" ^{wooden} Plug</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 X Tracy Martin

SIGNATURE X Tracy Martin
 PRINTED NAME