

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: Pickrell Drilling Company, Inc.
License: 5123

Wellsite Geologist: Robert A. Schreiber
Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SLOW Temp
 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. _____

12/6/06	12/15/06	12/15/06
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24572 - 00 00
County: Ness
S/2 SW NW Sec. 29 Twp. 17 S. R. 23 East West
2460 feet from S / (circle one) Line of Section
550 feet from E / (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW SW
Lease Name: Ness County Country Club Well #: 1
Field Name: None (Wildcat)
Producing Formation: None
Location: Ground: 2416 Kelly Bushing: 2421

Total Depth: 4596 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 219 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 A H # N H 6 - 18 - 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: January 24, 2007

Subscribed and sworn to before me this 24th day of January,
20 07.

Notary Public Carla R. Penwell
NOTARY PUBLIC - State of Kansas
Date Commission Expires October 6, 2009
My Appt. Expires 10-6-09

KCC Office Use ONLY
 Letter of Confidentiality Received
If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

Operator Name: Palomino Petroleum, Inc. Lease Name: Ness County Country Club Well #: 1
 Sec. 29 Twp. 17 S. R. 23 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:

**Dual Induction, Dual Compensated Porosity,
 Micro, Borehole Compensated Sonic**

<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
Name	Top	Datum
Anhy.	1708	(+ 713)
Base Anhy.	1742	(+ 679)
Topeka	3511	(-1090)
Heebner	3802	(-1381)
LKC	3840	(-1419)
BKC	4124	(-1703)
Marmaton	4169	(-1748)
Pawnee	4240	(-1819)

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"	20#	219'	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

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WICHITA, KS

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

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

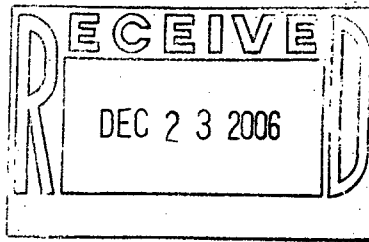
Production Interval _____

LOGS

Ft. Scott	4327	(-1906)
Cherokee Sh.	4349	(-1928)
Cherokee Sd.	4408	(-1987)
Miss.	4485	(-2064)
LTD	4596	(-2175)

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KANSAS CORPORATION COMMISSION
JAN 26 2007
CONSERVATION DIVISION
WICHITA, KS

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



* INVOICE *

Invoice Number: 106003

Invoice Date: 12/20/06

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

Cust I.D.....: Palo
P.O. Number...: NessCo. Country Club
P.O. Date.....: 12/20/06 *dl*

Due Date.: 01/19/07
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	147.00	SKS	10.6500	1565.55	T
Pozmix	98.00	SKS	5.8000	568.40	T
Gel	13.00	SKS	16.6500	216.45	T
FloSeal	61.00	LBS	2.0000	122.00	T
Handling	260.00	SKS	1.9000	494.00	T
Mileage min.	1.00	MILE	240.0000	240.00	T
Rotary Plug	1.00	JOB	815.0000	815.00	T
Mileage pmp trk	5.00	MILE	6.0000	30.00	T

All Prices Are Net, Payable 30 Days Following
Date of Invoice. 1 1/2% Charged Thereafter.
If Account CURRENT take Discount of 405.14
ONLY if paid within 30 days from Invoice Date

Subtotal: 4051.40
Tax.....: 214.72
Payments: 0.00
Total....: 4266.12

RECEIVED
KANSAS CORPORATION COMMISSION
JAN 26 2007
CONSERVATION DIVISION
WICHITA, KS

ALLIED CEMENTING CO., INC.

Federal Tax I.D

26303

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

SERVICE POINT:

Ness City

DATE <i>12-15-06</i>	SEC. <i>29</i>	TWP. <i>17</i>	RANGE <i>23</i>	CALLED OUT <i>2:00 AM</i>	ON LOCATION <i>4:15 AM</i>	JOB START <i>4:30 AM</i>	JOB FINISH <i>6:30 AM</i>
LEASE <i>Ness County Country Club</i> WELL # <i>1</i>			LOCATION <i>Ness City, north to Golf course east into.</i>		COUNTY <i>Ness</i>	STATE <i>Kansas</i>	
<input checked="" type="radio"/> OLD OR NEW (Circle one)							

CONTRACTOR *Pickrell*

TYPE OF JOB *Rotary Plug*

HOLE SIZE *7 7/8* T.B. *4593'*

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE *4 1/2 XH* DEPTH *1770'*

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER *Palomino Petroleum Inc.*

CEMENT AMOUNT ORDERED *245 AX 60/40 POZ 6% GEL.*

EQUIPMENT

Ness

PUMP TRUCK # *224* CEMENTER *J.D. Drilling* HELPER *Jim Weighous*

BULK TRUCK # *260* DRIVER *Don Dugan*

BULK TRUCK # _____ DRIVER _____

COMMON	<i>147 set</i>	@	<i>10.65</i>	<i>1565.55</i>
POZMIX	<i>98 set</i>	@	<i>5.80</i>	<i>568.40</i>
GEL	<i>13 set</i>	@	<i>16.65</i>	<i>216.45</i>
CHLORIDE		@		
ASC		@		
<i>FRO SEAL</i>	<i>61 #</i>	@	<i>2.00</i>	<i>122.00</i>

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JAN 26 2007

CONSERVATION DIVISION WICHITA, KS

HANDLING	<i>260 set</i>	@	<i>1.90</i>	<i>494.00</i>
MILEAGE	<i>260 set</i>	@	<i>5.00</i>	<i>240.00</i>
TOTAL				<i>3206.40</i>

REMARKS:

<i>1st</i>	<i>1770' = 50 AX</i>
<i>2nd</i>	<i>930' = 70 AX</i>
<i>3rd</i>	<i>530' = 50 AX</i>
<i>4th</i>	<i>240' = 40 AX</i>
<i>5th</i>	<i>60' = 20 AX</i>
<i>15 AX in Rathole</i>	

SERVICE

DEPTH OF JOB	<i>1770'</i>		
PUMP TRUCK CHARGE			<i>85.00</i>
EXTRA FOOTAGE		@	
MILEAGE	<i>5</i>	@	<i>6.00</i>
MANIFOLD		@	
TOTAL <i>845.00</i>			

CHARGE TO: *Palomino Petroleum, Inc*

STREET *4924 SE 84th Street*

CITY *Newton* STATE *Kansas* ZIP *67114-8827*

PLUG & FLOAT EQUIPMENT

	@		
	@		
	@		
	@		
	@		

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.

SIGNATURE *x Mike Kern*

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

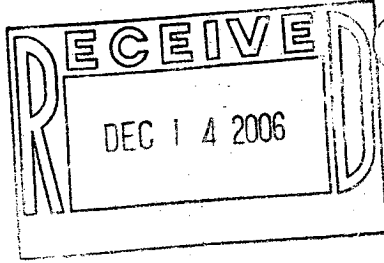
SIGNATURE *x Mike Kern*

PRINTED NAME _____

THANK you!

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

Russell, KS 67665



* INVOICE *

Invoice Number: 105790

Invoice Date: 12/11/06

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

Cust I.D.....: Palo
P.O. Number...: Ness County *Country*
P.O. Date.....: 12/11/06 *(Club #)*

Due Date.: 01/10/07
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
Sugar	50.00	LBS	1.0000	50.00	T
Handling	168.00	SKS	1.9000	319.20	E
Mielage min.	1.00	MILE	240.0000	240.00	E
Surface	1.00	JOB	815.0000	815.00	E
Mileage pmp trk	5.00	MILE	6.0000	30.00	E
Head Rental	1.00	PER	100.0000	100.00	E
Wood Plug	1.00	EACH	60.0000	60.00	T

All Prices Are Net, Payable 30 Days Following	Subtotal:	3601.15
Date of Invoice. 1 1/2% Charged Thereafter.	Tax.....:	111.14
If Account CURRENT take Discount of <u>360.11</u>	Payments:	0.00
ONLY if paid within 30 days from Invoice Date	Total....:	3712.29

RECEIVED
KANSAS CORPORATION COMMISSION
JAN 26 2007
CONSERVATION DIVISION
WICHITA, KS

ALLIED CEMENTING CO., INC.

23749

Federal Tax I.D.

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

SERVICE POINT:

Carbano / N. Gley

DATE: <i>12-07-06</i>	SEC: <i>29</i>	TWP: <i>17s</i>	RANGE: <i>23w</i>	CALLED OUT: <i>11:00/AM</i>	ON LOCATION: <i>10:00/AM</i>	JOB START: <i>10:45/AM</i>	JOB FINISH: <i>2:30/PM</i>
LEASE: <i>County (WEB) #1</i>				LOCATION: <i>SU E/SUR</i>		COUNTY: <i>NES</i>	STATE: <i>KS</i>
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR: <i>PICKRELL DEIG</i>	OWNER: <i>Palomina Pete</i>
TYPE OF JOB: <i>SURFACE 5/8</i>	CEMENT AMOUNT ORDERED: <i>1600L Common</i>
HOLE SIZE: <i>12 1/4"</i> T.D. <i>224'</i>	3% CC
CASING SIZE: <i>8 5/8"</i> DEPTH <i>222'</i>	2% CC
TUBING SIZE: _____ DEPTH _____	
DRILL PIPE: _____ DEPTH _____	
TOOL: _____ DEPTH _____	
PRES. MAX: <i>200#</i> MINIMUM _____	COMMON: <i>1600L</i> @ <i>10.65</i> = <i>1704.00</i>
MEAS. LINE: _____ SHOE JOINT _____	POZMIX _____ @ _____
CEMENT LEFT IN CSG: <i>20'</i>	GEL: <i>3AL</i> @ <i>16.65</i> = <i>49.95</i>
PERFS: _____	CHLORIDE: <i>S 14</i> @ <i>46.60</i> = <i>233.00</i>
DISPLACEMENT: <i>13 BS</i>	ASC _____ @ _____

EQUIPMENT		RECEIVED <i>50# SUGAR</i>	_____ @ _____
PUMP TRUCK # <i>181</i>	CEMENTER: <i>BUD</i>	KANSAS CORPORATION COMMISSION	_____ @ _____
BULK TRUCK # <i>260</i>	HELPER: <i>JD</i>	JAN 26 2007	_____ @ _____
BULK TRUCK # _____	DRIVER: <i>Jim W</i>	CONSERVATION DIVISION	_____ @ _____
BULK TRUCK # _____	DRIVER _____	WICHITA, KS	_____ @ _____
			HANDLING: <i>1680L</i> @ <i>1.90</i> = <i>319.20</i>
			MILEAGE: <i>1680L 09 S M</i> = <i>240.00</i>
			TOTAL: <i>2596.15</i>

REMARKS:
*Ran 222 ft 8 5/8" 20# Brooke
 Circulation with 4 rigs
 Mixed 1600L Common 3% CC
 2% CC Displaced w 13 BS
 13 BS Cement Calculated*

CHARGE TO: *Palomina Pete.*

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB: *222'*

PUMP TRUCK CHARGE: *815.00*

EXTRA FOOTAGE: _____ @ _____

MILEAGE: *5* @ *6.00* = *30.00*

MANIFOLD: _____ @ _____

HEAD RENTAL: _____ @ *100.00*

TOTAL: *945.00*

PLUG & FLOAT EQUIPMENT

1-Top 8 5/8" Wood = *60.00*

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

TOTAL: *60.00*

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: *Mike Kern*

PRINTED NAME: *Mike Kern*