

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: Michael R. Kidwell

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>10/17/06</u>	<u>10/25/06</u>	<u>10/25/06</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24549 0000
County: Ness
 NW NE SW Sec. 32 Twp. 19 S. R. 24 East West
2170 feet from (S) / N (circle one) Line of Section
1770 feet from E / (W) (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW (SW)
Lease Name: Harkness Trust Well #: 1
Field Name: Hair NW

Producing Formation: None
Elevation: Ground: 2338 Kelly Bushing: 2343
Total Depth: 4468 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 220 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 A14 II NH 6 78 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, 2007.

Notary Public: Carla R. Penwell
Date Commission Expires: October 6, 2009
10-0-09

KCC Office Use ONLY

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

RECEIVED
JAN 25 2007
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Operator Name: Palomino Petroleum, Inc. Lease Name: Harkness Trust Well #: 1
 Sec. 32 Twp. 19 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: Radiation Guard, Sonic	<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:70%;">Name</td> <td style="width:15%;">Top</td> <td style="width:15%;">Datum</td> </tr> <tr> <td>Anhy.</td> <td>1614</td> <td>(+ 729)</td> </tr> <tr> <td>Base Anhy.</td> <td>1650</td> <td>(+ 693)</td> </tr> <tr> <td>Topeka</td> <td>3417</td> <td>(-1074)</td> </tr> <tr> <td>Heebner</td> <td>3732</td> <td>(-1389)</td> </tr> <tr> <td>Toronto</td> <td>3752</td> <td>(-1409)</td> </tr> <tr> <td>LKC</td> <td>3773</td> <td>(-1430)</td> </tr> <tr> <td>BKC</td> <td>4102</td> <td>(-1759)</td> </tr> <tr> <td>Pawnee</td> <td>4213</td> <td>(-1870)</td> </tr> </table>	Name	Top	Datum	Anhy.	1614	(+ 729)	Base Anhy.	1650	(+ 693)	Topeka	3417	(-1074)	Heebner	3732	(-1389)	Toronto	3752	(-1409)	LKC	3773	(-1430)	BKC	4102	(-1759)	Pawnee	4213	(-1870)
Name	Top	Datum																										
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Pawnee	4213	(-1870)																										

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#	220'	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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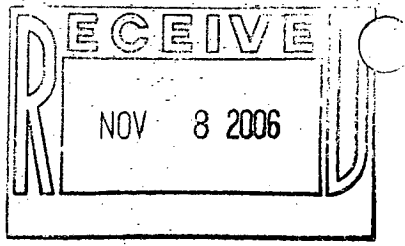
Date of First, Resumerd Production, SWD or Enhr.	Producing Method <input type="checkbox"/> Flowing <input type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)			
Estimated Production Per 24 Hours	Oil Bbls.	Gas Mcf	Water Bbls.	Gas-Oil Ratio Gravity

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) _____	<input type="checkbox"/> _____ <input type="checkbox"/> _____

LOGS

Ft. Scott	4291	(-1948)
Miss.	4411	(-2068)
LTD	4468	(-2125)

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

 * I N V O I C E *

Invoice Number: 105200

Invoice Date: 10/31/06

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

Cust I.D.....: Palo
 P.O. Number...: Harkness TR #1
 P.O. Date.....: 10/31/06

Due Date.: 11/30/06
 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	13.00	MILE	23.4000	304.20	T
260 sks @.09 per sk per mki					
Rotary Plug	1.00	JOB	815.0000	815.00	T
Mileage pmp trk	13.00	MILE	6.0000	78.00	T

All Prices Are Net, Payable 30 Days Following
 Date of Invoice. 1 1/2% Charged Thereafter.
 If Account CURRENT take Discount of 416.36
 ONLY if paid within 30 days from Invoice Date

Subtotal: 4163.60
 Tax.....: 220.67
 Payments: 0.00
 Total....: 4384.27

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ALLIED CEMENTING CO., INC.

22689

Federal Tax I.D. #

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

SERVICE POINT:

Ness City

DATE <i>10-25-06</i>	SEC. <i>32</i>	TWP. <i>19</i>	RANGE <i>24</i>	CALLED OUT <i>1:30 PM</i>	ON LOCATION <i>5:00 PM</i>	JOB START <i>6:00 PM</i>	JOB FINISH <i>7:45 PM</i>
LEASE <i>Harkness Trust</i>	WELL # <i>1</i>	LOCATION <i>Ness 7 south 5 1/2 west</i>			COUNTY <i>Ness</i>	STATE <i>Kansas</i>	
<input checked="" type="radio"/> OLD OR NEW (Circle one)			<i>1/2 north</i>				

CONTRACTOR *Pickrell*

TYPE OF JOB *Rotary Plug*

HOLE SIZE *7 7/8* T.D. *4470*

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE *4 1/2* DEPTH *1650'*

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER *Palomino*

CEMENT

AMOUNT ORDERED *245 AX 60/40 6% gel*
1/4# floccal per ax.

COMMON	<i>147 ax.</i>	@	<i>10.16</i>	<i>1565.55</i>
POZMIX	<i>98 ax.</i>	@	<i>5.80</i>	<i>566.40</i>
GEL	<i>13 bx.</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>
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<i>260 ax.</i>	@	<i>1.90</i>	<i>494.00</i>
TRAVEL	<i>260 mi.</i>	@	<i>13</i>	<i>334.20</i>
TOTAL				<i>3270.60</i>

EQUIPMENT

Ness

PUMP TRUCK CEMENTER *J.D. Drailing*

224 HELPER *Jim Weighaus*

BULK TRUCK

357 DRIVER *Marlynn Spungenberg*

BULK TRUCK

_____ DRIVER _____

REMARKS:

- 1st 1650' - 50 AX*
- 2nd 840' - 80 AX*
- 3rd 420' - 40 AX*
- 4th 240' - 40 AX*
- 60' - 20 AX*
- 15 AX in Rathole.*

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SERVICE

DEPTH OF JOB *1650'*

PUMP TRUCK CHARGE _____ *85.00*

EXTRA FOOTAGE _____ @ _____

MILEAGE *13* @ *6.00* *78.00*

MANIFOLD _____ @ _____

_____ @ _____

_____ @ _____

CHARGE TO: *Palomino Petroleum Inc.*

STREET *4924 SE 84th St.*

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

Thank you!

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.

TAX _____

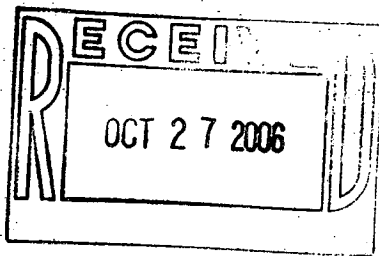
TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE *Mike Kern*

Mike Kern
PRINTED NAME

THANKS



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

 * I N V O I C E *

Invoice Number: 105045

Invoice Date: 10/23/06

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

Cust I.D.....: Palo
 P.O. Number...: Harkness TR #1
 P.O. Date.....: 10/23/06

Due Date.: 11/22/06
 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	13.00	MILE	6.0000	78.00	E
Top Wood	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 349.91
 ONLY if paid within 30 days from Invoice Date

Subtotal: 3499.15
 Tax.....: 108.49
 Payments: 0.00
 Total....: 3607.64

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 JAN 25 2007
 KCC WICHITA

ALLIED CEMENTING CO., INC.

Federal Tax I.D.#

26248

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

SERVICE POINT:

Ness City

DATE <u>10-18-06</u>	SEC. <u>32</u>	TWP. <u>19</u>	RANGE <u>24</u>	CALLED OUT <u>12:00AM</u>	ON LOCATION <u>2:00AM</u>	JOB START <u>6:45AM</u>	JOB FINISH <u>7:15AM</u>
LEASE <u>Harkness Trust</u>		WELL # <u>1</u>	LOCATION <u>Ness City 7S 5W 12E</u>		COUNTY <u>Ness</u>	STATE <u>KS</u>	
OLD OR <input checked="" type="radio"/> NEW (Circle one)							

CONTRACTOR Pickrell Drilling #10

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 224

CASING SIZE 8 7/8 DEPTH 218

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15

PERFS. _____

DISPLACEMENT 14

OWNER _____

CEMENT AMOUNT ORDERED 160 Com 3% cc 2 1/2 gal

COMMON	<u>160 gal</u>	@	<u>10.65</u>	<u>1704.00</u>
POZMIX		@		
GEL	<u>3.14</u>	@	<u>16.65</u>	<u>49.95</u>
CHLORIDE	<u>5.14</u>	@	<u>46.60</u>	<u>233.00</u>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>168 gal</u>	@	<u>1.90</u>	<u>319.20</u>
MILEAGE	<u>168</u>	<u>14.09</u>	<u>13.11</u>	<u>240.00</u>
TOTAL				<u>2546.15</u>

EQUIPMENT

PUMP TRUCK CEMENTER MIKE

224 HELPER J. W. Gibson

BULK TRUCK DRIVER Cody

357 DRIVER _____

BULK TRUCK DRIVER _____

_____ DRIVER _____

REMARKS:

New 19#
ccc 8 7/8 casing pump
ml Comt. deep plug 14 BR
Cement did Circ

Thanks

CHARGE TO: Palomino Pet.

STREET _____

CITY _____ STATE _____

RECEIVED
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KCC WICHITA

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.

SERVICE

DEPTH OF JOB	<u>218</u>		
PUMP TRUCK CHARGE			<u>85.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>13</u>	@	<u>6.00</u>
MANIFOLD		@	
		@	
		@	
TOTAL <u>893.00</u>			

PLUG & FLOAT EQUIPMENT

<u>8 7/8 Top wall</u>	@	<u>6.00</u>	<u>6.00</u>
	@		
	@		
	@		
	@		
TOTAL <u>6.00</u>			

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE Mike Kern

Mike Kern
PRINTED NAME