

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: James C. Musgrove

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. _____
10/21/06 10/31/06 10/31/06
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API No. 15 - 185-23402 - 00-00
County: Stafford
N/2 S/2 S/2 Sec. 8 Twp. 21 S. R. 13 East West
990 feet from (S) / N (circle one) Line of Section
2580 feet from (E) / W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE (SE) NW SW
Lease Name: Dewey-Diamond Well #: 1
Field Name: Dell East
Producing Formation: None
Elevation: Ground: 1899 Kelly Bushing: 1908
Total Depth: 3649 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 332 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 NH 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 - State of Kansas
Carla R. Penwell
Date Commission Expires: October 6, 2009
My Appt. Expires: 10-10-09

KCC Office Use ONLY
N Letter of Confidentiality Received
If Denied, Yes Date: RECEIVED
Wireline Log Received
Geologist Report Received JAN 25 2007
UIC Distribution KCC WICHITA

Operator Name: Palomino Petroleum, Inc. Lease Name: Dewey-Diamond Well #: 1
 Sec. 8 Twp. 21 S. R. 13 East West County: Stafford

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	<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>778</td> <td>(+1130)</td> </tr> <tr> <td>Base Anhy.</td> <td>801</td> <td>(+1107)</td> </tr> <tr> <td>Heebner</td> <td>3195</td> <td>(-1287)</td> </tr> <tr> <td>Toronto</td> <td>3215</td> <td>(-1307)</td> </tr> <tr> <td>Douglas</td> <td>3232</td> <td>(-1324)</td> </tr> <tr> <td>Brown Lime</td> <td>3316</td> <td>(-1408)</td> </tr> <tr> <td>LKC</td> <td>3327</td> <td>(-1419)</td> </tr> <tr> <td>BKC</td> <td>3548</td> <td>(-1640)</td> </tr> </table>	Name	Top	Datum	Anhy.	778	(+1130)	Base Anhy.	801	(+1107)	Heebner	3195	(-1287)	Toronto	3215	(-1307)	Douglas	3232	(-1324)	Brown Lime	3316	(-1408)	LKC	3327	(-1419)	BKC	3548	(-1640)
Name	Top	Datum																										
Anhy.	778	(+1130)																										
Base Anhy.	801	(+1107)																										
Heebner	3195	(-1287)																										
Toronto	3215	(-1307)																										
Douglas	3232	(-1324)																										
Brown Lime	3316	(-1408)																										
LKC	3327	(-1419)																										
BKC	3548	(-1640)																										

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#	332'	Common	300	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) _____	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

RECEIVED
 JAN 25 2007
 KCC WICHITA

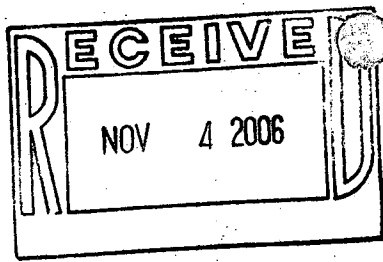
LOGS

Viola	3556	(-1648)
Simpson Sh.	3569	(-1661)
Arbuckle	3626	(-1718)
LTD	3649	(-1741)

RECEIVED
JAN 25 2007
KCC WICHITA

Quality Oilwell Cementing Inc.

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



Invoice

Date	Invoice #
11/2/2006	147

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

P.O. No.	Terms	Project
	Net 30	

Quantity	Description	Rate	Amount
115	common	10.80	1,242.00T
80	POZ	6.00	480.00T
10	GEL	16.50	165.00T
205	handling	1.90	389.50T
1	MINIMUM CHARGE	300.00	300.00T
1	pump truck charge plugging 3625'	1,100.00	1,100.00T
51	pump truck mileage charge	5.00	255.00T
393	discount 10% if paid within 30 days	-1.00	-393.00
	LEASE: DEWEY DIAMOND WELL#1 Stafford county Sales Tax	6.30%	247.68
Thank you for your business. Dave		Total	\$3,786.18

RECEIVED
JAN 25 2007
KCC WICHITA

QUALITY OILWELL CEMENTING, INC.

Federal Tax I.D. [Redacted]

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

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

No. 1145

Date	11-1-06	Sec.	7	Twp.	21	Range	13	Called Out		On Location	8:30 AM	Job Start	9:00 AM	Finish	10:00
Lease	D... D...	Well No.	F1	Location	B... B... 123			County	5...	State	KS				

Contractor	S... D... K...			Owner	I... N		
Type Job	P... 7' 1/8			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.			
Hole Size	T.D. 3650			Charge To	P... P...		
Csg.	Depth			Street	P...		
Tbg. Size	Depth			City	State		
Drill Pipe	Depth			The above was done to satisfaction and supervision of owner agent or contractor.			
Tool	Depth						
Cement Left in Csg.	Shoe Joint						
Press Max.	Minimum						
Meas Line	Displace						
Perf.				CEMENT			

EQUIPMENT				Amount Ordered	
				175.00	
				Consisting of	
Pumptrk	1	No.	Cement Helper	Common	115 @ 10.00 = 1,150.00
Bulktrk	4	No.	Driver	Poz. Mix	80 @ 6.00 = 480.00
Bulktrk		No.	Driver	Gel.	10 @ 16.50 = 165.00

JOB SERVICES & REMARKS				Chloride	Hulls
Pumptrk Charge	3625' only		1100.00		
Mileage	51 @ 5.00		255.00		
Footage					
Total			1355.00		

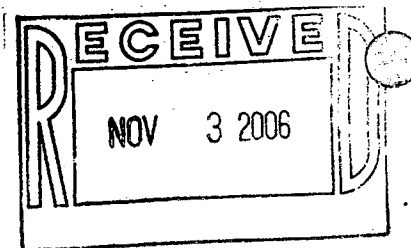
REMARKS				Sales Tax	
50 sk @ 3625'			Handling	205 @ 1.80 = 369.00	
50 sk @ 810'			Mileage (Great Bend) 8¢ per sk per mile	300.00	
50 sk @ 360'			13 miles		
20 sk @ 10'					
10 sk @ 10'					
15 sk @ 10'					
				Sub Total	1,355.00
				Total	
				Floating Equipment & Plugs	
				Squeeze Manifold	
				Rotating Head	
				Tax	242.68
				Discount	393.00
				Total Charge	3786.18

RECEIVED
JAN 25 2007
KCC WICHITA

X Signature [Signature]

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

Russell, KS 67665



* I N V O I C E *

Invoice Number: 105090

Invoice Date: 10/25/06

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

Cust I.D.....: Palo
P.O. Number...: D. Diamond #1
P.O. Date.....: 10/25/06

Due Date.: 11/24/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	300.00	SKS	10.6500	3195.00	T
Gel	6.00	SKS	16.6500	99.90	T
Chloride	9.00	SKS	46.6000	419.40	T
Handling	315.00	SKS	1.9000	598.50	E
Mileage	12.00	MILE	28.3500	340.20	E
315 sks @.09 per sk per mi					
Surface	1.00	JOB	815.0000	815.00	E
Extra Footage	32.00	PER	0.6500	20.80	E
Mileage pmp trk	12.00	MILE	6.0000	72.00	E
TWP	1.00	EACH	60.0000	60.00	T

RECEIVED
JAN 25 2007
KCC WICHITA

All Prices Are Net, Payable 30 Days Following
Date of Invoice. 1 1/2% Charged Thereafter.
If Account CURRENT take Discount of 562.08
ONLY if paid within 30 days from Invoice Date

Subtotal: 5620.80
Tax.....: 237.78
Payments: 0.00
Total...: 5858.58

ALLIED CEMENTING CO., INC. 22686

Federal Tax I.D.

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

SERVICE POINT:

Great Bend
10-22-06

DATE	SEC.	TWP.	RANGE	CALLED OUT	ON LOCATION	JOB START	JOB FINISH
10-21-06	8	21	13	8:00 PM	9:30 PM	9:45 AM	10:15 AM
LEASE <i>Bewey Rig #2</i> WELL # <i>1</i> LOCATION <i>Barton - Stafford co line</i> COUNTY <i>Stafford</i> STATE <i>Kansas</i>							
OLD OR <input checked="" type="radio"/> NEW (Circle one)				<i>2 south 1 1/2 west north into</i>			

CONTRACTOR *Southwind Drilling #2* OWNER *Palomino*

TYPE OF JOB *Surface*
HOLE SIZE *12 1/4* T.D. *335'*
CASING SIZE *8 5/8 23'* DEPTH *332'*
TUBING SIZE DEPTH
DRILL PIPE DEPTH
TOOL DEPTH
PRES. MAX MINIMUM
MEAS. LINE SHOE JOINT
CEMENT LEFT IN CSG.
PERFS.
DISPLACEMENT *19.8 BBLs*

EQUIPMENT
4B
PUMP TRUCK CEMENTER *J.D. Drilling*
120 HELPER *Brandon Roach*
BULK TRUCK DRIVER *Kevin Davis*
344 DRIVER
BULK TRUCK DRIVER
DRIVER

REMARKS:
*(Pipe would not go in, rig made 2 trips in hole)
Ran 8 5/8 casing to bottom. Circulate
with rig mud. Hook up to pump truck
& mixed 300 cx common 3% ct 2% gel.
Shut down & change valves over, release
8 5/8 TWP & displace with 19.8 BBLs
fresh H₂O. Cement did circulate.
Shut in at manifold.*

CEMENT
AMOUNT ORDERED *300 cx Common*
3% CC 2% GEL

COMMON	<i>300 cx</i>	@	<i>10.65</i>	<i>3195.00</i>
POZMIX		@		
GEL	<i>6.24</i>	@	<i>16.65</i>	<i>99.90</i>
CHLORIDE	<i>9.2</i>	@	<i>46.60</i>	<i>419.40</i>
ASC		@		
<hr/>				
HANDLING	<i>315 cx</i>	@	<i>1.90</i>	<i>598.50</i>
MILEAGE	<i>315</i>	@	<i>09 12</i>	<i>340.20</i>
				TOTAL <i>4653.00</i>

CHARGE TO: *Palomino Petroleum Inc.*
STREET *4924 SE 84th St.*
CITY *Newton* STATE *Kansas* ZIP *67114-8827*

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.

SIGNATURE *X Rubynne Turner*

SERVICE

DEPTH OF JOB	<i>332'</i>		
PUMP TRUCK CHARGE			<i>815.00</i>
EXTRA FOOTAGE	<i>32'</i>	@	<i>65 20.80</i>
MILEAGE	<i>12</i>	@	<i>6.00 72.00</i>
MANIFOLD		@	
<hr/>			
TOTAL <i>907.80</i>			

PLUG & FLOAT EQUIPMENT

<i>1. 8 5/8 TWP</i>	@	<i>60.00</i>	<i>60.00</i>
<hr/>			
RECEIVED	@		
JAN 25 2007	@		
<hr/>			
KCC WICHITA			TOTAL <i>60.00</i>

TAX _____
TOTAL CHARGE _____
DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE *X LEWAYNE TRESNER*
PRINTED NAME