

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE**

Form ACO-1
September 1999
Form Must Be Typed

ORIGINAL

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. _____

<u>11/26/07</u>	<u>12/6/07</u>	<u>12/6/07</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 101-22062-00-00
 County: Lane
N/2 - NE - SW Sec. 16 Twp. 19 S. R. 28 East West
2250 feet from (S) / N (circle one) Line of Section
2140 feet from E / (W) (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE NW (SW)
 Lease Name: Thomas Well #: 3
 Field Name: Hineman NE
 Producing Formation: None
 Elevation: Ground: 2765 Kelly Bushing: 2775
 Total Depth: 4730 Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 225 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.

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Drilling Fluid Management Plan *Act II within 3-11-08*
 (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: February 21, 2008
 Subscribed and sworn to before me this 21st day of February,
 2008.
 Notary Public: Carla R. Penwell
 Date Commission Expires: October 6, 2009

NOTARY PUBLIC - State of Kansas
CARLA R. PENWELL
 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: Thomas Well #: 3
 Sec. 16 Twp. 19 S. R. 28 East West County: Lane

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:

Radiation Guard, Sonic

Log Formation (Top), Depth and Datum		Sample
Name	Top	Datum
Anhy.	2127	(+ 648)
Base Anhy.	2154	(+ 621)
Topeka	3730	(- 955)
Heebner	3978	(-1203)
LKC	4021	(-1246)
Stark	4297	(-1522)
BKC	4378	(-1603)
Marmaton	4405	(-1630)

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#	225'	Common	160	2% gel, 3% c.c.

ADDITIONAL CEMENTING 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				

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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

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

Vented Sold Used on Lease (If vented, Submit ACO-18.)
 Open Hole Perf. Dually Comp. Commingled _____
 Other (Specify) _____

LOGS

Pawnee	4500	(-1725)
Ft. Scott	4548	(-1773)
Cherokee Sh.	4570	(-1795)
Miss. Lime	4641	(-1866)
Miss. Dolo.	4661	(-1886)
LTD	4730	(-1955)

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WICHITA, KS



ALLIED

CEMENTING CO., LLC
Cementing & Acidizing Services

INVOICE

24 S. Lincoln Street
P.O. Box 31
Russell, KS 67665-2906

Voice: (785) 483-3887
Fax: (785) 483-5566

RECEIVED

DEC 12 2007

Invoice Number: 111539

Invoice Date: Dec 7, 2007

Page: 1

Bill To:

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

Federal Tax I.D.:

Customer ID	Well Name/# or Customer P.O.	Payment Terms	
Palo	Thomas #3	Net 30 Days	
Sales Rep ID	Camp Location	Service Date	Due Date
	Oakley	Dec 7, 2007	1/6/08

Quantity	Item	Description	Unit Price	Amount
153.00	MAT	Common Class A	12.60	1,927.80
102.00	MAT	Pozmix	6.40	652.80
9.00	MAT	Gel	16.65	149.85
64.00	MAT	Flo Seal	2.00	128.00
267.00	SER	Handling	1.90	507.30
42.00	SER	Mileage 267 sx @.09 per sk per mi	24.03	1,009.26
1.00	SER	Plug to Abandon	955.00	955.00
42.00	SER	Mileage Pump truck	6.00	252.00
1.00	EQP	Dry Hole Plug	35.00	35.00

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CONSERVATION DIVISION
WICHITA, KS

ALL PRICES ARE NET, PAYABLE
30 DAYS FOLLOWING DATE OF
INVOICE. 1 1/2% CHARGED
THEREAFTER. IF ACCOUNT IS
CURRENT, TAKE DISCOUNT OF

\$ 5,614.71

ONLY IF PAID ON OR BEFORE

Jan 6, 2008

Subtotal	5,617.01
Sales Tax	297.70
Total Invoice Amount	5,914.71
Payment/Credit Applied	
TOTAL	5,914.71

ALLIED CEMENTING CO., INC.

31839

Federal Tax I.C

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

SERVICE POINT:

Oakley Ks

DATE <u>12-5-07</u>	SEC <u>16</u>	TWP. <u>19^s</u>	RANGE <u>28^w</u>	CALLED OUT	ON LOCATION <u>11:00 PM</u>	JOB START <u>2:00 AM</u>	JOB FINISH <u>3:00 AM</u>
LEASE <u>Thomas</u>	WELL # <u>3</u>	LOCATION <u>Dighton 6S-2E-1/4N-E</u>		COUNTY <u>Lane</u>	STATE <u>Kan</u>		
OLD OR NEW (Circle one)							

CONTRACTOR Southernwind Dtg #1

TYPE OF JOB PTA

HOLE SIZE 7 7/8 T.D. 4730'

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE 4 1/2 XH DEPTH 2190'

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER Same

CEMENT

AMOUNT ORDERED 255 SKs @ 69¢/sk

4% Gel, 1/4# Flo-Seal

COMMON	<u>153- SKs</u>	@	<u>12.60</u>	<u>1,927.80</u>
POZMIX	<u>102- SKs</u>	@	<u>6.40</u>	<u>652.80</u>
GEL	<u>9- SKs</u>	@	<u>16.65</u>	<u>149.85</u>
CHLORIDE	_____	@	_____	_____
ASC	_____	@	_____	_____
	<u>Flo-Seal 64 #</u>	@	<u>2.00</u>	<u>128.00</u>

EQUIPMENT

PUMP TRUCK CEMENTER Walt

423-281 HELPER Andre

BULK TRUCK

399-306 DRIVER Alvin

BULK TRUCK

_____ DRIVER _____

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HANDLING	<u>267- SKs</u>	@	<u>1.90</u>	<u>507.30</u>
MILEAGE	<u>9¢ per SK/mile</u>			<u>1,009.26</u>
TOTAL				<u>4,375.01</u>

REMARKS:

- 50 SKs @ 2190'
- 80 SKs @ 1290'
- 40 SKs @ 660'
- 40 SKs @ 240'
- 20 SKs @ 60'
- 15 SKs in R.H.
- 10 SKs in m.H.

Thank You

SERVICE

DEPTH OF JOB	_____			
PUMP TRUCK CHARGE	_____			<u>955.00</u>
EXTRA FOOTAGE	_____	@	_____	_____
MILEAGE	<u>42- miles</u>	@	<u>6.00</u>	<u>252.00</u>
MANIFOLD	_____	@	_____	_____
TOTAL				<u>1,207.00</u>

CHARGE TO: Palomino Petroleum

STREET _____

CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

	<u>8 5/8</u>			
<u>1-DH Plug</u>		@		<u>35.00</u>
_____		@		_____
_____		@		_____
_____		@		_____
TOTAL				<u>35.00</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 Frank J. Rome

Frank J. Rome
PRINTED NAME



ALLIED

CEMENTING CO., LLC
Cementing & Acidizing Services

INVOICE

24 S. Lincoln Street
P.O. Box 31
Russell, KS 67665-2906

RECEIVED

Invoice Number: 111398

Invoice Date: Nov 29, 2007

Voice: (785) 483-3887

DEC 03 2007

Page: 1

Fax: (785) 483-5566

Bill To:

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

Federal Tax I.D.

Customer ID	Well Name/# or Customer P.O.	Payment Terms	
Palo	Thomas #3	Net 30 Days	
Sales Rep ID	Camp Location	Service Date	Due Date
	Oakley	Nov 29, 2007	12/29/07

Quantity	Item	Description	Unit Price	Amount
160.00	MAT	Common Class A	12.60	2,016.00
3.00	MAT	Gel	16.65	49.95
5.00	MAT	Chloride	46.60	233.00
168.00	SER	Handling	1.90	319.20
42.00	SER	Mileage 168 sx @.09 per sk per mi	15.12	635.04
1.00	SER	Surface	815.00	815.00
42.00	SER	Mileage Pump Truck	6.00	252.00
1.00	EQP	Surface Plug	60.00	60.00

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CONSERVATION DIVISION
WICHITA, KS

ALL PRICES ARE NET, PAYABLE
30 DAYS FOLLOWING DATE OF
INVOICE. 1 1/2% CHARGED
THEREAFTER. IF ACCOUNT IS
CURRENT, TAKE DISCOUNT OF

\$ 438.02

ONLY IF PAID ON OR BEFORE

Dec 29, 2007

Subtotal	4,380.19
Sales Tax	125.02
Total Invoice Amount	4,505.21
Payment/Credit Applied	
TOTAL	4,505.21

ALLIED CEMENTING CO., INC.

31831

Federal Tax I.D.

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

SERVICE POINT:

Oakley, KS
11-27-07

DATE <i>11-26-07</i>	SEC <i>16</i>	TWP. <i>19^s</i>	RANGE <i>28^w</i>	CALLED OUT	ON LOCATION <i>10:30 AM</i>	JOB START <i>1:00 AM</i>	JOB FINISH <i>1:15 AM</i>
LEASE <i>Thomas</i>	WELL # <i>3</i>	LOCATION <i>Dighton 6-5, 2 1/2 E - 1/4 N</i>			COUNTY <i>Lame</i>	STATE <i>Kan</i>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR *Southwind Dals*

TYPE OF JOB *Surface*

HOLE SIZE *12 1/4* T.D. *226'*

CASING SIZE *8 5/8* DEPTH *225'*

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT LEFT IN CSG. *15'*

PERFS.

DISPLACEMENT *13 1/4 BBL*

OWNER *Same*

CEMENT AMOUNT ORDERED *160 sks com*
3% CC - 2% Gel

COMMON *160 sks @ 12.60 2,016.00*

POZMIX @

GEL *3 sks @ 16.65 49.95*

CHLORIDE *5 sks @ 46.60 233.00*

ASC @

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WICHITA, KS

HANDLING *168 sk @ 1.90 319.20*

MILEAGE *94 per sk/mile 635.04*

TOTAL *3,253.19*

EQUIPMENT

PUMP TRUCK # *431* CEMENTER *Walt*
HELPER *Alvin*

BULK TRUCK # *377* DRIVER *Larene*

BULK TRUCK # DRIVER

REMARKS:

Cement Did Cure

Thank You

CHARGE TO: *Palomino Petroleum*

STREET

CITY STATE ZIP

SERVICE

DEPTH OF JOB

PUMP TRUCK CHARGE *815.00*

EXTRA FOOTAGE @

MILEAGE *42 miles @ 6.00 252.00*

MANIFOLD @

TOTAL *1,067.00*

PLUG & FLOAT EQUIPMENT

8 5/8

1-Sur Face Plug @ 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 *Frank J. Rome*

Frank J. Rome
PRINTED NAME