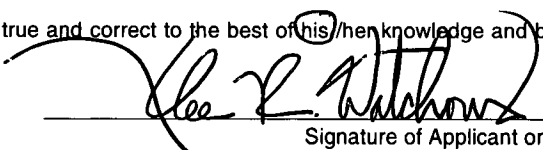

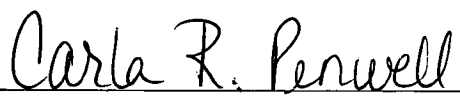


**CLOSURE OF SURFACE PIT**

**DEC 07 2007**

CONSERVATION DIVISION  
WICHITA, KS

Operator Name: <b>Palomino Petroleum, Inc.</b>	License Number: <b>30742</b>
Operator Address: <b>4924 SE 84th St., Newton, Kansas 67114-8827</b>	
Contact Person: <b>Klee R. Watchous</b>	Phone Number: ( <b>316</b> ) <b>799 - 1000</b>
Permit Number (API No. if applicable): <b>15-185-23367-0000</b>	Lease Name & Well No.: <b>Magie #1</b>
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit	Pit Location (QQQQ): <b>C</b> <b>SE</b> <b>NE</b> Sec. <b>12</b> Twp. <b>21S</b> R. <b>14</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>1880</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>570</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Stafford</b> County
Date of closure: <u>12/5/07</u>	
Was an artificial liner used? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If no, how were the sides and bottom sealed to prevent downward migration of the pit contents? <b>Native muds and clays.</b>	
Abandonment procedure of pit: <b>Backfilled and releveled location.</b>	
The undersigned hereby certifies that <u>he</u> she is <u>President</u> for <u>Palomino Petroleum, Inc.</u> (Co.), a duly authorized agent, that all information shown hereon is true and correct to the best of his/hen knowledge and belief.	
 _____ Signature of Applicant or Agent	
Subscribed and sworn to me on this <u>6th</u> day of <u>December</u> , <u>2007</u>	
	 _____ Notary Public <b>Carla R. Penwell</b>
My Commission Expires: <u>October 6, 2009</u>	