

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 # 33906
Name: GNAD OIL, LLC
Address: 1411 Mount Pleasant Road
City/State/Zip: Hays, KS 67601
Purchaser: _____
Operator Contact Person: Mike Gnad
Phone: (785) 650-7128
Contractor: Name: Discovery Drilling Co., Inc.
License: 31548
Wellsite Geologist: Cliff Ottaway

Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SLOW Temp. Abd.
 Gas ENHR _____
 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. _____

1-5-2009 1-12-2009 1-29-09
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API No. 15 - 051-25,853-0000
County: Ellis
90° N & 260° W of _____
NW SE-SE Sec. 8 Twp. 13 S. R. 18W East West
1080 feet from (circle one) Line of Section
1250 feet from (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW SW
Lease Name: POLIFKA Well #: 1-8
Field Name: Wildcat
Producing Formation: Arbuckle
Elevation: Ground: 2136 Kelly Bushing: 2144
Total Depth: 3780 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 211.81 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set 1431 Feet
If Alternate II completion, cement circulated from _____
feet depth to _____ w/ _____ sx cmr.
(30sks In Rat Hole)(15sks In Mouse Hole)

Drilling Fluid Management Plan AH II nr 3-9-09
(Data must be collected from the Reserve Pit)
Chloride content 16,000 ppm Fluid volume 160 bbls
Dewatering method used Haul free fluids
Location of fluid disposal if hauled offsite: _____
Operator Name: HERTEL OIL CO., LLC
Lease Name: OLDHAM#4 (SWD) License No.: 33625
Quarter NW Sec. 4 Twp. 15 S. R. 18W East West
County: Ellis Docket No.: D-20,214


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: Michael Stevens
Title: Co. Owner Date: 2-3-09
Subscribed and sworn to before me this 3rd day of February
20 09.
Notary Public: Michelle Stevens
Date Commission Expires: 4-14-09

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

FEB 06 2009

 **MICHELLE STEVENS**
Notary Public - State of Kansas
My Appt. Expires 4-14-09

CONSERVATION DIVISION
WICHITA, KS

Operator Name: GNAD OIL, LLC Lease Name: POLIFKA Well #: 1-8
 Sec. 8 Twp. 13 S. R. 18W East West County: Ellis

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)

<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
Name	Top	Datum
ANH.	1439	+ 709
Topeka	3162	- 1021
Heebner	3398	- 1260
TORONTO	3420	- 1278
LANSING-KC	3446	- 1304
BASE-KC	3666	- 1534
Arbuckle	3708	- 1566
	3780	- 1638

List All E. Logs Run: rec'd 4 logs w/ ACOI:
DIC; SONIC CMT. BAND; MICRO-
RESISTIVITY; DNAR COMPATED. POROSITY LOG RTD

See page 2/09/14

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 Pipe	12 1/4	8 5/8	20	211.81	Common	150	2%Gel&3%CC
Production St.	7.7/8	5 1/2	14	3778.03	Common	135	10%Salt&2%Gel
(Port Collar @ 1431')							

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	Acid, Fracture, Shot, Cement Squeeze Record	Depth
	Specify Footage of Each Interval Perforated	(Amount and Kind of Material Used)	

TUBING RECORD Size Set At Packer At Liner Run Yes No

Date of First, Resumerd Production, SWD or Enhr. Producing Method Flowing Pumping Gas Lift 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 Open Hole Perf. Dually Comp. Commingled

(If vented, Submit ACO-18.) Other (Specify)

ALLIED CEMENTING CO., LLC.

35123

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

SERVICE POINT:

Russell

DATE <u>1-12-09</u>	SEC. <u>8</u>	TWP. <u>13</u>	RANGE <u>18</u>	CALLED OUT	ON LOCATION	JOB START <u>11:00 AM</u>	NOON JOB FINISH <u>12:00 PM</u>
LEASE <u>POLIEKA</u>	WELL # <u>1-8</u>	LOCATION <u>Hay's 1/4 1/2 N 1/2 W</u>	COUNTY <u>Ellis</u>	STATE <u>Kansas</u>			
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR Discovery Rig #2
 TYPE OF JOB Production string
 HOLE SIZE 7 7/8 T.D. 3780'
 CASING SIZE 5 1/2 New DEPTH 3778'
 TUBING SIZE 1 1/2 # DEPTH
 DRILL PIPE DEPTH
 TOOL AFU FLOAT DEPTH @ 3760'
 PRES. MAX. MINIMUM
 MEAS. LINE SHOE JOINT 17.77'
 CEMENT LEFT IN CSG. 12.22'
 PERFS.
 DISPLACEMENT 9 3/4 BBL

OWNER
 CEMENT
 AMOUNT ORDERED 100 sx Com 10% Salt
2% Gel
500 GAL WFR-2 MUD FLUSH
 COMMON 180 @ 13.50 2430.00
 POZMIX @
 GEL 3 @ 20.25 60.75
 CHLORIDE @
 ASC @
Salt 7 @ 51.50 360.50
WFR-2 500 @ 1.10 550.00
 CONSERVATION HANDLING 180 @ 2.25 405.00
 WICHITA, KS MILEAGE 110/sk/mile 360.00

EQUIPMENT
 PUMP TRUCK CEMENTER Glenn
 # 398 HELPER Gary
 BULK TRUCK DRIVER Rocky
 # 345
 BULK TRUCK DRIVER
 #

RECEIVED
 KANSAS CORPORATION COMMISSION
 FEB 06 2009

REMARKS:
POAT COLLAR ON #58 JT. (1431)
Ran 5 1/2 CSG Circ on Bottom 45 min Plug Ratamouse Hole.
Mix Flush, & 130 SX Cement, Clear Line
& Displace Plug to Bottom w/ 9 3/4 BBL
1 1/2" LAND Plug @ 1,000# Released
PRESSURE & FLOAT HELD.
15 SX @ mousehole
30 SX @ Rathole
THANKS

SERVICE
 DEPTH OF JOB
 PUMP TRUCK CHARGE 1957.00
 EXTRA FOOTAGE @
 MILEAGE 20 @ 7.00 140.00
 MANIFOLD @
 @
 @

CHARGE TO: GNAD Oil LLC.
 STREET
 CITY STATE ZIP

TOTAL 2092.00

To Allied Cementing Co., LLC.
 You are hereby requested to rent cementing equipment and furnish cementer and helper(s) 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 and understand the "GENERAL TERMS AND CONDITIONS" listed on the reverse side.

Faxed 1-14-09

"Weatherford"
 PLUG & FLOAT EQUIPMENT
 1- Guide Shoe 186.00
 1- AFU INSERT @ 285.00
 7- CENTRALIZERS @ 55.00 385.00
 1- BASKET @ 181.00 181.00
 1- PORT COLLAR (IR) @ 197.00
 1- T.R.P. @ 71.00

TOTAL 3025.00

PRINTED NAME
 SIGNATURE [Signature]

SALES TAX (If Any)
 TOTAL CHARGES
 DISCOUNT IF PAID IN 30 DAYS

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "ALLIED" shall mean Allied Cementing Co., LLC, and "CUSTOMER" shall refer to the party identified by that term on the front of this contract. As applicable, "Job" relates to the services described on the front side of this contract, "Merchandise" refers to the material described on the front of this contract and to any other materials, products, or supplies used, sold, or furnished under the requirements of this contract.

—**TERMS:** Unless satisfactory credit has been established, CUSTOMER must tender full cash payment to ALLIED before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, CUSTOMER agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing, in no event shall this Contract provide for interest exceeding the maximum rate of interest that CUSTOMER may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the CUSTOMER or at the option of ALLIED, refunded directly to CUSTOMER. For purposes of this paragraph, ALLIED and CUSTOMER agree that Kansas law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

—**ATTORNEY FEES:** In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the terms of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and for attorney's fees.

—**PRICES AND TAXES:** All merchandise listed in ALLIED'S current price schedule are F.O.B. ALLIED'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by ALLIED shall be added to the quoted prices charged to CUSTOMER.

—**TOWING CHARGES:** ALLIED will make a reasonable attempt to get to and from each job site using its own equipment. Should ALLIED be unable to do so because of poor or inadequate road conditions, and should it become necessary to employ a tractor or other pulling equipment to get to or from the job site, the tractor or pulling equipment will be supplied by CUSTOMER or, if furnished by ALLIED, will be charged to and paid by CUSTOMER.

—**PREPARATION CHARGES:** If a job and/or merchandise is ordered and CUSTOMER cancels the order after preparation of a chemical solution or other material, CUSTOMER will pay ALLIED for the expenses incurred by ALLIED as a result of the cancellation.

—**DEADHAUL, CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charge as set forth in ALLIED'S current price book will be charged each way for each service unit which is ordered by CUSTOMER but not used.

—SERVICE CONDITIONS AND LIABILITIES:

1. ALLIED carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond ALLIED'S control, ALLIED shall not be liable for injuries to property or persons or for loss or damage arising from the performance of the job or delivery of the merchandise. CUSTOMER shall be responsible for and indemnify, defend, and hold harmless ALLIED, its officers, agents and employees, from and against any and all claims or suits for:

(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

2. With respect to any of ALLIED'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to ALLIED at the landing, CUSTOMER shall either recover the lost item without cost to ALLIED or reimburse ALLIED the current replacement cost of the item unless the loss or damage results from the sole negligence of ALLIED or its employees.

3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

WARRANTIES:

1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE. CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.

2. More specifically:

(A) Nothing in this contract shall be construed as a warranty by ALLIED of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by ALLIED or any interpretation of tests, meter readings, chart information, analysis of research, or recommendations made by ALLIED, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of ALLIED or its employees in the preparation or furnishing of such facts, information or data.

(C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.

ALLIED CEMENTING CO., LLC. 34846

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

SERVICE POINT:

Russell
7:30am 3:00pm

DATE <u>1-6-09</u>	SEC. <u>8</u>	TWP. <u>13</u>	RANGE <u>18</u>	CALLED OUT	ON LOCATION	JOB START 7:30am	JOB FINISH 3:00pm
LEASE <u>Pol. fka</u>	WELL # <u>1-8</u>	LOCATION <u>Hays v Pipe Yard Jto</u>			COUNTY <u>Filis</u>	STATE <u>KS</u>	
OLD OR NEW (Circle one) <u>(NEW)</u>				<u>land fill 1/2 v winto</u>			

CONTRACTOR Dispersy #2

TYPE OF JOB Surface Job

HOLE SIZE 12 1/4 T.D. 212

CASING SIZE 8 5/8 20# DEPTH 211

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15'

PERFS. _____

DISPLACEMENT 12 3/4 BCL

OWNER _____

CEMENT

AMOUNT ORDERED 150 Lbm

50 Cem 3% CC 3% CC

1 Inch 2% bel

COMMON	<u>200</u>	@	<u>13.50</u>	<u>2700.00</u>
POZMIX		@		
GEL	<u>3</u>	@	<u>20.25</u>	<u>60.75</u>
CHLORIDE	<u>7</u>	@	<u>51.50</u>	<u>360.50</u>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>150</u>	@	<u>2.25</u>	<u>337.50</u>
MILEAGE	<u>110 1/2 / mile</u>			<u>300.00</u>
TOTAL				<u>3758.75</u>

EQUIPMENT

PUMP TRUCK CEMENTER Craig

3398 HELPER Matt

BULK TRUCK

345 DRIVER Chuck

BULK TRUCK

481 DRIVER Mike

REMARKS:

See Job Log!

THANKS!

KANSAS
FEB 06 2009
CONSERVATION DIVISION
WICHITA, KS

CHARGE TO: GNASO-1

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB			
PUMP TRUCK CHARGE			<u>991.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>20</u>	@	<u>7.00</u> <u>140.00</u>
MANIFOLD		@	
		@	
		@	

TOTAL 1131.00

PLUG & FLOAT EQUIPMENT

	@	
	@	
	@	
	@	
	@	

TOTAL _____

SALES TAX (If Any) _____

TOTAL CHARGES _____

DISCOUNT _____ IF PAID IN 30 DAYS

To Allied Cementing Co., LLC.
You are hereby requested to rent cementing equipment and furnish cementer and helper(s) 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 and understand the "GENERAL TERMS AND CONDITIONS" listed on the reverse side.

PRINTED NAME Thomas ALM

SIGNATURE Thomas ALM

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(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

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(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

2. With respect to any of ALLIED'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to ALLIED at the landing, CUSTOMER shall either recover the lost item without cost to ALLIED or reimburse ALLIED the current replacement cost of the item unless the loss or damage results from the sole negligence of ALLIED or its employees.

3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action increments caused by contamination of water or other fluids.

WARRANTIES:

1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE. CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.

2. More specifically:

(A) Nothing in this contract shall be construed as a warranty by ALLIED of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by ALLIED or any interpretation of tests, meter readings, chart information, analysis of research, or recommendations made by ALLIED, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of ALLIED or its employees in the preparation or furnishing of such facts, information or data.

(C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.