

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

AK
mm
2/06/09

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 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. _____

| | | |
|-----------------------------------|-----------------|---|
| 10/20/08 | 10/30/08 | 10/30/08 |
| Spud Date or Recompletion Date | Date Reached TD | Completion Date or Recompletion Date |

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FEB 02 2009
CONSERVATION DIVISION
WICHITA, KS

API No. 15 - 171-20712-2000
 County: Scott
NW SW NW NW Sec. 26 Twp. 20 S. R. 33 East West
900 feet from S (N) (circle one) Line of Section
110 feet from E (W) (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE (NW) SW
 Lease Name: Savolt Unit Well #: 1
 Field Name: None (Wildcat)
 Producing Formation: None
 Elevation: Ground: 2940 Kelly Bushing: 2950
 Total Depth: 4980 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.

Drilling Fluid Management Plan P+A Alt II ncr
 (Data must be collected from the Reserve Pit) 3-10-09
 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 31, 2009

Subscribed and sworn to before me this 30th day of January,

20 09
 Notary Public: Carla R. Penwell
 Date Commission Expires: October 2009 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: Savolt Unit Well #: 1
 Sec. 26 Twp. 20 S. R. 33 East West County: Scott

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 type="checkbox"/> Yes <input checked="" 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, Micro, Compensated Density/Neutron | <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:60%;">Name</td> <td style="width:20%;">Top</td> <td style="width:20%;">Datum</td> </tr> <tr> <td>Anhy.</td> <td>2040</td> <td>(+ 910)</td> </tr> <tr> <td>Base Anhy.</td> <td>2110</td> <td>(+ 840)</td> </tr> <tr> <td>Herington</td> <td>2562</td> <td>(+ 388)</td> </tr> <tr> <td>Krider</td> <td>2588</td> <td>(+ 362)</td> </tr> <tr> <td>Winfield</td> <td>2635</td> <td>(+ 315)</td> </tr> <tr> <td>Towanda</td> <td>2698</td> <td>(+ 252)</td> </tr> <tr> <td>Ft. Riley</td> <td>2760</td> <td>(+ 190)</td> </tr> <tr> <td>Neva</td> <td>3070</td> <td>(- 120)</td> </tr> </table> | Name | Top | Datum | Anhy. | 2040 | (+ 910) | Base Anhy. | 2110 | (+ 840) | Herington | 2562 | (+ 388) | Krider | 2588 | (+ 362) | Winfield | 2635 | (+ 315) | Towanda | 2698 | (+ 252) | Ft. Riley | 2760 | (+ 190) | Neva | 3070 | (- 120) |
| Name | Top | Datum | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Anhy. | 2040 | (+ 910) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Base Anhy. | 2110 | (+ 840) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Herington | 2562 | (+ 388) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Krider | 2588 | (+ 362) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Winfield | 2635 | (+ 315) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Towanda | 2698 | (+ 252) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ft. Riley | 2760 | (+ 190) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Neva | 3070 | (- 120) | | | | | | | | | | | | | | | | | | | | | | | | | | |

| 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# | 225' | 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 <i>(Amount and Kind of Material Used)</i> | Depth |
|----------------|---|---|-------|
| | | RECEIVED KANSAS CORPORATION COMMISSION FEB 02 2009 CONSERVATION DIVISION WICHITA, KS | |
| | | | |
| | | | |

| | | | | |
|---------------|------|--------|-----------|---|
| 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 <input type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-18.)</i> | METHOD OF COMPLETION <input type="checkbox"/> Open Hole <input type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <input type="checkbox"/> Other (Specify) _____ | Production Interval _____ |
|---|---|---------------------------|

LOGS

| | | |
|--------------|------|---------|
| Wabaunsee | 3306 | (- 356) |
| Tarkio | 3388 | (- 438) |
| Topeka | 3534 | (- 584) |
| Heebner | 3805 | (- 855) |
| LKC | 3850 | (- 900) |
| BKC | 4294 | (-1344) |
| Marmaton | 4322 | (-1372) |
| Pawnee | 4362 | (-1412) |
| Cherokee Sh. | 4432 | (-1482) |
| Morrow Sh. | 4600 | (-1650) |
| St. Gen | 4623 | (-1673) |
| Spergen | 4862 | (-1912) |
| LTD | 4980 | (-2030) |

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FEB 02 2009

CONSERVATION DIVISION
WICHITA, KS



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INVOICE

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

NOV 05 2008

Invoice Number: 116812
Invoice Date: Oct 30, 2008
Page: 1

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

RECEIVED
KANSAS CORPORATION COMMISSION

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

FEB 02 2009

CONSERVATION DIVISION
WICHITA, KS

| Customer ID | Well Name/# or Customer P.O. | Payment Terms | |
|--------------|------------------------------|---------------|----------|
| Palo | Savolt Unit #1 | Net 30 Days | |
| Job Location | Camp Location | Service Date | Due Date |
| KS1 | Oakley | Oct 30, 2008 | 11/29/08 |

| Quantity | Item | Description | Unit Price | Amount |
|----------|------|------------------------------------|------------|----------|
| 153.00 | MAT | Class A Common | 15.45 | 2,363.85 |
| 102.00 | MAT | Pozmix | 8.00 | 816.00 |
| 9.00 | MAT | Gel | 20.80 | 187.20 |
| 64.00 | MAT | Flo Seal | 2.50 | 160.00 |
| 266.00 | SER | Handling | 2.40 | 638.40 |
| 70.00 | SER | Mileage 266 sx @ .10 per sk per mi | 26.60 | 1,862.00 |
| 1.00 | SER | Plug to Abandon | 1,185.00 | 1,185.00 |
| 70.00 | SER | Mileage Pump Truck | 7.00 | 490.00 |

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

\$ 110,324

ONLY IF PAID ON OR BEFORE

Nov 29 2008

| | |
|------------------------|-----------------|
| Subtotal | 7,702.45 |
| Sales Tax | 485.25 |
| Total Invoice Amount | 8,187.70 |
| Payment/Credit Applied | |
| TOTAL | 8,187.70 |

ALLIED CEMENTING CO., LLC. 043851

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

SERVICE POINT: Oakley

| | | | | | | | |
|-------------------------|---------------|----------------------------|-------------------------------|---------------------|-------------------------|-------------------------|---------------------------|
| DATE <u>10-30-08</u> | SEC <u>26</u> | TWP. <u>20₃</u> | RANGE <u>33W</u> | CALLED OUT | ON LOCATION <u>5:30</u> | JOB START <u>9:00am</u> | JOB FINISH <u>10:00am</u> |
| 50 VOLT LEASE unit | | WELL # <u>1</u> | LOCATION <u>shallow water</u> | COUNTY <u>Scott</u> | | STATE <u>KS</u> | |
| OLD OR NEW (Circle one) | | | | | | | |

CONTRACTOR Southwind Rig 1

TYPE OF JOB PTA

HOLE SIZE 7 7/8 T.D. 4980'

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE 4 1/2 DEPTH 2070'

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT RECEIVED _____

CEMENT LEFT IN CSG. _____ KANSAS CORPORATION COMMISSION _____

PERFS. _____

DISPLACEMENT _____ FEB 02 2009

EQUIPMENT CONSERVATION DIVISION WICHITA, KS

PUMP TRUCK CEMENTER Andrew

423-281 HELPER Larene

BULK TRUCK # 341 DRIVER Chris

BULK TRUCK # _____ DRIVER _____

OWNER same

CEMENT AMOUNT ORDERED 255 sks 69' 48 gal

14# FLO-SEAL

| | | |
|----------------------------|----------------|----------------|
| COMMON <u>153 sks</u> | @ <u>15.45</u> | <u>2363.85</u> |
| POZMIX <u>102 sks</u> | @ <u>8.00</u> | <u>816.00</u> |
| GEL <u>9 sks</u> | @ <u>20.80</u> | <u>187.20</u> |
| CHLORIDE _____ | @ _____ | _____ |
| ASC _____ | @ _____ | _____ |
| <u>FLO-SEAL 69#</u> | @ <u>2.50</u> | <u>160.00</u> |
| HANDLING <u>26 sks</u> | @ <u>2.40</u> | <u>63.40</u> |
| MILEAGE <u>184 sk/mile</u> | | <u>1862.00</u> |
| TOTAL | | <u>6022.45</u> |

REMARKS:

50 sks @ 2070'

80 sks @ 1260'

40 sks @ 600'

40 sks @ 240'

20 sks @ 60'

10 sks mouse hole

15 sks Rat hole

thank you

CHARGE TO: Palomino

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB 2070'

PUMP TRUCK CHARGE _____ 1185.00

EXTRA FOOTAGE _____ @ _____

MILEAGE 70 miles @ 7.00 490.00

MANIFOLD _____ @ _____

TOTAL 1675.00

PLUG & FLOAT EQUIPMENT

| | | |
|-------|---------|-------|
| _____ | @ _____ | _____ |
| _____ | @ _____ | _____ |
| _____ | @ _____ | _____ |
| _____ | @ _____ | _____ |
| _____ | @ _____ | _____ |
| TOTAL | | _____ |

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 Frank Rome

SIGNATURE Frank Rome

SALES TAX (If Any) _____

TOTAL CHARGES _____

DISCOUNT _____ IF PAID IN 30 DAYS



24 S. Lincoln Street
 P.O. Box 31
 Russell, KS 67665-2906
 Voice: (785) 483-3887
 Fax: (785) 483-5566

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 OCT 24 2008

INVOICE

Invoice Number: 116640
 Invoice Date: Oct 20, 2008
 Page: 1

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

| Customer ID | Well Name # or Customer P.O. | Payment Terms | |
|--------------|------------------------------|---------------|----------|
| Palo | Savolt Unit #1 | Net 30 Days | |
| Job Location | Camp Location | Service Date | Due Date |
| KS1 | Oakley | Oct 20, 2008 | 11/19/08 |

| Quantity | Item | Description | Unit Price | Amount |
|----------|------|------------------------------------|------------|----------|
| 160.00 | MAT | Class A Common | 15.45 | 2,472.00 |
| 3.00 | MAT | Gel | 20.80 | 62.40 |
| 5.00 | MAT | Chloride | 58.20 | 291.00 |
| 168.00 | SER | Handling | 2.40 | 403.20 |
| 60.00 | SER | Mileage 168 sx @ .10 per sk per mi | 16.80 | 1,008.00 |
| 1.00 | SER | Surface | 1,018.00 | 1,018.00 |
| 60.00 | SER | Mileage Pump Truck | 7.00 | 420.00 |
| 1.00 | SER | Manifold Head Rental | 113.00 | 113.00 |
| 1.00 | EQP | Wooden Plug | 68.00 | 68.00 |

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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

| | |
|------------------------|-----------------|
| Subtotal | 5,855.60 |
| Sales Tax | 182.28 |
| Total Invoice Amount | 6,037.88 |
| Payment/Credit Applied | |
| TOTAL | 6,037.88 |

\$ 5,855.60

ONLY IF PAID ON OR BEFORE

Nov 19 2008

