

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: NCRA
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. _____

7/6/07	7/14/07	7/14/07
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 135-24672-0000
County: Ness
E/2 E/2 W/2 Sec. 25 Twp. 16 S. R. 25 East West
2550 feet from S (N) (circle one) Line of Section
2400 feet from E (W) (circle one) Line of Section
Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE (NW) SW
Lease Name: EFN Well #: 1
Field Name: Arnold East
Producing Formation: Mississippian
Elevation: Ground: 2519 Kelly Bushing: 2529
Total Depth: 4595 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 222 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set 1855 Feet
If Alternate II completion, cement circulated from 1855
feet depth to surface w/ 165 sx cmt.

Drilling Fluid Management Plan ALPH 1147-22-08
(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: October 25, 2007
Subscribed and sworn to before me this 25th day of October
20 07
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 **RECEIVED**
KANSAS CORPORATION COMMISSION
 If Denied, Yes No Date: **OCT 26 2007**
 Wireline Log Received
 Geologist Report Received
 UIC Distribution
CONSERVATION DIVISION WICHITA, KS

Operator Name: Palomino Petroleum, Inc. Lease Name: EFN Well #: 1
 Sec. 25 Twp. 16 S. R. 25 East West County: Ness

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 <i>(Attach Additional Sheets)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
Samples Sent to Geological Survey	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Name	Top	Datum
Cores Taken	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Anhy.	1896	(+ 633)
Electric Log Run <i>(Submit Copy)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Base Anhy.	1931	(+ 598)
List All E. Logs Run:		Topeka	3591	(-1062)
Radiation Guard, Sonic		Heebner	3863	(-1334)
		LKC	3900	(-1371)
		BKC	4198	(-1669)
		Marmaton	4243	(-1714)
		Pawnee	4325	(-1796)

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#	222'	Common	160	2% gel, 3% c.c.
Production	7 7/8"	5 1/2"	14#	4586'	SMD	55	500 gal. mud flush
					EA-2	100	w/add., 20 bbls. KCL water

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 (Amount and Kind of Material Used)	Depth
4	4519-4524		

TUBING RECORD		Size 2 7/8"	Set At 4571'	Packer At	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr. 8/9/07		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 25%	Bbls. 30	Gas Mcf	Water 75%	Bbls. 90
		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) _____

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LOGS

Ft. Scott	4402	(-1873)
Cherokee Sh.	4427	(-1898)
Rew. Miss.	4490	(-1961)
Miss.	4510	(-1981)
LTD	4595	(-2066)

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P. O. Box 466
Ness City, KS 67560
Off: 785-798-2300

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JUL 18 2007

Invoice

DATE	INVOICE #
7/14/2007	11561

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827

- Acidizing
- Cement
- Tool Rental

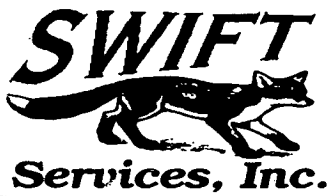
TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Job Purpose	Operator
Net 30	#1	EFN	Ness	SouthWind Drillin...	Oil	Development	LongString	Dave
PRICE REF.	DESCRIPTION				QTY	UM	UNIT PRICE	AMOUNT
575D	Mileage - 1 Way				30	Miles	4.00	120.00
578D-L	Pump Charge - Long String				1	Job	1,250.00	1,250.00
221	Liquid KCL (Clayfix)				.2	Gallon(s)	26.00	52.00T
281	Mud Flush				500	Gallon(s)	0.75	375.00T
290	D-Air				1	Gallon(s)	32.00	32.00T
402-5	5 1/2" Centralizer				10	Each	95.00	950.00T
403-5	5 1/2" Cement Basket				3	Each	290.00	870.00T
404-5	5 1/2" Port Collar				1	Each	2,300.00	2,300.00T
406-5	5 1/2" Latch Down Plug & Baffle				1	Each	235.00	235.00T
407-5	5 1/2" Insert Float Shoe With Auto Fill				1	Each	310.00	310.00T
419-5	5 1/2" Rotating Head Rental				1	Each	250.00	250.00T
325	Standard Cement				100	Sacks	12.00	1,200.00T
330	Swift Multi-Density Standard (MIDCON II)				75	Sacks	14.50	1,087.50T
276	Flocele				44	Lb(s)	1.25	55.00T
283	Salt				500	Lb(s)	0.20	100.00T
284	Calseal				5	Sack(s)	30.00	150.00T
285	CFR-1				50	Lb(s)	4.00	200.00T
581D	Service Charge Cement				175	Sacks	1.10	192.50
583D	Drayage				269.46	Ton Miles	1.00	269.46
	Subtotal							9,998.46
	Sales Tax Ness County						5.30%	432.82

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CONSERVATION DIVISION
TOPEKA, KS

We Appreciate Your Business!

Total

\$10,431.28



CHARGE TO: PALOMINO PETROLEUM KAN GAS CORPORATION CO
 ADDRESS
 CITY, STATE, ZIP CODE

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 CONSERVATION DIVISION
 WICHITA, KS

TICKET
 No 11561
 PAGE 1 OF 2

SERVICE LOCATIONS 1. <u>HAYS</u>	WELL/PROJECT NO. <u>#1</u>	LEASE <u>EFN</u>	COUNTY/PARISH <u>NESS</u>	STATE <u>KS</u>	CITY	DATE <u>07-14-07</u>	OWNER
2. <u>NESS</u>	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR	RIG NAME/NO. <u>SOUTH WIND DRG #1</u>	SHIPPED VIA <u>EST.</u>	DELIVERED TO <u>1/2E, SIND, HAYCOCK</u>	ORDER NO.	
3.	WELL TYPE <u>OIL</u>	WELL CATEGORY <u>DEVELOP</u>	JOB PURPOSE <u>LONGSTRING</u>	WELL PERMIT NO. <u>15-135-24672</u>	WELL LOCATION <u>S25, T16, R25</u>		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UNIT PRICE		AMOUNT
		LOC	ACCT	DF		QTY.	U/M	QTY.	U/M	
575		1			MILEAGE #105	30	MI	4	00	120 00
578		1			PUMP SERVICE	1	EA	1250	00	1250 00
221		1			LIQUID WCL	2	GAL	26	00	52 00
281		1			MUD FLUSH	500	GAL	75		375 00
290		1			D-AIR	1	GAL	32	00	32 00
402		2			CENTRALIZER	10	EA	5 1/2	00	950 00
403		1			CMT BASKET	3	EA	290	00	870 00
404		1			PORT COLLAR # 0609156 1855 FT	1	EA	2300	00	2300 00
406		1			CATCH DOWN PLUG # BAFFLE	1	EA	235	00	235 00
407		1			INSERT FLOAT SIDE w/AUTO FILL	1	EA	310	00	310 00
19		1			ROTATING HEAD RENTAL	1	EA	250	00	250 00

LEGAL TERMS: Customer hereby acknowledges and agrees to the terms and conditions on the reverse side hereof which include, but are not limited to, **PAYMENT, RELEASE, INDEMNITY, and LIMITED WARRANTY** provisions.

MUST BE SIGNED BY CUSTOMER OR CUSTOMER'S AGENT PRIOR TO START OF WORK OR DELIVERY OF GOODS

X
 DATE SIGNED 07-14-07 TIME SIGNED 1730 A.M. P.M.

REMIT PAYMENT TO:

SWIFT SERVICES, INC.
 P.O. BOX 466
 NESS CITY, KS 67560
 785-798-2300

SURVEY	AGREE	UN-DECIDED	DIS-AGREE	PAGE TOTAL	AMOUNT
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				Pg-1	6744 00
WE UNDERSTOOD AND MET YOUR NEEDS?				Pg-2	3,254 46
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				sub TOTAL	9998 46
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				NESS TAX 5.3%	432 82
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	10,431 28
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND					

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES The customer hereby acknowledges receipt of the materials and services listed on this ticket.

SWIFT OPERATOR DAVE BSH

APPROVAL [Signature]

Thank You!

JOB LOG

SWIFT Services, Inc.

DATE 07-14-07 PAGE NO. 1

CUSTOMER ALOMINS Petroleum WELL NO. A 1 LEASE EPN JOB TYPE LONGSTRING TICKET NO. 11561

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1730							ONLOCATION, DISCUSS JOB, LAYING DOWN 100 EA-2 CMT, 75 SKS SMD RTD 4596, SET @ 4586, SJ 20.08, INJECT 4566 5 1/2 14 1/4", PORT CALM DOWN TOP #65, 1855' CENT 1,3,4,6,8,10,13,16,20,64 BASKET 2,5,65
	1900							TRUCKSON LOCATION
	1925							START CS6 @ FLOATED 04.
	2055							TAG BOTTOM - DROP BALL - HOOMUP
	2100							BREAU CIRC - ROTATE PIPE, 1 HR. W/ JESCO
	2200		3-2					PLUG RH - MH
	2205	5.0	0				200	START MUD FLUSH
			12					START HCL FLUSH
			32					END FLUSHES
	2215	5.0	0				200	START SMD
			20					" EA-2
			45					END CMT.
								DROP PLUG - WASH P.L.
		6.0	0				100	START DISP
			67				200	CMT DN BOTTOM
			85				300	
			90				400	
			95				500	
			100				600	
			105				650	
	2245	4.0	111.3				1500	LAND PLUG
	2250							RELEASE DRY
								WASH UP
								RACH UP
								TICKETS
	2330							JOB COMPLETE

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THANK YOU!
 DAVE, JOE & B, ROB



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

INVOICE

Invoice Number: 109114
 Invoice Date: Jul 10, 2007
 Page: 1

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 JUL 13 2007

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	EFN #1	Net 30 Days	
Sales Rep ID	Camp Location	Service Date	Due Date
	Great Bend	Jul 10, 2007	8/9/07

Quantity	Item	Description	Unit Price	Amount
160.00	MAT	Common	11.10	1,776.00
3.00	MAT	Gel	16.65	49.95
5.00	MAT	Chloride	46.60	233.00
168.00	SER	Handling	1.90	319.20
20.00	SER	Mileage 168 sx @ .09 per sk per mi	15.12	302.40
1.00	SER	Surface	815.00	815.00
20.00	SER	Mileage Pump truck	6.00	120.00
1.00	SER	Head Rental	100.00	100.00
1.00	EQP	Wooden Plug	60.00	60.00

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 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

\$ 3,887.85

ONLY IF PAID ON OR BEFORE

Aug 9, 2007

Subtotal	3,775.55
Sales Tax	112.30
Total Invoice Amount	3,887.85
Payment/Credit Applied	
TOTAL	3,887.85

ALLIED CEMENTING CO., INC.

30503

Federal Tax I.D.#

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

SERVICE POINT:

DATE <u>7-6-07</u>	SEC <u>25</u>	TWP <u>16</u>	RANGE <u>25</u>	CALLED OUT <u>11:00 PM</u>	ON LOCATION <u>2:00 PM</u>	JOB START <u>4:00 PM</u>	JOB FINISH <u>4:00 PM</u>
LEASE <u>EFN</u>	WELL # <u>1</u>	LOCATION <u>Arnold 2E on Hwy 215</u>				COUNTY <u>WESS</u>	STATE <u>KS</u>
OLD OR <input checked="" type="checkbox"/> NEW (Circle one)							

CONTRACTOR Southwind Rig 1

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 223 ft

CASING SIZE 8 1/2 DEPTH 225 ft

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15 ft

PERFS. _____

DISPLACEMENT 13 bbl

OWNER _____

CEMENT AMOUNT ORDERED 160 sk Common

3700 28 gel

COMMON	<u>160 sk</u>	@	<u>11.10</u>	<u>1776.00</u>
POZMIX		@		
GEL	<u>3 sk</u>	@	<u>16.65</u>	<u>49.95</u>
CHLORIDE	<u>5 sk</u>	@	<u>46.60</u>	<u>233.00</u>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>160 sk</u>	@	<u>1.90</u>	<u>319.20</u>
MILEAGE	<u>160 sk</u>	@	<u>20</u>	<u>302.40</u>
TOTAL				<u>2680.55</u>

EQUIPMENT

PUMP TRUCK # 224 CEMENTER Mike M. HELPER Jim W.

BULK TRUCK # 342 DRIVER Don D.

BULK TRUCK # _____ DRIVER _____

REMARKS:

Circulate hole with Rig mud pump & Mix Cement + Release Plug Pump Plug Down with water

Cement did circulate to surface

SERVICE

DEPTH OF JOB	<u>225 ft</u>			
PUMP TRUCK CHARGE				<u>815.00</u>
EXTRA FOOTAGE		@		
MILEAGE	<u>20</u>	@	<u>6.00</u>	<u>120.00</u>
MANIFOLD		@		
<u>HEAD RENTAL</u>		@	<u>100.00</u>	<u>100.00</u>
		@		
TOTAL				<u>1035.00</u>

CHARGE TO: Palomino Petr.

STREET _____

CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

<u>1-8 1/2 Wooder Plug</u>	@	<u>60.00</u>	<u>60.00</u>
	@		
	@		
	@		
	@		
TOTAL			<u>60.00</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.

SIGNATURE Doug Roberts

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

Doug Roberts
PRINTED NAME

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KANSAS CORPORATION COMMISSION

OCT 26 2007

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WICHITA, KS