

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

ORIGINAL

Form ACO-1
September 1999
Form Must Be Typed

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. _____

<u>2/28/07</u>	<u>3/8/07</u>	<u>3/8/07</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 009-25030-0000
 County: Barton
W/2 SW NW Sec. 32 Twp. 16 S. R. 13 East West
2120 feet from S (N) (circle one) Line of Section
370 feet from E (W) (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE (NW) SW
 Lease Name: Penka Well #: 1
 Field Name: Trapp
 Producing Formation: Arbuckle
 Elevation: Ground: 1942 Kelly Bushing: 1950
 Total Depth: 3505 Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 399 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 AKI NH 7-10-08
(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: June 19, 2007
 Subscribed and sworn to before me this 19th day of June,
2007.

Notary Public - State of Kansas
CARLA R. PENWELL
 My Appt. Expires 10-16-09
 Carla R. Penwell
 October 6, 2009

KCC Office Use ONLY

Letter of Confidentiality Received
 If Denied, Yes No Date _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

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JUN 20 2007
 CONSERVATION DIVISION
 WICHITA, KS

Operator Name: Palomino Petroleum, Inc. Lease Name: Penka Well #: 1
 Sec. 32 Twp. 16 S. R. 13 East West County: Barton

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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Attach Additional Sheets) 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 (Submit Copy) List All E. Logs Run: Radiation Guard, Micro	<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>904</td> <td>(+1046)</td> </tr> <tr> <td>Base Anhy.</td> <td>930</td> <td>(+1020)</td> </tr> <tr> <td>Howard</td> <td>2775</td> <td>(- 825)</td> </tr> <tr> <td>Topeka</td> <td>2850</td> <td>(- 900)</td> </tr> <tr> <td>Heebner</td> <td>3082</td> <td>(-1132)</td> </tr> <tr> <td>Toronto</td> <td>3098</td> <td>(-1148)</td> </tr> <tr> <td>Brown Lime</td> <td>3160</td> <td>(-1210)</td> </tr> <tr> <td>LKC</td> <td>3167</td> <td>(-1217)</td> </tr> </table>	Name	Top	Datum	Anhy.	904	(+1046)	Base Anhy.	930	(+1020)	Howard	2775	(- 825)	Topeka	2850	(- 900)	Heebner	3082	(-1132)	Toronto	3098	(-1148)	Brown Lime	3160	(-1210)	LKC	3167	(-1217)
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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#	399'	60/40 Pozmix	225	2% gel, 3% c.c.
Production	7 7/8"	5 1/2"	14#	3495'	EA2	150	500 gal. mud flush
							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	3403-3413		

TUBING RECORD	Size 2 7/8"	Set At 3460'	Packer At	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr. 4/16/07		Producing Method <input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)		
Estimated Production Per 24 Hours	Oil Bbls. 28% 39	Gas Mcf	Water Bbls. 72% 99	Gas-Oil Ratio Gravity

Disposition of Gas Vented Sold Used on Lease (If vented, Submit ACO-18.)

METHOD OF COMPLETION Open Hole Perf. Dually Comp. Commingled Other (Specify) _____

Production Interval _____

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LOGS

BKC	3382	(-1432)
Arbuckle	3389	(-1439)
LTD	3505	(-1555)

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WICHITA, KS



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



Invoice

DATE	INVOICE #
3/8/2007	11265

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

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MAR 16 2007

- Acidizing
- Cement
- Tool Rental

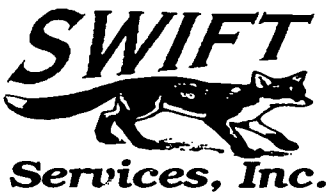
TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Job Purpose	Operator
Net 30	#1	Penka	Barton	South Wind Drillin...	Oil	Development	LongString	Dave
PRICE REF.	DESCRIPTION				QTY	UM	UNIT PRICE	AMOUNT
575D	Mileage - 1 Way				60	Miles	4.00	240.00
578D-L	Pump Charge - Long String				1	Job	1,250.00	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				2	Gallon(s)	32.00	64.00T
402-5	5 1/2" Centralizer				9	Each	80.00	720.00T
403-5	5 1/2" Cement Basket				3	Each	280.00	840.00T
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				165	Sacks	11.50	1,897.50T
276	Flocele				41	Lb(s)	1.25	51.25T
283	Salt				825	Lb(s)	0.20	165.00T
284	Calseal				8	Sack(s)	30.00	240.00T
285	CFR-1				78	Lb(s)	4.00	312.00T
581D	Service Charge Cement				165	Sacks	1.10	181.50
583D	Drayage				517.62	Ton Miles	1.00	517.62
	Subtotal							7,700.87
	Sales Tax Barton County						6.55%	361.02

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WICHITA, KS

Thank You For Your Business!

Total

\$8,061.89



CHARGE TO: PALOMINO PETROLEUM
 ADDRESS:
 CITY, STATE, ZIP CODE:

TICKET

Nº 11265

PAGE 1 OF 2

SERVICE LOCATIONS 1. <u>AAV</u>	WELL/PROJECT NO. <u>1</u>	LEASE <u>PENNA</u>	COUNTY/PARISH <u>BARTON</u>	STATE <u>KS</u>	CITY	DATE <u>03-08-07</u>	OWNER
2. <u>NESS</u>	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR	RIG NAME/NO. <u>SOUTHLAND DRG #3</u>	SHIPPED VIA <u>C.T.</u>	DELIVERED TO <u>141, 142, E INTO SUSANNAH KS</u>	ORDER NO.	
3.	WELL TYPE <u>Oil</u>	WELL CATEGORY <u>DEVELOP</u>	JOB PURPOSE <u>LONGSTRING</u>	WELL PERMIT NO. <u>15-009-25030</u>	WELL LOCATION <u>S32, T16, R23W</u>		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.	U/M	QTY.	U/M	UNIT PRICE	AMOUNT	
		LOC	ACCT	DF								
575		1			MILEAGE #105	60	mi			4.00	240	00
578		1			PUMP SERVICE	1	EA			1250.00	1250	00
221		1			KCL	2	GAL			26.00	52	00
281		1			MUD FLUSH	500	GAL			.75	375	00
290		1			D-AIR	2	GAL			32.00	64	00
402		1			CENTRALIZER	9	EA	5 1/2	in	80.00	720	00
403		1			CMT BASKET	3	EA	5 1/2	in	280.00	840	00
406		1			LATCH DOWN PLUG Baffle	1	EA	5 1/2	in	235.00	235	00
407		1			INJECT FLOAT SHADE / Auto Fill	1	EA	5 1/2	in	310.00	310	00
419		1			ROTATING HEAD RENTAL	1	EA	5 1/2	in	250.00	250	00

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 WICHITA, KS

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 Paul Schuck

DATE SIGNED: 03-08-07 TIME SIGNED: 0630 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		
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				PAGE TOTAL	4336 00
WE UNDERSTOOD AND MET YOUR NEEDS?				Pg-2	3,364 87
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				sub TOTAL	7700 87
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				Barton TAX 6.55%	761 02
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	8061 89
<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 H APPROVAL:

Thank You!

JOB LOG

SWIFT Services, Inc.

DATE 03-08-07 PAGE NO. 7

CUSTOMER PALEOMINO PETROLEUM WELL NO. 1 LEASE PEUNA JOB TYPE LONGSTRING TICKET NO. 11265

CHART NO.	TIME	RATE (BPM)	VOLUME (BBU) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	0630							ONLOCATION, DISCUSS JOB, LAYING DOWN DIP
								165 SHS EA-2 CMT
								5 1/2" 14# 17 RUP 83 JOINTS, 2017
								LTD-350S SET @ 3497, SJ 20, 25, INSERT 3476
								CENT. 1, 2, 3, 4, 6, 8, 12, 16, 20 BASKETS 3, 5, 9
	1000							TRUCKS ON LOCATION
	0815							START CS4 @ FLUATE EQW
								TAG BOTTOM
	1020							DROP BAR - HOOLUP
	1230							BREAK CIRC - ROTATE PIPE
	1115		3					PLUG RH - 155H
	1120		0		✓			START MUDFLUSH
			12		✓			START MEL FLUSH
			32		✓			END FLUSHES
	1130		0		✓			START CMT EA-2 150SHS
			36		✓			END CMT
								WASH PL. - DROP PLUG
	1145		0		✓			START DISP w/ H2O
			49.0		✓			CMT ON BOTTOM
			70.0		✓			<p style="text-align: right;">RECEIVED KANSAS CORPORATION COMMISSION</p> <p style="text-align: right;">JUN 20</p> <p style="text-align: right;">CONSERVATION DIVISION WICHITA, KS</p>
			75.0		✓		STOP ROTATING	
	1200		80.0		✓		LAND PLUG - HOLD	
	1205		84.8		✓		RELEASE	
								WASHUP
								DRYUP
								TICKET
	1230							JOB COMPLETE
								THANK YOU!
								DAVE, BLAINE, SHANE

Allied Cementing Co., Inc
P.O. Box 31
Russell, KS 67665

RECEIVED

MAR 05 2007

* I N V O I C E *

Invoice Number: 106722

Invoice Date: 02/28/07

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

Cust I.D.....: Palo
P.O. Number...: Penka #1
P.O. Date.....: 02/28/07

Due Date.: 03/30/07
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	225.00	SKS	10.6500	2396.25	T
Gel	4.00	SKS	16.6500	66.60	T
Chloride	7.00	SKS	46.6000	326.20	T
Handling	236.00	SKS	1.9000	448.40	E
Mielage	20.00	MILE	21.2400	424.80	E
236 sks @>09 per sk per mi					
Surface	1.00	JOB	815.0000	815.00	E
Extra Footage	89.00	PER	0.6500	57.85	E
Mileage pmp trk	20.00	MILE	6.0000	120.00	E
Head Rental	1.00	PER	100.0000	100.00	E
Wooden Plug	1.00	EACH	60.0000	60.00	T

All Prices Are Net, Payable 30 Days Following
Date of Invoice. 1 1/2% Charged Thereafter.
If Account CURRENT take Discount of 481.51
ONLY if paid within 30 days from Invoice Date

Subtotal: 4815.10
Tax.....: 186.61
Payments: 0.00
Total....: 5001.71

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CONSERVATION DIVISION
WICHITA, KS

ALLIED CEMENTING CO., INC.

26595

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

SERVICE POINT:

M.B.

DATE <u>2-28-07</u>	SEC <u>32</u>	TWP. <u>16s</u>	RANGE <u>13w</u>	CALLED <u>6:00 pm</u>	ON LOCATION <u>9:00 pm</u>	JOB START <u>11:00 am</u>	JOB FINISH <u>12:00 am</u>
LEASE <u>Penha</u>	WELL # <u>1</u>	LOCATION <u>Susark 1w 1 1/2 S E/S</u>			COUNTY <u>Barton</u>	STATE <u>Mo.</u>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR Southwind Rig 3 OWNER

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 1100 ft

CASING SIZE 8 3/8 DEPTH 389 ft

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15 ft

PERFS. _____

DISPLACEMENT 23 1/2 bbl

CEMENT AMOUNT ORDERED 225 M Common
37cc 22 gel

COMMON	<u>225 M</u>	@	<u>10.65</u>	<u>2396.25</u>
POZMIX		@		
GEL	<u>4 M</u>	@	<u>16.65</u>	<u>66.60</u>
CHLORIDE	<u>7 M</u>	@	<u>46.60</u>	<u>326.20</u>
ASC		@		

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EQUIPMENT

PUMP TRUCK CEMENTER Mike m.

181 HELPER Hevin D.

BULK TRUCK

342 DRIVER David J.

BULK TRUCK

_____ DRIVER _____

HANDLING	<u>236 M</u>	@	<u>1.90</u>	<u>448.40</u>
MILEAGE	<u>236 M</u>	@	<u>2.00</u>	<u>472.80</u>
TOTAL				<u>3662.25</u>

REMARKS:

Circulate Hole with Rig Mud
Pump Mix Cement +
Release Plug Displace Plug
Down with Water

Cement did circulate
To surface

SERVICE

DEPTH OF JOB	<u>389 ft</u>			
PUMP TRUCK CHARGE				<u>815.00</u>
EXTRA FOOTAGE	<u>89'</u>	@	<u>.65</u>	<u>57.85</u>
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>1092.85</u>

CHARGE TO: Palomino Petr

STREET _____

CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

<u>1-8 1/2 wooden 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.

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE Jay Klein

PRINTED NAME