

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-1
September 1999
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

ORIGINAL

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. **RECEIVED**
 License: 33350 **JAN 30 2006**
 Wellsite Geologist: Jon R. Stewart **KCC WICHITA**
 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. _____
 1/2/06 1/10/06 1/10/06
 Spud Date or Date Reached TD Completion Date or
 Recompletion Date Recompletion Date

API No. 15 - 135-24424-0000
 County: Ness
C E/2 SW/4 Sec. 5 Twp. 17 S. R. 24 East West
1220 feet from (S) N (circle one) Line of Section
2110 feet from E (W) (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE NW (SW)
 Lease Name: Somy Well #: 1
 Field Name: Vermillion
 Producing Formation: None
 Elevation: Ground: 2467 Kelly Bushing: 2477
 Total Depth: 4574 Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 224 Feet
 Multiple Stage Cementing Collar Used? Yes No
 If yes, show depth set _____ Feet
 If Alternate II completion, cement circulated from 220
 feet depth to PA-Dig. w/ 160 sx cmt.
10/15/08

Drilling Fluid Management Plan
 (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: January 27, 2006
 Subscribed and sworn to before me this 27th day of January,
 2006.
 Notary Public: Carla R. Penwell
 Carla R. Penwell
 Date Commission Expires: October 6, 2009



KCC Office Use ONLY
NO Letter of Confidentiality Received
 If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

Operator Name: Palomino Petroleum, Inc. Lease Name: Somy Well #: 1
 Sec. 5 Twp. 17 S. R. 24 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.	1824	(+ 653)
Electric Log Run <i>(Submit Copy)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Base Anhy.	1851	(+ 626)
List All E. Logs Run:		Topeka	3553	(-1076)
Dual Induction, Compensated Density Neutron, Micro		Heebner	3832	(-1355)
		Toronto	3852	(-1375)
		LKC	3875	(-1398)
		BKC	4204	(-1727)
		Marmaton	4238	(-1761)

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#	224'	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

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 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

Pawnee	4298	(-1821)
Ft. Scott	4380	(-1903)
Cherokee Sh.	4404	(-1927)
Cherokee Lm.	4411	(-1934)
Cherokee Sd.	4468	(-1991)
Miss.	4521	(-2044)
LTD	4574	(-2097)

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KCC WICHITA



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

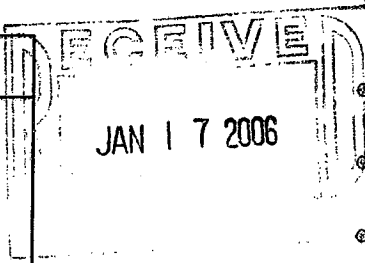


Invoice

DATE	INVOICE #
1/12/2006	9119

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	Somy	Ness	Southwind Drillin...	Oil	Workover	PTA	Dave
PRICE REF.	DESCRIPTION				QTY	UM	UNIT PRICE	AMOUNT
575W	Mileage - 1 Way				30	Miles	4.00	120.00T
576W-P	Pump Charge - PTA				1	Job	650.00	650.00T
290	D-Air				1	Gallon(s)	20.00	20.00T
328	Swift Light 60/40 Pozmix (6% Gel)				275	Sacks	7.25	1,993.75T
276	Flocele				68	Lb(s)	1.10	74.80T
581W	Service Charge Cement				275	Sacks	1.10	302.50T
583W	Drayage				353.72	Ton Miles	1.00	353.72T
	Subtotal							3,514.77
	Sales Tax Ness County						5.30%	186.28

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 JAN 30 2006
 KCC WICHITA

Thank You For Your Business In 2005!
We Look Forward To Serving You In 2006!

Total \$3,701.05



CHARGE TO: Petroleum Petroleum
 ADDRESS _____
 CITY, STATE, ZIP CODE _____

RECEIVED

TICKET No 9119

JAN 3

PAGE 1 OF 1

1. SERVICE LOCATIONS <u>HAYS KS</u>	WELL/PROJECT NO. <u>#1</u>	LEASE <u>Somy</u>	COUNTY/PARISH <u>Ness</u>	STATE <u>Ks</u>	CITY <u>KCC WICHITA</u>	DATE <u>01-12-06</u>	OWNER
2. <u>NESS CITY KS</u>	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR	RIG NAME/NO. <u>Southwind Only #1</u>	SHIPPED VIA <u>C. T.</u>	DELIVERED TO <u>3w, 3s, 1/4w, 1/2h, 1/2h, 1/2h</u>	ORDER NO.	
3.	WELL TYPE <u>D.1</u>	WELL CATEGORY <u>Don't top Abandon</u>	JOB PURPOSE <u>P.T.A.</u>	WELL PERMIT NO. <u>15-135-2442-10000</u>	WELL LOCATION <u>55, 717, 1224w</u>		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT	
		LOC	ACCT	DF								
<u>-575</u>		<u>1</u>			<u>MILEAGE #106</u>	<u>30</u>	<u>mi</u>			<u>4.00</u>	<u>120</u>	<u>00</u>
<u>576P</u>		<u>1</u>			<u>Pump Service</u>	<u>1</u>	<u>pc</u>			<u>650.00</u>	<u>650</u>	<u>00</u>
<u>290</u>		<u>1</u>			<u>D-Air</u>	<u>1</u>	<u>ss/1</u>			<u>20.00</u>	<u>20</u>	<u>00</u>
<u>328</u>		<u>2</u>			<u>60-40 6% gel</u>	<u>275</u>	<u>SKS</u>			<u>7.25</u>	<u>1993</u>	<u>75</u>
<u>276</u>		<u>2</u>			<u>Floccle</u>	<u>68</u>	<u>lb</u>			<u>1.10</u>	<u>74</u>	<u>80</u>
<u>581</u>		<u>2</u>			<u>Service Chg CMT</u>	<u>275</u>	<u>SH</u>			<u>1.10</u>	<u>302</u>	<u>50</u>
<u>583</u>		<u>2</u>			<u>Drygas</u>	<u>353.72</u>	<u>Tm</u>			<u>1.00</u>	<u>353</u>	<u>72</u>

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 [Signature]

DATE SIGNED 01-02-06 TIME SIGNED 1250 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?			
WE UNDERSTOOD AND MET YOUR NEEDS?			
OUR SERVICE WAS PERFORMED WITHOUT DELAY?			
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?			
ARE YOU SATISFIED WITH OUR SERVICE?	<input type="checkbox"/> YES <input type="checkbox"/> NO		
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND			

PAGE TOTAL	<u>3514</u>	<u>77</u>
<u>Ness TAX 5.3%</u>	<u>186</u>	<u>28</u>
TOTAL	<u>3701</u>	<u>05</u>

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

SWIFT OPERATOR [Signature] APPROVAL _____

Thank You!

JOB LOG

SWIFT Services, Inc.

DATE 01-12-06 PAGE NO. 1

CUSTOMER Palomas Petroleum WELL NO. #1 LEASE Smy JOB TYPE PTA TICKET NO. 9119

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
								On location, Sit up, Discuss TB
								Rig Circ. Hole
								PTA w/ 275 SKS 60-40 6 1/2 set 1 1/4" / 1 1/2" cmt
	1350	4.0	6		✓		200	1st Plug DP @ 1856 50 SKS CMT
			14.5		✓			CMT
			3		✓			H2O
	1405		19		✓			MUD
								2nd Plug DP @ 1100 FT 80 SKS CMT
	1435	4.0	3		✓		200	H2O
			23		✓			CMT
			1		✓			H2O
	1450		8		✓			MUD
								3rd Plug DP @ 600 FT 50 SKS CMT
	1505	4.0	3		✓		100	H2O
			14		✓			CMT
	1515		1		✓			H2O
								4th Plug DP @ 250 FT 50 SKS CMT
	1530	4.0	3		✓		100	H2O
			14		✓			CMT
	1540		1		✓			H2O
								5th Plug DP @ 60 FT 20 SKS CMT
	1640	2.0	6		✓		100	CMT
								Key Down Kelly - Ret Hole, Mouse Hole
	1650		4.4					Plug RAT Hole 15 SKS
	1655		3					Plug Mouse Hole 10 SKS
	1700							WASHUP Packup Tickets
	1730							Job Complete
								Thank You! Dave, Blake, Rob

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JAN 30 2006
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Allied Cementing Co., Inc
P.O. Box 31

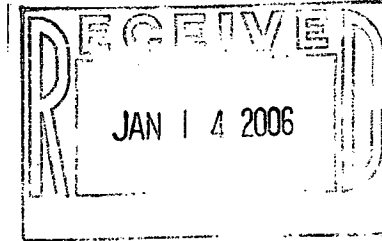
Russell, KS 67665

* I N V O I C E *

Invoice Number: 100185

Invoice Date: 01/12/06

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



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JAN 30
KCC WICHITA

Cust I.D.....: Palo
P.O. Number...: Somy #1
P.O. Date.....: 01/12/06

Due Date.: 02/11/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	160.00	SKS	8.7000	1392.00	T
Gel	3.00	SKS	14.0000	42.00	T
Chloride	5.00	SKS	38.0000	190.00	T
Handling	168.00	SKS	1.6000	268.80	E
Mileage min.	1.00	MILE	180.0000	180.00	E
Surface	1.00	JOB	670.0000	670.00	E
Mileage pmp trk	15.00	MILE	5.0000	75.00	E
Top Wood	1.00	EACH	55.0000	55.00	T

All Prices Are Net, Payable 30 Days Following
Date of Invoice. 1 1/2% Charged Thereafter.
If Account CURRENT take Discount of \$287.28
ONLY if paid within 30 days from Invoice Date

Subtotal: 2872.80
Tax.....: 88.99
Payments: 0.00
Total....: 2961.79
- 287.28
2674.51

RECEIVED
JAN 30 2006
KCC WICHITA

ALLIED CEMENTING CO., INC.

22455

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

SERVICE POINT:

News City

DATE <u>1-2-06</u>	SEC. <u>5</u>	TWP. <u>17</u>	RANGE <u>24</u>	CALLED OUT <u>10:45am</u>	ON LOCATION <u>1:20pm</u>	JOB START <u>5:00pm</u>	JOB FINISH <u>5:30pm</u>
LEASE <u>Sony</u>	WELL # <u>1</u>	LOCATION <u>News City 9N 5 1/2 W 24 W 5</u>			COUNTY <u>Ward</u>	STATE <u>KS</u>	
OLD OR <u>(NEW)</u> (Circle one)							

CONTRACTOR Southwind Drilling #1

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 224

CASING SIZE 8 5/8 DEPTH 224

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15

PERFS. _____

DISPLACEMENT 13 3/4

OWNER _____

CEMENT AMOUNT ORDERED 160 Com 3% cc 2% Sol

COMMON	<u>160yd.</u>	@	<u>8.70</u>	<u>1392.00</u>
POZMIX		@		
GEL	<u>3yd</u>	@	<u>14.00</u>	<u>42.00</u>
CHLORIDE	<u>5yd</u>	@	<u>38.00</u>	<u>190.00</u>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>168yd</u>	@	<u>1.60</u>	<u>268.80</u>
MILEAGE	<u>15</u>	@	<u>12.00</u>	<u>180.00</u>
TOTAL				<u>2072.80</u>

EQUIPMENT

PUMP TRUCK CEMENTER MIKE

224 HELPER J. Waybourn

BULK TRUCK

260 DRIVER Don

BULK TRUCK

_____ DRIVER _____

REMARKS:

New 20#
conc 8 5/8 casing pump
mix cement, deep plug w/ 13 3/4 BBL
can't shed conc

Thanks

CHARGE TO: Palomares Ret.

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB 224

PUMP TRUCK CHARGE 670.00

EXTRA FOOTAGE @ _____

MILEAGE 15 @ 5.00 75.00

MANIFOLD @ _____

RECEIVED @ _____

JAN 30 2006

KCC WICHITA

TOTAL 745.00

PLUG & FLOAT EQUIPMENT

8 5/8 Top wood @ 55.00 55.00

@ _____

@ _____

@ _____

@ _____

TOTAL 55.00

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