

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: None  
Operator Contact Person: Klee R. Watchous  
Phone: (316) 799-1000  
Contractor: Name: Southwind Drilling, Inc.  
License: 33350  
Wellsite Geologist: Jon R. (Zeb) Stewart

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. \_\_\_\_\_

6/22/06 6/29/06 6/29/06  
Spud Date or Date Reached TD Completion Date or Recompletion Date

API No. 15 - 195-22366-0000  
County: Trego  
N/2 S/2 SW Sec. 25 Twp. 15 S. R. 22  East  West  
1050 feet from (S) / N (circle one) Line of Section  
1270 feet from E / (W) (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE SE NW (SW)  
Lease Name: HB Ranch Well #: 1  
Field Name: None (Wildcat)

Producing Formation: None  
Elevation: Ground: 2412 Kelly Bushing: 2422  
Total Depth: 4402 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 \_\_\_\_\_  
feet depth to \_\_\_\_\_ w/ \_\_\_\_\_  
AA-Dlg-11-20-08 <sup>sx cmt.</sup>

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: August 18, 2006

Subscribed and sworn to before me this 18th day of August,  
2006

Notary Public: Carla R. Penwell  
NOTARY PUBLIC - State of Kansas  
Date Commission Expires: October 6, 2009  
My 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  
**RECEIVED**  
**AUG 22 2006**  
**KCC WICHITA**

Operator Name: Palomino Petroleum, Inc. Lease Name: HB Ranch Well #: 1  
 Sec. 25 Twp. 15 S. R. 22  East  West County: Trego

**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)

List All E. Logs Run:

Dual Induction, Sonic, Micro, Compensated  
 Density/Neutron

<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
Name	Top	Datum
Anhy.	1772	(+ 650)
Base Anhy.	1813	(+ 609)
Topeka	3625	(-1203)
Heebner	3800	(-1378)
Toronto	3823	(-1401)
LKC	3841	(-1419)
BKC	4105	(-1683)
Pawnee	4196	(-1774)

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#	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 (Amount and Kind of Material Used)	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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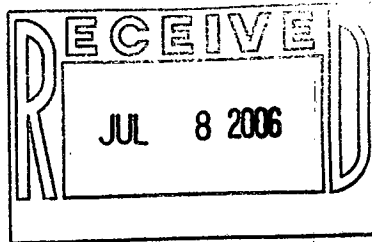
KCC WICHITA

**LOGS**

Labette	4260	(-1838)
Ft. Scott	4287	(-1865)
Cher. Sh.	4318	(-1896)
Conglomerate	4335	(-1913)
Miss.	4372	(-1950)
LTD	4402	(-1980)

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



\*\*\*\*\*  
\* I N V O I C E \*  
\*\*\*\*\*

Invoice Number: 103220

Invoice Date: 06/30/06

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

Cust I.D.....: Palo  
P.O. Number...: HB Ranch #1  
P.O. Date.....: 06/30/06

Due Date.: 07/30/06  
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	120.00	SKS	10.6500	1278.00	T
Pozmix	80.00	SKS	5.8000	464.00	T
Gel	10.00	SKS	16.6500	166.50	T
FloSeal	50.00	LBS	2.0000	100.00	T
Handling	211.00	SKS	1.9000	400.90	T
Mielage	30.00	MILE	16.8800	506.40	T
211 sks @>08 per sk per mi					
Plug	1.00	JOB	815.0000	815.00	T
Mileage pmp trk	30.00	MILE	5.0000	150.00	T

All Prices Are Net, Payable 30 Days Following  
Date of Invoice. 1 1/2% Charged Thereafter.  
If Account CURRENT take Discount of \$ 388.08  
ONLY if paid within 30 days from Invoice Date

Subtotal: 3880.80  
Tax.....: 225.08  
Payments: 0.00  
Total....: 4105.88

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# ALLIED CEMENTING CO., INC.

25048

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

SERVICE POINT:  
Oakley KS

DATE <u>6-29-06</u>	SEC. <u>25</u>	TWP <u>15S</u>	RANGE <u>22W</u>	CALLED OUT	ON LOCATION <u>11:00 AM</u>	JOB START <u>6:00 PM</u>	JOB FINISH <u>3:45 PM</u>
LEASE <u>HB Ranch</u>	WELL # <u>#1</u>	LOCATION <u>Ogallah S - Cedar Bluff Dam</u>			COUNTY <u>Trego</u>	STATE <u>KS</u>	
OLD OR <u>NEW</u> (Circle one)				<u>3 1/2" 6 in</u>			

CONTRACTOR Southwind #1  
 TYPE OF JOB ATA  
 HOLE SIZE 7 7/8 T.D. 4400'  
 CASING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 DRILL PIPE 4" 2 DEPTH 1800'  
 TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_  
 PRES. MAX \_\_\_\_\_ MINIMUM \_\_\_\_\_  
 MEAS. LINE \_\_\_\_\_ SHOE JOINT \_\_\_\_\_  
 CEMENT LEFT IN CSG. \_\_\_\_\_  
 PERFS. \_\_\_\_\_  
 DISPLACEMENT \_\_\_\_\_

OWNER same

CEMENT  
 AMOUNT ORDERED 200 60/40  
690 gal 114# Clo-seal

COMMON	<u>120</u>	@ <u>10.65</u>	<u>1278.00</u>
POZMIX	<u>80</u>	@ <u>5.80</u>	<u>464.00</u>
GEL	<u>10</u>	@ <u>16.65</u>	<u>166.50</u>
CHLORIDE		@	
ASC		@	
<u>Clo-seal</u>	<u>50*</u>	@ <u>2.00</u>	<u>100.00</u>
HANDLING	<u>211</u>	@ <u>1.90</u>	<u>400.90</u>
MILEAGE	<u>.085K + mile</u>		<u>506.40</u>
			TOTAL <u>2915.80</u>

**EQUIPMENT**

PUMP TRUCK CEMENTER Fuzzie  
 # 191 HELPER WAYNE  
 BULK TRUCK  
 # 218 DRIVER Alan  
 BULK TRUCK  
 # \_\_\_\_\_ DRIVER \_\_\_\_\_

**REMARKS:**

25SK @ 1800'  
100SK @ 925'  
40SK @ 275'  
10SK @ 40'  
10SK MH  
15SK RH  
Job complete @ 3:30 PM  
THANKS Fuzzie + crew

**SERVICE**

DEPTH OF JOB 1800'  
 PUMP TRUCK CHARGE 815.00  
 EXTRA FOOTAGE @ \_\_\_\_\_  
 MILEAGE 30 @ 5.00 150.00  
 MANIFOLD (WISS CITY) @ \_\_\_\_\_  
 \_\_\_\_\_ @ \_\_\_\_\_  
 \_\_\_\_\_ @ \_\_\_\_\_

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TOTAL 965.00

CHARGE TO: Palomino Petroleum  
 STREET \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**PLUG & FLOAT EQUIPMENT**

\_\_\_\_\_  
 @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 @ \_\_\_\_\_

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.

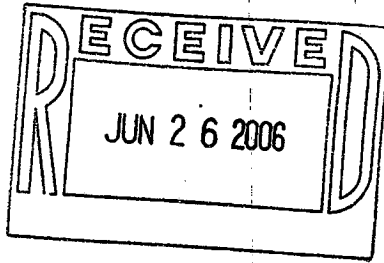
TAX \_\_\_\_\_  
 TOTAL CHARGE \_\_\_\_\_  
 DISCOUNT \_\_\_\_\_ IF PAID IN 30 DAYS

SIGNATURE Day Roberts

DOCK ROBERTS  
 PRINTED NAME

Quality Oilwell Cementing Inc.

845 E Wichita  
P.O. Box 32  
Russell, KS 67665



# Invoice

Date	Invoice #
6/23/2006	22

<b>Bill To</b>
Palomino Petroleum Inc 4924 SE 84th Newton Ks 67114

P.O. No.	Terms	Project
HB Ranch #1	Net 30	

Quantity	Description	Rate	Amount
160	common	10.50	1,680.00T
3	Gel	16.25	48.75T
6	Calcium	45.00	270.00T
	pump truck charge	775.00	775.00
76	pump truck mileage charge	5.00	380.00
169	handling	1.90	321.10
12,844	Mileage	0.08	1,027.52
1	8 5/8 wooden plug	65.00	65.00T
457	discount 10% if paid within 30 days	-1.00	-457.00
	Sales Tax	5.80%	119.70
		<b>RECEIVED</b>	
		<b>AUG 22 2006</b>	
		<b>KCC WICHITA</b>	
		<b>Total</b>	\$4,230.07

# QUALITY OILWELL CEMENTING, INC.

Phone 785-483-2025  
Cell 785-324-1041

Home Office P.O. Box 32 Russell, KS 67665

No. 1021

Date	6-23-06	Sec.		Twp.		Range		Called Out		On Location		Job Start		Finish	1:00 PM				
Lease	H.B. RANCO	Well No.	1	Location	11901 Lake I-16 225			County	70	State	Ks								
Contractor	Southwind D.I.G.							Owner	M = M										
Type Job	1 Surface							To Quality Oilwell Cementing, Inc. You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.											
Hole Size	12 1/4		T.D.	227															
Csg.	E 8		Depth	225		Charge To	Palomino Petroleum												
Tbg. Size			Depth			Street													
Drill Pipe			Depth			City	State												
Tool			Depth			The above was done to satisfaction and supervision of owner agent or contractor.													
Cement Left in Csg.	14 1/5		Shoe Joint																
Press Max.			Minimum																
Meas Line			Displace	20 @ 13 1/2 BBL															
Perf.													<b>CEMENT</b>						
<b>EQUIPMENT</b>												Amount Ordered	160 @ 10.50 3% CC 2% gel						
												Consisting of							
Pumptrk	No.	Cement	1		Local		Common	160 @ 10.50		1,680.00									
Bulktrk	No.	Driver	1		Keith		Poz. Mix												
Bulktrk	No.	Driver	1				Gel.	25 @ 16.25		48.75									
<b>JOB SERVICES &amp; REMARKS</b>												Chloride	6 @ 45.00		270.00				
												Hulls							
Pumptrk Charge	775.00		<del>1500.00</del>																
Mileage	76 @ 5.00		380.00																
Footage																			
												Total	<del>1880.00</del>		1155.00				
Remarks:	Cementer												Sales Tax						
												Handling	169 @ 1.90		321.10				
												Mileage	84 per sk per mile		1,027.52				
												Pump Truck Mileage		Sub Total					
												Total	1,155.00						
												Floating Equipment & Plugs	8' x wooden		65.00				
												Squeeze Manifold							
												Rotating Head							
Thank												<b>RECEIVED</b>							
												AUG 22 2005							
												KCC WICHITA							
												Tax	119.70						
												Discount	457.00		(576.70)				
												Total Charge	457.00		1,155.00				
X Signature	Doug Roberts																		

11230.07