

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.
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. _____
8/27/05 9/5/05 9/5/05
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API No. 15 - 009-24864-0000
County: Barton
W/2 SE NE Sec. 20 Twp. 16 S. R. 12 East West
1900 feet from S (N) (circle one) Line of Section
880 feet from (E) / W (circle one) Line of Section
Footages Calculated from Nearest Outside Section Corner:
(circle one) (NE) SE NW SW
Lease Name: Demel Well #: 1
Field Name: Beaver Ext.
Producing Formation: Arbuckle
Elevation: Ground: 1911 Kelly Bushing: 1920
Total Depth: 3466 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 392 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.

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Drilling Fluid Management Plan AH I NR
(Data must be collected from the Reserve Pit) 9-4-08
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: November 3, 2005
Subscribed and sworn to before me this 3rd day of November,
20 05.
Notary Public: Carla R. Penwell
Carla R. Penwell

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

Date Commission Expires October 6, 2009
ANY PUBLIC - State of Kansas
CARLA R. PENWELL
Not. Expires 10-6-09

ORIGINAL

Operator Name: Palomino Petroleum, Inc. Lease Name: Demel Well #: 1
 Sec. 20 Twp. 16 S. R. 12 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 <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	<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 Anhy.</td> <td style="width:20%;">Top 830</td> <td style="width:20%;">Datum (+1090)</td> </tr> <tr> <td>Base Anhy.</td> <td>856</td> <td>(+1064)</td> </tr> <tr> <td>Howard</td> <td>2691</td> <td>(- 771)</td> </tr> <tr> <td>Topeka</td> <td>2732</td> <td>(- 812)</td> </tr> <tr> <td>Heebner</td> <td>3007</td> <td>(-1087)</td> </tr> <tr> <td>Toronto</td> <td>3022</td> <td>(-1102)</td> </tr> <tr> <td>Douglas</td> <td>3034</td> <td>(-1114)</td> </tr> <tr> <td>Brown Lime</td> <td>3092</td> <td>(-1172)</td> </tr> </table>	Name Anhy.	Top 830	Datum (+1090)	Base Anhy.	856	(+1064)	Howard	2691	(- 771)	Topeka	2732	(- 812)	Heebner	3007	(-1087)	Toronto	3022	(-1102)	Douglas	3034	(-1114)	Brown Lime	3092	(-1172)
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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#	392'	Common	240	2% gel, 3% c.c.
Production	7 7/8"	5 1/2"	14#	3464'	EA-2	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	3394-3397		

TUBING RECORD	Size 2 7/8"	Set At 3439'	Packer At	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr. 9/22/05		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 100%	Bbls. 98	Gas Mcf	Water 0% Bbls. 0
				Gas-Oil Ratio Gravity

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

METHOD OF COMPLETION

Production Interval Open Hole Perf. Dually Comp. Commingled Other (Specify) _____

ORIGINAL

LOG TOPS

LKC	3110	(-1190)
BKC	3246	(-1326)
Arbuckle	3372	(-1452)
LTD	3466	(-1546)

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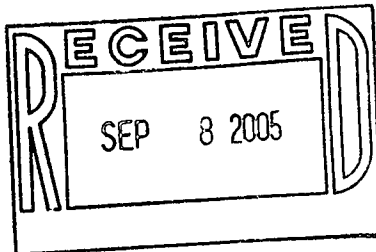


- Acidizing
- Cement
- Tool Rental

PO Box 466
Ness City, KS 67560
Off: 785-798-2300

ORIGINAL Invoice

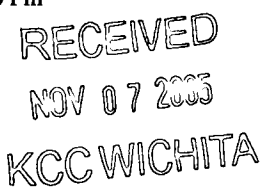
DATE	INVOICE #
9/5/2005	8631



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

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Job Purpose	Operator
Net 30	#1	Demel	Barton	SouthWind Drillin...	Oil	Development	Cement 5-1/2" Pr...	Roger

PRICE REF.	DESCRIPTION	QTY	UM	UNIT PRICE	AMOUNT
575D	Mileage - 1 Way	60	Miles	4.00	240.00
578D-D	Pump Charge	1	Job	1,250.00	1,250.00
407-5	5 1/2" Insert Float Shoe With Auto Fill	1	Each	250.00	250.00T
406-5	5 1/2" Latch Down Plug & Baffle	1	Each	210.00	210.00T
402-5	5 1/2" Centralizer	8	Each	60.00	480.00T
403-5	5 1/2" Cement Basket	2	Each	200.00	400.00T
419-5	5 1/2" Rotating Head Rental	1	Each	200.00	200.00T
281	Mud Flush	500	Gallon(s)	0.75	375.00T
221	Liquid KCL (Clayfix)	2	Gallon(s)	25.00	50.00T
325	Standard Cement	150	Sacks	8.80	1,320.00T
284	Calseal	7	Sack(s)	30.00	210.00T
283	Salt	750	Lb(s)	0.17	127.50T
285	CFR-2	75	Lb(s)	3.50	262.50T
276	Flocele	38	Lb(s)	1.10	41.80T
581D	Service Charge Cement	150	Sacks	1.10	165.00
583D	Drayage	469.89	Ton Miles	1.00	469.89
	Subtotal				6,051.69
	Sales Tax Barton County			6.55%	257.21



We Appreciate Your Business!	Total	\$6,308.90
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CHARGE TO: Palomino Per.
 ADDRESS:
 CITY, STATE, ZIP CODE:

TICKET No 8631

PAGE 1 OF 2

SERVICE LOCATIONS 1. 17003 15.
 2. IG
 3. OR
 4. OR

WELL/PROJECT NO. #1 LEASE Demel COUNTY/PARISH Barton STATE Ks. CITY DATE 9-5-05 OWNER Same

TICKET TYPE SERVICE SALES CONTRACTOR South Wind RIG NAME/NO. SHIPPED VIA CIT DELIVERED TO Location ORDER NO.

WELL TYPE Oil WELL CATEGORY Development JOB PURPOSE Cont. 5 1/2" Prod. Csg. WELL PERMIT NO. WELL LOCATION

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
407		1			Insect Float Shoe	1	ea	5 1/2	in	250.00	250	00
406		1			Latch Down Plug + Baffle	1	ea			210.00	210	00
402		1			Centralizers	8	ea			60.00	480	00
403		1			Bas Kets	2	ea			200.00	400	00
419		1			Rotating head	1	ea			200.00	200	00
221		1			Mud Flush	500	gal			75.00	375	00
221		1			KCL	2	gal			25.00	50	00
See Continuation										page 1	3455	00
See Continuation										page 2	2596	69

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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 Shuck
 DATE SIGNED TIME SIGNED 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	SUB PAGE-TOTAL	
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				Barton TAX 6.55%	257 21
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			TOTAL	6308 90
<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 Roger B. Seyler APPROVAL

Thank You!

JOB LOG

SWIFT Services, Inc. ORIGINAL

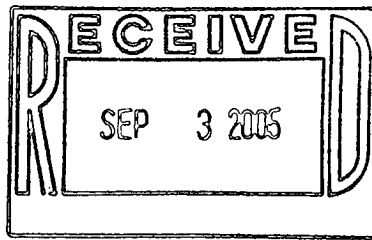
DATE 7-5-05 PAGE NO. 7

CUSTOMER Palomares Per. WELL NO. # / LEASE Demel JOB TYPE Long Strag TICKET NO. 8631

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL/GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	0400							On loc. Rig logging
	0630							Start in hole with 3 1/2" 14# Csg. Insert Float shoe Latch down Baffle Cen. on #1, #2, #3, #4, #9, #12, #15, #18 Basket #2 #4
	0750							Drop Ball
	0800							Cg on Bottom Circulate & Rotate Csg.
	0830							Plug Rat hole
	0835		12					Pump 500gal Mud Flush
			20					Pump 20 ^{SS} 2% KCL Flush
	0840		36					Mix 150 sks EA-2 Cen.
	0850							Finish mixing wash out pump & line Displ. Latch down plug Rotate Csg. till last 20 ^{SS} Displ.
	0910		84				1800	Plug down 1800psi holding Release press. Dried up wash and rack up track
	0930							J&S Complete

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Thank You
Brett



ORIGINAL

Allied Cementing Co., Inc
P.O. Box 31

Russell, KS 67665

* I N V O I C E *

Invoice Number: 098245

Invoice Date: 08/31/05

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

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Cust I.D.....: Palo
P.O. Number...: Demel #1
P.O. Date.....: 08/31/05

Due Date.: 09/30/05
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	240.00	SKS	8.7000	2088.00	T
Gel	5.00	SKS	14.0000	70.00	T
Chloride	8.00	SKS	38.0000	304.00	T
Handling	253.00	SKS	1.6000	404.80	E
Mileage	24.00	MILE	15.1800	364.32	E
253 sks @.06 per sk per mi					
Surface	1.00	JOB	670.0000	670.00	E
Extra Footage	92.00	PER	0.5500	50.60	E
Mileage pmp trk	24.00	MILE	5.0000	120.00	E
TWP	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 \$ 412.67
ONLY if paid within 30 days from Invoice Date

Subtotal: 4126.72
Tax.....: 164.86
Payments: 0.00
Total....: 4291.58

ALLIED CEMENTING CO., INC.

17969

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

SERVICE POINT:

Great Bend

DATE <u>8-28-05</u>	SEC. <u>20</u>	TWP. <u>16</u>	RANGE <u>12</u>	CALLED OUT <u>1:30 am</u>	ON LOCATION <u>4:35 am</u>	JOB START <u>5:15 am</u>	JOB FINISH <u>6:30 am</u>
LEASE <u>Beaver</u>		WELL # <u>1</u>	LOCATION <u>Beaver 1/2 N west into</u>		COUNTY <u>Barton</u>	STATE <u>Ka</u>	
OLD OR NEW (Circle one)							

CONTRACTOR Southerwind

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 395'

CASING SIZE 8 3/8 DEPTH 392'

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15'

PERFS. _____

DISPLACEMENT 24 BBL

OWNER Palomino

CEMENT

AMOUNT ORDERED 240 ex Common

3% CC 2% gel

COMMON	<u>240 ex</u>	@	<u>8.70</u>	<u>2088.00</u>
POZMIX		@		
GEL	<u>5 ex</u>	@	<u>14.00</u>	<u>70.00</u>
CHLORIDE	<u>8 ex</u>	@	<u>38.00</u>	<u>304.00</u>
ASC		@		
HANDLING	<u>253 ex</u>	@	<u>1.60</u>	<u>404.80</u>
MILEAGE	<u>253 ex 66</u>	@	<u>24</u>	<u>364.32</u>
TOTAL				<u>3231.12</u>

EQUIPMENT

UB

PUMP TRUCK # 181 CEMENTER Rick HELPER Rick

BULK TRUCK # 347 DRIVER Terry

BULK TRUCK # _____ DRIVER _____

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REMARKS:

Ran 8 3/8 casing to bottom
Circ. w rig mud
Mixed 240 ex Common 3% CC
2% gel. Displaced with 24 BBLs
fresh h²o. Cement did circulate.

SERVICE

DEPTH OF JOB	<u>392'</u>			
PUMP TRUCK CHARGE				<u>670.00</u>
EXTRA FOOTAGE	<u>92'</u>	@	<u>.55</u>	<u>50.60</u>
MILEAGE	<u>24</u>	@	<u>5.00</u>	<u>120.00</u>
TOTAL				<u>840.60</u>

CHARGE TO: Palomino Petroleum

STREET 4924 SE 84th ST

CITY Newton STATE Kansas ZIP 67114-8827

PLUG & FLOAT EQUIPMENT

MANIFOLD	<u>1. 8 3/8 TWP</u>	@	<u>55.00</u>	<u>55.00</u>
TOTAL				<u>55.00</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 Darryl Krier

X DARRYL KRIGER
PRINTED NAME