

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

Form ACO-1
September 1999
Form Must Be Typed

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: Shields Drilling Company, Inc.
 License: 5184
 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. _____

<u>12/19/05</u>	<u>1/8/06</u>	<u>1/8/06</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 009-24890-0000
 County: Barton
C NE _____ Sec. 21 Twp. 16 S. R. 12 East West
1320 feet from S N (circle one) Line of Section
1450 feet from E / W (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE NW SW
 Lease Name: Weber Well #: 1
 Field Name: Beaver
 Producing Formation: None
 Elevation: Ground: 1921 Kelly Bushing: 1926
 Total Depth: 3409 Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 410 Feet
 Multiple Stage Cementing Collar Used? Yes No
 If yes, show depth set _____ Feet
 If Alternate II completion, cement circulated from _____
 feet depth to _____ sx cmt.
Alt II - Dlg - 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.: _____
 County: _____ Sec. _____ Twp. _____ S. R. _____ East West
 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
20 06
 Notary Public: Carla R. Penwell
 Carla R. Penwell

KCC Office Use ONLY

ND Letter of Confidentiality Received
 If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

Date Commission Expires: October 6, 2009
 NOTARY PUBLIC - State of Kansas
CARLA R. PENWELL
 My Appt. Expires 10-6-09

Operator Name: Palomino Petroleum, Inc. Lease Name: Weber Well #: 1
 Sec. 21 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</td> <td style="width:20%;">Top</td> <td style="width:20%;">Datum</td> </tr> <tr> <td>Anhy.</td> <td>823</td> <td>(+1103)</td> </tr> <tr> <td>Base Anhy.</td> <td>848</td> <td>(+1078)</td> </tr> <tr> <td>Howard</td> <td>2675</td> <td>(- 749)</td> </tr> <tr> <td>Topeka</td> <td>2714</td> <td>(- 788)</td> </tr> <tr> <td>Heebner</td> <td>2990</td> <td>(-1064)</td> </tr> <tr> <td>Toronto</td> <td>3006</td> <td>(-1080)</td> </tr> <tr> <td>Douglas</td> <td>3021</td> <td>(-1095)</td> </tr> <tr> <td>Brown Lime</td> <td>3076</td> <td>(-1150)</td> </tr> </table>	Name	Top	Datum	Anhy.	823	(+1103)	Base Anhy.	848	(+1078)	Howard	2675	(- 749)	Topeka	2714	(- 788)	Heebner	2990	(-1064)	Toronto	3006	(-1080)	Douglas	3021	(-1095)	Brown Lime	3076	(-1150)
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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#	410'	common	250	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
		RECEIVED KANSAS CORPORATION COMMISSION JAN 30 2005 CONSERVATION DIVISION WICHITA, KS	

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	METHOD OF COMPLETION	Production Interval
<input type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-18.)</i>	<input type="checkbox"/> Open Hole <input type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <input type="checkbox"/> Other (Specify) _____	_____

LOGS

LKC	3091	(-1165)
BKC	3330	(-1405)
Quartz	3348	(-1422)
LTD	3409	(-1483)

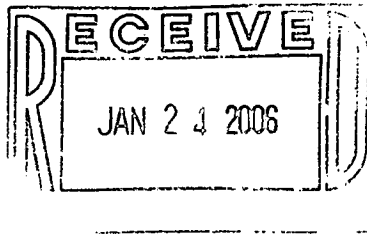
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KANSAS CORPORATION COMMISSION

JAN 30 2006

CONSERVATION DIVISION
WICHITA, KS

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

Russell, KS 67665



* I N V O I C E *

Invoice Number: 100293

Invoice Date: 01/19/06

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

Cust I.D.....: Palo
P.O. Number...: Weber #1
P.O. Date.....: 01/19/06

Due Date.: 02/18/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	66.00	SKS	8.7000	574.20	T
Pozmix	44.00	SKS	4.7000	206.80	T
Gel	6.00	SKS	14.0000	84.00	T
FloSeal	28.00	LBS	1.7000	47.60	T
Handling	116.00	SKS	1.6000	185.60	T
Rotary Plug	1.00	JOB	670.0000	670.00	T
Mileage pmp trk	30.00	MILE	5.0000	150.00	T
Dryhole Plug	1.00	EACH	35.0000	35.00	T
Mileage	30.00	MILE	6.9600	208.80	T
116 sks @.06 per sk per mi					

All Prices Are Net, Payable 30 Days Following
Date of Invoice. 1 1/2% Charged Thereafter.
If Account CURRENT take Discount of \$216.20
ONLY if paid within 30 days from Invoice Date

Subtotal: 2162.00
Tax.....: 141.62
Payments: 0.00
Total....: 2303.62

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JAN 30 2006
CONSERVATION DIVISION
WICHITA, KS

ALLIED CEMENTING CO., INC. 23687

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

SERVICE POINT:
Russell

DATE <u>1/8/06</u>	SEC. <u>21</u>	TWP. <u>16</u>	RANGE <u>12</u>	CALLED OUT	ON LOCATION <u>1:45 pm</u>	JOB START <u>2:00 pm</u>	JOB FINISH <u>4:00 pm</u>
LEASE <u>Weber</u>		WELL # <u>1</u>	LOCATION <u>Beaver 1 N 1/2 Sinto</u>			COUNTY <u>Barton</u>	STATE <u>Ks</u>
<input checked="" type="radio"/> OLD OR NEW (Circle one)							

CONTRACTOR Shields Oil Producers
 TYPE OF JOB Rotary Plug
 HOLE SIZE 7 7/8 TD. 3410
 CASING SIZE _____ DEPTH _____
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE _____ DEPTH _____
 TOOL _____ DEPTH _____
 PRES. MAX _____ MINIMUM _____
 MEAS. LINE _____ SHOE JOINT _____
 CEMENT LEFT IN CSG. _____
 PERFS. _____
 DISPLACEMENT _____

OWNER _____
 CEMENT AMOUNT ORDERED 110 60/40 6% Cel
1/4 # Flt

EQUIPMENT

PUMP TRUCK CEMENTER Shane
 # 398 HELPER Pary
 BULK TRUCK
 # 213 DRIVER Jody
 BULK TRUCK
 # _____ DRIVER _____

COMMON	<u>66</u>	@	<u>870</u>	<u>574.20</u>
POZMIX	<u>44</u>	@	<u>470</u>	<u>206.00</u>
GEL	<u>6</u>	@	<u>14.00</u>	<u>84.00</u>
CHLORIDE		@		
ASC		@		
<u>Floerol</u>	<u>280</u>	@	<u>170</u>	<u>47.60</u>
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>116</u>	@	<u>160</u>	<u>185.60</u>
MILEAGE	<u>60/sk</u>	MILE		<u>208.80</u>
			TOTAL	<u>1307.00</u>

REMARKS:

25 sks 550'
50 sks 475'
10 sks 40
15 sks Rat Hole
10 sks Mouse Hole

SERVICE

DEPTH OF JOB _____
 PUMP TRUCK CHARGE _____ 670.00
 EXTRA FOOTAGE _____ @ _____
 MILEAGE 30 @ 5.00 150.00
 MANIFOLD _____ @ _____
 _____ @ _____
 _____ @ _____
 TOTAL 820.00

CHARGE TO: Palomino Petroleum, Inc.
 STREET _____
 CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

_____ @ _____
 _____ @ _____
Dry Hole Plug @ 35.00
 _____ @ _____
 _____ @ _____
 TOTAL 35.00

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.

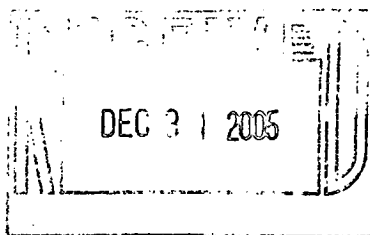
TAX _____
 TOTAL CHARGE _____
 DISCOUNT _____ IF PAID IN 30 DAYS

Thanks!

SIGNATURE Mike Hynes

Mike Hynes
 PRINTED NAME

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



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

Invoice Number: 100007

Invoice Date: 12/28/05

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

Cust I.D.....: Palo
P.O. Number...: Weber #1
P.O. Date.....: 12/28/05

Due Date.: 01/27/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	250.00	SKS	8.7000	2175.00	T
Gel	5.00	SKS	14.0000	70.00	T
Chloride	8.00	SKS	38.0000	304.00	T
Handling	263.00	SKS	1.6000	420.80	E
Mileage	25.00	MILE	15.7800	394.50	E
263 sks @.06 per sk per mi					
Surface	1.00	JOB	670.0000	670.00	E
Extra Footage	113.00	PER	0.5500	62.15	E
Mileage pmp trk	25.00	MILE	5.0000	125.00	E
Plug	1.00	EACH	55.0000	55.00	T

All Prices Are Net, Payable 30 Days Following	Subtotal:	4276.45
Date of Invoice. 1 1/2% Charged Thereafter.	Tax.....:	170.56
If Account CURRENT take Discount of \$ <u>427.64</u>	Payments:	0.00
ONLY if paid within 30 days from Invoice Date	Total....:	4447.01

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KANSAS CORPORATION COMMISSION
JAN 30 2006
CONSERVATION DIVISION
WICHITA, KS

STATE OF KANSAS
KANSAS CORPORATION COMMISSION
CONSERVATION DIVISION
130 South Market - Room 2078
Wichita, Kansas 67202

FORM CP-1 (3/92)

WELL PLUGGING APPLICATION FORM
(PLEASE TYPE FORM and File ONE Copy)

API # 15-009-24890-0000 (Identifier number of this well). This must be listed for wells drilled since 1967; if no API# was issued, indicate spud or completion date.

WELL OPERATOR PALOMINO PETROLEUM, INC. KCC LICENSE # 30742
(owner/company name) (operator's)

ADDRESS 4924 SE 84th St. CITY Newton

STATE Kansas ZIP CODE 67114-8827 CONTACT PHONE # (316) 799-1000

LEASE Weber WELL# 1 SEC. 21 T. 16 R. 12 (~~XXX~~/West)

130' W of C NE SPOT LOCATION/OOOO COUNTY Barton

1,320 FEET (in exact footage) FROM S/N (circle one) LINE OF SECTION (NOT Lease Line)

1,450 FEET (in exact footage) FROM E/W (circle one) LINE OF SECTION (NOT Lease Line)

Check One: OIL WELL GAS WELL D&A SWD/ENHR WELL DOCKET# _____

CONDUCTOR CASING SIZE _____ SET AT _____ CEMENTED WITH _____ SACKS

SURFACE CASING SIZE 8 5/8 SET AT 410' CEMENTED WITH 250 SACKS

PRODUCTION CASING SIZE _____ SET AT _____ CEMENTED WITH _____ SACKS

LIST (ALL) PERFORATIONS and BRIDGEPLUG SETS: _____

ELEVATION 1,926' KB T.D. 3,410' PBD ANHYDRITE DEPTH _____
(G.L./K.B.) (Stone Corral Formation)

CONDITION OF WELL: GOOD POOR CASING LEAK JUNK IN HOLE

PROPOSED METHOD OF PLUGGING _____

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JAN 30 2006
CONSERVATION DIVISION
WICHITA, KS

(If additional space is needed attach separate page)

IS WELL LOG ATTACHED TO THIS APPLICATION AS REQUIRED? Yes IS ACO-1 FILED? _____

If not explain why? Operator will file

PLUGGING OF THIS WELL WILL BE DONE IN ACCORDANCE WITH K.S.A. 55-101 et. seq. AND THE RULES AND REGULATIONS OF THE STATE CORPORATION COMMISSION.

LIST NAME OF COMPANY REPRESENTATIVE AUTHORIZED TO BE IN CHARGE OF PLUGGING OPERATIONS:

Burt Beery PHONE# (785) 483-3141

ADDRESS Box 709 City/State Russell, KS 67665

PLUGGING CONTRACTOR Shields Drilling Co. KCC LICENSE # 5184

ADDRESS Box 709, Russell, KS 67665 (company name) (contractor's)
PHONE # (785) 483-3141

PROPOSED DATE AND HOUR OF PLUGGING (If Known?) 1-08-06

PAYMENT OF THE PLUGGING FEE (K.A.R. 82-3-118) WILL BE GUARANTEED BY OPERATOR OR AGENT
SHIELDS DRILLING CO.

DATE: 1-16-06 AUTHORIZED OPERATOR/AGENT: Jack P Beeman
(signature)

STATE OF KANSAS
STATE CORPORATION COMMISSION
130 S. Market, Room 2078
Wichita, KS 67202

WELL PLUGGING RECORD
K.A.R.-82-3-117

API NUMBER 15-009-24890-0000

LEASE NAME Weber

WELL NUMBER 1

1,320 Ft. from N Section Line

1,450 Ft. from E Section Line

SEC. 21 TWP. 16 RGE. 12 KEXor(W)

COUNTY Barton

Date Well Completed 1-8-06

Plugging Commenced 1-8-06

Plugging Completed 1-8-06

TYPE OR PRINT
NOTICE: Fill out completely
and return to Cons. Div.
office within 30 days.

LEASE OPERATOR Palomino Petroleum, Inc.

ADDRESS 4924 SE 84th St., Newton, KS 67114

PHONE (316) 799-1000 OPERATORS LICENSE NO. 30742

Character of Well D & A

(Oil, Gas, D&A, SWD, Input, Water Supply Well)

The plugging proposal was approved on 1-7-06 (date)

by Herb Deines (KCC District Agent's Name).

Is ACO-1 filed? No If not, is well log attached? Yes

Producing Formation _____ Depth to Top _____ Bottom T.D. 3,410'

Show depth and thickness of all water, oil and gas formations.

OIL, GAS OR WATER RECORDS

CASING RECORD

Formation	Content	From	To	Size	Put In	Pulled out
				8 5/8"	410'	Cmtd. w/250 sax

Describe in detail the manner in which the well was plugged, indicating where the mud fluid was placed and the method or methods used in introducing it into the hole. If cement or other plugs were used, state the character of same and depth placed, from feet to feet each set. Push bridge plug to 850', pump 25 sax on plug thru drill pipe; push bridge plug to 475', pump 50 sax on plug thru drill pipe; push wiper plug to 40', dump 10 sax on plug to cellar. Dump 15 sax down rat hole and 10 sax down mouse hole.

Name of Plugging Contractor Shields Drilling Co. License No. 5184

Address Box 709, Russell, KS 67665

NAME OF PARTY RESPONSIBLE FOR PLUGGING FEES: PALOMINO PETROLEUM, INC.

STATE OF KANSAS COUNTY OF RUSSELL

Jack P. Beeman, Sec.-Treas. Contractor Shields Drilling Co.

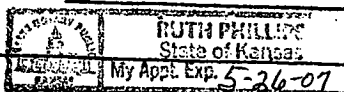
above-described well, being first duly sworn on oath, says: That I have knowledge of the fact statements, and matters herein contained and the log of the above-described well, and that the same are true and correct, so help me God.

(Signature) Jack P. Beeman

(Address) Box 709, Russell, KS 67665

SUBSCRIBED AND SWORN TO before me this 16th day of January, 2006

My Commission Expires:



Ruth Phillips
Notary Public

RECEIVED
JAN 30 2006
KANSAS CORPORATION COMMISSION
CONSOLIDATION DIVISION