

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-1
September 1999
Form Must Be Typed

ORIGINAL

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: 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>3/3/06</u>	<u>3/13/06</u>	<u>3/13/06</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 145-21535-0000
County: Pawnee
W/2 W/2 W/2 Sec. 11 Twp. 20 S. R. 20 East West
2510 feet from (S) N (circle one) Line of Section
330 feet from E (W) (circle one) Line of Section
Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW (SW)
Lease Name: Heart Bar Well #: 1
Field Name: Shiley
Producing Formation: None
Elevation: Ground: 2198 Kelly Bushing: 2203
Total Depth: 4309 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 505 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 P+A A1+I ncr
(Data must be collected from the Reserve Pit) 11-3-08
Chloride content _____ ppm Fluid volume _____ bbls
Dewatering method used _____
Location of fluid disposal if hauled offsite: _____
Operator Name: RECEIVED
Lease Name: MAY 04 2006 License No.: _____
Quarter _____ Sec. _____ Twp. _____ S. R. _____ East West
County: KCC WICHITA 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: May 3, 2006
Subscribed and sworn to before me this 3rd day of May,
20 06.
Notary Public: Carla R. Penwell
Carla R. Penwell
Date Commission Expires: October 6, 2009

KCC Office Use ONLY
N Letter of Confidentiality Received
If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution



Operator Name: Palomino Petroleum, Inc. Lease Name: Heart Bar Well #: 1
 Sec. 11 Twp. 20 S. R. 20 East West County: Pawnee

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: Dual Induction, Dual Compensated Porosity, Borehole Compensated Sonic, Microresistivity	<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:70%;">Name</td> <td style="width:15%;">Top</td> <td style="width:15%;">Datum</td> </tr> <tr> <td>Anhy.</td> <td>1336</td> <td>(+ 867)</td> </tr> <tr> <td>Base Anhy.</td> <td>1365</td> <td>(+ 838)</td> </tr> <tr> <td>Herington</td> <td>2250</td> <td>(- 47)</td> </tr> <tr> <td>Winfield</td> <td>2304</td> <td>(- 101)</td> </tr> <tr> <td>Towanda</td> <td>2367</td> <td>(- 164)</td> </tr> <tr> <td>Ft. Riley</td> <td>2411</td> <td>(- 208)</td> </tr> <tr> <td>Blue Springs</td> <td>2479</td> <td>(- 276)</td> </tr> <tr> <td>Council Grove</td> <td>2564</td> <td>(- 361)</td> </tr> </table>	Name	Top	Datum	Anhy.	1336	(+ 867)	Base Anhy.	1365	(+ 838)	Herington	2250	(- 47)	Winfield	2304	(- 101)	Towanda	2367	(- 164)	Ft. Riley	2411	(- 208)	Blue Springs	2479	(- 276)	Council Grove	2564	(- 361)
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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#	505'	Common	275	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 _____

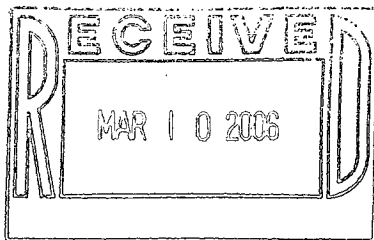
RECEIVED
MAY 04 2006
KCC WICHITA

LOGS

Beattie	2677	(- 474)
Neva	2750	(- 547)
Red Eagle	2814	(- 611)
Wabaunsee	2988	(- 785)
Stotler	3102	(- 899)
Tarkio	3151	(- 948)
Topeka	3296	(-1093)
Heebner	3632	(-1429)
LKC	3688	(-1485)
BKC	3985	(-1782)
Pawnee	4078	(-1875)
Cherokee Sh.	4141	(-1938)
Cherokee Sd.	4151	(-1948)
Miss.	4241	(-2038)
LTD	4309	(-2106)

RECEIVED
MAY 04 2006
KCC WICHITA

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



* I N V O I C E *

Invoice Number: 101151

Invoice Date: 03/07/06

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

RECEIVED
MAY 04 2006
KCC WICHITA

Cust I.D.....: Palo
P.O. Number...: Heart Bar #1
P.O. Date.....: 03/07/06

Due Date.: 04/06/06
Terms....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	275.00	SKS	9.6000	2640.00	T
Gel	5.00	SKS	15.0000	75.00	T
Chloride	8.00	SKS	42.0000	336.00	T
Handling	288.00	SKS	1.7000	489.60	E
Mileage	32.00	MILE	20.1600	645.12	E
288 sks @.07 per sk per mi					
Surface	1.00	JOB	735.0000	735.00	E
Mileage pmp trk	32.00	MILE	5.0000	160.00	E
Extra Footage	202.00	PER	0.6000	121.20	E
Plug	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 \$525.69
ONLY if paid within 30 days from Invoice Date

Subtotal: 5256.92
Tax.....: 195.68
Payments: 0.00
Total....: 5452.60

ALLIED CEMENTING CO., INC.

23512

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

SERVICE POINT:

Great Bend

DATE <i>3-3-06</i>	SEC. <i>11</i>	TWP. <i>20</i>	RANGE <i>20 W</i>	CALLED OUT <i>5:00pm</i>	ON LOCATION <i>7:00pm</i>	JOB START <i>8:00pm</i>	JOB FINISH <i>8:45pm</i>
LEASE <i>Heart Bar</i>	WELL # <i>#1</i>	LOCATION <i>Alexander - 2 east</i>		COUNTY <i>Burney</i>	STATE <i>KS</i>		
OLD OR <input checked="" type="radio"/> NEW (Circle one)		<i>9 1/2 south-east into</i>					

CONTRACTOR *Shields Drlg*
 TYPE OF JOB *Surface Pipe*
 HOLE SIZE *12 1/4* T.D. *508'*
 CASING SIZE *8 5/8* DEPTH *505*
 TUBING SIZE DEPTH
 DRILL PIPE DEPTH
 TOOL DEPTH
 PRES. MAX MINIMUM
 MEAS. LINE SHOE JOINT
 CEMENT LEFT IN CSG. *approx 15'*
 PERFS.
 DISPLACEMENT *3 1/2 BBLs*

OWNER *Palomino Pet.*
 CEMENT
 AMOUNT ORDERED *275 sq Common*
3% c/c of 29 gel

EQUIPMENT
 PUMP TRUCK CEMENTER *Jack*
 # *181* HELPER *J Risky*
 BULK TRUCK
 # *342* DRIVER *Terry*
 BULK TRUCK
 # DRIVER

COMMON	<i>275sq</i>	@	<i>9.60</i>	<i>2640.00</i>
POZMIX		@		
GEL	<i>5sq</i>	@	<i>15.00</i>	<i>75.00</i>
CHLORIDE	<i>8sq</i>	@	<i>42.00</i>	<i>336.00</i>
ASC		@		
RECEIVED				
@ MAY 04 2006				
@ KCC WICHITA				
HANDLING	<i>288sq</i>	@	<i>1.70</i>	<i>489.60</i>
MILEAGE	<i>288sq 07 32</i>	@		<i>645.12</i>
				TOTAL <i>4185.72</i>

REMARKS:

*Run 11 jts of 8 5/8 csq - cement with
 275 sq of cement - Displace plug with
 3 1/2 BBLs & water
 Cement Dred Circ
 Plug Down @ 8:45 pm*

Thanks

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

SERVICE

DEPTH OF JOB	<i>505'</i>			
PUMP TRUCK CHARGE				<i>735.00</i>
EXTRA FOOTAGE	<i>202'</i>	@	<i>60</i>	<i>121.20</i>
MILEAGE	<i>32</i>	@	<i>5.00</i>	<i>160.00</i>
MANIFOLD		@		
				TOTAL <i>1016.20</i>

PLUG & FLOAT EQUIPMENT

<i>1-8 5/8 Wood Double</i>	@	<i>55.00</i>	<i>55.00</i>
<i>cup-</i>	@		
	@		
	@		
	@		
TOTAL <i>55.00</i>			

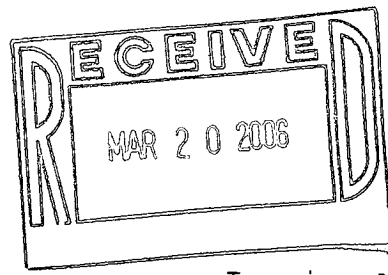
To Allied Cementing Co., Inc.
 You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as is listed. The above work was done to satisfaction and supervision of owner agent or contractor. I have read & understand the "TERMS AND CONDITIONS" listed on the reverse side.

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

SIGNATURE *Burton Beery*

Burton Beery
 PRINTED NAME

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



 * I N V O I C E *

Invoice Number: 101348

Invoice Date: 03/17/06

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

RECEIVED
 MAY 04 2006
 KCC WICHITA

Cust I.D.....: Palo
 P.O. Number...: Heart Bar #1
 P.O. Date.....: 03/17/06

Due Date.: 04/16/06
 Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	87.00	SKS	9.6000	835.20	T
Pozmix	58.00	SKS	5.2000	301.60	T
Gel	8.00	SKS	15.0000	120.00	T
FloSeal	36.00	LBS	1.8000	64.80	T
Handling	154.00	SKS	1.7000	261.80	T
Mileage	32.00	MILE	10.7800	344.96	T
154 sk s@.07 per sk per mi					
Rotary Plug	1.00	JOB	730.0000	730.00	T
Mileage pmp trk	32.00	MILE	5.0000	160.00	T

All Prices Are Net, Payable 30 Days Following
 Date of Invoice. 1 1/2% Charged Thereafter.
 If Account CURRENT take Discount of \$ 281.84
 ONLY if paid within 30 days from Invoice Date

Subtotal:	2818.36
Tax.....:	149.37
Payments:	0.00
Total....:	2967.73

ALLIED CEMENTING CO., INC.

23537

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

SERVICE POINT:

Neosho City

DATE <u>3-13-06</u> <u>Heart Bar</u>	SEC. <u>11</u>	TWP. <u>20</u>	RANGE <u>20</u>	CALLED OUT <u>8:00AM</u>	ON LOCATION <u>11:00AM</u>	JOB START <u>12:00pm</u>	JOB FINISH <u>2:00pm</u>
LEASE	WELL # <u>1</u>	LOCATION <u>Alexander 2E 9 1/2 S E.S.</u>			COUNTY <u>Reich</u>	STATE <u>KS</u>	
OLD OR <input checked="" type="radio"/> (Circle one)							

CONTRACTOR Shields/Daly
 TYPE OF JOB Rotary Plug
 HOLE SIZE 7 7/8 T.D. 4307
 CASING SIZE 8 7/8 DEPTH 505
 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
145 60/40 60/80
1/4" Flo Seal 5x

EQUIPMENT
 PUMP TRUCK CEMENTER MIKE
 # 224 HELPER L. Weyhous
 BULK TRUCK
 # 341 DRIVER Brandon
 BULK TRUCK
 # DRIVER

COMMON	<u>87M</u>	@	<u>9.60</u>	<u>835.20</u>
POZMIX	<u>58 net</u>	@	<u>5.20</u>	<u>301.60</u>
GEL	<u>8 net</u>	@	<u>15.00</u>	<u>120.00</u>
CHLORIDE		@		
ASC		@		
<u>Flo Seal 36"</u>		@	<u>1.80</u>	<u>64.80</u>
RECEIVED				
MAY 04 2006				
KCC WICHITA				
HANDLING	<u>154 net</u>	@	<u>1.10</u>	<u>261.80</u>
MILEAGE	<u>154 14 07</u>	@	<u>32</u>	<u>344.96</u>
				TOTAL <u>1928.36</u>

REMARKS:

<u>50sxe</u>	<u>1380'</u>
<u>50</u>	<u>510</u>
<u>20</u>	<u>60</u>
<u>15</u>	<u>RH</u>
<u>10</u>	<u>MA</u>

Thanks

CHARGE TO: Palomino Pat
 STREET _____
 CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB	<u>1380</u>		
PUMP TRUCK CHARGE			<u>730.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>32</u>	@	<u>500</u> <u>160.00</u>
MANIFOLD		@	
TOTAL <u>890.00</u>			

PLUG & FLOAT EQUIPMENT

	@	
	@	
	@	
	@	
	@	
TOTAL _____		

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 H. T. Orisk

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

PRINTED NAME