

Original

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 # 33906  
Name: GNAD OIL, LLC  
Address: P.O. Box 580  
City/State/Zip: Hays, KS 67601  
Purchaser: \_\_\_\_\_  
Operator Contact Person: Mike Gnad  
Phone: (785) 650-7128  
Contractor: Name: Discovery Drilling Co., Inc.  
License: 31548  
Wellsite Geologist: Herb Deines

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. \_\_\_\_\_

7/13/09 7/19/09 7/20/09  
Spud Date or Date Reached TD Completion Date or Recompletion Date

API No. 15 - 063-21,789-00-00  
County: Gove  
80 N & 120 E of SE Sec. 23 Twp. 11 S. R. 27W  East  West  
740 feet from  (S) /  (circle one) Line of Section  
540 feet from  (E) /  (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE  SE NW SW  
Lease Name: HERL Well #: 1-23  
Field Name: Wildcat  
Producing Formation: None  
Elevation: Ground: 2677 Kelly Bushing: 2685  
Total Depth: 4600 Plug Back Total Depth: \_\_\_\_\_  
Amount of Surface Pipe Set and Cemented at 222.98 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.  
(30sks In Rat Hole)(15sks In Mouse Hole)

Drilling Fluid Management Plan P+A AH II NCR  
(Data must be collected from the Reserve Pit) 9-1-09  
Chloride content 12,000 ppm Fluid volume 240 bbls  
Dewatering method used Evaporation  
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: [Signature]  
Title: Manager Date: 8-14-09  
Subscribed and sworn to before me this 14 day of August  
20 09  
Notary Public: [Signature]  
Date Commission Expires: 5-15-12

Notary Public - State of Kansas  
Trisha Sauer  
My Comm. Exp. 5-15-12

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

RECEIVED  
AUG 20 2009  
KCC WICHITA

Operator Name: GNAD OIL, LLC Lease Name: HERL Well #: 1-23  
 Sec. 23 Twp. 11 S. R. 27W  East  West County: Gove

**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:

*Radiation Guard Log*

<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
	Name Top Datum	
	Anhydrite 2262 + 424	
	Anhydrite Base 2301 + 385	
	Topeka 3694 - 1008	
	Heebner Shale 3911 - 1225	
	TORONTO 3934 - 1248	
	LNC 3952 - 1266	
	BKC 4205 - 1519	
	MARMATON 4272 - 1586	
	Cherokee Shale 4452 - 1766	
	Mississippi 4523 - 1837	
	RTO - 1914	

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 Pipe	12 1/4	8 5/8	23	222.98	Common	290	2%Gel&3%CC

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
___ Perforate				
___ Protect Casing				
___ Plug Back TD				
___ Plug Off Zone				

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type		Acid, Fracture, Shot, Cement Squeeze Record		Depth
	Specify Footage of Each Interval Perforated		(Amount and Kind of Material Used)		

TUBING RECORD	Size	Set At	Packer At	Liner Run <input type="checkbox"/> Yes <input 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 \_\_\_\_\_

August 18, 2009

KANSAS CORPORATION COMMISSION  
130 S. MARKET  
Room 2078  
Wichita, KANSAS 67202

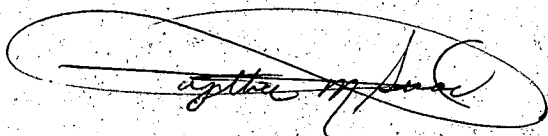
Dear Personnel,

Enclosed is a copy of the  
Radiation Log, the Geologist's Report,  
the Cementing tickets, and the  
Form ACO-1 and the CP-4 Form. ~~to~~  
These items are all for the  
Herl 1-23 - Gove County, KANSAS.

If have any questions,  
please call 785-625-5768.

Thank you.

Sincerely,

A handwritten signature in cursive script, enclosed in a large, loopy oval. The signature is difficult to decipher but appears to be a name.

RECEIVED

AUG 20 2009

KCC WICHITA

# ALLIED CEMENTING CO., LLC. 043574

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

SERVICE POINT:  
Orville, KS

DATE <u>7-13-09</u>	SEC. <u>23</u>	TWP. <u>11</u>	RANGE <u>27</u>	CALLED OUT	ON LOCATION <u>8:00am</u>	JOB START <u>7:00pm</u>	JOB FINISH <u>8:00pm</u>
LEASE <u>Haul</u>	WELL # <u>1-23</u>	LOCATION <u>Quadrant N-40-16W</u>			COUNTY <u>Gove</u>	STATE <u>KS</u>	
OLD OR <u>NEW</u> (Circle one)				<u>Sw 2 miles N+W</u>			

CONTRACTOR Discovery #1  
 TYPE OF JOB Surface  
 HOLE SIZE 12 1/4 T.D. 223'  
 CASING SIZE 8 7/8 DEPTH 223  
 TUBING SIZE DEPTH  
 DRILL PIPE DEPTH  
 TOOL DEPTH  
 PRES. MAX MINIMUM  
 MEAS. LINE SHOE JOINT  
 CEMENT LEFT IN CSG. 15'  
 PERFS.  
 DISPLACEMENT 13.2 BBLs

OWNER  
 CEMENT  
 AMOUNT ORDERED 150 com 39pc  
290 gal

EQUIPMENT  
 PUMP TRUCK CEMENTER Fuzzy  
 # 437 HELPER Kelly  
 BULK TRUCK  
 # 377 DRIVER Walt  
 BULK TRUCK  
 # DRIVER

COMMON	<u>150</u>	@ <u>15.45</u>	<u>2317.50</u>
POZMIX		@	
GEL	<u>3</u>	@ <u>20.80</u>	<u>62.40</u>
CHLORIDE	<u>5</u>	@ <u>58.20</u>	<u>291.00</u>
ASC		@	
Common 150 @ 15.45 2317.50			
Chloride 5 @ 58.20 291.00			
Cement @			
Cap Tapside @			
HANDLING	<u>313</u>	@ <u>2</u>	<u>626.00</u>
MILEAGE	<u>110.5 km</u>		<u>1345.50</u>
TOTAL			<u>7126.10</u>

REMARKS:

Cement did not circulate  
mix 100gals cement down 1" Tbc  
mix 50gals cement down 2" line  
still falling slightly. Tapside  
released @ 8:45pm will call  
and check on progress.  
Charles Fuzzy & crew

SERVICE

DEPTH OF JOB	<u>223'</u>		
PUMP TRUCK CHARGE			<u>1018.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>35</u>	@ <u>7.00</u>	<u>245.00</u>
MANIFOLD		@	
		@	
		@	

CHARGE TO: Gnad Oil Co.  
 STREET Box 580  
 CITY Haus STATE KS ZIP 67601

TOTAL 1263.00

PLUG & FLOAT EQUIPMENT

	@	
	@	
	@	
	@	
	@	

TOTAL

To Allied Cementing Co., LLC.  
 You are hereby requested to rent cementing equipment and furnish cementer and helper(s) 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 and understand the "GENERAL TERMS AND CONDITIONS" listed on the reverse side.

SALES TAX (If Any)  
 TOTAL CHARGES  
 DISCOUNT IF PAID IN 30 DAYS

PRINTED NAME  
 SIGNATURE Chf Magfield

RECEIVED  
 AUG 20 2009  
 KCC WICHITA

## GENERAL TERMS AND CONDITIONS

**DEFINITIONS:** In these terms and conditions, "ALLIED" shall mean Allied Cementing Co., LLC, and "CUSTOMER" shall refer to the party identified by the term on the front of this contract. As applicable, "job" relates to the services described on the front side of this contract, "Merchandise" refers to the material described on the front of this contract and to any other materials, products, or supplies used, sold, or furnished under the requirements of this contract.

—**TERMS:** Unless satisfactory credit has been established, CUSTOMER must tender full cash payment to ALLIED before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, CUSTOMER agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing, in no event shall this Contract provide for interest exceeding the maximum rate of interest that CUSTOMER may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the CUSTOMER or at the option of ALLIED, refunded directly to CUSTOMER. For purposes of this paragraph, ALLIED and CUSTOMER agree that Kansas law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

—**ATTORNEY FEES:** In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the terms of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and for attorney's fees.

—**PRICES AND TAXES:** All merchandise listed in ALLIED'S current price schedule are F.O.B. ALLIED'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by ALLIED shall be added to the quoted prices charged to CUSTOMER.

—**TOWING CHARGES:** ALLIED will make a reasonable attempt to get to and from each job site using its own equipment. Should ALLIED be unable to do so because of poor or inadequate road conditions, and should it become necessary to employ a tractor or other pulling equipment to get to or from the job site, the tractor or pulling equipment will be supplied by CUSTOMER or, if furnished by ALLIED, will be charged to and paid by CUSTOMER.

—**PREPARATION CHARGES:** If a job and/or merchandise is ordered and CUSTOMER cancels the order after preparation of a chemical solution or other material, CUSTOMER will pay ALLIED for the expenses incurred by ALLIED as a result of the cancellation.

—**DEADHAUL CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charge as set forth in ALLIED'S current price book will be charged each way for each service unit which is ordered by CUSTOMER but not used.

### —SERVICE CONDITIONS AND LIABILITIES:

1. ALLIED carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond ALLIED'S control, ALLIED shall not be liable for injuries to property or persons or for loss or damage arising from the performance of the job or delivery of the merchandise. CUSTOMER shall be responsible for and indemnify, defend, and hold harmless ALLIED, its officers, agents and employees, from and against any and all claims or suits for:

(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

2. With respect to any of ALLIED'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to ALLIED at the landing, CUSTOMER shall either recover the lost item without cost to ALLIED or reimburse ALLIED the current replacement cost of the item unless the loss or damage results from the sole negligence of ALLIED or its employees.

3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

### WARRANTIES:

1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE. CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.

#### 2. More specifically:

(A) Nothing in this contract shall be construed as a warranty by ALLIED of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by ALLIED or any interpretation of tests, meter readings, chart information, analysis of research, or recommendations made by ALLIED, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of ALLIED or its employees in the preparation or furnishing of such facts, information or data.

(C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.

# ALLIED CEMENTING CO., LLC. 043679

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

SERVICE POINT:  
OKLAHOMA

DATE <u>7-20-09</u>	SEC. <u>23</u>	TWP. <u>11</u>	RANGE <u>27</u>	CALLED OUT	ON LOCATION <u>7:00am</u>	JOB START <u>10:00am</u>	JOB FINISH <u>10:30am</u>
LEASE <u>Hevi</u>	WELL# <u>1.23</u>	LOCATION <u>Quadrant N-old 40'lgw</u>			COUNTY <u>Gove</u>	STATE <u>KS</u>	
OLD OR <u>NEW</u> (Circle one)			<u>25w - n x w m</u>				

CONTRACTOR Discovery #1  
 TYPE OF JOB PTA  
 HOLE SIZE 77/8 T.D. 4600  
 CASING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 DRILL PIPE 4 1/2 DEPTH 2280'  
 TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_  
 PRES. MAX \_\_\_\_\_ MINIMUM \_\_\_\_\_  
 MEAS. LINE \_\_\_\_\_ SHOE JOINT \_\_\_\_\_  
 CEMENT LEFT IN CSG. \_\_\_\_\_  
 PERFS. \_\_\_\_\_  
 DISPLACEMENT \_\_\_\_\_

OWNER \_\_\_\_\_  
 CEMENT  
 AMOUNT ORDERED 220 sks 60/40  
490 gel (16# 10-seal)

COMMON	<u>132</u>	@	<u>15.45</u>	<u>2039.40</u>
POZMIX	<u>98</u>	@	<u>8.00</u>	<u>784.00</u>
GEL	<u>8</u>	@	<u>20.00</u>	<u>160.00</u>
CHLORIDE		@		
ASC		@		
<u>10-seal</u>	<u>55#</u>	@	<u>2.50</u>	<u>137.50</u>
HANDLING	<u>230</u>	@	<u>2.40</u>	<u>552.00</u>
MILEAGE <u>.10 x 54 mile</u>				<u>805.00</u>
TOTAL				<u>4404.30</u>

**EQUIPMENT**

PUMP TRUCK CEMENTER Fuzzey  
 # 431 HELPER Rilly  
 BULK TRUCK  
 # 394 DRIVER LaBene  
 BULK TRUCK  
 # \_\_\_\_\_ DRIVER \_\_\_\_\_

**SERVICE**

DEPTH OF JOB			
PUMP TRUCK CHARGE			<u>1017.00</u>
EXTRA FOOTAGE		@	
MILEAGE <u>35</u>		@	<u>7.00</u> <u>245.00</u>
MANIFOLD		@	
TOTAL <u>1262.00</u>			

**REMARKS:**

25 sks @ 2280'  
100 sks @ 1275'  
40 sks @ 275'  
10 sks @ 40'  
15 sks mH  
30 sks RH  
Job complete @ 10:30am  
THANKS FUZZEY & CREW

CHARGE TO: Gand Oil Co.  
 STREET \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**PLUG & FLOAT EQUIPMENT**

<u>1-Day hole plug</u>	@	<u>40.00</u>
	@	
	@	
	@	
	@	
TOTAL <u>40.00</u>		

To Allied Cementing Co., LLC.  
 You are hereby requested to rent cementing equipment and furnish cementer and helper(s) 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 and understand the "GENERAL TERMS AND CONDITIONS" listed on the reverse side.

SALES TAX (If Any) \_\_\_\_\_  
 TOTAL CHARGES \_\_\_\_\_  
 DISCOUNT \_\_\_\_\_ IF PAID IN 30 DAYS

PRINTED NAME \_\_\_\_\_  
 SIGNATURE [Signature]

RECEIVED  
 AUG 20 2009  
 KCC WICHITA

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3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

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1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE. CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.

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(C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.