

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-1
October 2008
Form Must Be Typed

ORIGINAL

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

OPERATOR: License # 34259
Name: JAG Operations, Inc.
Address 1: 710 S. Front
Address 2: PO Box 628
City: Russell State: Ks. Zip: 67665 +
Contact Person: Jack Yost
Phone: (785) 445-4142
CONTRACTOR: License # 33350
Name: Southwind Drilling, Inc.
Wellsite Geologist: Mike Bair
Purchaser: NA
Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SLOW
 Gas ENHR SIGW
 CM (Coal Bed Methane) Temp. Abd.
 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. Conv. to SWD
 Plug Back: _____ Plug Back Total Depth _____
 Commingled Docket No.: _____
 Dual Completion Docket No.: _____
 Other (SWD or Enhr.?) Docket No.: _____
7/20/09 7/20/09 7/27/09
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API No. 15 - 167-23580-00-00
Spot Description: _____
NW NE SE NW Sec. 14 Twp. 13 S. R. 15 East West
1330 Feet from North / South Line of Section
2270 Feet from East / West Line of Section
Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Russell
Lease Name: Brungardt Well #: 1
Field Name: Gorham
Producing Formation: None
Elevation: Ground: 1817 Kelly Bushing: 1826
Total Depth: 3346 Plug Back Total Depth: 0
Amount of Surface Pipe Set and Cemented at: 255 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/ _____
7A-Dig - 9/18/09 ^{sx cnt.}

Drilling Fluid Management Plan
(Data must be collected from the Reserve Pit)
Chloride content: 14000 ppm Fluid volume: 4500 bbls
Dewatering method used: Natural 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: *John Lee Yost*
Title: President Date: Sept. 1st, 2009
Subscribed and sworn to before me this 1st day of September,
20 09.
Notary Public: *Bonita L. Elsasser*
Date Commission Expires: 3/7/2011

BONITA L. ELSASSER
Notary Public - State of Kansas
My Appt. Expires March, 7, 2011

KCC Office Use ONLY
 Letter of Confidentiality Received
 If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution
KANSAS CORPORATION COMMISSION
SEP 02 2009
RECEIVED

Operator Name: JAG Operations, Inc. Lease Name: Brungardt Well #: 1
 Sec. 14 Twp. 13 S. R. 15 East West County: Russell

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, sonic, dual compensated, micro resistivity	<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>Topeka</td> <td>2772</td> <td>-896</td> </tr> <tr> <td>Heebner</td> <td>2945</td> <td>-1119</td> </tr> <tr> <td>Toronto</td> <td>2973</td> <td>-1147</td> </tr> <tr> <td>Lansing</td> <td>3007</td> <td>-1181</td> </tr> <tr> <td>BKC</td> <td>3250</td> <td>-1424</td> </tr> <tr> <td>Arbuckle</td> <td>3264</td> <td>-1438</td> </tr> <tr> <td>T D</td> <td>3346</td> <td>-1520</td> </tr> </table>	Name	Top	Datum	Topeka	2772	-896	Heebner	2945	-1119	Toronto	2973	-1147	Lansing	3007	-1181	BKC	3250	-1424	Arbuckle	3264	-1438	T D	3346	-1520
Name	Top	Datum																							
Topeka	2772	-896																							
Heebner	2945	-1119																							
Toronto	2973	-1147																							
Lansing	3007	-1181																							
BKC	3250	-1424																							
Arbuckle	3264	-1438																							
T D	3346	-1520																							

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#	255'	common	150	3% cc, 2% gel

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 type="checkbox"/> No	
Date of First, Resumed 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 Bbbs. _____	Gas Mcf _____	Water Bbbs. _____ Gas-Oil Ratio _____ Gravity _____

DISPOSITION OF GAS: <input type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-18.)</i>	METHOD OF COMPLETION: <input type="checkbox"/> Open Hole <input type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <input type="checkbox"/> Other (Specify) _____	PRODUCTION INTERVAL: KANSAS CORPORATION COMMISSION _____ SEP 02 2009
---	--	--

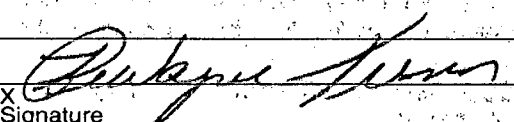


QUALITY OILWELL CEMENTING, INC.

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

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

No. 3311

Date	7/27/09	Sec.	14	Twp.	13	Range	15 W	County	Russell	State	KS	On Location		Finish	10:30 AM
Lease	Brungardt		Well No.	1		Location	Russell, SW, 3 N, 1/2 W, N into								
Contractor	Southwind Drilling Rig # 2					Owner									
Type Job	Plug					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	7 3/8"		T.D.	3340'											
Csg.			Depth												
Tbg. Size			Depth												
Drill Pipe	4 1/2"		Depth												
Tool			Depth												
Cement Left in Csg.			Shoe Joint												
Press Max.			Minimum												
Meas Line			Displace.												
Perf.			Poz. Mix												
EQUIPMENT															
Pumptrk	9	No.	Cement												
			Helper	Paul											
Bulktrk	4	No.	Driver												
			Driver	Blake											
Bulktrk		No.	Driver												
			Driver												
JOB SERVICES & REMARKS															
Pumptrk Charge				KANSAS CORPORATION COMMISSION											
Mileage				SEP 02 2009											
Footage				RECEIVED											
	Total			Handling											
Remarks:	Plug at 3293' - 25 sx			Mileage											
	989' - 25 sx			Pump Truck Charge											
	507' - 100 sx			FLOAT EQUIPMENT											
	304' - 40 sx			Guide Shoe											
	40' - 10 sx			Centralizer											
	Rathole - 30 sx			Baskets											
				AFU Inserts											
				8 5/8" Dry Hole Plug											
				Rotating Head											
				Squeeze Mainfold											
				Tax											
				Discount											
				Total Charge											
X Signature															

Thank You!!

Quality Oilwell Cementing

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Quality" shall mean Quality Oilwell Cementing, Inc., and "Customer" shall refer to the party identified by that 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 "QUALITY" 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 "QUALITY," refunded directly to "CUSTOMER." For purposes of this paragraph, QUALITY 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 term of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limit to, a reasonable sum as and attorney's fees.

– **PRICES AND TAXES:** All merchandise listed in "QUALITY'S" current price schedule are F.O.B. QUALITY'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 QUALITY shall be added to the quoted prices charged to CUSTOMER.

– **TOWING CHARGES:** QUALITY will make a reasonable attempt to get to and from each job site using its own equipment. Should QUALITY 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 QUALITY, 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 QUALITY for the expenses incurred by QUALITY as a result of the cancellation.

– **DEADHAUL, CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charges as set forth in QUALITY'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. QUALITY carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond QUALITY'S control, QUALITY 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 QUALITY, 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 QUALITY'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 QUALITY or its employees.

2. With respect to any of QUALITY'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 QUALITY at the landing, CUSTOMER shall either recover the lost item without cost to QUALITY or reimburse QUALITY the current replacement cost of the item unless the loss or damage results from the sole negligence of QUALITY or its employees.

3. QUALITY 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. QUALITY 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. QUALITY'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 QUALITY to be defective. THIS IS THE SOLE WARRANTY OF QUALITY 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 QUALITY 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 constructed as a warranty by QUALITY of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

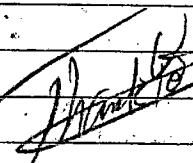
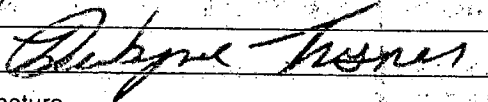
(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by QUALITY or any interpretation of test, meter readings, chart information, analysis or research, or recommendations made by QUALITY, unless the inaccuracy or incorrectness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

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

QUALITY OILWELL CEMENTING, INC.

Phone 785-483-2025 Home Office P.O. Box 32 Russell, KS 67665
 Cell 785-324-1041

No. 3473

Date	7-20-09	Sec.	14	Twp.	13	Range	15	County	Russell	State	Kansas	On Location		Finish	7:30PM
Lease	Blumgardt		Well No.		1		Location				Russell SW 2N 2W 2E				
Contractor	Southwind Drilling Rigs							Owner							
Type Job	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	17		T.D.		260		Charge To				JAG Operations, Inc.				
Csg.	88 206		Depth		255		Street								
Tbg. Size			Depth				City				State				
Drill Pipe			Depth				City				State				
Tool			Depth				The above was done to satisfaction and supervision of owner agent or contractor.								
Cement Left in Csg.	15		Shoe Joint				CEMENT								
Press Max.			Minimum				Amount Ordered								
Meas Line			Displace		157 Bbl		Common								
Perf.							Poz. Mix								
EQUIPMENT															
Pumptrk	1	No.	Cementer	Steve				Gel.							
			Helper					Calcium							
Bulktrk	3	No.	Driver	Blake				Mills							
			Driver					Salt							
Bulktrk		No.	Driver	Brandon				Flowseal							
			Driver												
JOB SERVICES & REMARKS															
Pumptrk Charge											KANSAS CORPORATION COMMISSION				
Mileage											SEP 02 2009				
Footage											RECEIVED				
					Total		Handling								
Remarks:	Cement did Circulate														
							Mileage								
							Pump Truck Charge								
FLOAT EQUIPMENT															
							Guide Shoe								
							Centralizer								
							Baskets								
							AFU Inserts				SWAGE				
							Rotating Head								
							Squeeze Mainfold								
											Tax				
											Discount				
											Total Charge				
Signature		 													

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Quality" shall mean Quality Oilwell Cementing, Inc., and "Customer" shall refer to the party identified by that 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 "QUALITY" 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 "QUALITY," refunded directly to "CUSTOMER." For purposes of this paragraph, QUALITY 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 term of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and attorney's fees.

-- **PRICES AND TAXES:** All merchandise listed in "QUALITY'S" current price schedule are F.O.B. QUALITY'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 QUALITY shall be added to the quoted prices charged to CUSTOMER.

-- **TOWING CHARGES:** QUALITY will make a reasonable attempt to get to and from each job site using its own equipment. Should QUALITY 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 QUALITY, 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 QUALITY for the expenses incurred by QUALITY as a result of the cancellation.

-- **DEADHAUL CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charges as set forth in QUALITY'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. QUALITY carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond QUALITY'S control, QUALITY 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 QUALITY, 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 QUALITY'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 QUALITY or its employees.

2. With respect to any of QUALITY'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 QUALITY at the landing, CUSTOMER shall either recover the lost item without cost to QUALITY or reimburse QUALITY the current replacement cost of the item unless the loss or damage results from the sole negligence of QUALITY or its employees.

3. QUALITY 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. QUALITY 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. QUALITY'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 QUALITY to be defective. THIS IS THE SOLE WARRANTY OF QUALITY 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 QUALITY 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 QUALITY 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 QUALITY or any interpretation of test, meter readings, chart information, analysis or research, or recommendations made by QUALITY, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of QUALITY or its employees in the preparation or furnishing of such facts, information or data.

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