

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: Southwind Drilling, Inc.
License: 33350
Wellsite Geologist: Robert A. Schreiber
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. _____
8/10/07 8/17/07 8/17/07
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API No. 15 - 065-23328-0000
County: Graham
NW SE SE Sec. 34 Twp. 6 S. R. 24 East West
1010 feet from (S) / N (circle one) Line of Section
1090 feet from (E) / W (circle one) Line of Section
Footages Calculated from Nearest Outside Section Corner:
(circle one) NE (SE) NW SW
Lease Name: Storz Well #: 1
Field Name: None (Wildcat)
Producing Formation: None
Elevation: Ground: 2496 Kelly Bushing: 2506
Total Depth: 4046 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 315 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 AIT I NCR
(Data must be collected from the Reserve Pit) 1-22-09
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 5, 2007
Subscribed and sworn to before me this 5th day of November,
20 07.

Notary Public: Carla R. Penwell
Carla R. Penwell
Date Commission Expires: October 2009
My Appt. Expires 10-6-09

KCC Office Use ONLY

Letter of Confidentiality Received
 Wireline Log Received
 Geologist Report Received
 IUC Distribution

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NOV 06 2007
CONSERVATION DIVISION
WICHITA, KS

Operator Name: Palomino Petroleum, Inc. Lease Name: Storz Well #: 1
 Sec. 34 Twp. 6 S. R. 24 East West County: Graham

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, Sonic, Micro

Log Formation (Top), Depth and Datum Sample

Name	Top	Datum
Anhy.	2232	(+ 274)
Base Anhy.	2265	(+ 241)
Topeka	3572	(-1066)
Heebner	3773	(-1267)
LKC	3810	(-1304)
BKC	4004	(-1498)
LTD	4046	(-1540)

CASING RECORD New 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"	20#	315'	Common	200	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	
		NOV 06 2007	
		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 Vented Sold Used on Lease (If vented, Submit ACO-18.)

METHOD OF COMPLETION Open Hole Perf. Dually Comp. Commingled Other (Specify) _____

Production Interval _____



ALLIED

CEMENTING CO., LLC
Cementing & Acidizing Services

INVOICE

24 S. Lincoln Street
P.O. Box 31
Russell, KS 67665-2906

RECEIVED

Invoice Number: 109704

Invoice Date: Aug 21, 2007

Voice: (785) 483-3887
Fax: (785) 483-5566

AUG 24 2007

Page: 1

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

Customer ID	Well Name # or Customer P.O.	Payment Terms	
Palo	Storz #1	Net 30 Days	
Sales Rep ID	Camp Location	Service Date	Due Date
	Oakley	Aug 21, 2007	9/20/07

Quantity	Item	Description	Unit Price	Amount
117.00	MAT	Common Class A	12.60	1,474.20
78.00	MAT	Pozmix	6.40	499.20
10.00	MAT	Gel	16.65	166.50
49.00	MAT	Flo Seal	2.00	98.00
207.00	SER	Handling	1.90	393.30
72.00	SER	Mileage 207 sx @ .09 per sk per mi	18.63	1,341.36
1.00	SER	Plug to Abandon	955.00	955.00
72.00	SER	Mileage Pump truck	6.00	432.00
1.00	EQP	Dry Hole Plug	35.00	35.00

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CONSERVATION DIVISION
WICHITA, KS

ALL PRICES ARE NET, PAYABLE
30 DAYS FOLLOWING DATE OF
INVOICE. 1 1/2% CHARGED
THEREAFTER. IF ACCOUNT IS
CURRENT, TAKE DISCOUNT OF

\$ 5,693.96

ONLY IF PAID ON OR BEFORE

Sep 20, 2007

Subtotal	5,394.56
Sales Tax	299.40
Total Invoice Amount	5,693.96
Payment/Credit Applied	
TOTAL	5,693.96

ALLIED CEMENTING CO., INC. 25973

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

SERVICE POINT: Oalley

DATE <u>8-17-07</u>	SEC <u>34</u>	TWP <u>6S</u>	RANGE <u>24W</u>	CALLED OUT	ON LOCATION <u>9:15 PM</u>	JOB START <u>3:30 PM</u>	JOB FINISH <u>4:30 AM</u>
LEASE <u>Star 2</u>	WELL # <u>1</u>	LOCATION <u>Penokee 1/2W - 9 1/2N - 1/4E</u>			COUNTY <u>Graham</u>	STATE <u>Ks</u>	
OLD OR NEW (Circle one)							

CONTRACTOR Southern Drills #1

TYPE OF JOB PTA

HOLE SIZE 7 7/8 T.D. 4042'

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE 4 1/2 x H DEPTH 2250'

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER Same

CEMENT AMOUNT ORDERED 195-SKs 6 3/4 per
6 3/4 lal, 1/4# Flo-Seal

COMMON	<u>117-SKs @ 12.60</u>	<u>1,474.20</u>
POZMIX	<u>78-SKs @ 6.40</u>	<u>499.20</u>
GEL	<u>10 SKs @ 16.65</u>	<u>166.50</u>
CHLORIDE	@	
ASC	@	
<u>Flo-Seal 49 #</u>	<u>@ 2.00</u>	<u>98.00</u>
	@	
	@	
	@	
	@	
	@	
	@	
HANDLING	<u>207-SKs @ 1.90</u>	<u>393.30</u>
MILEAGE	<u>94 ps SK/mile</u>	<u>1,341.36</u>
TOTAL		<u>3,972.56</u>

EQUIPMENT

PUMP TRUCK CEMENTER Walt

422 HELPER Wayne

BULK TRUCK

377 DRIVER Terry H.

BULK TRUCK

_____ DRIVER _____

REMARKS:

- 25 SKs @ 2250'
- 100 SKs @ 1325'
- 40 SKs @ 375'
- 10 SKs @ 40'
- 10 SKs in RH
- 10 SKs in mlt

SERVICE

DEPTH OF JOB		
PUMP TRUCK CHARGE		<u>955.00</u>
EXTRA FOOTAGE	@	
MILEAGE <u>72-miles</u>	<u>@ 6.00</u>	<u>432.00</u>
MANIFOLD	@	
	@	
	@	

CHARGE TO: Palomino Petroleum

STREET _____

CITY _____ STATE _____ ZIP _____

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TOTAL 1,387.00

NOV 06 2007

PLUG & FLOAT EQUIPMENT
CONSERVATION DIVISION
WICHITA, KS

<u>1-DH Plug</u>	<u>@ 8 5/8</u>	<u>35.00</u>
	@	
	@	
	@	
	@	
TOTAL		<u>35.00</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 Frank J. Rome

Frank J. Rome
PRINTED NAME



ALLIED

CEMENTING CO., LLC
Cementing & Acidizing Services

INVOICE

24 S. Lincoln Street
P.O. Box 31
Russell, KS 67665-2906

Voice: (785) 483-3887
Fax: (785) 483-5566

Invoice Number: 109594
Invoice Date: Aug 15, 2007
Page: 1

RECEIVED
AUG 17 2007

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

Customer ID	Well Name # or Customer P.O.	Payment Terms	
Palo	Storz #1	Net 30 Days	
Sales Rep ID	Camp Location	Service Date	Due Date
	Russell	Aug 15, 2007	9/14/07

Quantity	Item	Description	Unit Price	Amount
200.00	MAT	Common Class A	11.10	2,220.00
4.00	MAT	Gel	16.65	66.60
6.00	MAT	Chloride	46.60	279.60
210.00	SER	Handling	1.90	399.00
68.00	SER	Mileage 210 sx @.09 per sk per mi	18.90	1,285.20
1.00	SER	Surface	815.00	815.00
68.00	SER	Mileage Pump Truck	6.00	408.00
1.00	EQP	Wooden Plug	60.00	60.00

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NOV 06 2007

CONSERVATION DIVISION
WICHITA, KS

ALL PRICES ARE NET, PAYABLE
30 DAYS FOLLOWING DATE OF
INVOICE. 1 1/2% CHARGED
THEREAFTER IF ACCOUNT IS
CURRENT, TAKE DISCOUNT OF

\$ 553.34

ONLY IF PAID ON OR BEFORE

Sep 14 2007

Subtotal	5,533.40
Sales Tax	145.75
Total Invoice Amount	5,679.15
Payment/Credit Applied	
TOTAL	5,679.15

ALLIED CEMENTING CO., INC.

33295

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

SERVICE POINT:

Russell

DATE <u>8-10-07</u>	SEC <u>34</u>	TWP. <u>6</u>	RANGE <u>24</u>	CALLED OUT	ON LOCATION	JOB START	JOB FINISH <u>8:15 pm</u>
LEASE <u>storz</u>	WELL # <u>1</u>	LOCATION <u>Penoky 8 1/2 N</u>		COUNTY <u>Graham</u>	STATE <u>Ks</u>		
OLD OR <u>(NEW)</u> (Circle one)			<u>Winto</u>				

CONTRACTOR Southwind Drilling Rig #1

TYPE OF JOB Surface Job

HOLE SIZE 12 1/4 T.D. 317

CASING SIZE 8 1/2 DEPTH 316.68

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRÉS. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT LEFT IN CSG. 15

PERFS.

DISPLACEMENT 19.19 bbl

EQUIPMENT

PUMP TRUCK CEMENTER Shane

366 HELPER John Roberts

BULK TRUCK

395 DRIVER Robert

BULK TRUCK

DRIVER

REMARKS:

Cement Circ

CHARGE TO: Palomino Petroleum Inc.

STREET _____

CITY _____ STATE _____ ZIP _____

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.

Thanks!

SIGNATURE Frank J. Rome

OWNER _____

CEMENT

AMOUNT ORDERED 200 Com 3% cc 27.04

COMMON	<u>200</u>	@	<u>11.10</u>	<u>2220.00</u>
POZMIX		@		
GEL	<u>4</u>	@	<u>16.65</u>	<u>66.60</u>
CHLORIDE	<u>6</u>	@	<u>46.60</u>	<u>279.60</u>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>210</u>	@	<u>1.90</u>	<u>399.00</u>
MILEAGE	<u>9 1/2</u>	@	<u>12.50</u>	<u>1285.20</u>
TOTAL				<u>4250.40</u>

SERVICE

DEPTH OF JOB				
PUMP TRUCK CHARGE				<u>815.00</u>
EXTRA FOOTAGE		@		
MILEAGE	<u>68</u>	@	<u>6.00</u>	<u>408.00</u>
MANIFOLD		@		

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TOTAL 1223.00

CONSERVATION DIVISION
PLUG & FLOAT EQUIPMENT

		@		
		@		
	<u>8 1/2 Wood Plug</u>	@		<u>60.00</u>
		@		
		@		
TOTAL				<u>60.00</u>

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

PRINTED NAME Frank J. Rome