

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

ORIGINAL

Form ACO-1
October 2008
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Ke
10/29/09

OPERATOR: License # 30742
Name: Palomino Petroleum, Inc.
Address 1: 4924 SE 84th St.
Address 2: _____
City: Newton State: KS Zip: 67114 + 8 8 2 7
Contact Person: Klee R. Watchous
Phone: (316) 799-1000
CONTRACTOR: License # 34233
Name: Maverick Drilling, L.L.C.
Wellsite Geologist: Zeb Stewart
Purchaser: None

Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SIOW
 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 7/29/09 7/29/09
Spud Date or Date Reached TD Completion Date or Recompletion Date

API No. 15 - 135-24934-0000
Spot Description: _____
W/2 NE NW NE Sec. 33 Twp. 16 S. R. 21 East West
330 Feet from North / South Line of Section
1925 Feet from East / West Line of Section
Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Ness
Lease Name: Harley Well #: 1
Field Name: None (Wildcat)
Producing Formation: None
Elevation: Ground: 2223 Kelly Bushing: 2229
Total Depth: 4290 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at: 234 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 II NR
(Data must be collected from the Reserve Pit) 11-4-09
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: October 28, 2009

Subscribed and sworn to before me this 28th day of October, 2009.

Notary Public: Carla R. Penwell
Date Commission Expires: October 6, 2013
NOTARY PUBLIC - State of Kansas
CARLA R. PENWELL
My Appt. Expires 10-6-13

KCC Office Use ONLY

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

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Operator Name: Palomino Petroleum, Inc. Lease Name: Harley Well #: 1
 Sec. 33 Twp. 16 S. R. 21 East West County: Ness

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: Sonic, Dual Induction, Compensated Density/Neutron	<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>1521</td> <td>(+ 708)</td> </tr> <tr> <td>Base Anhy.</td> <td>1555</td> <td>(+ 674)</td> </tr> <tr> <td>Topeka</td> <td>3392</td> <td>(-1163)</td> </tr> <tr> <td>Heebner</td> <td>3614</td> <td>(-1385)</td> </tr> <tr> <td>Lansing</td> <td>3655</td> <td>(-1426)</td> </tr> <tr> <td>BKC</td> <td>3918</td> <td>(-1689)</td> </tr> <tr> <td>Marmaton</td> <td>3925</td> <td>(-1696)</td> </tr> </table>	Name	Top	Datum	Anhy.	1521	(+ 708)	Base Anhy.	1555	(+ 674)	Topeka	3392	(-1163)	Heebner	3614	(-1385)	Lansing	3655	(-1426)	BKC	3918	(-1689)	Marmaton	3925	(-1696)
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Marmaton	3925	(-1696)																							

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"	20#	234'	Common	165	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 <i>(Amount and Kind of Material Used)</i>	Depth

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TUBING RECORD:	Size:	Set At:	Packer At:	Liner Run: <input type="checkbox"/> Yes <input checked="" 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 Bbls.	Gas Mcf	Water Bbls.	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: _____ _____
---	--	--

LOGS

Pawnee	4006	(-1777)
Ft. Scott	4093	(-1864)
Cherokee Sh.	4102	(-1873)
Cherokee Sd.	4115	(-1886)
Miss.	4186	(-1957)
LTD	4290	(-2061)

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AUG 05 2009

INVOICE

24 S. Lincoln Street
 P.O. Box 31
 Russell, KS 67665-2906
 Voice: (785) 483-3887
 Fax: (785) 483-5566

Invoice Number: 119531
 Invoice Date: Jul 29, 2009
 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	Harley #1	Net 30 Days	
Job Location	Camp Location	Service Date	Due Date
KS1-03	Oakley	Jul 29, 2009	8/28/09

Quantity	Item	Description	Unit Price	Amount
138.00	MAT	Class A Common	13.65	1,883.70
92.00	MAT	Pozmix	7.60	699.20
8.00	MAT	Gel	20.40	163.20
58.00	MAT	Flo Seal	2.45	142.10
240.00	SER	Handling	2.10	504.00
22.00	SER	Mileage 240 sx @ .10 per sk per mi	24.00	528.00
1.00	SER	Plug to Abandon	1,000.00	1,000.00
22.00	SER	Pump Truck Mileage	7.00	154.00

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

\$ 1268.55 ²⁵

ONLY IF PAID ON OR BEFORE

Aug 28, 2009

Subtotal	5,074.20
Sales Tax	268.93
Total Invoice Amount	5,343.13
Payment/Credit Applied	
TOTAL	5,343.13

ALLIED CEMENTING CO., LLC. 043687

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

SERVICE POINT:
Onahe KS

DATE <u>7-29-09</u>	SEC. <u>33</u>	TWP. <u>16S</u>	RANGE <u>21W</u>	CALLED OUT	ON LOCATION <u>8:00 AM</u>	JOB START <u>1:30pm</u>	JOB FINISH <u>2:00pm</u>
LEASE <u>Marley</u>	WELL# <u>*1</u>	LOCATION <u>Brownell E. Rd GG</u>			COUNTY <u>Ness</u>	STATE <u>KS</u>	
OLD OR <u>NEW</u> (Circle one)				<u>1 1/2 1/2</u>			

CONTRACTOR Maverick
TYPE OF JOB PTA
HOLE SIZE 7 7/8 T.D. 4290'
CASING SIZE _____ DEPTH _____
TUBING SIZE _____ DEPTH _____
DRILL PIPE 4 1/2 x 4 1/4 DEPTH 1560'
TOOL _____ DEPTH _____
PRES. MAX _____ MINIMUM _____
MEAS. LINE _____ SHOE JOINT _____
CEMENT LEFT IN CSG. _____
PERFS. _____
DISPLACEMENT _____

OWNER _____
CEMENT AMOUNT ORDERED 230 60140 490
gel 1 1/4 clo-seal
COMMON 138 @ 1365 1873.70
POZMIX 92 @ 760 699.20
GEL 8 @ 2040 163.20
CHLORIDE _____ @ _____
ASC _____ @ _____
clo-seal 58* @ 245 142.10
_____ @ _____
_____ @ _____
_____ @ _____
_____ @ _____
_____ @ _____
_____ @ _____
_____ @ _____

EQUIPMENT
PUMP TRUCK CEMENTER Ruzzey
431 HELPER Kelly
BULK TRUCK
347 DRIVER h. B. B.
BULK TRUCK
_____ DRIVER _____

HANDLING 240 @ 210 504.00
MILEAGE 110 x 1.2 mile 528.00
TOTAL 3902.70

REMARKS:
50 SKS @ 1560'
80 SKS @ 930'
50 SKS @ 270'
20 SKS @ 60'
30 SKS IN PH
Sub complete @ 2:00pm
Thanks Ruzzey & crew

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

SERVICE
DEPTH OF JOB 1560'
PUMP TRUCK CHARGE _____ 1000.00
EXTRA FOOTAGE _____ @ _____
MILEAGE 22 @ 700 154.00
MANIFOLD _____ @ _____
_____ @ _____
_____ @ _____
TOTAL 1154.00

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.

PLUG & FLOAT EQUIPMENT

TOTAL _____

PRINTED NAME Mark D. D.
SIGNATURE Mark D. D.

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

Quality Oilwell Cementing Inc.

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Invoice

740 W WICHITA
 P.O. Box 32
 Russell, KS 67665

JUL 25 2009

Date	Invoice #
7/22/2009	1745

Bill To
Palomino Petroleum Inc 4924 SE 84th Newton Ks 67114

P.O. No.	Terms	Project
	Net 30	

Item	Description	Qty	Rate	Amount
55	common	150	9.00	1,350.00T
58	GEL	3	17.00	51.00T
14	Calcium	5	42.00	210.00T
4	handling	158	1.75	276.50
5	MILEAGE CHARGE	1	250.00	250.00
27	surface pipes 0-500ft	1	400.00	400.00
13	pump truck mileage charge	23	6.00	138.00
6	discount if paid within 30 days DISCOUNT HAS ALREADY BEEN DEDUCTED	322	-1.00	-322.00T
6	discount if paid within 30 days DISCOUNT HAS ALREADY BEEN DEDUCTED NESS COUNTY LOCATION LEASE: HARLEY WELL #1	213	-1.00	-213.00

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Thank you for your business. Dave

Subtotal	\$2,140.50
Sales Tax (5.3%)	\$68.32
Total	\$2,208.82
Payments/Credits	\$0.00
Balance Due	\$2,208.82

QUALITY OILWELL CEMENTING, INC.

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

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

No. 3446

Date	Sec.	Twp.	Range	County	State	On Location	Finish
7-21-09	33	16	21	NESS	Ks		4:00
Lease HARLEY	Well No. 1	Location McCracken NW on Hwy #4					
Contractor MAVERICK Drilling 102	Owner to Rd #66 1185 W into						
Type Job SURFACE	To Quality Oilwell Cementing, Inc.						
Hole Size 12 1/4	T.D. 234	You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.					
Csg. 8 5/8 20"	Depth 234	Charge To Palomino Petr. Inc.					
Tbg. Size	Depth	Street					
Drill Pipe	Depth	City State					
Tool	Depth	The above was done to satisfaction and supervision of owner agent or contractor.					
Cement Left in Csg.	Shoe Joint 15	CEMENT					
Press Max.	Minimum	Amount Ordered 150 x 2 1/2 GAL 3% CL					
Meas Line	Displace 14.2 Bbls	Common 150 @ 9.00 1350.00					
Perf.		Poz. Mix					
EQUIPMENT				Gel. 3 @ 17.00 51.00			
Pumptrk 5 No. Cementer/Helper JOE	Calcium 5 @ 42.00 210.00						
Bulktrk 2 No. Driver DOUG	Mills						
Bulktrk PV No. Driver TOOD	Salt						
JOB SERVICES & REMARKS				Flowseal			
Pumptrk Charge SURFACE	400.00						
Mileage 23 @ 6.00	138.00						
Footage							
Total	538.00	Handling 150 @ 1.25 304.50					
Remarks:	Mileage .08 PER SK PER MILE 250.00						
Run 5jt's 20" csg set &	Pump Truck Charge 538.00						
MIX 1/2 Pump 150 x Common	FLOAT EQUIPMENT						
2 1/2 GAL 3% CL	Guide Shoe						
15" GAL 1.36 ft ³	Centralizer						
Pump 14.2 Bbls total Disp	Baskets RECEIVED						
Close Valve on csg 200'	AFU Inserts						
Good CDR then JOB	OCT 29 2009						
Call out to PAT	KCC WICHITA						
Rotating Head							
Squeez Mainfold							
Signature TOOD	Tax 68.32						
JOE & DOUG	Discount (539.00)						
	Total Charge 2208.82						

PLEASE CALL AGAIN

Company **Palomino Petroleum, Inc.**
 Address **4924 SE 84th St.**
 CSZ **Newton, KS 67114**
 Attn. **Zeb Stewart**

Lease Name **Harley**
 Lease # **1**
 Legal Desc **See Comments** Job Ticket **2081**
 Section **33** Range **21W**
 Township **16S**
 County **Ness** State **KS**
 Drilling Cont **Maverick Drilling LLC Rig 102**

Comments **Legal Description: 330' FNL & 1925' FEL**
I charged 56 miles to pick up tool on 7-29-2009

GENERAL INFORMATION

Test # **1** Test Date **7/28/2009**
 Tester **Tim Venters**
 Test Type **Conventional Bottom Hole**
Successful Test

of Packers **2.0** Packer Size **6 3/4**

Mud Type **Gel Chem**
 Mud Weight **9.4** Viscosity **54.0**
 Filtrate **13.6** Chlorides **5600**

Drill Collar Len **0**
 Wght Pipe Len **0**

Formation **Cherokee**
 Interval Top **4085.0** Bottom **4126.0**
 Anchor Len Below **41.0** Between **0**
 Total Depth **4126.0**

Blow Type **Strong blow throughout the initial flow period, reaching the bottom of the bucket in 1 minute. We pulled tool loose after flow period, just to make sure we pulled loose enough to give a shut in. We had a weak surface blow back throughout the initial shut-in period. Times: 8, 15, 0, 0.**

Chokes **3/4** Hole Size **7 7/8**
 Top Recorder # **W1119**
 Mid Recorder #
 Bott Recorder # **13565**
 Mileage **240** Approved By
 Standby Time **0**
 Extra Equipmnt **Jars & Safety joint**
 Time on Site **6:00 PM**
 Tool Picked Up **9:20 PM**
 Tool Layed Dwn **2:20 AM**
 Elevation **2223.00** Kelley Bushings **2231.00**

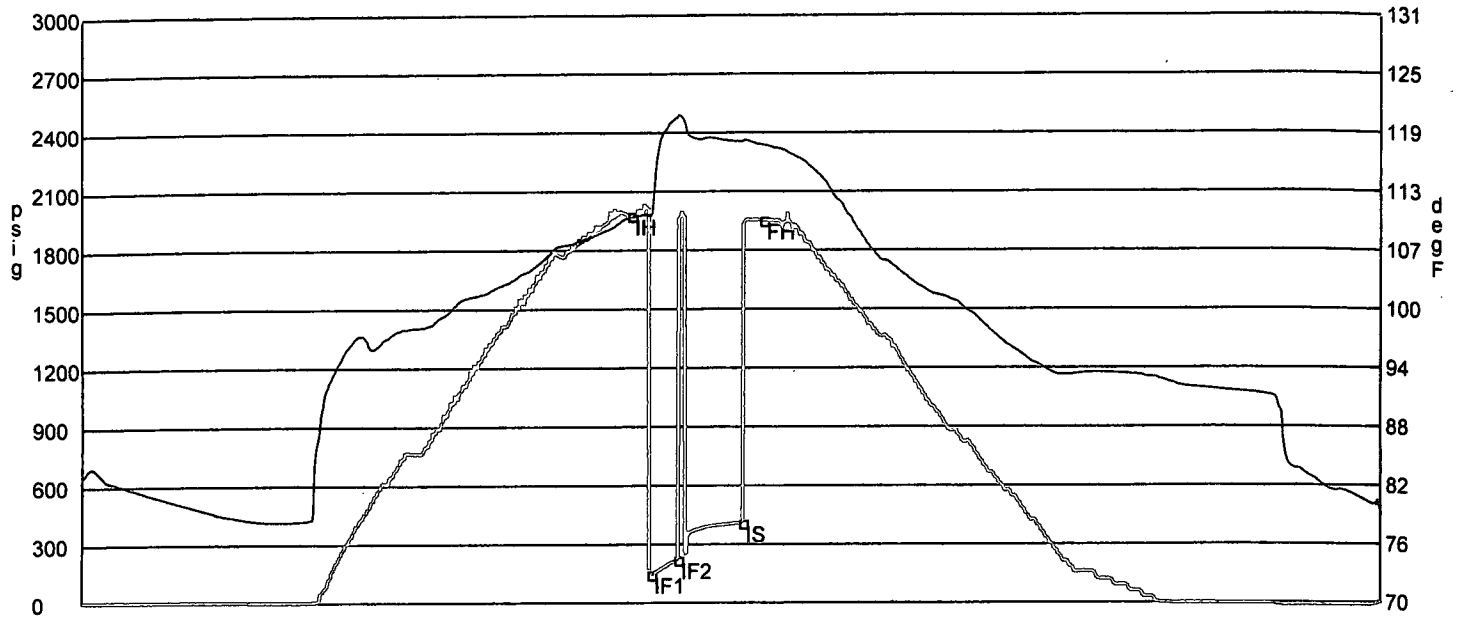
Start Date/Time **7/27/2009 8:31 PM**
 End Date/Time **7/28/2009 2:31 AM**

RECOVERY

Feet	Description	Gas	Oil	Water	Mud
70	Slight gas, slight oil, heavy water cut mud	3% 2.1ft	3% 2.1ft	34% 23.8ft	60% 42ft
250	Slight gas, slight oil, heavy mud cut water	6% 15ft	3% 7.5ft	55% 137.5ft	36% 90ft
60	Slight gas, slight oil, slight mud cut water	2% 1.2ft	3% 1.8ft	83% 49.8ft	12% 7.2ft
60	Slight gas, slight oil, very heavy mud cut water	10% 6ft	5% 3ft	45% 27ft	40% 24ft

DST Fluids **77000**

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	Date	Time	Pressure	Temp	
IH	7/27/2009 11:02:15 PM	2.520833	1977.024	110.015	Initial Hydro-static
IF1	7/27/2009 11:07:45 PM	2.6125	146.502	110.198	Initial Flow (1)
IF2	7/27/2009 11:15:15 PM	2.7375	222.461	120.44	Initial Flow (2)
IS	7/27/2009 11:33:15 PM	3.0375	409.704	117.861	Initial Shut-In
FH	7/27/2009 11:39:00 PM	3.133333	1951.627	117.518	Final Hydro-static

GAS FLOWS

Min Into IFP Min Into FFP Gas Flows Pressure Choke

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