

Notice: Fill out COMPLETELY and return to Conservation Division at the address below within 60 days from plugging date.

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION WELL PLUGGING RECORD K.A.R. 82-3-117

RECEIVED AUG 28 2009 Form CP-4 March 2009 Type or Print on this Form Form must be Signed blanks must be Filled KCC WICHITA

OPERATOR: License #: 30742 Name: Palomino Petroleum, Inc. Address 1: 4924 SE 84th Address 2: City: Newton State: KS Zip: 67114 Contact Person: Klee R. Watchous Phone: (316) 799-1000

Type of Well: (Check one) Oil Well Gas Well OG D&A Cathodic Water Supply Well Other: SWD Permit #: ENHR Permit #: Gas Storage Permit #: Is ACO-1 filed? Yes No If not, is well log attached? Yes No

Producing Formation(s): List All (If needed attach another sheet) Depth to Top: Bottom: T.D. Depth to Top: Bottom: T.D. Depth to Top: Bottom: T.D.

API No. 15 - 203-20146-00-00 Spot Description: S2 N2 N2 S2 Sec. 24 Twp. 20 S. R. 35 East West 2,140 Feet from North South Line of Section 2,640 Feet from East West Line of Section Footages Calculated from Nearest Outside Section Corner: NE NW SE SW County: Wichita Lease Name: Rapier-Johnson Well #: 1 Date Well Completed: D & A The plugging proposal was approved on: 08-20-09 (Date) by: Steve Durant (KCC District Agent's Name) Plugging Commenced: 08-22-09 Plugging Completed: 08-22-09

Show depth and thickness of all water, oil and gas formations.

Table with 6 columns: Oil, Gas or Water Records (Formation, Content), Casing Record (Surface, Conductor & Production) (Casing, Size, Setting Depth, Pulled Out). Row 1: *see attached drilling report, Surface, 8 5/8" used 20#, 222.55, 0'

Describe in detail the manner in which the well is plugged, indicating where the mud fluid was placed and the method or methods used in introducing it into the hole. If cement or other plugs were used, state the character of same depth placed from (bottom), to (top) for each plug set.

Plug well with 290 sacks of 60/40 Poz, 4% gel, 1/4# floseal per sack. 1st plug @ 2290' with 50 sacks. 2nd plug @ 1260' with 80 sacks. 3rd plug @ 690' with 50 sacks. 4th plug @ 240' with 40 sacks. 5th plug @ 60' with 20 sacks to surface. Plug mouse hole with 20 sacks. Plug rat hole with 30 sacks. Job complete @ 6:30 p.m. on 08-22-09 by Allied Cement (tk #044286).

Plugging Contractor License #: 33350 Name: Southwind Drilling, Inc. Address 1: PO Box 276 Address 2: 8 North Main City: Ellinwood State: KS Zip: 67526 Phone: (620) 564-3800

Name of Party Responsible for Plugging Fees: Palomino Petroleum, Inc. State of Kansas County, Barton, ss.

Renee Kasselmann, Office Manager for Southwind Drilling, Inc. Employee of Operator or Operator on above-described well, (Print Name)

being first duly sworn on oath, says: That I have knowledge of the facts statements, and matters herein contained, and the log of the above-described well is as filed, and the same are true and correct, so help me God.

Signature: Renee Kasselmann 08-26-09

SOUTHWIND DRILLING, INC.

RIG #1

PO Box 276, Ellinwood, KS 67526
Office Phone 620-564-3800, Fax 620-564-3845

DRILLING REPORT

Rapier-Johnson #1

Location: 2140' FSL & 2640' FEL
API#: 15-203-20146-00-00

Section 24-20S-35W
Wichita County, Kansas

OWNER: Palomino Petroleum, Inc.
CONTRACTOR: Southwind Drilling, Inc. Rig #1

COMMENCED: 08-10-09
COMPLETED: 08-22-09

TOTAL DEPTH: Driller: 5078'
Logger: 5078'

Ground Elevation: 3139'
KB Elevation: 3149'

LOG:

0'	-	1040'	Clay
1040'	-	1875'	Clay/Sand
1875'	-	2279'	Clay/Shale
2279'	-	2299'	Anhydrite
2299'	-	3146'	Clay/Shale
3146'	-	5078'	Lime/Shale
		5078'	RTD

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CASING RECORDS

Surface casing – 8 5/8"

Ran 5 joints of 20# used 8 5/8" surface casing. Tally @ 210.55'. Set @ 222.55'. Cement with 200 sacks of common, 3% calcium chloride, 2% gel. Cement did circulate. Plug down @ 10:30 p.m. on 08-10-09 by Allied Cement (tk#044123)

Production casing – 5 1/2"

None – plugged the well

DEVIATION SURVEYS

1 degree (s) @ 225'
1 degree (s) @ 2814'
1 degree (s) @ 4629'
3/4 degree (s) @ 5078'

MORNING DRILLING REPORT		Fax to: Palomino & Email to: Klee Watchous & Bob Schreiber	
Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991 (cell) 620-653-7691 (home)	
Rig #1 Phone Numbers		WELL NAME	Rapier-Johnson #1
620-794-2075	Rig Cellular (Dog house)	LOCATION	2140' FSL & 2640' FEL Sec. 24-20S-35W Wichita Co., KS
620-794-2078	Geologist Trailer Cellular	Palomino Petroleum, Inc. 4924 SE 84 th St. Newton, KS 67114 316-799-1000	
620-566-7324	Tool Pusher Cellular	Frank Rome	ELEVATION G.L. 3139' K.B. 3149' API# 15-203-20146-00-00

Driving Directions: From Wichita/Scott County line on Hwy. 96: 13 miles South, ½ mile West, North into.

Day 1 Date 08-10-09 Monday Survey @ 225' = 1 degree

Moved Rig #1 on location
Spud @ 6:00 p.m.
Ran 1.75 hours drilling (.25 drill rat hole, 1.50 drill 12 ¼"). Down 22.25 hours (10.75 move/rig up, .75 connection, .25 circulate, .25 survey, .25 trip, 1.50 run casing/cement, 8.00 wait on cement, .50 drill plug)
Mud properties: wt. 9.2, vis. 42
Daily Mud Cost = \$0.00. Mud Cost to Date = \$0.00
Wt. on bit: all, 120 RPM, 400# pump pressure
12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'

1" fuel = 39.60 gals.
Fuel usage: 118.80 gals (42" used 3") start @ 45"

Ran 5 joints of 20# used 8 5/8" surface casing. Tally @ 210.55'. Set @ 222.55'. Cement with 200 sacks of common, 3% calcium chloride, 2% gel. Cement did circulate. Plug down @ 10:30 p.m. on 08-10-09 by Allied Cement (tk#044123)

Day 2 Date 08-11-09 Tuesday

7:00 am – Drilling @ 225'
Ran 19.25 hours drilling. Down 4.75 hours (.50 rig check, 3.50 connection, .75 jet)
Mud properties: spud mud
Daily Mud Cost = \$3,496.40. Mud Cost to Date = \$3,496.40
Wt. on bit: 25,000, 80 RPM, 800# pump pressure
12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'
7 7/8" bit #1 (in @ 225') = 19.25 hrs. - 2035'

Fuel usage: 396.00 gals (32" used 10")

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Day 3 Date 08-12-09 Wednesday Anhydrite (2279' – 2299')

Survey @ 2814' = 1 degree
Pipe strap = 0.54 short to the board
DST #1 (2715' – 2814')
Herrington formation
Recovered 35' muddy water

7:00 am – Drilling @ 2260'
Ran 10.75 hours drilling. Down 13.25 hours (.25 rig check, 1.00 connection, .50 jet, 1.00 CFS @ 2770', .75 CFS @ 2814', 5.50 trip, .75 rig repair, 1.00 CTCH, .25 survey, 2.25 DST #1)
Mud properties: wt. 9.7, vis. 29
Daily Mud Cost = \$2,515.40. Mud Cost to Date = \$6,011.80
Wt. on bit: 35,000, 90 RPM, 800# pump pressure
12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'
7 7/8" bit #1 (in @ 225') = 30.00 hrs. - 2589'

Fuel usage: 316.80 gals (72" used 8") 32" + 48" delivered = 80"

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Southwind Drilling, Inc. PO Box 276 8 North Main Ellinwood, KS 67526 620-564-3800		Wellsite Geologist: Bob Schreiber 620-786-0991 (cell) 620-653-7691 (home)	WELL NAME	Rapier-Johnson #1	
Rig #1 Phone Numbers			LOCATION	2140' FSL & 2640' FEL Sec. 24-20S-35W Wichita Co., KS	
620-794-2075		Rig Cellular (Dog house)	Palomino Petroleum, Inc. 4924 SE 84 th St. Newton, KS 67114 316-799-1000		
620-794-2078		Geologist Trailer Cellular	ELEVATION		
620-566-7324		Tool Pusher Cellular	G.L. 3139'	K.B. 3149'	API# 15-203-20146-00-00
		Frank Rome			

Driving Directions: From Wichita/Scott County line on Hwy. 96: 13 miles South, ½ mile West, North into.

Day 4 Date 08-13-09 Thursday

7:00 am – Tripping in with bit after DST #1 @ 2814'
 Ran 15.50 hours drilling. Down 8.50 hours (1.00 trip, 1.50 rig repair, .25 CTCH, .75 rig check, 1.00 connection, .50 jet, 3.50 lost circulation @ 3146')
 Mud properties: wt. 9.2, vis. 31
 Daily Mud Cost = \$3,559.45. Mud Cost to Date = \$9,571.25
 Wt. on bit: 35,000, 90 RPM, 800# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'
 7 7/8" bit #1 (in @ 225') = 45.50 hrs. - 3060'
 Fuel usage: 356.40 gals (63" used 9")

Day 5 Date 08-14-09 Friday

7:00 am – Drilling @ 3285'
 Ran 17.75 hours drilling. Down 6.25 hours (.75 rig check, 1.00 connection, .50 jet, 3.50 trip/hole in pipe @ 3376', .50 displace @ 3640')
 Mud properties: wt. 8.8, vis. 48
 Daily Mud Cost = \$0.00. Mud Cost to Date = \$9,571.25
 Wt. on bit: 34,000, 85 RPM, 800# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'
 7 7/8" bit #1 (in @ 225') = 63.25 hrs. - 3450'
 Fuel usage: 435.60 gals (52" used 11")

Day 6 Date 08-15-09 Saturday

7:00 am – Drilling @ 3675'
 Ran 14.75 hours drilling. Down 9.25 hours (.50 rig check, 1.00 rig repair, .75 connection, 7.00 fish/stuck pipe)
 Mud properties: wt. 9.1, vis. 48, water loss 9.2
 Daily Mud Cost = \$1,757.60. Mud Cost to Date = \$11,328.85
 Wt. on bit: 34,000, 85 RPM, 800# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'
 7 7/8" bit #1 (in @ 225') = 78.00 hrs. - 3849'
 Fuel usage: 316.80 gals (44" used 8")

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Rig #1 Phone Numbers			LOCATION	2140' FSL & 2640' FEL Sec. 24-20S-35W Wichita Co., KS	
620-794-2075 Rig Cellular (Dog house)			Palomino Petroleum, Inc. 4924 SE 84 th St. Newton, KS 67114 316-799-1000		
620-794-2078 Geologist Trailer Cellular			ELEVATION	G.L. 3139'	K.B. 3149'
620-566-7324 Tool Pusher Cellular		Frank Rome			API# 15-203-20146-00-00

Driving Directions: From Wichita/Scott County line on Hwy. 96: 13 miles South, ½ mile West, North into.

Day 7 Date 08-16-09 Sunday

7:00 am – Fishing for drill collars @ 4074'

Ran 14.50 hours drilling. Down 9.50 hours (7.25 fish/stuck pipe, .50 rig check, .50 connection, .75 CFS @ 4265', .50 CFS @ 4288')

Mud properties: wt. 9.2, vis. 48, water loss 10.4

Daily Mud Cost = \$131.10. Mud Cost to Date = \$11,459.95

Wt. on bit: 28,000, 88 RPM, 900# pump pressure

12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'

7 7/8" bit #1 (in @ 225') = 92.50 hrs. - 4063'

Fuel usage: 316.80 gals (36" used 8")

Day 8 Date 08-17-09 Monday

7:00 am – CFS @ 4288'

Ran 20.25 hours drilling. Down 3.75 hours (.75 rig check, .75 connection, .75 rig repair, .50 CFS @ 4288', 1.00 CFS @ 4311')

Mud properties: wt. 9.3, vis. 44, water loss 10.4

Daily Mud Cost = \$0.00. Mud Cost to Date = \$11,459.95

Wt. on bit: 28,000, 80 RPM, 900# pump pressure

12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'

7 7/8" bit #1 (in @ 225') = 112.75 hrs. - 4362'

Fuel usage: 435.60 gals (65" used 11") 36" + 40" delivered = 76"

Day 9 Date 08-18-09 Tuesday

DST #2 (4541' – 4629')

Marmaton formation

Recovered 680' gassy oil cut mud
& 125' mud cut water

Survey @ 4629' = 1 degree

7:00 am – Drilling @ 4587'

Ran 5.25 hours drilling. Down 18.75 hours (.25 rig check, 1.00 rig repair, 1.50 CFS @ 4607', 1.00 CFS @ 4629', 9.75 trip, 2.00 CTCH, .25 survey, 2.00 DST #2, .25 jet, .75 wait on orders)

Mud properties: wt. 9.0, vis. 46, water loss 11.2

Daily Mud Cost = \$1,095.15. Mud Cost to Date = \$12,555.10

Wt. on bit: 28,000, 80 RPM, 800# pump pressure

12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'

7 7/8" bit #1 (in @ 225') = 118.00 hrs. - 4431'

Fuel usage: 237.60 gals (59" used 6")

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Day 10 Date 08-19-09 Wednesday

7:00 am – Drilling @ 4656'
 Ran 17.00 hours drilling. Down 7.00 hours (.25 connection, .75 rig check, 5.75 trip for hole in pipe @ 4686'-found nothing, .25 CFS @ 4835')
 Mud properties: wt. 9.3, vis. 54, water loss 10.8
 Daily Mud Cost = \$1,686.45. Mud Cost to Date = \$14,241.55
 Wt. on bit: 28,000, 80 RPM, 800# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'
 7 7/8" bit #1 (in @ 225') = 135.00 hrs. - 4610'
 Fuel usage: 316.80 gals (51" used 8")

Day 11 Date 08-20-09 Thursday DST #3 (4735' – 4835')

Cherokee formation
Recovered 40' mud

7:00 am – CFS @ 4835'
 Ran 8.25 hours drilling. Down 15.75 hours (1.00 CFS @ 4835', 7.50 trip, 2.00 DST #3, .25 jet, 1.00 CTCH, .50 rig check, 1.25 CFS @ 4878', 1.00 rig repair, 1.25 CFS @ 4900')
 Mud properties: wt. 9.2, vis. 54, water loss 10.8
 Daily Mud Cost = \$0.00. Mud Cost to Date = \$14,241.55
 Wt. on bit: 28,000, 80 RPM, 800# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'
 7 7/8" bit #1 (in @ 225') = 143.25 hrs. - 4713'
 Fuel usage: 277.20 gals (57" used 7") 51" + 13" delivered = 64"

Day 12 Date 08-21-09 Friday Survey @ 5078' = ¼ degree

RTD = 5078'
LTD = 5078'

7:00 am – Drilling @ 4938'
 Ran 13.75 hours drilling. Down 10.25 hours (.50 rig check, .25 connection, 2.25 trip, 1.50 CTCH, .25 survey, 3.50 log, 1.00 CFS @ 5013', 1.00 CFS @ 5078')
 Mud properties: wt. 9.3, vis. 60, water loss 12.8
 Daily Mud Cost = \$1,669.81. Total Mud Cost = \$15,911.25
 Wt. on bit: 28,000, 85 RPM, 800# pump pressure
 12 ¼" bit #1 (in @ 0' out @ 225') = 1.50 hrs. - 225'
 7 7/8" bit #1 (in @ 225' out @ 5078') = 157.00 hrs. - 4853'
 Fuel usage: 316.80 gals (49" used 8")

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620-794-2078	Geologist Trailer Cellular		ELEVATION	G.L. 3139'	K.B. 3149'
620-566-7324	Tool Pusher Cellular	Frank Rome	API# 15-203-20146-00-00		

Driving Directions: From Wichita/Scott County line on Hwy. 96: 13 miles South, ½ mile West, North into.

Day	13	Date	08-22-09	Saturday
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7:00 am – Logging @ 5078'

Ran 0.00 hours drilling. Down 16.00 hours (3.25 log, 2.00 trip, 4.25 lay down pipe, 1.00 nipple down, 1.00 plug, 4.50 tear down)

Fuel usage: 79.20 gals (47" used 2")

Plug well with 290 sacks of 60/40 Poz, 4% gel, ¼# floseal per sack.

1st plug @ 2290' with 50 sacks. 2nd plug @ 1260' with 80 sacks. 3rd plug @ 690' with 50 sacks.

4th plug @ 240' with 40 sacks. 5th plug @ 60' with 20 sacks to surface. Plug mouse hole with 20 sacks.

Plug rat hole with 30 sacks. Job complete @ 6:30 p.m. on 08-22-09 by Allied Cement (tk #044286).

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