

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

OPERATOR: License # 33906
Name: GNAD OIL, LLC
Address 1: P.O. Box 580
Address 2: _____
City: Hays State: KS Zip: 67601
Contact Person: Michael L. Gnad
Phone: (785) 650-7128
CONTRACTOR: License # 31548
Name: Discovery Drilling Co., Inc.
Wellsite Geologist: Herb Deines
Purchaser: _____

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.: _____
12/18/09 1/9/2010 1/10/2010
Spud Date or Recompletion Date Date Reached TD Completion Date or Recompletion Date

API No. 15 - 051-25,944-00-00
Spot Description: 71'N & 46'E of W/2/NE/SW
W/2 NE SW Sec. 4 Twp. 13 S. R. 18W East West
2051 Feet from North / South Line of Section
1696 Feet from East / West Line of Section

Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Ellis
Lease Name: KARLIN Well #: 1-4
Field Name: Wildcat

Producing Formation: None
Elevation: Ground: 2176 Kelly Bushing: 2184
Total Depth: 3799 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at: 222.76 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set: _____ Feet
If Alternate II completion, cement circulated from: _____

RECEIVED
KANSAS CORPORATION COMMISSION
FEB 16 2010
CONSERVATION DIVISION
WICHITA, KS

Drilling Fluid Management Plan DRA AH II ML
(Data must be collected from the Reserve Pit) 2-17-10
Chloride content: 16,000 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: MANAGING MEMBER, AGENT Date: 2-11-10
Subscribed and sworn to before me this 11th day of February
20 10
Notary Public: Michelle Stevens
Date Commission Expires: 4-14-2013

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

MICHELLE STEVENS
Notary Public - State of Kansas
My Appt. Expires 4-14-2013

Operator Name: GNAD OIL, LLC Lease Name: KARLIN Well #: 1-4
 Sec. 4 Twp. 13 S. R. 18W East West County: Ellis

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 (Attach Additional Sheets) Samples Sent to Geological Survey <input type="checkbox"/> Yes <input checked="" 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 (Submit Copy) List All E. Logs Run: <u>Radiation Guard log,</u> <u>Microresistivity</u>	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum <input type="checkbox"/> Sample <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: center;">Top</th> <th style="text-align: center;">Datum</th> </tr> </thead> <tbody> <tr> <td><u>Anhydrite - Top</u></td> <td style="text-align: center;"><u>1468</u></td> <td style="text-align: center;"><u>+ 716</u></td> </tr> <tr> <td><u>Anhydrite - Base</u></td> <td style="text-align: center;"><u>1507</u></td> <td style="text-align: center;"><u>+ 677</u></td> </tr> <tr> <td><u>Topeka</u></td> <td style="text-align: center;"><u>3193</u></td> <td style="text-align: center;"><u>- 1009</u></td> </tr> <tr> <td><u>Heebner Shale</u></td> <td style="text-align: center;"><u>3492</u></td> <td style="text-align: center;"><u>- 1268</u></td> </tr> <tr> <td><u>Toronto</u></td> <td style="text-align: center;"><u>3471</u></td> <td style="text-align: center;"><u>- 1287</u></td> </tr> <tr> <td><u>LKC</u></td> <td style="text-align: center;"><u>3500</u></td> <td style="text-align: center;"><u>- 1316</u></td> </tr> <tr> <td><u>BKC</u></td> <td style="text-align: center;"><u>3731</u></td> <td style="text-align: center;"><u>- 1547</u></td> </tr> <tr> <td><u>Arbuckle</u></td> <td style="text-align: center;"><u>Not Reached</u></td> <td></td> </tr> <tr> <td><u>LTD</u></td> <td style="text-align: center;"><u>3800</u></td> <td style="text-align: center;"><u>- 1616</u></td> </tr> </tbody> </table>	Name	Top	Datum	<u>Anhydrite - Top</u>	<u>1468</u>	<u>+ 716</u>	<u>Anhydrite - Base</u>	<u>1507</u>	<u>+ 677</u>	<u>Topeka</u>	<u>3193</u>	<u>- 1009</u>	<u>Heebner Shale</u>	<u>3492</u>	<u>- 1268</u>	<u>Toronto</u>	<u>3471</u>	<u>- 1287</u>	<u>LKC</u>	<u>3500</u>	<u>- 1316</u>	<u>BKC</u>	<u>3731</u>	<u>- 1547</u>	<u>Arbuckle</u>	<u>Not Reached</u>		<u>LTD</u>	<u>3800</u>	<u>- 1616</u>
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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	20	222.76	Common	150	2%Gel&3%CC

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 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 (If vented, Submit ACO-18.)	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: _____ _____
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ALLIED CEMENTING CO., LLC. 036200

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

SERVICE POINT:
Great Bend 45

DATE <u>1-9-10</u> <u>1-10-10</u>	SEC. <u>4</u>	TWP. <u>13</u>	RANGE <u>18</u>	CALLED OUT	ON LOCATION	JOB START <u>10 AM</u>	JOB FINISH <u>130 AM</u>
LEASE <u>Marlin</u>		WELL # <u>1-4</u>		LOCATION <u>Hayes 1 mile North</u>		COUNTY <u>Ellis</u>	STATE <u>KS</u>
OLD OR <u>NEW</u> (Circle one)				<u>1/2 west</u>			

CONTRACTOR Discovsky Rig 3
 TYPE OF JOB Rotary Plus
 HOLE SIZE 7 7/8 T.D. 3799
 CASING SIZE _____ DEPTH _____
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE 4 1/2 DEPTH 1490
 TOOL _____ DEPTH _____
 PRES. MAX _____ MINIMUM _____
 MEAS. LINE _____ SHOE JOINT _____
 CEMENT LEFT IN CSG. _____
 PERFS. _____
 DISPLACEMENT 8 1/2 BBLs water 15 BBLs mud

OWNER GNad Oil Co. Inc

CEMENT
 AMOUNT ORDERED 205 SK 60/40 490
Gel 7 (10591)

COMMON	<u>123</u>	@	<u>13.50</u>	<u>1660.50</u>
POZMIX	<u>82</u>	@	<u>7.55</u>	<u>619.10</u>
GEL	<u>7</u>	@	<u>20.25</u>	<u>141.75</u>
CHLORIDE		@		
ASC		@		
<u>Flot seal</u>	<u>51</u>	@	<u>2.45</u>	<u>124.95</u>
RECEIVED KANSAS CORPORATION COMMISSION				
FEB 16 2010				
CONSERVATION DIVISION WICHITA, KS				
HANDLING	<u>214</u>	@	<u>2.25</u>	<u>481.50</u>
MILEAGE	<u>30 x 214 x .10</u>			<u>642.00</u>

TOTAL 3,669.80

EQUIPMENT

PUMP TRUCK CEMENTER Wayne - D
 # 417 HELPER Matt - D
 BULK TRUCK
 # 410 DRIVER Galen - D
 BULK TRUCK
 # _____ DRIVER _____

REMARKS:

1st plus 1490 mix 255x
Displace 5 water 15 mud
2nd plus 775 mix 105x
Displace 3 BBLs water
3rd plus 270 mix 405x Dis 1/2 BBL
4th plus 40 mix 105x
Rat mix 305x
wash up Rig Down

CHARGE TO: GNad Oil Co. Inc
 STREET _____
 CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB	<u>1490</u>	@	<u>9</u>	
PUMP TRUCK CHARGE				<u>990.00</u>
EXTRA FOOTAGE		@		
MILEAGE	<u>30</u>	@	<u>7.00</u>	<u>210.00</u>
MANIFOLD		@		

TOTAL 1200

PLUG & FLOAT EQUIPMENT

<u>Dry hole Plug</u>	@	<u>66.00</u>	<u>66.00</u>
	@		
	@		
	@		

TOTAL 66.00

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.

SALES TAX (If Any) _____
 TOTAL CHARGES 3,669.80
 DISCOUNT _____ IF PAID IN 30 DAYS

PRINTED NAME GALEN GASCHLER

SIGNATURE Galen Gaschler

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 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 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.

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