

CONFIDENTIAL

ORIGINAL

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-1
October 2008
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

12/31/08

OPERATOR: License # 33979

Name: Clipper Energy LLC

Address 1: 3838 Oak Lawn

Address 2:

City: Dallas State: TX Zip: 75219 +

Contact Person: Bill Robinson

Phone: (214) 220-1080

CONTRACTOR: License # 33493

Name: American Eagle

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Wellsite Geologist: Bill Robinson DEC 31 2008

Purchaser: na

Designate Type of Completion: KCC

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.:

11-22-08 11-29-08 P/A 11-29-08

Spud Date or
Recompletion Date

Date Reached TD

Completion Date or
Recompletion Date

API No. 15 - 065-23498-0000

Spot Description:

C\_e/2\_nw\_sw Sec. 27 Twp. 6S S. R. 21 East West

1980 Feet from North South Line of Section

1080 Feet from East West Line of Section

Footages Calculated from Nearest Outside Section Corner:

NE NW SE SW

County: Graham

Lease Name: Russell Well #: 1

Field Name: na

Producing Formation: none

Elevation: Ground: 2276 Kelly Bushing: 2281

Total Depth: 3888 Plug Back Total Depth: na

Amount of Surface Pipe Set and Cemented at: 221 Feet

Multiple Stage Cementing Collar Used? Yes No

If yes, show depth set: na Feet

If Alternate II completion, cement circulated from: na

feet depth to: na w/ na sx cmt.

Drilling Fluid Management Plan ALT INJ 27509
(Data must be collected from the Reserve Pit)

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: Bill Robinson

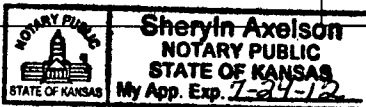
Title: geologist Date: 12-31-08

Subscribed and sworn to before me this 31st day of December

20 08

Notary Public: Sheryln Axelson

Date Commission Expires: 7-24-12



KCC Office Use ONLY
Letter of Confidentiality Received
Wireline Log Received
Geologist Report Received
UIC Distribution
RECEIVED
KANSAS CORPORATION COMMISSION

JAN 02 2009

CONSERVATION DIVISION
WICHITA, KS

Operator Name: Clipper Energy LLC Lease Name: Russell Well #: 1  
 Sec. 27 Twp. 6s S. R. 21  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 <input type="checkbox"/> Yes <input checked="" 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: <b>RAG</b>	<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>T/Anhydrite</td> <td>1919</td> <td>362</td> </tr> <tr> <td>B/KC</td> <td>3715</td> <td>-1434</td> </tr> </table>	Name	Top	Datum	T/Anhydrite	1919	362	B/KC	3715	-1434
Name	Top	Datum								
T/Anhydrite	1919	362								
B/KC	3715	-1434								

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	23	221	common	160	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 <i>(Amount and Kind of Material Used)</i>	Depth
		<b>RECEIVED</b> KANSAS CORPORATION COMMISSION  <b>JAN 02 2009</b>  CONSERVATION DIVISION WICHITA, KS	
		CONFIDENTIAL DEC 31 2009	
TUBING RECORD:	Size: <u>na</u> Set At: _____ Packer At: _____	Liner Run: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Date of First, Resumed Production, SWD or Enhr. <u>na</u>	Producing Method: <input type="checkbox"/> Flowing <input type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain) <b>ROC</b>		
Estimated Production Per 24 Hours	Oil Bbls. <u>na</u> Gas Mcf _____ Water Bbls. _____	Gas-Oil Ratio _____ Gravity _____	

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

# ALLIED CEMENTING CO., LLC.

33436

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

SERVICE POINT:                     

DATE <u>11/27/08</u>	SEC. <u>27</u>	TWP. <u>6S</u>	RANGE <u>23E</u>	CALLED OUT <u>10:30 AM</u>	ON LOCATION <u>11:30 AM</u>	JOB START <u>11:30 AM</u>	JOB FINISH <u>                    </u>
LEASE <u>                    </u>		WELL # <u>                    </u>	LOCATION <u>                    </u>			COUNTY <u>                    </u>	STATE <u>                    </u>
OLD OR NEW (Circle one)							

CONTRACTOR American Eagle

TYPE OF JOB                     

HOLE SIZE 12 1/4 T.D. 221

CASING SIZE 8 1/2 DEPTH 221

TUBING SIZE                      DEPTH                     

DRILL PIPE                      DEPTH                     

TOOL                      DEPTH                     

PRES. MAX                      MINIMUM                     

MEAS. LINE                      SHOE JOINT 20'

CEMENT LEFT IN CSG. 20'

PERFS.                     

DISPLACEMENT fresh water 12.90 gals

OWNER Chippie Energy

CEMENT

AMOUNT ORDERED                     

**EQUIPMENT**

PUMP TRUCK CEMENTER                     

#                      HELPER                     

BULK TRUCK

#                      DRIVER                     

BULK TRUCK

#                      DRIVER                     

COMMON                      @                     

POZMIX                      @                     

GEL                      @                     

CHLORIDE                      @                     

ASC                      @                     

                     @                     

                     @                     

                     @                     

                     @                     

                     @                     

                     @                     

                     @                     

                     @                     

                     @                     

                     @                     

HANDLING                      @                     

MILEAGE                     

TOTAL                     

**REMARKS:**

**SERVICE**

DEPTH OF JOB 221'

PUMP TRUCK CHARGE                     

EXTRA FOOTAGE                      @                     

MILEAGE                      @                     

MANIFOLD                      @                     

                     @                     

                     @                     

TOTAL                     

CHARGE TO: Chippie Energy

STREET                     

CITY                      STATE                      ZIP                     

**PLUG & FLOAT EQUIPMENT**

                     @                     

                     @                     

                     @                     

                     @                     

                     @                     

TOTAL                     

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.

PRINTED NAME                     

SIGNATURE                     

SALES TAX (If Any)                     

TOTAL CHARGES                     

DISCOUNT                     

PAID IN 30 DAYS

CONFIDENTIAL

DEC 31 2008

KCC

RECEIVED

KANSAS CORPORATION COMMISSION

JAN 02 2009

CONSERVATION DIVISION

WICHITA, KS

## 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 wilful 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.

# ALLIED CEMENTING CO., LLC. 34902

TO P.O. BOX 31  
RUSSELL, KANSAS 67665

SERVICE POINT:  
Russell

DATE <u>11-29-08</u>	SEC. <u>27</u>	TWP. <u>6 S</u>	RANGE <u>21 W</u>	CALLED OUT	ON LOCATION	JOB START <u>9:00 pm</u>	JOB FINISH <u>10:00 pm</u>
LEASE <u>Russell</u>		WELL # <u>1</u>	LOCATION <u>Bogus + 18 Sect. 9 N</u>		COUNTY <u>Graham</u>	STATE <u>Ks.</u>	
<input checked="" type="radio"/> OLD OR NEW (Circle one)		LOCATION <u>1 E Sinto</u>					

CONTRACTOR America Eagle Rig #3

TYPE OF JOB Rotary Plus

HOLE SIZE 7 7/8 T.D. 3850

CASING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_

TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_

DRILL PIPE \_\_\_\_\_ DEPTH \_\_\_\_\_

TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_

PRES. MAX \_\_\_\_\_ MINIMUM \_\_\_\_\_

MEAS. LINE \_\_\_\_\_ SHOE JOINT \_\_\_\_\_

CEMENT LEFT IN CSG. \_\_\_\_\_

PERFS. \_\_\_\_\_

DISPLACEMENT \_\_\_\_\_

**EQUIPMENT**

PUMP TRUCK CEMENTER Shane

# 398 HELPER Gary

BULK TRUCK \_\_\_\_\_

# 396 DRIVER Rocky

BULK TRUCK \_\_\_\_\_

# \_\_\_\_\_ DRIVER \_\_\_\_\_

**REMARKS:**

3760' 25 sks

1950' 25 sks

1200' 100 sks

275' 40 sks

40' 10 sks

Rat Hole 30 sks

CHARGE TO: Clipper Energy

STREET \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

Thanks!

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.

PRINTED NAME Derby Kever

SIGNATURE [Signature]

OWNER \_\_\_\_\_

CEMENT AMOUNT ORDERED 230 60/40 48.6 gal

1/4 Flo/sk

COMMON	<u>138</u>	@	<u>13.50</u>	<u>1863.00</u>
POZMIX	<u>92</u>	@	<u>7.55</u>	<u>694.60</u>
GEL	<u>8</u>	@	<u>20.25</u>	<u>162.00</u>
CHLORIDE		@		
ASC		@		
<u>Flo Seal</u>	<u>57 #</u>	@	<u>2.45</u>	<u>139.65</u>
		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>238</u>	@		<u>535.50</u>
MILEAGE	<u>110/sk/mile</u>			<u>1309.00</u>
<b>TOTAL</b>				<u>4703.75</u>

**SERVICE**

DEPTH OF JOB \_\_\_\_\_

PUMP TRUCK CHARGE \_\_\_\_\_ 990.00

EXTRA FOOTAGE \_\_\_\_\_ @ \_\_\_\_\_

MILEAGE 55 @ 7.00 385.00

MANIFOLD \_\_\_\_\_ @ \_\_\_\_\_

RECEIVED \_\_\_\_\_ @ \_\_\_\_\_

KANSAS CORPORATION COMMISSION

JAN 02 2009

CONSERVATION DIVISION  
WICHITA, KS

**TOTAL** 1375.00

**PLUG & FLOAT EQUIPMENT**

\_\_\_\_\_ @ \_\_\_\_\_

\_\_\_\_\_ @ \_\_\_\_\_

Day Hole Plug @ 39.00

\_\_\_\_\_ @ \_\_\_\_\_

\_\_\_\_\_ @ \_\_\_\_\_

TOTAL 39.00

SALES TAX (If Any) \_\_\_\_\_

TOTAL CHARGES \_\_\_\_\_

DISCOUNT \_\_\_\_\_

IF PAID IN 30 DAYS

CONFIDENTIAL  
DEC 31 2008

KCC