

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

ORIGINAL

Form ACO-1
June 2009
Form Must Be Typed
Form must be Signed
All blanks must be Filled

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

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. Watchow
Phone: (316) 799-1000
CONTRACTOR: License # 5123
Name: Pickrell Drilling Co., Inc.
Wellsite Geologist: Nicholas P. Gerstner
Purchaser: NCRA

Designate Type of Completion:
 New Well Re-Entry Workover
 Oil WSW SWD SIOW
 Gas D&A ENHR SIGW
 OG GSW Temp. Abd.
 CM (Coal Bed Methane)
 Cathodic Other (Core, Expl., 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
 Conv. to GSW
 Plug Back: _____ Plug Back Total Depth _____
 Commingled Permit #: _____
 Dual Completion Permit #: _____
 SWD Permit #: _____
 ENHR Permit #: _____
 GSW Permit #: _____

Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date
12/9/10	12/17/10	12/17/10

API No. 15 - 15-135-25196 -0000
Spot Description: _____
_____ SE Sec. 7 Twp. 17 S. R. 25 East West
1,314 1317 Feet from North / South Line of Section
330 363 Feet from East / West Line of Section
GPS-KCC-Dlg
Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Ness
Lease Name: Duane Stutz Corp. Well #: 2
Field Name: Stutz North
Producing Formation: Mississippian
Elevation: Ground: 2542 Kelly Bushing: 2547
Total Depth: 4604 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at: 235 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set: 1869 Feet
If Alternate II completion, cement circulated from: 1869
feet depth to: surface w/ 140 sx cmt.

Drilling Fluid Management Plan
(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 #: _____
Quarter _____ Sec. _____ Twp. _____ S. R. _____ East West
County: _____ Permit #: _____

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.

AFFIDAVIT

I am the affiant and I hereby certify that 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. Watchow
Title: President Date: 2/23/11

KCC Office Use ONLY

Letter of Confidentiality Received
Date: _____
 Confidential Release Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution
ALT I II III Approved by: Dg Date: _____

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Operator Name: Palomino Petroleum, Inc. Lease Name: Duane Stutz Corp. Well #: 2

Sec: 7 Twp. 17 S. R. 25 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 complete copy of all Electric Wire-line 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 Electric Log Submitted Electronically <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(If no, Submit Copy)</i> List All E. Logs Run: Radiation Guard	<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>1892</td> <td>(+ 655)</td> </tr> <tr> <td>Base Anhy.</td> <td>1924</td> <td>(+ 623)</td> </tr> <tr> <td>Topeka</td> <td>3570</td> <td>(-1023)</td> </tr> <tr> <td>Heebner</td> <td>3846</td> <td>(-1299)</td> </tr> <tr> <td>Lansing</td> <td>3886</td> <td>(-1339)</td> </tr> <tr> <td>BKC</td> <td>4188</td> <td>(-1641)</td> </tr> <tr> <td>Marmaton</td> <td>4246</td> <td>(-1699)</td> </tr> </table>	Name	Top	Datum	Anhy.	1892	(+ 655)	Base Anhy.	1924	(+ 623)	Topeka	3570	(-1023)	Heebner	3846	(-1299)	Lansing	3886	(-1339)	BKC	4188	(-1641)	Marmaton	4246	(-1699)
Name	Top	Datum																							
Anhy.	1892	(+ 655)																							
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Heebner	3846	(-1299)																							
Lansing	3886	(-1339)																							
BKC	4188	(-1641)																							
Marmaton	4246	(-1699)																							

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#	235'	Common	165	2% gel, 3% c.c.
Production	7 7/8"	5 1/2"	14#	4591'	SMD	70	500 gal. mud flush
					EA-2	100	w/add. 20 bbls. KCL water

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
4	4507-4513	Acidized with 350 gals. 20% MCA (3% m.s.)	

TUBING RECORD:	Size: 2 3/8"	Set At: 4573'	Packer At:	Liner Run: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	RECEIVED FEB 28 2011
Date of First, Resumed Production, SWD or ENHR. 1/13/11			Producing Method: <input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain) <u>KCC WICHITA</u>		
Estimated Production Per 24 Hours	Oil 70%	Bbls. 28	Gas Mcf	Water 30%	Bbls. 12
		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 checked="" type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <i>(Submit ACO-5)</i> <i>(Submit ACO-4)</i> <input type="checkbox"/> Other (Specify) _____	PRODUCTION INTERVAL: _____ _____
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LOGS

Pawnee	4317	(-1770)
Ft. Scott	4388	(-1841)
Cherokee	4413	(-1866)
Miss.	4496	(-1949)
LTD	4604	(-2057)

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P. O. Box 466
Ness City, KS 67560
Off: 785-798-2300



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JAN 05 2011

Invoice

DATE	INVOICE #
1/3/2011	19981

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827

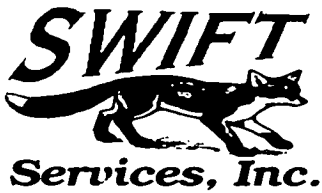
- Acidizing
- Cement
- Tool Rental

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Job Purpose	Operator
Net 30	#2	Duane Stutz	Ness	DS&W Well Servi...	Oil	Development	Cement Port Collar	Blaine
PRICE REF.	DESCRIPTION				QTY	UM	UNIT PRICE	AMOUNT
575D	Mileage - 1 Way				20	Miles	5.00	100.00
576D-D	Pump Charge - Port Collar				1	Job	1,100.00	1,100.00
330	Swift Multi-Density Standard (MIDCON II)				140	Sacks	15.00	2,100.00T
276	Flocele				50	Lb(s)	1.50	75.00T
290	D-Air				2	Gallon(s)	35.00	70.00T
104	5 1/2" Port Collar Tool Rental				1	Each	200.00	200.00T
581D	Service Charge Cement				200	Sacks	1.50	300.00
582D	Minimum Drayage Charge				1	Each	250.00	250.00
	Subtotal							4,195.00
	Sales Tax Ness County						6.30%	154.04

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Thank You For Your Business In 2010!
We Look Forward To Serving You In 2011!

Total \$4,349.04



CHARGE TO: Palaming Petroleum
 ADDRESS:
 CITY, STATE, ZIP CODE:

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 KCC WICHITA

TICKET
19981

PAGE 1 OF 1

1. SERVICE LOCATIONS <u>ness city KS</u>	WELL/PROJECT NO. <u>#2</u>	LEASE <u>Duane Stutz</u>	COUNTY/PARISH <u>ness</u>	STATE <u>KS</u>	CITY <u>ness city</u>	DATE <u>7 Jan 11</u>	OWNER
2. TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR <u>DS&W</u>		RIG NAME/NO.	SHIPPED VIA <u>ET</u>	DELIVERED TO <u>location</u>	ORDER NO.	
3. WELL TYPE <u>oil</u>	WELL CATEGORY <u>Development</u>	JOB PURPOSE <u>cement foot collar</u>		WELL PERMIT NO.	WELL LOCATION <u>7-175-25W</u>		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UNIT PRICE		AMOUNT
		LOC	ACCT	DF		QTY.	UM	QTY.	UM	
575		1			MILEAGE TRX 114	20	mi	5	00	100 00
576 D		1			Pump Charge	1	ea	1100	00	1100 00
330		1			SMD cement	140	lbs	15	00	2100 00
276		1			flocals			50	lb	75 00
290		1			D-4R	2	gal	35	00	70 00
104		1			Post Collar Tool Rental	1	ea	5 1/2	in	200 00
581		1			Service Charge	200	sk	1	50	300 00
582		1			Drayage (min)	1	ea	250	00	250 00

LEGAL TERMS: Customer hereby acknowledges and agrees to the terms and conditions on the reverse side hereof which include, but are not limited to, **PAYMENT, RELEASE, INDEMNITY,** and **LIMITED WARRANTY** provisions.

MUST BE SIGNED BY CUSTOMER OR CUSTOMER'S AGENT PRIOR TO START OF WORK OR DELIVERY OF GOODS

X Rick [Signature]
 DATE SIGNED: TIME SIGNED: A.M. P.M.

REMIT PAYMENT TO:
 SWIFT SERVICES, INC.
 P.O. BOX 466
 NESS CITY, KS 67560
 785-798-2300

SURVEY	AGREE	UN-DECIDED	DIS-AGREE	PAGE TOTAL	4195 00
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?					
WE UNDERSTOOD AND MET YOUR NEEDS?				TOTAL	4349 04
OUR SERVICE WAS PERFORMED WITHOUT DELAY?					
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				ness TAX 0.3%	
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO					
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND					

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES The customer hereby acknowledges receipt of the materials and services listed on this ticket.

JOB LOG

SWIFT Services, Inc.

DATE 3 Jan 11 PAGE NO. 1

CUSTOMER Petroleum Petroleum WELL NO. #2 LEASE Duane Stutz JOB TYPE cement port collar TICKET NO. 19981

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
								200 sks SMD w/ 1/4" flocc + surf + opening tool
								5 1/2 pipe 2 3/4 tubing port collar @ 1869'
	1330							on loc TRK 114 running in tool
	1430							locate port collar 1869'
	1445					1000	1000	test to 1000 - held
	1455							open port collar
	1510	3	3			300		inj rate
	1515	4 1/2				350		mix SMD 11.2 ppq
		4 3/4	12			350		fluid circ to surface
	1535	4 3/4	75			400		cement to surface 140 sks mixed
	1540	4	6			400		dis. down tubing w/ H2O (15 top ft) close port collar
	1550					1000	1000	test to 1000 psi - held
								Run 5 joints
	1600		25					Reverse hole clean - 2/8 gauge pull tool from hole wash truck
								BACK UP (140 sks mixed 15 sks top ft)
	1645							job complete
								Thanks Dave, John, & Elaine

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SWIFT



P. O. Box 466
Ness City, KS 67560
Off: 785-798-2300



Invoice

DATE	INVOICE #
12/17/2010	19892

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827

- Acidizing
- Cement
- Tool Rental

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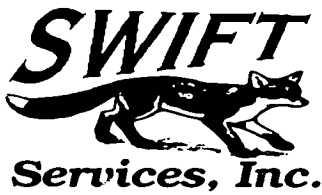
TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Job Purpose	Operator
Net 30	#2	Duane Stutz	Ness	Pickrel	Oil	Development	Cement Long Str...	
PRICE REF.	DESCRIPTION				QTY	UM	UNIT PRICE	AMOUNT
575D	Mileage - 1 Way				20	Miles	5.00	100.00
578D-D	Pump Charge - Deep Squeeze (> 1500 Ft.)				1	Job	1,400.00	1,400.00
402-5	5 1/2" Centralizer				11	Each	55.00	605.00T
403-5	5 1/2" Cement Basket				3	Each	200.00	600.00T
404-5	5 1/2" Port Collar				1	Each	1,900.00	1,900.00T
406-5	5 1/2" Latch Down Plug & Baffle				1	Each	225.00	225.00T
407-5	5 1/2" Insert Float Shoe With Auto Fill				1	Each	275.00	275.00T
419-5	5 1/2" Rotating Head Rental				1	Each	150.00	150.00T
330	Swift Multi-Density Standard (MIDCON II)				100	Sacks	15.00	1,500.00T
276	Flocele				50	Lb(s)	1.50	75.00T
325	Standard Cement				100	Sacks	12.00	1,200.00T
284	Calseal				5	Sack(s)	30.00	150.00T
283	Salt				500	Lb(s)	0.15	75.00T
285	CFR-1				50	Lb(s)	4.00	200.00T
281	Mud Flush				500	Gallon(s)	1.00	500.00T
221	Liquid KCL (Clayfix)				2	Gallon(s)	25.00	50.00
290	D-Air				2	Gallon(s)	35.00	70.00T
582D	Minimum Drayage Charge				1	Each	250.00	250.00
581D	Service Charge Cement				200	Sacks	1.50	300.00
	Subtotal							9,625.00
	Sales Tax Ness County						6.30%	474.08

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Thank You For Your Business &
Best Wishes For A Wonderful Holiday Season!!

Total

\$10,099.08



CHARGE TO: Palawino Petroleum
 ADDRESS:
 CITY, STATE, ZIP CODE:

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TICKET
19892

PAGE 1 OF 2

SERVICE LOCATIONS
 1. Ass City KS WELL/PROJECT NO. 42 LEASE Dwane Stutz COUNTY/PARISH Ness STATE KS CITY Ass City DATE 17 DEC 10 OWNER
 2. TICKET TYPE SERVICE CONTRACTOR PICKERL RIG NAME/NO. SHIPPED VIA CT DELIVERED TO location ORDER NO.
 3. WELL TYPE o.1 WELL CATEGORY Development JOB PURPOSE cement long string WELL PERMIT NO. WELL LOCATION 7-178-25W
 4. REFERRAL LOCATION INVOICE INSTRUCTIONS

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT	
		LOC	ACCT	DF								
575		1			MILEAGE TRK 114	20		m		5.00	100.00	
578		1			Pump Charge	1		ea		1400.00	1400.00	
402		1			Centralizers	5 1/2		in	11 ea	55.00	605.00	
403		1			Cement Baskets	5 1/2		in	3 ea	200.00	600.00	
404		1			PORT COLLAR	5 1/2		in	1 ea	1900.00	1900.00	
406		1			Latch Down plug & Baffle	5 1/2		in	1 ea	225.00	225.00	
407		1			Insert Flat Shoe w/ AUTO FILL	5 1/2		in	1 ea	275.00	275.00	
419		1			Rotating head rental	5 1/2		in	1 ea	150.00	150.00	

LEGAL TERMS: Customer hereby acknowledges and agrees to the terms and conditions on the reverse side hereof which include, but are not limited to, **PAYMENT, RELEASE, INDEMNITY, and LIMITED WARRANTY** provisions.

MUST BE SIGNED BY CUSTOMER OR CUSTOMER'S AGENT PRIOR TO START OF WORK OR DELIVERY OF GOODS

DATE SIGNED _____ TIME SIGNED _____ A.M. P.M.

REMIT PAYMENT TO:
 SWIFT SERVICES, INC.
 P.O. BOX 466
 NESS CITY, KS 67560
 785-798-2300

SURVEY	AGREE	UN-DECIDED	DIS-AGREE	PAGE TOTAL	TAX	TOTAL
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				5255.00		
WE UNDERSTOOD AND MET YOUR NEEDS?				4370.00		
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				9625.00		
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?					474.08	
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO						
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND						10099.08

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES The customer hereby acknowledges receipt of the materials and services listed on this ticket.

SWIFT OPERATOR ABCampbell APPROVAL [Signature]

Thank You!



PO Box 466
Ness City, KS 67560
Off: 785-798-2300

TICKET CONTINUATION

TICKET No. 19892

CUSTOMER Ralando WELL Duane Stetz #2 DATE 17 Dec 10 PAGE 2 OF 2

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			TIME	DESCRIPTION	QTY.		QTY.		UNIT PRICE	AMOUNT	
		LOC	ACCT	DF			UM	UM					
330		1				SMD cement	100	sk	15	00	1500	00	
276		1				Fluore	50	lb			150	75	00
325		1				STANDARD cement (ForSAZ)	100	sk			12	1200	00
284		1				calseal	5	sk			30	150	00
283		1				SALT	500	lb			0	75	00
285		1				CFR-1	50	lb			4	200	00
281						MUDFLUSH	500	gal			1	500	00
221						KCL Liquid	2	gal			25	50	00
290						D-AIR	2	gal			35	70	00
582						Dryeye (minimum)		1	ea		250	250	00
581						SERVICE CHARGE					1	300	00
						MILEAGE CHARGE	TOTAL WEIGHT	LOADED MILES	TON MILES				

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CONTINUATION TOTAL 4370⁰⁰

JOB LOG

SWIFT Services, Inc.

DATE 17 DEC 10 PAGE NO. 1

CUSTOMER Palomino WELL NO. #2 LEASE Diene Stutz JOB TYPE cement long string TICKET NO. 19892

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
								100 sks SMD & 100 sks EA-2 5 1/2" 14#
								107 joints 459.12 shoe joint 20.5
								Centralizers 1, 2, 3, 4, 6, 8, 9, 10, 12, 64
								Basket 2, 7, 65
								PORT COLLAR #65 1818.82'
	0600							on loc TRK 114
	0730							start 5 1/2" casing in well
	0945							Drop ball circulate - Rotate
	1135		12					Pump 500 gal mud flush
			20					Pump 20 bbl KCL flush
	1145		11					Plug RH - 114 (30 sks - 20 sks)
	1155	4 3/4	26			200		mix cement 70 sks SMD @ 12.7 ppg
		4 3/4	24			250		mix 100 sks EA-2 @ 15.4 ppg
	1200							wash out pump & lines
	1205							Drop latch down plug
		6 3/4				400		Displace plug
		6 3/4				500		kickout rotation 100 bbl
	1218		111			1500		Plug down
	1225							Release pressure to truck - held
								wash truck
	1250							job complete

Blaine Dave, & David

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PO BOX 31 Russell, KS 67665

INVOICE

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Invoice Number: 125585

Invoice Date: Dec 10, 2010

Page: 1

Voice: (785) 483-3887

Fax: (785) 483-5566

DEC 16 2010

Bill To:

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

Customer ID	Well Name# or Customer P.O.	Payment Terms	
Palo	Duane Stutz Corp #2	Net 30 Days	
Job Location	Camp Location	Service Date	Due Date
KS1-01	Great Bend	Dec 10, 2010	1/9/11

Quantity	Item	Description	Unit Price	Amount
165.00	MAT	Class A Common	13.50	2,227.50
3.00	MAT	Gel	20.25	60.75
6.00	MAT	Chloride	51.50	309.00
165.00	SER	Handling	2.25	371.25
20.00	SER	Mileage 165 sx @ .10 per sk per mi	16.50	330.00
1.00	SER	Surface	991.00	991.00
20.00	SER	Pump Truck Mileage	7.00	140.00

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

\$ 885.90

ONLY IF PAID ON OR BEFORE

Jan 4, 2011

Subtotal	4,429.50
Sales Tax	163.63
Total Invoice Amount	4,593.13
Payment/Credit Applied	
TOTAL	4,593.13

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KCC WICHITA

ALLIED CEMENTING CO., LLC. 34197

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

SERVICE POINT: Great Bend

DATE <u>12-10-10</u>	SEC. <u>2</u>	TWP. <u>17</u>	RANGE <u>25 W</u>	CALLED OUT <u>8 PM</u>	ON LOCATION <u>3 AM</u>	JOB START <u>5 AM</u>	JOB FINISH <u>5 PM</u>
LEAS <u>Duane STUTZ CORP</u>		WELL# <u>#2</u>	LOCATION <u>Ness City 10W 10N</u>			COUNTY <u>Ness</u>	STATE <u>K.S.</u>
OLD OR <u>NEW</u> (Circle one)			<u>win TO</u>				

CONTRACTOR Pickrell Drilling

TYPE OF JOB 8 1/2"

HOLE SIZE 12 1/2" T.D. 240 FT

CASING SIZE 8 1/2" DEPTH 240 FT

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 40 FT

PERFS. _____

DISPLACEMENT 12 1/2 bbl

OWNER _____

CEMENT AMOUNT ORDERED 165 off Com 32 cc 22 gal

COMMON	<u>165</u>	@	<u>13.50</u>	<u>2227.50</u>
POZMIX		@		
GEL	<u>3</u>	@	<u>20.25</u>	<u>60.75</u>
CHLORIDE	<u>6</u>	@	<u>51.50</u>	<u>309.00</u>
ASC		@		

EQUIPMENT

PUMP TRUCK CEMENTER m.k. m

181 HELPER Bill

BULK TRUCK # 344-112 DRIVER Kevin W

BULK TRUCK # _____ DRIVER _____

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HANDLING	<u>165</u>	@	<u>2.25</u>	<u>371.25</u>
MILEAGE	<u>165 x 20 x 1.10</u>			<u>330.00</u>
TOTAL				<u>3,298.75</u>

REMARKS:

Big was running casing 8 1/2"
circulate flow then mix
cement + displace it down
200 ft 12 1/2 bbl
cement did circulate to
surface

*Thank you
455*

CHARGE TO: Palomino Petroleum

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB	<u>240 FT</u>			
PUMP TRUCK CHARGE				<u>991.00</u>
EXTRA FOOTAGE		@		
MILEAGE	<u>20</u>	@	<u>7.00</u>	<u>140.00</u>
MANIFOLD		@		

TOTAL 1131.00

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 Mike Kern

SIGNATURE Mike Kern

SALES TAX (If Any) _____

TOTAL CHARGES ~~3,298.75~~

DISCOUNT _____ IF PAID IN 30 DAYS

Company **Palomino Petroleum, Inc.**
 Address **4924 SE 84th Street**
 City/State/Zip **Newton, KS 7114**
 Contact **Nick Gershwin**

Lease Name **Duane Stutz**
 Lease #
 Legal Desc **SE** Job Ticket **3407**
 Section **7** Range **25W**
 Township **17S**
 County **Ness** State **KS**
 Drilling Cont **Pickrell Drilling #10**

Comments **Field: Stutz North**

GENERAL INFORMATION

Test # 1 Test Date **12/14/2010**
 Tester **Jimmy Ricketts**
 Test Type **Conventional Bottom Hole**
Successful Test
 No. of Packers **2.0** Packer Size **6 3/4**

Mud Type **Gel Chem**
 Mud Weight **9.2** Viscosity **53.0**
 Filtrate **8.0** Chlorides **3200**

Drill Collar Len **0**
 Weight Pipe Len **0**

Formation **Marmaton**
 Interval Top **4179.0** Bottom **4294.0**
 Anchor Len Below **115.0** Between **0**
 Total Depth **4294.0**

Flow Type **Weak blow building to 3 inches initial flow period. Weak blow building to 4 inches final flow period. Times: 30, 30, 30, 30.**

Chokes **3/4** Hole Size **7 7/8**
 Top Recorder # **13767**
 Mid Recorder #
 Bott Recorder # **w1023**

Mileage **172** Approved By
 Standby Time **0**
 Extra Equipmnt **Jars & Safety Joint**
 Time on Site **3:00 PM**
 Tool Picked Up **5:00 PM**
 Tool Layed Dwn **11:20 PM**

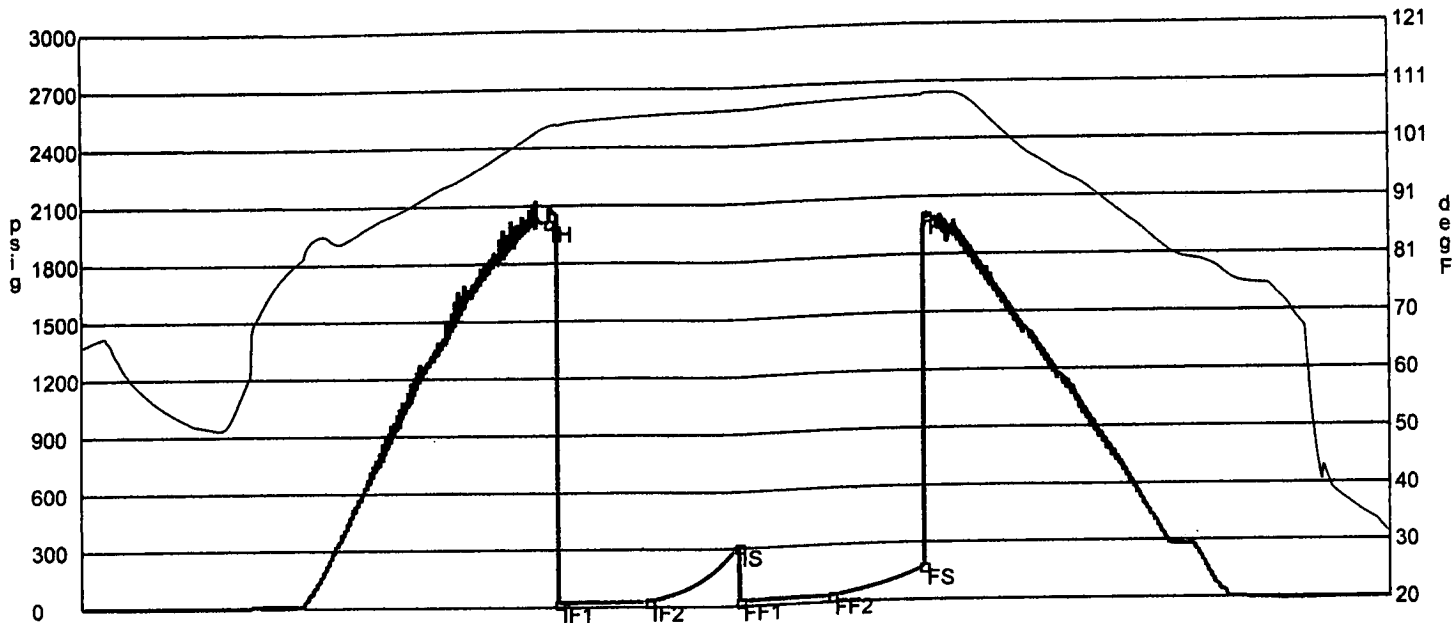
Elevation **2542.00** Kelley Bushings **2547.00**

Start Date/Time **12/14/2010 4:40 PM**
 End Date/Time **12/14/2010 11:58 PM**

RECOVERY

Test	Description	Gas	Oil	Water	Mud
0	Gas in pipe	100% 50ft	0% 0ft	0% 0ft	0% 0ft
0	Heavy oil cut mud	0% 0ft	9% 2.7ft	0% 0ft	91% 27.3ft
EST Fluids		0			

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	Date	Time	Pressure	Temp	
IH	12/14/2010 7:17:00 PM	2.616667	2008.153	104.31	Initial Hydro-static
IF1	12/14/2010 7:20:00 PM	2.666667	19.413	104.565	Initial Flow (1)
IF2	12/14/2010 7:49:50 PM	3.163889	27.02	106.13	Initial Flow (2)
IS	12/14/2010 8:19:20 PM	3.655556	306.028	106.956	Initial Shut-In
FF1	12/14/2010 8:19:50 PM	3.663889	22.861	106.934	Final Flow (1)
FF2	12/14/2010 8:50:00 PM	4.166667	31.075	107.821	Final Flow (2)
FS	12/14/2010 9:20:30 PM	4.675	172.511	108.43	Final Shut-In
FH	12/14/2010 9:21:30 PM	4.691667	2000.515	108.727	Final Hydro-static

GAS FLOWS

Min Into IFP Min Into FFP Gas Flows Pressure Choke

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Company	Palomino Petroleum, Inc.	Lease Name	Duane Stutz Corp.
Address	4924 SE 84th St.	Lease #	2
CSZ	Newton, KS 67114	Legal Desc	SE
Attn.	Nick Gerstner	Section	7
		Township	17S
		County	Ness
		Drilling Cont	Pickerell Drilling Rig #10
Job Ticket		State	KS
Range			26W

Comments **Field: Stutz North**
Jimmy did 1st test

GENERAL INFORMATION

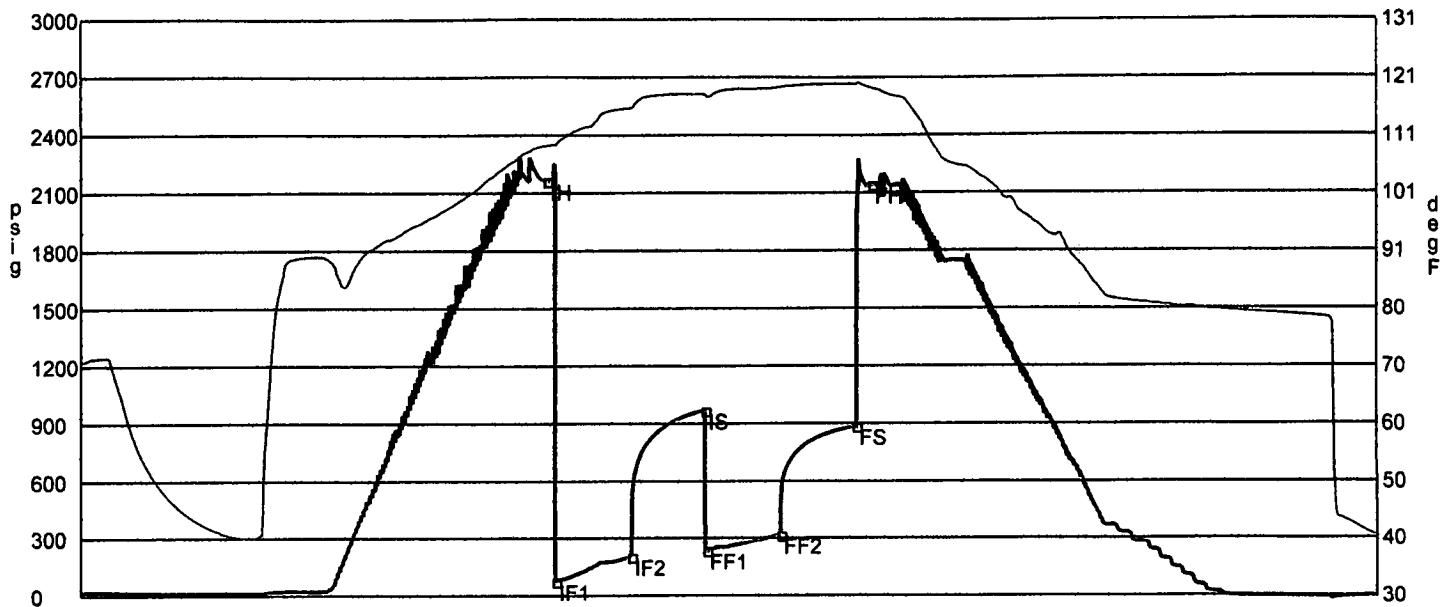
Test #	2	Test Date	12/16/2010	Chokes	3/4	Hole Size	7 7/8
Tester	Tim Venters			Top Recorder #	W1119		
Test Type	Conventional Bottom Hole			Mid Recorder #	W1022		
	Successful Test			Bott Recorder #	13310		
# of Packers	2.0	Packer Size	6 3/4	Mileage	0	Approved By	
				Standby Time	0		
Mud Type	Gel Chem			Extra Equipmnt	Jars & Safety joint		
Mud Weight	9.3	Viscosity	50.0	Time on Site	10:40 PM		
Filtrate	8.0	Chlorides	3700	Tool Picked Up	2:05 AM		
				Tool Layed Dwn	9:30 AM		
Drill Collar Len	0			Elevation	2542.00	Kelley Bushings	2547.00
Wght Pipe Len	0						
Formation	Mississippian			Start Date/Time	12/16/2010 12:53 AM		
Interval Top	4429.0	Bottom	4517.0	End Date/Time	12/16/2010 9:30 AM		
Anchor Len Below	88.0	Between	0				
Total Depth	4517.0						
Blow Type	Fairly weak 1" blow at start of initial flow period, building, reaching bottom of bucket in 5 min. Weak surface blow back at start of initial shut-in period, building to 1/4". Weak 1/2" blow at start of final flow period, building, reaching bottom of bucket in 7 1/2 min. Weak surface blow back at start of final shut-in period, building to 1/2". Times: 30, 30, 30, 30. Oil Gravity: 40						

RECOVERY

Feet	Description	Gas	Oil	Water	Mud
265	Gas in Pipe	100% 265ft	0% 0ft	0% 0ft	0% 0ft
45	Very heavy mud cut oil	0% 0ft	53% 23.8ft	0% 0ft	47% 21.2
125	Gassy mud cut oil	7% 8.8ft	68% 85ft	0% 0ft	25% 31.2
185	Gassy, very heavy mud cut oil	15% 27.8ft	45% 83.2ft	0% 0ft	40% 74ft
125	Mud cut oil	0% 0ft	81% 101.2ft	0% 0ft	19% 23.8
125	Gassy, slight mud cut oil	2% 2.5ft	87% 108.8ft	0% 0ft	11% 13.8
65	Very slight mud cut oil	0% 0ft	98% 63.7ft	0% 0ft	2% 1.3ft
60	Gassy, very heavy oil cut mud	13% 7.8ft	37% 22.2ft	0% 0ft	50% 30ft

DST Fluids **0**

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	Date	Time	Pressure	Temp	
IH	12/16/2010 3:58:30 AM	3.091667	2163.27	108.942	Initial Hydro-static
IF1	12/16/2010 4:02:00 AM	3.15	77.497	109.084	Initial Flow (1)
IF2	12/16/2010 4:32:20 AM	3.655556	204.393	115.514	Initial Flow (2)
IS	12/16/2010 5:01:40 AM	4.144444	969.905	117.95	Initial Shut-In
FF1	12/16/2010 5:02:20 AM	4.155556	235.41	117.528	Final Flow (1)
FF2	12/16/2010 5:32:00 AM	4.65	316.159	119.199	Final Flow (2)
FS	12/16/2010 6:02:10 AM	5.152778	886.597	119.778	Final Shut-In
FH	12/16/2010 6:08:20 AM	5.255556	2141.387	119.074	Final Hydro-static

GAS FLOWS

Min Into IFP Min Into FFP Gas Flows Pressure Choke

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