

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. Watchous
Phone: (316) 799-1000
CONTRACTOR: License # 4958
Name: Mallard JV, Inc.
Wellsite Geologist: Robert A. Schreiber
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 (Corr. 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 #: _____

12/28/10	1/7/11	1/7/11
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 15-009-25503 -0000
Spot Description: _____
SE NW NW SE Sec. 20 Twp. 16 S. R. 12 East West
2,147 Feet from North / South Line of Section
2,120 Feet from East / West Line of Section
Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Barton
Lease Name: Christians Well #: 1
Field Name: Beaver South
Producing Formation: Arbuckle
Elevation: Ground: 1914 Kelly Bushing: 1919
Total Depth: 3490 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at: 433 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
(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. Watchous
Title: President Date: 3/30/11

KCC Office Use ONLY

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Date: APR 05 2011

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Letter of Confidentiality Received
Date: _____
 Confidential Release Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution
ALT I II III Approved by: Dg Date: 4/12/11

Operator Name: Palomino Petroleum, Inc. Lease Name: Christians Well #: 1
 Sec. 20 Twp. 16 S. R. 12 East West County: Barton

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>Absent</td> <td></td> </tr> <tr> <td>Base Anhy.</td> <td>Absent</td> <td></td> </tr> <tr> <td>Howard</td> <td>2694</td> <td>(- 775)</td> </tr> <tr> <td>Topeka</td> <td>2730</td> <td>(- 811)</td> </tr> <tr> <td>Heebner</td> <td>3008</td> <td>(-1089)</td> </tr> <tr> <td>Toronto</td> <td>3023</td> <td>(-1104)</td> </tr> <tr> <td>Douglas</td> <td>3038</td> <td>(-1119)</td> </tr> </table>	Name	Top	Datum	Anhy.	Absent		Base Anhy.	Absent		Howard	2694	(- 775)	Topeka	2730	(- 811)	Heebner	3008	(-1089)	Toronto	3023	(-1104)	Douglas	3038	(-1119)
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Douglas	3038	(-1119)																							

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#	433'	Common	200	2% gel, 3% c.c.
Production	7 7/8"	5 1/2"	14#	3484'	EA-2	120	500 gal. mud flush
							wadd. 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	3390-3392		

TUBING RECORD:	Size: 2 3/8"	Set At: 3469'	Packer At:	Liner Run: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumed Production, SWD or ENHR. 2/3/11		Producing Method: <input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain) _____		
Estimated Production Per 24 Hours	Oil Bbls. 75% 62	Gas Mcf	Water Bbls. 25% 20	Gas-Oil Ratio 20

DISPOSITION OF GAS: <input type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-1B.)</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

Brown Lime	3093	(-1174)
LKC	3111	(-1192)
BKC	3347	(-1428)
Arbuckle	3389	(-1470)
LTD	3490	(-1571)

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Date: 1/3/2011
Invoice # 4449

P.O.#:
Due Date: 2/2/2011
Division: Russell



QUALITY OILWELL CEMENTING, INC.
PO Box 32 - 740 West Wichita Ave, Russell KS 67665
Phone:785-324-1041 fax:785-483-1087
Email: cementing@ruraltel.net

Invoice

Contact:
Palomino Petroleum Inc
Address/Job Location:
Palomino Petroleum Inc
4924 SE 84th
Newton Ks 67114

Reference:
CHRISTIANS 1

Description of Work:
SURFACE JOB

Services / Items Included:	Quantity	Price	Taxable	Item	Quantity	Price	Taxable
Labor		\$ 703.35	No				
Common-Class A	200	\$ 2,505.95	Yes				
Bulk Truck Matl-Material Service Charge	210	\$ 431.35	No				
Calcium Chloride	7	\$ 270.74	Yes				
Pump Truck Mileage-Job to Nearest Camp	27	\$ 276.74	No				
Bulk Truck Mileage-Job to Nearest Bulk Plant	27	\$ 161.94	No				
8 5/8" Wooden Plug	1	\$ 78.05	Yes				
Premium Gel (Bentonite)	4	\$ 66.88	Yes				

Invoice Terms:

Net 30

SubTotal: \$ 4,495.01
Discount Available ONLY if Invoice is Paid & Received
within listed terms of invoice: \$ (674.25)

SubTotal for Taxable Items:	\$ 2,483.38
SubTotal for Non-Taxable Items:	\$ 739.53
Total:	\$ 3,820.76
Tax:	\$ 181.29

7.30% Barton County Sales Tax

Thank You For Your Business!

Amount Due: \$ 4,002.05
Applied Payments:
Balance Due: \$ 4,002.05

Past Due Invoices are subject to a service charge (annual rate of 24%)
This does not include any applicable taxes unless it is listed.
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QUALITY OILWELL CEMENTING, INC.

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

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

No. 4449

Date	Sec.	Twp.	Range	County	State	On Location	Finish
12-28-10	20	16	12	Barton	KS		9.00 p.m.
Lease	Well No. /		Location				
Christians	/		Beaver				
Contractor				Owner			
Majors				To Quality Oilwell Cementing, Inc.			
Type Job				You are hereby requested to rent cementing equipment and furnish			
Surface				cement and helper to assist owner or contractor to do work as listed.			
Hole Size	T.D.		Charge				
12 1/4	433		To				
Csg.	Depth		To				
8 5/8	433		Palomino				
Tbg. Size	Depth		Street				
Tool	Depth		City		State		
Cement Left in Csg.	Shoe Joint		The above was done to satisfaction and supervision of owner agent or contractor.				
15'							
Meas Line	Displace		Cement Amount Ordered				
	26 1/2 BBL		200 Lbs 3 1/2" all 20/60				

EQUIPMENT

Pumptrk	No.	Cementor	Common
9		Helper	200
Bulktrk	No.	Driver	Poz. Mix
		Driver	
Bulktrk	No.	Driver	Gel.
10		Driver	4

JOB SERVICES & REMARKS

Remarks:	Hulls
Rat Hole	Salt
Mouse Hole	Flowseal
Centralizers	Kol-Seal
Baskets	Mud CLR 48
D/V or Port Collar	CFL-117 or CD110 CAF 38
8 5/8 on bottom - Est Circulation	Sand
Mix 2009 Cement + Displace	Handling
Cement + Circulation!	Mileage

FLOAT EQUIPMENT

Guide Shoe	
Centralizer	
Baskets	
AFU Inserts	8 5/8 Winder Plug
Float Shoe	
Latch Down	
Pumptrk Charge	Surface
Mileage	27

X Signature

[Handwritten Signature]

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Tax
Discount
Total Charge



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

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Invoice

DATE	INVOICE #
1/7/2011	20020

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	#1	Christians	Barton	Mallard JV, Inc.	Oil	Development	5-1/2" LongString	Jason
PRICE REF.	DESCRIPTION				QTY	UM	UNIT PRICE	AMOUNT
575D	Mileage - 1 Way				60	Miles	5.00	300.00
578D-L	Pump Charge - Long String				1	Job	1,400.00	1,400.00
402-5	5 1/2" Centralizer				7	Each	55.00	385.00T
403-5	5 1/2" Cement Basket				2	Each	200.00	400.00T
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
281	Mud Flush				500	Gallon(s)	1.00	500.00T
221	Liquid KCL (Clayfix)				2	Gallon(s)	25.00	50.00T
276	Flocele				38	Lb(s)	1.50	57.00T
283	Salt				750	Lb(s)	0.15	112.50T
284	Calseal				7	Sack(s)	30.00	210.00T
286	Halad-1 (Halad 9)				106	Lb(s)	6.00	636.00T
290	D-Air				1.5	Gallon(s)	35.00	52.50T
325	Standard Cement				150	Sacks	12.00	1,800.00T
581D	Service Charge Cement				150	Sacks	1.50	225.00
583D	Drayage				470.82	Ton Miles	1.00	470.82
	Subtotal							7,098.82
	Sales Tax Barton County						7.30%	343.32

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

Total

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\$7,442.14



CHARGE TO: PALOMINO PETROLEUM
 ADDRESS:
 CITY, STATE, ZIP CODE:

TICKET 20020

PAGE 1 OF 2

SERVICE LOCATIONS: 1. NESS CITY, KS.
 WELL/PROJECT NO.:
 LEASE: CHRISTIANS #1
 COUNTY/PARISH: BARTON
 STATE: KS. CITY: BEAVER, KS. DATE: 7 JAN 11 OWNER:
 TICKET TYPE: SERVICE SALES CONTRACTOR: MALARD DRILLING JV.
 RIG NAME/NO.: SHIPPED VIA: DELIVERED TO: LOCATION ORDER NO.:
 WELL TYPE: OIL WELL CATEGORY: DEVELOPMENT JOB PURPOSE: 5 1/2 LONGSTRING. WELL PERMIT NO.: WELL LOCATION: WEDGE, IN
 REFERRAL LOCATION: INVOICE INSTRUCTIONS:

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PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UNIT PRICE		AMOUNT
		LOC	ACCT	DF		QTY.	UM	QTY.	UM	
575		1			MILEAGE #110	60	ML	5	100	300 00
578		1			PUMP CHARGE	1	JOB	1400	100	1400 00
402		1			CENTRALIZERS	7	EA.	55	100	385 00
403		1			CEMENT BASKETS	2	EA.	200	100	400 00
406		1			LATCH DOWN PLUG & BAPFLE	1	EA.	225	100	225 00
407		1			INSERT FLOAT SHADE W/AUTO FILL	1	EA.	275	100	275 00
281		1			MUD FLUSH	500	Gal	1	100	500 00
221		1			LIQUID KCL	2	Gal	25	100	50 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 *Paul Shreder*
 DATE SIGNED: 7 JAN 11 TIME SIGNED: 0515 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	
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				PAGE 1 3535 00
WE UNDERSTOOD AND MET YOUR NEEDS?				PAGE TOTAL 3563 82
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				subtotal 7098 82
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				Barton TAX 7.3% 343 32
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL 7442 14
<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

SWIFT OPERATOR: *Ann Kaliff* APPROVAL:

Thank You!

JOB LOG

SWIFT Services, Inc.

DATE 7 JAN 11 PAGE NO. 1

CUSTOMER GALOMINO PETROLEUM

WELL NO.

LEASE CHRISTIANS # 1

JOB TYPE 5 1/2 LONGSTRING

TICKET NO. 20020

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	0015							ON LOCATION
	0130							START PIPE 5 1/2" 14" RTD @ 3490 SET @ 3485.57 SHOE JT. 20.95' CENTRALIZERS 1, 2, 4, 6, 9, 13, 17 BASKETS 3, 5
	0308							DROP BALL CIRCULATE
	0404	6	12		✓			Pump 500 gal MUD FLUSH
	0406	6	20		✓			Pump 20 BBL KCL FLUSH
	0411		7					PLUG RH (30sx)
	0414	4	29		✓			MIX 120 SX EA 2 @ 15.5 ppb.
	0424							WASH OUT PUMPING LINES.
	0427	6						RELEASE PLUG START DISPLACEMENT
	0442		84 1/2		✓		1500	PLUG DOWN PRESSURE UP LATCH PLUG IN
	0445							WASH TRUCK
	0515							JOB COMPLETE
								THANKS # 110
								JASON JEFF JOE

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Company **Palomino Petroleum, Inc.**
 Address **4924 SE 84th Street**
 City **Newton, KS 67114**
 Attn. **Bob Schreiber**

Lease Name **Christians**
 Lease # **1**
 Legal Desc **SE NW NW SE**
 Section **20**
 Township **16S**
 County **Barton**
 Drilling Cont **Mallard Drilling #1**

Job Ticket **3409**
 Range **12W**
 State **KS**

Comments **Field: Beaver South**

GENERAL INFORMATION

Test # **1** Test Date **1/6/2011**
 Tester **Jimmy Ricketts**
 Test Type **Conventional Bottom Hole**
 Status **Successful Test**
 No. of Packers **2.0** Packer Size **6 3/4**

Chokes **3/4** Hole Size **7 7/8**
 Top Recorder # **13767**
 Mid Recorder #
 Bott Recorder # **W1023**

Mud Type **Gel Chem**
 Mud Weight **9.0** Viscosity **46.0**
 Filtrate **11.2** Chlorides **7800**

Mileage **60** Approved By
 Standby Time **0**
 Extra Equipmnt **Jars & Safety Joint**
 Time on Site **10:15 PM**
 Tool Picked Up **3:00 AM**
 Tool Layed Dwn **9:00 AM**

Drill Collar Len **242.0**
 Weight Pipe Len **0**

Elevation **1914.00** Kelley Bushings **1919.00**

Formation **Arbuckle**
 Interval Top **3344.0** Bottom **3401.0**
 Anchor Len Below **57.0** Between **0**
 Total Depth **3401.0**

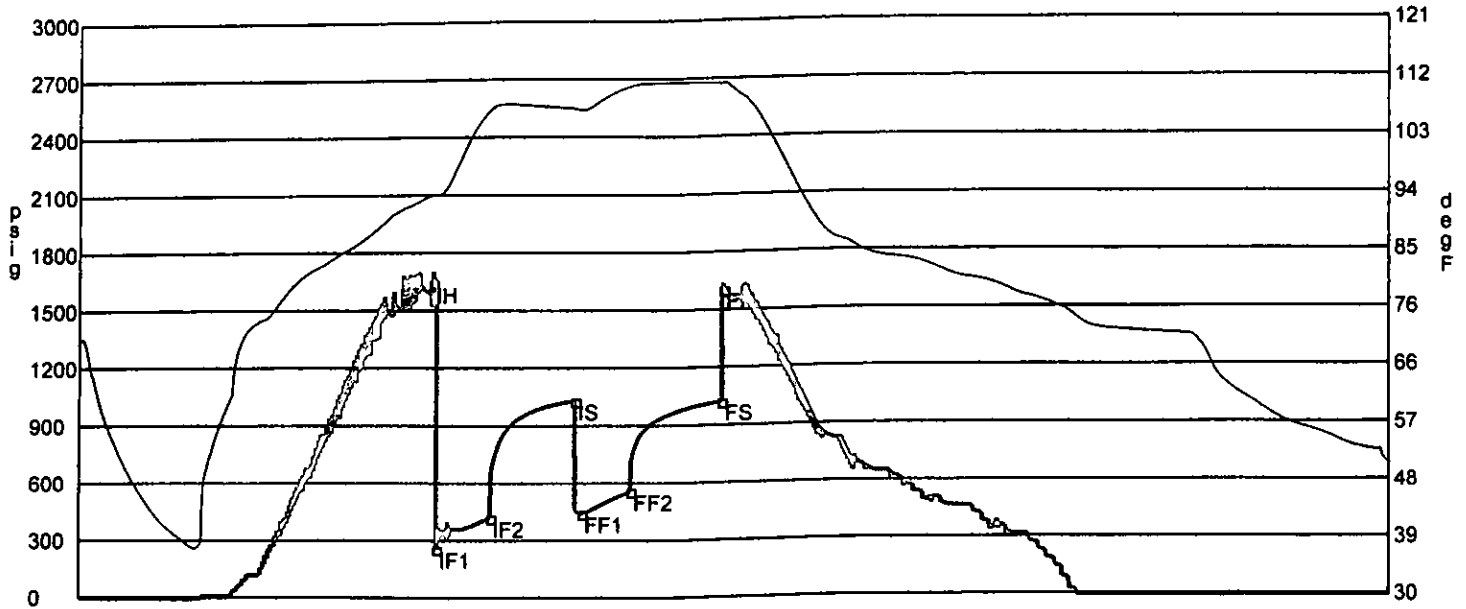
Start Date/Time **1/6/2011 2:29 AM**
 End Date/Time **1/6/2011 10:18 AM**

Flow Type **Weak blow building to strong blow 2 minutes into initial flow period. Weak blow building to strong blow 2 minutes into final flow period.**
 Times: 20, 30, 20, 32. API gravity was 40.

RECOVERY

Depth	Description	Gas	Oil	Water	Mud
5	Clean oil	0% 0ft	100% 35ft	0% 0ft	0% 0ft
05	Gassy oil and mud	16% 48.8ft	42% 128.1ft	0% 0ft	42% 128.1ft
070	Clean oil	0% 0ft	100% 1070ft	0% 0ft	0% 0ft
ST Fluids		0			

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	Date	Time	Pressure	Temp	
IH	1/6/2011 4:35:40 AM	2.111111	1637.577	93.647	Initial Hydro-static
IF1	1/6/2011 4:37:10 AM	2.136111	254.413	93.651	Initial Flow (1)
IF2	1/6/2011 4:56:20 AM	2.455556	416.785	107.054	Initial Flow (2)
IS	1/6/2011 5:26:40 AM	2.961111	1029.464	107.278	Initial Shut-In
FF1	1/6/2011 5:29:10 AM	3.002778	439.773	107.021	Final Flow (1)
FF2	1/6/2011 5:46:30 AM	3.291667	554.621	110.774	Final Flow (2)
FS	1/6/2011 6:18:30 AM	3.825	1019.808	111.133	Final Shut-In
FH	1/6/2011 6:19:00 AM	3.833333	1601.587	111.187	Final Hydro-static

GAS FLOWS

Min Into IFP Min Into FFP Gas Flows Pressure Choke

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