

Operator Name: Black Diamond Oil, Inc. Lease Name: Wagoner Well #: 3
 Sec. 28 Twp. 4 S. R. 22 East West County: Norton

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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>(Attach Additional Sheets)</i> 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 Electric Log Submitted Electronically <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(If no. Submit Copy)</i> List All E. Logs Run: Dual Induction, Density/Neutron & Micro	<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>Anhydrite</td> <td>1848</td> <td>+362</td> </tr> <tr> <td>Topeka</td> <td>3150</td> <td>-940</td> </tr> <tr> <td>Heebner</td> <td>3348</td> <td>-1138</td> </tr> <tr> <td>Lansing KC</td> <td>3386</td> <td>-1181</td> </tr> <tr> <td>Arbuckle</td> <td>3651</td> <td>-1441</td> </tr> </table>	Name	Top	Datum	Anhydrite	1848	+362	Topeka	3150	-940	Heebner	3348	-1138	Lansing KC	3386	-1181	Arbuckle	3651	-1441
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CASING RECORD <input 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 #	218	Common	150	3%CC2%Gel
Production	7 7/8	5 1/2	15.5 #	365	GMDC	550	

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	3537-39	250 15% MCA	
4	3503-06	250 15% MCA & 20% NE	
1	3462,3457,3452	None	

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TUBING RECORD:	Size: <u>2 3/8</u>	Set At: <u>3640</u>	Packer At:	Liner Run: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumed Production, SWD or ENHR. <u>8/26/2011</u>		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. <u>25</u>	Gas Mcf <u>0</u>	Water Bbls. <u>8</u>	Gas-Oil Ratio <u> </u>
				Gravity <u>28</u>

DISPOSITION OF GAS: <input checked="" type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-18.)</i>	METHOD OF COMPLETION: <input checked="" 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: <u>3651-53</u> <u>3352-3539</u>
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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. 1177

Date	Sec.	Twp.	Range	County	State	On Location	Finish
5-5-11	24	4	20	Adair	Ks		4:30 PM
Lease	Well No.	Location					
Contractor	Owner:			To Quality Oilwell Cementing, Inc.			
Type Job	You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.						
Hole Size	T.D.	Charge To					
Csg.	Depth	Street					
Tbg. Size	Depth	City State					
Tool	Depth	The above was done to satisfaction and supervision of owner agent or contractor.					
Cement Left in Csg.	Shoe Joint	Cement Amount Ordered					
Meas Line	Displace	EQUIPMENT					
Pumptrk	No.	Cementer					Common
Bulktrk	No.	Helper	P.H. - KICK				Poz. Mix
Bulktrk	No.	Driver					Gel.
Bulktrk	No.	Driver					Calcium
JOB SERVICES & REMARKS							Hulls
Remarks:							Salt
Rat Hole							Flowseal
Mouse Hole							Kol-Seal
Centralizers							Mud CLR 48
Baskets							CFL-117 or CD110 CAF 38
D/V or Port Collar							Sand
							Handling
							Mileage
FLOAT EQUIPMENT							Guide Shoe
							Centralizer 3
							Baskets 3
							AFU Inserts
							Float Shoe 1
							Latch Down 1
							Pumptrk Charge
							Mileage
							Tax
							Discount
							Total Charge
Signature							

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GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Quality" shall mean Quality Oilwell Cementing, Inc., 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 "QUALITY" 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 "QUALITY," refunded directly to "CUSTOMER." For purposes of this paragraph, QUALITY 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 term of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limit to, a reasonable sum as and attorney's fees.

– **PRICES AND TAXES:** All merchandise listed in "QUALITY'S" current price shall schedule are F.O.B. QUALITY'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 QUALITY shall be added to the quoted prices charged to CUSTOMER.

– **TOWING CHARGES:** QUALITY will make a reasonable attempt to get to and from each job site using its own equipment. Should QUALITY 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 QUALITY, 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 QUALITY for the expenses incurred by QUALITY as a result of the cancellation.

– **DEADHAUL, CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charges as set forth in QUALITY'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. QUALITY carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond QUALITY'S control, QUALITY 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 QUALITY, 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 QUALITY'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 QUALITY or its employees.

2. With respect to any of QUALITY'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 QUALITY at the landing, CUSTOMER shall either recover the lost item without cost to QUALITY or reimburse QUALITY the current replacement cost of the item unless the loss or damage results from the sole negligence of QUALITY or its employees.

3. QUALITY 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. QUALITY 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. QUALITY'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 QUALITY to be defective. THIS IS THE SOLE WARRANTY OF QUALITY 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 QUALITY 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 QUALITY 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 QUALITY or any interpretation of test, meter readings, chart information, analysis or research, or recommendations made by QUALITY, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of QUALITY or its employees in the preparation or furnishing of such facts, information or data. (C) Work done by QUALITY shall be under the direct supervision and control of the CUSTOMER or his agent and QUALITY will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.

API # 15-137-20576-00-00

Operator: Black Diamond Oil, Inc.

Well Name & No: Wagoner #3

Location: 700 FNL & 1650 FEL, Section 28-4s-22w

County: Norton

State: Kansas

Rig No.: 6 Contractor: WW Drilling, LLC

Tool Pusher: Mark Bigge

785-259-1636

Drill Collars: 14 Size: 6 1/4 x 2 1/4

Rig Phone: 785-259-6941

Make Pump: National K-380

Liner & Stroke: 6 x 14

Spud 8/1/2011 @ 6:30 PM

Approx. TD: 3650 Elevation: 2205

K.B. 2210

KB Hole Complete:

Mud Co.: Andy's Mud

Mud Engineer: Kirk Werth

Water Pond

Date	08/01/11	08/02/11	08/03/11	08/04/11	8/5/11					
Days	1-spud	2-drlg	3-drlg	4-drlg	TD					
Depth		300	2471	3390	3652					
Ft. Cut		300	2171	919						
D.T.										
D.T.		8-woc		1/2 dw						
C.T.		1/2 Lost Returns								
Bit Wt.		20,000	30,000	38,000						
RPM		80	85	85						
Pressure		600	900	90						
SPM		60	60	60						
Mud Cost										
Mud Wt.		8.7	9.2	8.8						
Viscosity				65						
Water Loss										
Chlorides										
L.C.M.										
Dev. Sur		1/2'@219								
Dev. Sur										
Fuel	2349	2187	3645	3240						
Water-Pit		1'	2.5	3/4.						
ACC Bit Hrs.		1/2.	22.25	46						
Formation	sd-sh	sd-sh	sd-sh	sh-lm						
Weather	clear	p/cloudy	Rain	cloudy						

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No.	Size	Type	Out	Ft.	Hrs.	Cum Hrs.	Bit Cond	Serial #	Tops
1	12 1/4	Smith	219	219	2		RR	PD 6528	
2	7 7/8	Sm - F-27		3171	46	48	New	PT 2093	
3									
4									

DEPTH	SIZE	SACKS	CEMENT MATERIAL	PLUG DOWN	DRILLED OUT	REMARKS
219	8 5/8	150	Common, 3% cc, 2% gel	10:30PM	6:30 AM	Allied Did Circulate

NO	INTERVAL	OPEN	SHUT	OPEN	SHUT	RECOVERY
1						
2						
3						
4						
5						
6						
7						
8						
9						

Surface Casing Furnished by: Midwestern Pipeworks: 5 Jts. 8 5/8 X 23# X 212.07' Set @ 218.07

Remarks: Strap & weld surface by MS. Anhydrite 1850-1878, Displaced @ 3024' (660bbts.),