ORIGINAL

# KANSAS CORPORATION COMMISSION
## OIL & GAS CONSERVATION DIVISION

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. Newton
Address 2:
City: Newton State: KS Zip: 67114 + 8827
Contact Person: Klee R. Watchous
Phone: ( 316 ) 799-1000
CONTRACTOR: License # 32701
Name: C & G Drilling, Inc.
Wellsite Geologist: Ryan Seib
Purchaser: None

Designate Type of Completion:

- [x] New Well [ ] Re-Entry [ ] Workover
- [ ] Oil [ ] WSW [ ] SWD [ ] SIOW
- [ ] Gas [x] 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 #:

| 10/31/11 | 11/8/11 | 11/8/11 |
|---|---|---|
| Spud Date or Recompletion Date | Date Reached TD | Completion Date or Recompletion Date |

API No. 15 - 135-25312 - 00 - 00
Spot Description:
NW - NW - SE - NW Sec. 31 Twp. 18 S. R. 23 [ ] East [x] West
1,585 Feet from [x] North / [ ] South Line of Section
1,391 Feet from [ ] East / [x] West Line of Section
Footages Calculated from Nearest Outside Section Corner:
[ ] NE [x] NW [ ] SE [ ] SW
County: Ness
Lease Name: Parkerson-Kerr Well #: 1
Field Name: Ness City SE
Producing Formation: None
Elevation: Ground: 2227 Kelly Bushing: 2236
Total Depth: 4321 Plug Back Total Depth:
Amount of Surface Pipe Set and Cemented at: 202 Feet
Multiple Stage Cementing Collar Used? [ ] Yes [x] 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 #:

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**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: 11/30/11

**KCC Office Use ONLY**

- [ ] Letter of Confidentiality Received
  Date:
- [ ] Confidential Release Date:
- [ ] Wireline Log Received
- [x] Geologist Report Received
- [ ] UIC Distribution
  ALT [ ] I [x] II [ ] III Approved by: DG Date: 12/20/11

Side Two

Operator Name: Palomino Petroleum, Inc. Lease Name: Parkerson-Kerr Well #: 1

Sec. 31 Twp. 18 S. R. 23 ☐ 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 *(Attach Additional Sheets)* | ☑ Yes | ☐ No |
| Samples Sent to Geological Survey | ☑ Yes | ☐ No |
| Cores Taken | ☐ Yes | ☑ No |
| Electric Log Run | ☑ Yes | ☐ No |
| Electric Log Submitted Electronically *(If no, Submit Copy)* | ☑ Yes | ☐ No |

List All E. Logs Run:

Radiation Guard

☑ Log Formation (Top), Depth and Datum ☐ Sample

| Name | Top | Datum |
|---|---|---|
| Anhy. | 1474 | (+ 762) |
| Base Anhy. | 1508 | (+ 728) |
| Topeka | 3302 | (-1066) |
| Heebner | 3610 | (-1374) |
| LKC | 3652 | (-1416) |
| BKC | 3949 | (-1713) |
| Marmaton | 3998 | (-1762) |

CASING RECORD ☑ New ☐ 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# | 202' | Common | 150 | 2% gel, 3% c.c. |
| | | | | | | | |
| | | | | | | | |

ADDITIONAL CEMENTING / SQUEEZE RECORD

| Purpose: ___ Perforate ___ Protect Casing ___ Plug Back TD ___ Plug Off Zone | Depth Top Bottom | Type of Cement | # Sacks Used | Type and Percent Additives |
|---|---|---|---|---|
| | | | | |
| | | | | |

| 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 |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |
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TUBING RECORD: Size: Set At: Packer At: Liner Run: ☐ Yes ☐ No

Date of First, Resumed Production, SWD or ENHR. Producing Method: ☐ Flowing ☐ Pumping ☐ Gas Lift ☐ Other *(Explain)*

| Estimated Production Per 24 Hours | Oil Bbls. | Gas Mcf | Water Bbls. | Gas-Oil Ratio | Gravity |
|---|---|---|---|---|---|
| | | | | | |

DISPOSITION OF GAS: ☐ Vented ☐ Sold ☐ Used on Lease *(If vented, Submit ACO-18.)*

METHOD OF COMPLETION: ☐ Open Hole ☐ Perf. ☐ Dually Comp. *(Submit ACO-5)* ☐ Commingled *(Submit ACO-4)* ☐ Other *(Specify)*

PRODUCTION INTERVAL:

**Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202**

**LOGS**

| | | |
|---|---|---|
| Pawnee | 4066 | (-1830) |
| Ft. Scott | 4151 | (-1915) |
| Cherokee Sh. | 4173 | (-1937) |
| Miss. | 4234 | (-1998) |
| Miss. Dolo. | 4240 | (-2004) |
| LTD | 4321 | (-2085) |

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# ALLIED
OIL & GAS SERVICES, LLC

24 S. Lincoln Street
P.O. Box 31
Russell, KS 67665-2906

Voice: (817) 546-7282
Fax: (817) 246-3361

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# INVOICE

Invoice Number: 129270
Invoice Date: Nov 8, 2011
Page: 1

**Bill To:**

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

| Customer ID | Well Name# or Customer P.O. | Payment Terms | |
|---|---|---|---|
| Palo | Parkerson Kerr #1 | Net 30 Days | |
| **Job Location** | **Camp Location** | **Service Date** | **Due Date** |
| KS1-03 | Great Bend | Nov 8, 2011 | 12/8/11 |

| Quantity | Item | Description | Unit Price | Amount |
|---|---|---|---|---|
| 174.00 | MAT | Class A Common | 16.25 | 2,827.50 |
| 116.00 | MAT | Pozmix | 8.50 | 986.00 |
| 10.00 | MAT | Gel | 21.25 | 212.50 |
| 72.00 | MAT | Flo Seal | 2.70 | 194.40 |
| 303.00 | SER | Handling | 2.25 | 681.75 |
| 2.00 | SER | Mileage | 33.33 | 66.66 |
| 1.00 | SER | Rotary Plug | 1,250.00 | 1,250.00 |
| 4.00 | SER | Heavy Vehicle Mileage | 7.00 | 28.00 |
| 4.00 | SER | Light Vehicle Mileage | 4.00 | 16.00 |
| 1.00 | EQUIP OPER | Bobby Roller | | |
| 1.00 | OPER ASSIST | Dustin Chambers | | |
| 1.00 | OPER ASSIST | Jimmy Henkle | | |
| 1.00 | OPER ASSIST | Jonathon Ploutz | | |

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

$ 1307.89

*ONLY IF PAID ON OR BEFORE*

**Dec 3, 2011**

| | |
|---|---|
| Subtotal | 6,262.81 |
| Sales Tax | 394.56 |
| Total Invoice Amount | 6,657.37 |
| Payment/Credit Applied | |
| **TOTAL** | **6,657.37** |

# ALLIED CEMENTING CO., LLC. 042290

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

SERVICE POINT: Great Bend KS

| DATE 11-8-11 | SEC. 31 | TWP. 18 | RANGE 24W | CALLED OUT | ON LOCATION | JOB START 530pm | JOB FINISH 630pm |
|---|---|---|---|---|---|---|---|
| LEASE Parkerson Ress | WELL # 1 | | LOCATION Ness City KS South on Franklin St West into | | | COUNTY Ness | STATE KS |
| OLD OR NEW (Circle one) | | | | | | | |

CONTRACTOR C+G Rig #2
TYPE OF JOB Rotary plug
HOLE SIZE 7 7/8 T.D.
CASING SIZE 8 5/8 DEPTH
TUBING SIZE DEPTH
DRILL PIPE 4½ DEPTH 1470
TOOL DEPTH
PRES. MAX MINIMUM
MEAS. LINE SHOE JOINT
CEMENT LEFT IN CSG. all
PERFS.
DISPLACEMENT Fresh water

OWNER Palomino Petroleum

**EQUIPMENT**

PUMP TRUCK CEMENTER Dale R.
# 366 HELPER Dustin C
BULK TRUCK
# 482-188 DRIVER Jimmy H
BULK TRUCK
# DRIVER Jon P.

**CEMENT**

AMOUNT ORDERED 290sx 60/40 4%gel 1/4#Flo

| | | | |
|---|---|---|---|
| COMMON | 174 | @ 16.25 | 2,827.50 |
| POZMIX | 116 | @ 8.50 | 986.00 |
| GEL | 10 | @ 21.25 | 212.50 |
| CHLORIDE | | @ | |
| ASC | | @ | |
| Flo seal 72 lb | | @ 2.70 | 194.40 |
| HANDLING | 303 | @ 2.25 | 681.75 |
| MILEAGE | 303 x 2 x .11 | 66.66 | 399.00 |
| | | TOTAL | 5,246.15 |

**REMARKS:**

1st plug at 1470 ft mix 50 sx
2nd plug at 750 ft mix 90 sx
3rd plug at 450 ft mix 40 sx
4th plug at 230 ft mix 50 sx
5th plug at 60 ft mix 30 sx
RH mix 30 sx
MH mix 20 sx

**SERVICE**

| | | | |
|---|---|---|---|
| DEPTH OF JOB | 1470 | | |
| PUMP TRUCK CHARGE | | | 1250.00 |
| EXTRA FOOTAGE | | @ | |
| MILEAGE | 4 um 4 | @ 7.00 | 28.00 |
| MANIFOLD | 1 um 4 | @ 4.00 | 16.00 |
| | | @ | |
| | | @ | |
| | | TOTAL | 1294.00 |

CHARGE TO: Palomino Petroleum
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.

SALES TAX (If Any)
TOTAL CHARGES 6,540.15
DISCOUNT 1,308.03 IF PAID IN 30 DAYS
5,232.12

PRINTED NAME
SIGNATURE X Dale Coulter

Thank you!

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ALLIED
OIL & GAS SERVICES, LLC

24 S. Lincoln Street
P.O. Box 31
Russell, KS 67665-2906

Voice: (817) 546-7282
Fax: (817) 246-3361

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# INVOICE

Invoice Number: 129123
Invoice Date: Oct 31, 2011
Page: 1

**Bill To:**

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

| Customer ID | Well Name/# or Customer P.O. | Payment Terms | |
|---|---|---|---|
| Palo | Parkerson Kerr #1 | Net 30 Days | |
| **Job Location** | **Camp Location** | **Service Date** | **Due Date** |
| KS1-01 | Great Bend | Oct 31, 2011 | 11/30/11 |

| Quantity | Item | Description | Unit Price | Amount |
|---|---|---|---|---|
| 150.00 | MAT | Class A Common | 16.25 | 2,437.50 |
| 3.00 | MAT | Gel | 21.25 | 63.75 |
| 5.00 | MAT | Chloride | 58.20 | 291.00 |
| 158.00 | SER | Handling | 2.25 | 355.50 |
| 22.00 | SER | Mileage | 17.38 | 382.36 |
| 1.00 | SER | Surface | 1,125.00 | 1,125.00 |
| 22.00 | SER | Heavy Vehicle Mileage | 7.00 | 154.00 |
| 22.00 | SER | Light Vehicle Mileage | 4.00 | 88.00 |
| 1.00 | EQUIP OPER | Greg Redetzke | | |
| 1.00 | OPER ASSIST | Shane Konzem | | |
| 1.00 | OPER ASSIST | Jimmy Henkle | | |

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

$ 1291.60

*ONLY IF PAID ON OR BEFORE*

**Nov 25, 2011**

| | |
|---|---|
| Subtotal | 4,897.11 |
| Sales Tax | 175.91 |
| Total Invoice Amount | 5,073.02 |
| Payment/Credit Applied | |
| **TOTAL** | **5,073.02** |

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# ALLIED CEMENTING CO., LLC. 037411

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

SERVICE POINT: Great Bend, KS

| DATE 10/31/11 | SEC. 31 | TWP. 18 | RANGE 23 | CALLED OUT | ON LOCATION | JOB START 5:45pm | JOB FINISH 6:15 pm |
|---|---|---|---|---|---|---|---|
| LEASE Parkerson-Kerr | WELL # 1 | | LOCATION Ness City, KS Franklin St. 3 Blocks South & West into | | | COUNTY Ness | STATE KS |
| OLD OR (NEW) (Circle one) | | | | | | | |

CONTRACTOR C & G Drilling
TYPE OF JOB Surface
HOLE SIZE 12 1/4 T.D. 213
CASING SIZE 8 5/8 DEPTH 213
TUBING SIZE DEPTH
DRILL PIPE DEPTH
TOOL DEPTH
PRES. MAX MINIMUM
MEAS. LINE SHOE JOINT
CEMENT LEFT IN CSG. 15 ft.
PERFS.
DISPLACEMENT

OWNER Paloumino Petroleum

CEMENT
AMOUNT ORDERED 150 sks Class A 3% cc 2% gel

EQUIPMENT

PUMP TRUCK # 398 CEMENTER Greg K
HELPER Shane K
BULK TRUCK # 341 DRIVER Tim
BULK TRUCK # DRIVER

| | | | |
|---|---|---|---|
| COMMON | 150 | @ 16.25 | 2437.50 |
| POZMIX | | @ | |
| GEL | 3 | @ 21.25 | 63.75 |
| CHLORIDE | 5 | @ 58.20 | 291.00 |
| ASC | | @ | |
| | | @ | |
| | | @ | |
| | | @ | |
| | | @ | |
| | | @ | |
| | | @ | |
| | | @ | |
| | | @ | |
| HANDLING | 158 | @ 2.25 | 355.50 |
| MILEAGE | 22 X .11 X 158 | | 382.36 |
| | | TOTAL | 3530.11 |

REMARKS:
Pipe on bottom - Break Circulation rig up mix 150 sks Class A 3% cc 2% gel Displace with 12.61 bbls freshwater - Shut in Cement did circulate Plug down @ 4:15 pm

SERVICE

| | | | |
|---|---|---|---|
| DEPTH OF JOB | | | |
| PUMP TRUCK CHARGE | | | 1125.00 |
| EXTRA FOOTAGE | | @ | |
| MILEAGE | HV 22 | @ 7.00 | 154.00 |
| MANIFOLD | | @ | |
| | LV 22 | @ 4.00 | 88.00 |
| | | @ | |
| | | TOTAL | 1367.00 |

CHARGE TO: Paloumino Petroleum
STREET
CITY STATE ZIP

PLUG & FLOAT EQUIPMENT
total 4897.11

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To Allied Cementing Co., LLC.
You are hereby requested to rent cementing equipment