

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION



ORIGINAL

Form ACO-1

June 2009

Form Must Be Typed
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 + 8 8 2 7
Contact Person: Klee R. Watchous
Phone: (316) 799-1000
CONTRACTOR: License # 5123
Name: Pickrell Drilling Co., Inc.
Wellsite Geologist: Sean Deenihan
Purchaser: None

Designate Type of Completion:
 New Well Re-Entry Workover
 Oil WSW SWD SLOW
 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 #: _____

| | | |
|-----------------------------------|-----------------|---|
| <u>8/23/11</u> | <u>8/31/11</u> | <u>8/31/11</u> |
| Spud Date or Recompletion Date | Date Reached TD | Completion Date or Recompletion Date |

API No. 15 - 135-25267 • 00 • 00
Spot Description: _____
SE NW SW SE Sec. 29 Twp. 19 S. R. 24 East West
975 Feet from North / South Line of Section
2,022 Feet from East / West Line of Section
Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Ness
Lease Name: Downey Well #: 1
Field Name: None (Wildcat)
Producing Formation: None
Elevation: Ground: 2309 Kelly Bushing: 2319
Total Depth: 4461 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at: 809 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 #: _____

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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: 12/1/11

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: Dlg Date: 12/20/11

Operator Name: Palomino Petroleum, Inc. Lease Name: Downey Well #: 1

Sec. 29 Twp. 19 S. R. 24 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>1598</td> <td>(+ 721)</td> </tr> <tr> <td>Base Anhy.</td> <td>1638</td> <td>(+ 681)</td> </tr> <tr> <td>Heebner</td> <td>3716</td> <td>(-1397)</td> </tr> <tr> <td>Toronto</td> <td>3735</td> <td>(-1416)</td> </tr> <tr> <td>Lansing</td> <td>3758</td> <td>(-1439)</td> </tr> <tr> <td>Stark</td> <td>4043</td> <td>(-1724)</td> </tr> <tr> <td>BKC</td> <td>4113</td> <td>(-1794)</td> </tr> </table> | Name | Top | Datum | Anhy. | 1598 | (+ 721) | Base Anhy. | 1638 | (+ 681) | Heebner | 3716 | (-1397) | Toronto | 3735 | (-1416) | Lansing | 3758 | (-1439) | Stark | 4043 | (-1724) | BKC | 4113 | (-1794) |
| Name | Top | Datum | | | | | | | | | | | | | | | | | | | | | | | |
| Anhy. | 1598 | (+ 721) | | | | | | | | | | | | | | | | | | | | | | | |
| Base Anhy. | 1638 | (+ 681) | | | | | | | | | | | | | | | | | | | | | | | |
| Heebner | 3716 | (-1397) | | | | | | | | | | | | | | | | | | | | | | | |
| Toronto | 3735 | (-1416) | | | | | | | | | | | | | | | | | | | | | | | |
| Lansing | 3758 | (-1439) | | | | | | | | | | | | | | | | | | | | | | | |
| Stark | 4043 | (-1724) | | | | | | | | | | | | | | | | | | | | | | | |
| BKC | 4113 | (-1794) | | | | | | | | | | | | | | | | | | | | | | | |

| 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# | 809' | Lite | 300 | 6% gel, 3% c.c. |
| | | | | | Class A | 150 | 2% gel, 3% c.c. |
| | | | | | | | |

| 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 |
|----------------|---|--|-------|
| | | | |
| | | | |
| | | | |
| | | | |

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 WICHITA, KS

| | | | | | |
|---|-----------|---------|---|---------------|---|
| TUBING RECORD: | | Size: | Set At: | Packer At: | Liner Run: <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Date of First, Resumed Production, SWD or ENHR. | | | Producing Method: <input type="checkbox"/> Flowing <input type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain) _____ | | |
| Estimated Production Per 24 Hours | Oil Bbls. | Gas Mcf | Water Bbls. | 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 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: _____ _____ |
|---|---|--|

LOGS

| | | |
|-----------|------|---------|
| Marmaton | 4124 | (-1805) |
| Pawnee | 4202 | (-1883) |
| Ft. Scott | 4279 | (-1960) |
| Cherokee | 4302 | (-1983) |
| Miss. | 4379 | (-2060) |
| Warsaw | 4390 | (-2071) |
| LTD | 4461 | (-2142) |

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CONSERVATION DIVISION
WICHITA, KS



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

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

INVOICE

Invoice Number: 128405

Invoice Date: Aug 31, 2011

Page: 1

RECEIVED

SEP 06 2011

| |
|---|
| Bill To: |
| Palomino Petroleum, Inc. 4924 SE 84th St. Newton, KS 67114-8827 |

| Customer ID | Well Name# or Customer P.O. | Payment Terms | |
|--------------|-----------------------------|---------------|----------|
| Palo | Downey #1 | Net 30 Days | |
| Job Location | Camp Location | Service Date | Due Date |
| KS1-03 | Great Bend | Aug 31, 2011 | 9/30/11 |

| Quantity | Item | Description | Unit Price | Amount |
|----------|-------------|-----------------------------------|------------|----------|
| 126.00 | MAT | Class A Common | 16.25 | 2,047.50 |
| 84.00 | MAT | Pozmix | 8.50 | 714.00 |
| 7.00 | MAT | Gel | 21.25 | 148.75 |
| 52.00 | MAT | Flo Seal | 2.70 | 140.40 |
| 219.00 | SER | Handling | 2.25 | 492.75 |
| 9.00 | SER | Mileage 219 sx @.11 per sk per mi | 24.09 | 216.81 |
| 1.00 | SER | Rotary Plug | 1,250.00 | 1,250.00 |
| 18.00 | SER | Pump Truck Mileage | 7.00 | 126.00 |
| 18.00 | SER | Light Vehicle Mileage | 4.00 | 72.00 |
| 1.00 | OPER ASSIST | Greg Redetzke | | |
| 1.00 | OPER ASSIST | Bobby Roller | | |
| 1.00 | OPER ASSIST | Dustin Chambers | | |

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 WICHITA, KS

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

\$ 1249.04

ONLY IF PAID ON OR BEFORE

Sep 25, 2011

| | |
|------------------------|-----------------|
| Subtotal | 5,208.21 |
| Sales Tax | 328.12 |
| Total Invoice Amount | 5,536.33 |
| Payment/Credit Applied | |
| TOTAL | 5,536.33 |



CONSOLIDATED
Oil Well Services, LLC

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SEP 01 2011

REMIT TO
Consolidated Oil Well Services, LLC
Dept. 970
P.O. Box 4346
Houston, TX 77210-4346

MAIN OFFICE
P.O. Box 884
Chanute, KS 66720
620/431-9210 • 1-800/467-8676
FAX 620/431-0012

INVOICE

Invoice # 243718

Invoice Date: 08/29/2011 Terms: 15/15/30,n/30 Page 1

PALOMINO PETROLEUM, INC.
4924 SE 84TH STREET
NEWTON KS 67114-8827
() -

DOWNEY #1
28180
29-19S-24W
08-23-11
KS

| Part Number | Description | Qty | Unit Price | Total |
|-------------|--------------------------|---------|------------|---------|
| 1104S | CLASS "A" CEMENT (SALE) | 150.00 | 16.8000 | 2520.00 |
| 1127A | 65/35 POZ BLEND | 300.00 | 14.4500 | 4335.00 |
| 1102 | CALCIUM CHLORIDE (50#) | 1215.00 | .8400 | 1020.60 |
| 1118B | PREMIUM GEL / BENTONITE | 1848.00 | .2400 | 443.52 |
| 1107 | FLO-SEAL (25#) | 75.00 | 2.6600 | 199.50 |
| 4205 | TEXAS PATTERN GUIDE SHOE | 1.00 | 284.0000 | 284.00 |
| 4229 | INSERT FLAPPER VALVE 8 5 | 1.00 | 298.0000 | 298.00 |
| 4132 | CENTRALIZER 8 5/8" | 2.00 | 82.0000 | 164.00 |
| 4106 | 8 5/8" CEMENT BASKET | 1.00 | 367.0000 | 367.00 |
| 4411 | 8 5/8" RUBBER PLUG (TOP) | 1.00 | 135.0000 | 135.00 |

| Sublet Performed | Description | Total |
|------------------|---------------|----------|
| 9999-130 | CASH DISCOUNT | -1464.99 |
| 9999-130 | CASH DISCOUNT | -309.00 |

| Description | Hours | Unit Price | Total |
|---------------------------------|-------|------------|---------|
| 463 SINGLE PUMP | 1.00 | 1600.00 | 1600.00 |
| 463 EQUIPMENT MILEAGE (ONE WAY) | 10.00 | 5.00 | 50.00 |
| 528 MIN. BULK DELIVERY | 1.00 | 410.00 | 410.00 |

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Amount Due 12441.92 if paid after 09/28/2011

| | | | | | | | |
|--------|----------|-----------|-----|---------|----------|----|----------|
| Parts: | 9766.62 | Freight: | .00 | Tax: | 523.01 | AR | 10575.64 |
| Labor: | .00 | Misc: | .00 | Total: | 10575.64 | | |
| Sublt: | -1773.99 | Supplies: | .00 | Change: | .00 | | |

Signed _____ Date _____



CONSOLIDATED
Oil Well Services, LLC

TICKET NUMBER 28180

LOCATION Jinja, KS

FOREMAN Fuzzy

PO Box 884, Chanute, KS 66720
620-431-9210 or 800-467-8676

FIELD TICKET & TREATMENT REPORT
CEMENT

KS

| DATE | CUSTOMER # | WELL NAME & NUMBER | SECTION | TOWNSHIP | RANGE | COUNTY |
|--------------------------------|------------|--------------------|--------------------------------------|----------|---------|--------|
| 8.23.11 | 6285 | Downey #1 | 29 | 195 | 24w | Wess |
| CUSTOMER Palomino Petroleum | | | Wess city 4 1/2 w SS win | | | |
| MAILING ADDRESS | | | TRUCK # | DRIVER | TRUCK # | DRIVER |
| CITY | | | 528 | Damon M | | |
| STATE | | | | | | |
| ZIP CODE | | | | | | |

JOB TYPE Surface HOLE SIZE 12 1/4 HOLE DEPTH 797 CASING SIZE & WEIGHT 8 5/8 23 #
 CASING DEPTH 797 DRILL PIPE _____ TUBING _____ OTHER _____
 SLURRY WEIGHT 12.5-14.7 SLURRY VOL 1.8-1.36 WATER gal/sk 6.5-10 CEMENT LEFT in CASING 42.16
 DISPLACEMENT 48 DISPLACEMENT PSI 400 MIX PSI _____ RATE _____

REMARKS: Safety meeting on Pickrell #1. Rig up and circulate
G. Shoe, Insert washoe 3x Cent #4 #10, Baskets #17
Mix 300SKS 65/35 69ozel 39ozc 1 1/4 flo-sol Tail with
150SKS class A 38ozc, 29ozel, Drop plug displace
48 1 1/4 B&B Insert did not hold Plug landed cement
did circulate approx 1000' pit. Shut in @ 200'

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Thanks Fuzzy

| ACCOUNT CODE | QUANTITY or UNITS | DESCRIPTION of SERVICES or PRODUCT | UNIT PRICE | TOTAL |
|--------------|-------------------|------------------------------------|--------------------|---------------------|
| 5401C | 1 | PUMP CHARGE | 1600 ⁰⁰ | 1600 ⁰⁰ |
| 5406 | 10 | MILEAGE | 5 ⁰⁰ | 50 ⁰⁰ |
| 5407 | 20.25 tow | Tow mileage Delivery | 410 ⁰⁰ | 410 ⁰⁰ |
| | | | | 2520 ⁰⁰ |
| 11045 | 150 SKS | Class 'A' cement | 16 ⁸⁰ | 2520 ⁰⁰ |
| 1127A | 300 SKS | 65/35 pos | 1443 | 4335 ⁰⁰ |
| 1102 | 1215 # | Calcium Chloride | .84 | 1020 ⁰⁰ |
| 1118B | 1848 # | Bentonite | .24 | 443 ⁵² |
| 1107 | 75 # | flo-sol | 2 ⁶⁶ | 199 ⁵⁰ |
| 4205 | 1 | 8 5/8 Texas Pattern G. Shoe | 284 ⁰⁰ | 284 ⁰⁰ |
| 4229 | 1 | 8 5/8 Insert (AFU) | 298 ⁰⁰ | 298 ⁰⁰ |
| 4132 | 2 | 8 5/8 Centralizer AS | 82 ⁰⁰ | 164 ⁰⁰ |
| 4106 | 1 | 8 5/8 Basket | 367 ⁰⁰ | 367 ⁰⁰ |
| 4411 | 1 | 8 5/8 rubber plug | 135 ⁰⁰ | 135 ⁰⁰ |
| | | Subtotal | | 11826 ⁰² |
| | | less 15% disc | | 1773 ⁹⁹ |
| | | | | 10052 ⁰³ |
| | | 6.3% | SALES TAX | 523.01 |
| | | | ESTIMATED TOTAL | 10575.64 |

Revin 3737

Mike [Signature]

243118

AUTHORIZATION _____ TITLE _____ DATE _____

I acknowledge that the payment terms, unless specifically amended in writing on the front of the form or in the customer's account records, at our office, and conditions of service on the back of this form are in effect for services identified on this form.