

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE**

ORIGINAL

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

OPERATOR: License # 30742
Name: Palomino Petroleum, Inc.
Address 1: 4924 SE 84th St
Address 2: _____
City: Newton State: KS Zip: 67114 + 8827
Contact Person: Klee R. Watchous
Phone: (316) 799-1000
CONTRACTOR: License # 33575
Name: WW Drilling, LLC
Wellsite Geologist: Nicholas Gerstner
Purchaser: None

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 #: _____

<u>1/2/12</u>	<u>1/7/12</u>	<u>1/8/12</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 083-21743-00-00

Spot Description: _____
SW NE NW NW Sec. 19 Twp. 21 S. R. 25 East West
352 Feet from North / South Line of Section
812 Feet from East / West Line of Section

Footages Calculated from Nearest Outside Section Corner:

- NE NW SE SW

County: Hodgeman

Lease Name: MacNair Trust Well #: 1

Field Name: Pawnee River Southwest

Producing Formation: None

Elevation: Ground: 2363 Kelly Bushing: 2368

Total Depth: 4450 Plug Back Total Depth: _____

Amount of Surface Pipe Set and Cemented at: 218 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: 14,200 ppm Fluid volume: 800 bbls

Dewatering method used: Air dry - backfill

Location of fluid disposal if hauled offsite: _____

Operator Name: _____

Lease Name: _____ License #: _____

Quarter _____ Sec. _____ Twp. _____ S. R. _____

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: Nicholas Gerstner

Title: Geologist Date: 2/1/12

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: 2/7/12

Operator Name: Palomino Petroleum, Inc. Lease Name: MacNair Trust Well #: 1
 Sec. 19 Twp. 21 S. R. 25 East West County: Hodgeman

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 Wireline 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 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>1558</td> <td>(+ 810)</td> </tr> <tr> <td>Base Anhy.</td> <td>1595</td> <td>(+ 773)</td> </tr> <tr> <td>Heebner</td> <td>3701</td> <td>(-1333)</td> </tr> <tr> <td>LKC</td> <td>3746</td> <td>(-1378)</td> </tr> <tr> <td>BKC</td> <td>4126</td> <td>(-1758)</td> </tr> <tr> <td>Marmaton</td> <td>4158</td> <td>(-1790)</td> </tr> <tr> <td>Pawnee</td> <td>4236</td> <td>(-1868)</td> </tr> <tr> <td>Ft. Scott</td> <td>4275</td> <td>(-1907)</td> </tr> </table>	Name	Top	Datum	Anhy.	1558	(+ 810)	Base Anhy.	1595	(+ 773)	Heebner	3701	(-1333)	LKC	3746	(-1378)	BKC	4126	(-1758)	Marmaton	4158	(-1790)	Pawnee	4236	(-1868)	Ft. Scott	4275	(-1907)
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Ft. Scott	4275	(-1907)																										

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#	218	Common	160	3% cc & 2% gel

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
		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> RECEIVED FEB 02 2012 KCC WICHITA </div>	

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: _____ _____
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LOGS

Miss.	4376	(-2008)
LTD	4455	(-2087)

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PO Box 31
Russell, KS 67665

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

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INVOICE

Invoice Number: 129892
Invoice Date: Jan 8, 2012
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	McNair Trust # 1	Net 30 Days	
Job Location	Camp Location	Service Date	Due Date
KS1-03	Great Bend	Jan 8, 2012	2/7/12

Quantity	Item	Description	Unit Price	Amount
132.00	MAT	Class A Common	16.25	2,145.00
88.00	MAT	Pozmix	8.50	748.00
8.00	MAT	Gel	21.25	170.00
55.00	MAT	FloSeal	2.70	148.50
230.00	SER	Handling	2.25	517.50
23.00	SER	Mileage	25.30	581.90
1.00	SER	Rotary Plug	1,250.00	1,250.00
46.00	SER	Heavy Vehicle Mileage	7.00	322.00
46.00	SER	Light Vehicle Mileage	4.00	184.00
1.00	EQUIP OPER	Greg Redetzke		
1.00	OPER ASSIST	Shane Konzem		
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

\$1757.33

ONLY IF PAID ON OR BEFORE
Feb 2, 2012

Subtotal	6,066.90
Sales Tax	451.98
Total Invoice Amount	6,518.88
Payment/Credit Applied	
TOTAL	6,518.88

ALLIED CEMENTING CO., LLC. 042390

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

SERVICE POINT:
Great Bend, KS

DATE <i>1-8-12</i>	SEC <i>19</i>	TWP <i>21S</i>	RANGE <i>25W</i>	CALLED OUT	ON LOCATION	JOB START <i>10:00 AM</i>	JOB FINISH <i>11:00 AM</i>
LEASE <i>Trust</i>	WELL # <i>1</i>	LOCATION <i>Wess City - 50 to Rd X</i>			COUNTY <i>Wagon</i>	STATE <i>KS</i>	
OLD OR NEW (Circle one)		<i>11W 2 South, 1/2 West</i>					

CONTRACTOR *W/W #10* OWNER *Petroleum*

TYPE OF JOB *Rotary Aug*

HOLE SIZE *11 7/8* T.D. *4300*

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

CEMENT AMOUNT ORDERED *2202K 60/40 Poz*

40% gel 1/2 #10201

COMMON	<i>132</i>	@ <i>16.25</i>	<i>2145.00</i>
POZMIX	<i>58</i>	@ <i>8.50</i>	<i>748.00</i>
GEL	<i>8</i>	@ <i>21.25</i>	<i>170.00</i>
CHLORIDE		@	
ASC		@	
<i>florcel</i>	<i>55</i>	@ <i>2.70</i>	<i>148.50</i>
		@	
		@	
		@	
		@	
		@	
		@	
		@	
HANDLING	<i>2.30</i>	@ <i>2.25</i>	<i>517.50</i>
MILEAGE	<i>230 x 23 x .11</i>		<i>581.90</i>
TOTAL			<i>4310.90</i>

EQUIPMENT

PUMP TRUCK CEMENTER *Greg P*

206 HELPER *Shane G*

BULK TRUCK

311 DRIVER *John P*

BULK TRUCK

_____ DRIVER _____

REMARKS:

1st plug 1390 ft mix 50 SK

2nd plug 450 ft mix 80 SK

3rd plug 140 ft mix 40 SK

4th plug 60 ft mix 20 SK

Mix 70 SK in 2nd hole

CHARGE TO: *Petroleum*

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB: *1590*

PUMP TRUCK CHARGE *1250.00*

EXTRA FOOTAGE @ _____

MILEAGE *400 46* @ *7.00* *322.00*

MANIFOLD @ _____

400 46 @ *4.00* *184.00*

TOTAL *1756.00*

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 *Mary Phil*

SIGNATURE *[Signature]*

SALES TAX (If Any) _____

TOTAL CHARGES *6066.90*

70% 202 DISCOUNT *1757.32*

IF PAID IN 30 DAYS *4309.52*

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INVOICE

PO Box 31
Russell, KS 67665

Invoice Number: 129842

Invoice Date: Jan 2, 2012

Page: 1

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JAN 11 2012

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

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

Customer ID	Well Name# or Customer P.O.	Payment Terms	
Palo	McNair #1	Net 30 Days	
Job Location	Camp Location	Service Date	Due Date
KS1-01	Great Bend	Jan 2, 2012	2/1/12

Quantity	Item	Description	Unit Price	Amount
160.00	MAT	Class A Common	16.25	2,600.00
3.00	MAT	Gel	21.25	63.75
6.00	MAT	Chloride	58.20	349.20
169.00	SER	Handling	2.25	380.25
23.00	SER	Mileage	18.59	427.57
1.00	SER	Surface	1,125.00	1,125.00
46.00	SER	Heavy Vehicle Mileage	7.00	322.00
46.00	SER	Light Vehicle Mileage	4.00	184.00
1.00	EQUIP OPER	Greg Redetzke		
1.00	OPER ASSIST	Shane Konzem		
1.00	OPER ASSIST	Jimmy Henkle		

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KCC WICHITA

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

\$1557.13

ONLY IF PAID ON OR BEFORE
Jan 27, 2012

Subtotal	5,451.77
Sales Tax	189.82
Total Invoice Amount	5,641.59
Payment/Credit Applied	
TOTAL	5,641.59

ALLIED CEMENTING CO. LLC. 042386

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

SERVICE POINT:
Forest Road, KS

DATE <i>1-2-12</i>	SEC <i>19</i>	TWP <i>21S</i>	RANGE <i>25W</i>	CALLED OUT	ON LOCATION	JOB START <i>6:00 pm</i>	JOB FINISH <i>6:30 pm</i>
LEASE <i>Forest</i>	WELL # <i>1</i>	LOCATION <i>Ness City, KS 5020 St</i>		COUNTY	STATE		
OLD OR NEW (circle one)		<i>the E 11w 2505th 34w</i>					

CONTRACTOR <i>Wles #15</i>	OWNER <i>Palomino</i>
TYPE OF JOB <i>Surface</i>	
HOLE SIZE <i>12 1/8</i>	T.D. <i>219</i>
CASING SIZE <i>8 5/8</i>	DEPTH <i>219</i>
TUBING SIZE	DEPTH
DRILL PIPE	DEPTH
TOOL	DEPTH
PRES. MAX	MINIMUM
MEAS. LINE	SHOE JOINT
CEMENT LEFT IN CSG. <i>15 ft</i>	
PERFS.	
DISPLACEMENT	

EQUIPMENT

PUMP TRUCK # <i>270</i>	CEMENTER <i>Craig A</i>	HELPER <i>Shane K</i>
BULK TRUCK # <i>319/170</i>	DRIVER <i>Tracy</i>	
BULK TRUCK #	DRIVER	

REMARKS:
*on location, run 8 5/8 casing
Drill pipe, 6' 8 1/2 in. mud
Hook up mix, 160 lbs Crest
30/0 cc, 2% gel, Displace
with 13 1/2" Freshwater
Cement 315 Circulate
High Sours @ 6:30 pm
High Sour*

CHARGE TO: *Palomino*

STREET _____

CITY _____ STATE _____ ZIP _____

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 *Marty Miller*

SIGNATURE *Marty Miller*

CEMENT AMOUNT ORDERED <i>160 lbs Crest</i>		
<i>30/0 cc 2% gel</i>		
COMMON <i>160</i>	@ <i>16.25</i>	<i>2600.00</i>
POZMIX	@	
GEL <i>3</i>	@ <i>21.25</i>	<i>63.75</i>
CHLORIDE <i>6</i>	@ <i>58.20</i>	<i>349.20</i>
ASC	@	
HANDLING <i>169</i>	@ <i>2.25</i>	<i>380.25</i>
MILBAGE <i>169 x 23 x .11</i>		<i>427.57</i>
TOTAL		<i>3826.77</i>

SERVICE

DEPTH OF JOB <i>145.00</i>		
PUMP TRUCK CHARGE <i>1125.00</i>		
EXTRA FOOTAGE	@	
MILEAGE <i>Hum 46</i>	@ <i>7.00</i>	<i>322.00</i>
MANIFOLD <i>Hum 46</i>	@ <i>4.00</i>	<i>184.00</i>
TOTAL		<i>1631.00</i>

PLUG & FLOAT EQUIPMENT

	@	
	@	
	@	
	@	
	@	
TOTAL		

SALES TAX (If Any) _____

TOTAL CHARGES *5.451.77*

DISCOUNT *20% / 20%* *1557.12*

IF PAID IN 30 DAYS *3.894.64*

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