

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-1
September 1999
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

ORIGINAL

Operator: License # 30742
Name: Palomino Petroleum, Inc.
Address: 4924 SE 84th St.
City/State/Zip: Newton, KS 67114-8827
Purchaser: NCRA
Operator Contact Person: Klee R. Watchous
Phone: (316) 799-1000
Contractor: Name: Pickrell Drilling Co., Inc.
License: 5123
Wellsite Geologist: Robert A. Schreiber

Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SIOW Temp. Abd.
 Gas ENHR SIGW
 Dry Other (Core, WSW, Expl., Cathodic, 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./SWD
 Plug Back Plug Back Total Depth
 Commingled Docket No. _____
 Dual Completion Docket No. _____
 Other (SWD or Enhr.?) Docket No. _____
7/14/03 7/24/03 7/24/03
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API No. 15 - 135-24227-0000
County: Ness
W/2E/2E/2 Sec. 28 Twp. 16 S. R. 24 East West
2630 feet from S (circle one) Line of Section
810 feet from E W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW SW
Lease Name: Anderson-Baer Well #: 1
Field Name: Ransom
Producing Formation: Mississippi
Elevation: Ground: 2532' Kelly Bushing: 2537'
Total Depth: 4584 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 258 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set _____ Feet
If Alternate II completion, cement circulated from 1831
feet depth to surface w/ 175 sx cmt.

RECEIVED
OCT 06 2003
10-06-2003
KCC WICHITA

Drilling Fluid Management Plan Attachment 10-11-03
(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 No.: _____
Quarter _____ Sec. _____ Twp. _____ S. R. _____ East West
County: _____ Docket No.: _____

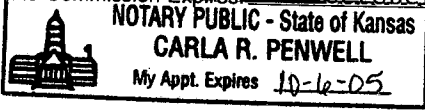
INSTRUCTIONS: An original and two copies of this form shall be filed with the Kansas Corporation Commission, 130 S. Market - Room 2078, Wichita, Kansas 67202, within 120 days of the spud date, recompletion, workover or conversion of a well. Rule 82-3-130, 82-3-106 and 82-3-107 apply. Information of side 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.

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: 10/3/03

Subscribed and sworn to before me this 3rd day of October,
2003.
Notary Public: Carla R. Penwell

Date Commission Expires: October 6, 2005
Carla R. Penwell



KCC Office Use ONLY

Letter of Confidentiality Attached
If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

Operator Name: Palomino Petroleum, Inc. Lease Name: Anderson-Baer Well #: 1
 Sec. 28 Twp. 16 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 copy of all Electric Wireline Logs surveyed. Attach final geological well site report.

Drill Stem Tests Taken <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Attach Additional Sheets) 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 (Submit Copy) List All E. Logs Run: Compensated Density/Neutron Log Dual Induction Log Dual Receiver Cement Bond Log Micro Log Sonic Log	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:10%;"><input checked="" type="checkbox"/> Log</td> <td style="width:60%;">Formation (Top), Depth and Datum</td> <td style="width:30%;"><input type="checkbox"/> Sample</td> </tr> <tr> <td>Name</td> <td>Top</td> <td>Datum</td> </tr> <tr> <td>Anhy.</td> <td>1865</td> <td>(+ 672)</td> </tr> <tr> <td>Base Anhy.</td> <td>1896</td> <td>(+ 641)</td> </tr> <tr> <td>Topeka</td> <td>3600</td> <td>(-1063)</td> </tr> <tr> <td>Heebner</td> <td>3872</td> <td>(-1335)</td> </tr> <tr> <td>LKC</td> <td>3912</td> <td>(-1375)</td> </tr> <tr> <td>BKC</td> <td>4203</td> <td>(-1666)</td> </tr> <tr> <td>Marmaton</td> <td>4250</td> <td>(-1713)</td> </tr> <tr> <td>Pawnee</td> <td>4326</td> <td>(-1789)</td> </tr> <tr> <td>Ft. Scott</td> <td>4405</td> <td>(-1868)</td> </tr> <tr> <td>Cherokee Sh.</td> <td>4429</td> <td>(-1892)</td> </tr> </table>	<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample	Name	Top	Datum	Anhy.	1865	(+ 672)	Base Anhy.	1896	(+ 641)	Topeka	3600	(-1063)	Heebner	3872	(-1335)	LKC	3912	(-1375)	BKC	4203	(-1666)	Marmaton	4250	(-1713)	Pawnee	4326	(-1789)	Ft. Scott	4405	(-1868)	Cherokee Sh.	4429	(-1892)
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Cherokee Sh.	4429	(-1892)																																			

(Continued on next page)

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"	2 1/2 jt. 5 jt. 25# & 28#	258'	70-30 Pozmix	160	2% gel 3% c.c.
Production		5 1/2"		4576'	SMD	160	500 gal. mud 20 bbls. KCI 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				

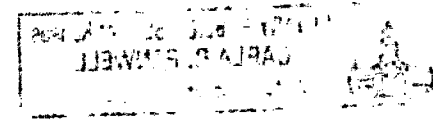
Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record (Amount and Kind of Material Used)	
		Amount	Depth
3	4482-4490	Acidized with 350 gal. MOD 101 18 bbls. KCI water w/clay stab.	
		Frac treated w/3600 lbs. 20-40 frac sand.	

TUBING RECORD	Size 2"	Set At 4533	Packer At 4303	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumed Production, SWD or Enhr. 8/8/03		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% 26	Gas Mcf	Water Bbls. 25% 9	Gas-Oil Ratio Gravity

Disposition of Gas Vented Sold Used on Lease (If vented, Sumit ACO-18.)

METHOD OF COMPLETION Open Hole Perf. Dually Comp. Commingled Other (Specify) _____

Production Interval _____



ORIGINAL

LOG'S Continued

Name	Top	Datum
Cherokee Sd.	4478	(-1941)
Miss.	4520	(-1983)
LTD	4584	(-2047)

RECEIVED
OCT 06 2003
KCC WICHITA

ALLIED CEMENTING CO., INC.

P.O. BOX 31
 RUSSELL, KS 67665
 PH (785) 483-3887
 FAX (785) 483-5566
 FEDERAL TAX ID# ~~25-333333~~

RECEIVED

OCT 06 2003

KCC WICHITA

 * INVOICE *

Invoice Number: 090447 ORIGINAL

Invoice Date: 07/22/03

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

RECEIVED
 JUL 25 2003

Cust. I.D.: Palo
 P.O. Number: AndersonBauer1
 P.O. Date: 07/22/03
 Due Date.: 08/21/03
 Terms: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	112.00	SKS	7.1500	800.80	T
Pozmix	48.00	SKS	3.8000	182.40	T
Gel	3.00	SKS	10.0000	30.00	T
Chloride	5.00	SKS	30.0000	150.00	T
Handling	168.00	SKS	1.1500	193.20	E
Mileage (16)	16.00	MILE	8.4000	134.40	E
168 sks @ \$0.05 per sk per mi					
Surface	1.00	JOB	520.0000	520.00	E
Mileage pmp trk	16.00	MILE	3.5000	56.00	E
Wood plug	1.00	EACH	45.0000	45.00	T

All Prices Are Net, Payable 30 Days Following Subtotal: 2111.80
 Date of Invoice: 1-1/2% Charged Thereafter Tax: 76.12
 If Account CURRENT take Discount of \$211.18 Payments: 0.00
 ONLY if paid within 30 days from Invoice Date Total: 2187.92

ALLIED CEMENTING CO., INC.

15495

Federal Tax I.D.# ~~XXXXXXXXXX~~

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

SERVICE POINT:
Ness City

DATE	SEC. <u>28</u>	TWP. <u>16</u>	RANGE <u>24 W</u>	CALLED OUT <u>12:00 pm</u>	ON LOCATION <u>1:00 pm</u>	JOB START <u>4:00 pm</u>	JOB FINISH <u>5:00 pm</u>
Anderson LEASE	WELL # <u>41</u>		LOCATION <u>Ransom - 2 1/4 west - South</u>	COUNTY <u>Ness</u>	STATE <u>KS</u>		
OLD OR NEW (Circle one) <u>NEW</u>			into				

CONTRACTOR Pickrell
 TYPE OF JOB Surface pipe
 HOLE SIZE 12 1/4 T.D. 263
 CASING SIZE 8 5/8 DEPTH 258
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE _____ DEPTH _____
 TOOL _____ DEPTH _____
 PRES. MAX _____ MINIMUM _____
 MEAS. LINE _____ SHOE JOINT _____
 CEMENT LEFT IN CSG. approx 15'
 PERFS. _____
 DISPLACEMENT 15 1/2 BB's

OWNER Palimino
 CEMENT AMOUNT ORDERED 160.5x 70/30 3+2

COMMON	<u>112.00</u>	@	<u>7.15</u>	<u>800.80</u>
POZMIX	<u>48.00</u>	@	<u>3.80</u>	<u>182.40</u>
GEL	<u>3.00</u>	@	<u>10.00</u>	<u>30.00</u>
CHLORIDE	<u>5.00</u>	@	<u>30.00</u>	<u>150.00</u>
_____	_____	@	_____	_____
_____	_____	@	_____	_____
_____	_____	@	_____	_____
_____	_____	@	_____	_____
_____	_____	@	_____	_____
HANDLING	<u>168.00</u>	@	<u>1.15</u>	<u>193.20</u>
MILEAGE	<u>168.00</u>	OS	<u>16</u>	<u>134.40</u>

EQUIPMENT

PUMP TRUCK CEMENTER Jack
 # 224 HELPER Jim
 BULK TRUCK DRIVER Don
 # 260
 BULK TRUCK DRIVER _____

TOTAL 1490.80

REMARKS:

Run 7 1/2 of 8 5/8 csg - cement with 160.5x cement Displace plug with 15 1/2 BB's of Fresh water - Cement did cure

SERVICE

DEPTH OF JOB	<u>258'</u>		
PUMP TRUCK CHARGE			<u>520.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>16</u>	@	<u>3.50</u> <u>56.00</u>
PLUG <u>1-8 5/8 Wood</u>		@	<u>45.00</u> <u>45.00</u>
_____		@	_____
_____		@	_____

TOTAL 621.00

CHARGE TO: Palimino
 STREET _____
 CITY _____ STATE _____ ZIP _____

FLOAT EQUIPMENT

_____	@	_____
_____	@	_____
_____	@	_____
_____	@	_____
_____	@	_____

TOTAL _____

To Allied Cementing Co., Inc.
 You are hereby requested to rent cementing equipment and furnish cementer and helper 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 & understand the "TERMS AND CONDITIONS" listed on the reverse side.

TAX _____
 TOTAL CHARGE 621.00
 DISCOUNT 0.00 IF PAID IN 30 DAYS

SIGNATURE Mike Kern

Mike Kern
 PRINTED NAME

SWIFT SERVICES, INC.

PO BOX 466

NESS CITY, 67560-0466

RECEIVED

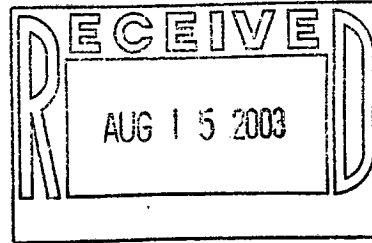
OCT 06 2003

KCC WICHITA

ORIGINAL Invoice

DATE	INVOICE #
7/24/03	5768

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827



TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	# 1	Anderson-Baer	Ness	Pickrell Drig	Oil	Development	Roger	Cmt 5 1/2" Pr...

PRICE REFERE...	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
575D	Milage	20	2.50	50.00
578D	Pump Service	1	1,200.00	1,200.00
410-5	Top Plug	1	50.00	50.00T
400-5	5 1/2" Guide Shoe	1	100.00	100.00T
401-5	5 1/2" Insert Float with Auto Fill	1	125.00	125.00T
402-5	5 1/2" Centralizers	9	44.00	396.00T
403-5	5 1/2" Cement Basket	3	125.00	375.00T
193	Rotating Head	1	150.00	150.00T
281	Mud Flush	500	0.60	300.00T
221	Liquid KCL	2	19.00	38.00T
404-5	5 1/2" Port Collar	1	1,500.00	1,500.00T
330	Swift Multi-Density	175	9.75	1,706.25T
276	Flocele	45	0.90	40.50T
285	CFR-1	82	2.75	225.50T
581D	Service Charge Cement	175	1.00	175.00
583D	Drayage	182.38	0.85	155.02
	Subtotal			6,586.27
	Sales Tax		5.30%	265.33

Thank you for your business.	Total	\$6,851.60
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CHARGE TO: *Palomio Petroleum*
 ADDRESS:
 CITY, STATE, ZIP CODE:

TICKET No 5768

PAGE 1 OF 2

SERVICE LOCATIONS) 1. *Chapin*
 WELL/PROJECT NO. #1 LEASE *Anderson - Bach* COUNTY/PARISH *Ness* STATE *Ks* CITY DATE *7-24-03* OWNER *Same*
 2. TICKET TYPE SERVICE SALES CONTRACTOR *Pickwell Oils* RIG NAME/NO. SHIPPED VIA *BIT* DELIVERED TO *Location* ORDER NO.
 3. WELL TYPE *Oil* WELL CATEGORY *Development* JOB PURPOSE *Cont. 5 1/2" Prod. Csg.* WELL PERMIT NO. WELL LOCATION *Sec 28-16^s-24^w*
 4. REFERRAL LOCATION INVOICE INSTRUCTIONS

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.	U/M	QTY.	U/M	UNIT PRICE	AMOUNT
		LOC	ACCT	DF							
575		1			MILEAGE #106	20	mi			2.50	50.00
578		1			Pump Service	1	ea			1200.00	1,200.00
410		1			S-W Top Plug	1	ea	5 1/2	in	50.00	50.00
400		1			Guide Shoe	1	ea	"		100.00	100.00
401		1			Insert Float Valve	1	ea	"		125.00	125.00
402		1			Centralizers	9	ea	"		44.00	396.00
403		1			Cont. Baskets	3	ea	"		125.00	375.00
193		1			Rotating head	1	ea			150.00	150.00
231		1			Mud Flush	500	gal			1.66	300.00
221		1			RGL	2	gal			19.00	38.00
404		1			Port Collar	1	ea			1500.00	1,500.00
		1			See Continuation						2302.25

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
 DATE SIGNED TIME SIGNED 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	PAGE TOTAL	AMOUNT
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				6,586	29
WE UNDERSTOOD AND MET YOUR NEEDS?					
OUR SERVICE WAS PERFORMED WITHOUT DELAY?					
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				5.3	
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TAX	265.33
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND				TOTAL	6851.60

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES The customer hereby acknowledges receipt of the materials and services listed on this ticket.

SWIFT OPERATOR *Ray B. [Signature]* APPROVAL *Walt [Signature]*

Thank You!



PO Box 466
Ness City, KS 67560
Off: 785-798-2300

TICKET CONTINUATION

TICKET No. 5768

CUSTOMER *Palemia Per.* WELLS *Anderson-Boer #1* DATE *7-24-03* PAGE *2* OF *2*

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			TIME	DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT	
		LOC	ACCT	DF			QTY.	U/M	QTY.	U/M			
<i>330</i>		<i>1</i>				<i>SMOC</i>	<i>175</i>	<i>SKS</i>			<i>9.75</i>	<i>1706</i>	<i>25</i>
<i>276</i>		<i>1</i>				<i>Flocele</i>	<i>45</i>	<i>#</i>			<i>90</i>	<i>40</i>	<i>50</i>
<i>285</i>		<i>1</i>				<i>CFR-1</i>	<i>82</i>	<i>#</i>			<i>2.72</i>	<i>225</i>	<i>50</i>
<i>581</i>		<i>1</i>				SERVICE CHARGE					<i>1.00</i>	<i>175</i>	<i>00</i>
<i>583</i>		<i>1</i>				MILEAGE CHARGE	<i>18,238</i>	TOTAL WEIGHT	<i>20</i>	LOADED MILES	<i>182.38</i>	TON MILES	<i>155</i>

ORIGINAL

CONTINUATION TOTAL *2302.29*

JOB LOG

SWIFT Services, Inc.

ORIGINAL

DATE **7-24-03** PAGE NO. **1**

CUSTOMER **Palomares Pet.** WELL NO. **#1** LEASE **Anderson Back** JOB TYPE **Long String** TICKET NO. **5768**

CHART NO.	TIME	RATE (BPM)	VOLUME (BBE) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1730							On box.
	1830							Start in hole with 5 1/2" csg. Guide Shoe Insert Float Valve
								Cent. on #1, #2, #3, #5, #7, #10, #14, #18, #64 Reels on #2, #4, #65 Port Collar on #65 @ 1831'
	20:30							Drop Ball
	20:40							Circulate + Rotate Csg.
	21:15							Plug Mouse Hole + Port hole with 255s Pump 500gal Mud Flush Pump 20 th 2% KCL Flush MIX 175sbs SMD 12.5" gal MIX 175sbs SMD 14" gal
			12					Finished mixing
			20					wash out Pump & line
			49					Displ. Top Plug
	21:45							Plug down 1300psi holding
	22:00		111				1300	Release Press. Dry up Float held wash and rack up track JOB COMPLETE

Handwritten signature

SWIFT SERVICES, INC.

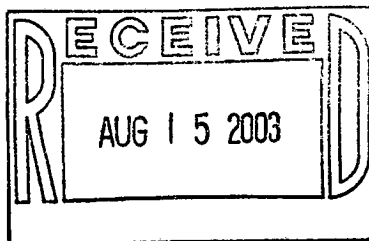
PO BOX 466

NESS CITY, 67560-0466

ORIGINAL Invoice

DATE	INVOICE #
7/31/03	5689

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827



TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	# 1	Anderson-Baer	Ness		Oil	Development	Lenny	Acidize perms

PRICE REFERE...	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
500D	Milage	15	2.50	37.50
501D	Acid Pump Charge	1	550.00	550.00
304 - 7.5%	MOD 101	350	1.65	577.50
226	Xylene	35	3.00	105.00
222	Xylene Emulsifier	1	18.00	18.00
232	Musal	7	12.00	84.00
237	Cla-Sta-1	2	25.00	50.00
221	Liquid KCL	2	19.00	38.00
235	INH. 1	1	36.00	36.00
230	Surf-3	1	25.00	25.00
	Subtotal			1,521.00
	Sales Tax		5.30%	0.00

Thank you for your business.

Total

\$1,521.00



CHARGE TO:	Palomino Petroleum
ADDRESS	
CITY, STATE, ZIP CODE	

TICKET No 5689

PAGE 1 OF 1

SERVICE LOCATIONS 1. ORIP	WELL/PROJECT NO. 1	LEASE Anderson - Baer	COUNTY/PARISH NESS	STATE KS	CITY	DATE 7-31-03	OWNER Same
2. ORIP	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR	RIG NAME/NO. Mobil	SHIPPED VIA 105	DELIVERED TO W. Ransom	ORDER NO.	
3. ORIP	WELL TYPE oil	WELL CATEGORY Development	JOB PURPOSE ACIDIZE Perfs	WELL PERMIT NO.	WELL LOCATION		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UNIT PRICE		AMOUNT
		LOC	ACCT	DF			U/M			
500					MILEAGE 105	15	mi		2.50	37.50
501					Pump charge	1	EA			550.00
304					mod 101 ACID	350	Gal	7 1/2%	1.65	577.50
226					xylene	35	Gal		3.00	105.00
222					xylene emulsifier	1	Gal			18.00
232					musol	7	Gal		12.00	84.00
237					Cl-a-sta	2	Gal		25.00	50.00
221					Liquid KCL	2	Gal		19.00	38.00
					Inh-1	1	Gal			36.00
					surf-3	1	Gal			25.00

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 *[Signature]*
 DATE SIGNED **7-31-03** TIME SIGNED **11:00** 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	PAGE TOTAL	1521.00
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?					
WE UNDERSTOOD AND MET YOUR NEEDS?					
OUR SERVICE WAS PERFORMED WITHOUT DELAY?					
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				5.3 TAX	
ARE YOU SATISFIED WITH OUR SERVICE?	<input type="checkbox"/> YES	<input type="checkbox"/> NO		TOTAL	1521.00
<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.

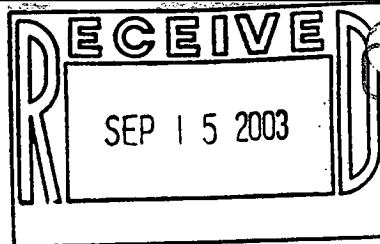
SWIFT OPERATOR *[Signature]* APPROVAL

Thank You!

SWIFT SERVICES, INC.

PO BOX 466

NESS CITY, 67560-0466



ORIGINAL Invoice

DATE	INVOICE #
8/4/03	5776

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	# 1	Beir	Ness	Mobil	Oil	Development	Roger	Frac Perfs

PRICE REFERE...	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
500D	Milage	15	2.50	37.50
507D	Pump Service	1	1,000.00	1,000.00
504D	Blender Charge	1	450.00	450.00
246	Guar Gel	300	3.00	900.00
247	Liquid Enzyme Breaker	1	180.00	180.00
221	Liquid KCL	14	19.00	266.00
230	Surf-3	7	25.00	175.00
237	Cla-Sta-1	7	25.00	175.00
263	FLA 1	100	2.00	200.00T
288	Sand (20/40 Brady)	36	11.00	396.00T
581D	Service Charge Cement	36	1.38889	50.00
582D	Minimum Drayage Charge	1	100.00	100.00
	Subtotal			3,929.50
	Sales Tax		5.30%	31.59

Thank you for your business.	Total	\$3,961.09
-------------------------------------	--------------	-------------------



CHARGE TO: *Pelamco Pet.*
 ADDRESS:
 CITY, STATE, ZIP CODE:

TICKET No 5776
 PAGE 1 OF 1

SERVICE LOCATIONS: 1. *Hayes*
 WELL/PROJECT NO. *#1* LEASE *Beir* COUNTY/PARISH *Ness* STATE *Ks.* CITY DATE *8-4-03* OWNER *Sone*
 2. *0* TICKET TYPE SERVICE SALES CONTRACTOR *Mobil* RIG NAME/NO. SHIPPED VIA *ET* DELIVERED TO *Location* ORDER NO.
 3. WELL TYPE *Oil* WELL CATEGORY *Development* JOB PURPOSE *Free Peak* WELL PERMIT NO. WELL LOCATION
 4. REFERRAL LOCATION INVOICE INSTRUCTIONS

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UNIT PRICE		AMOUNT
		LOC	ACCT	DF			U/M		U/M	
500		1			MILEAGE #103	15	mi	2	50	3750
507		1			Pump Service	1	ea	1,000	100	1,000
504		1			Blender Charge	1	ea	450	100	450
246		1			Guns	300	#	3	30	900
247		1			Breaker	1	gal	180	100	180
221		1			KCL	14	gal	19	100	266
230		1			Surt-3	7	gal	25	25	175
237		1			Clu-Sta	7	gal	25	25	175
263		1			FLA	100	#	2	20	200
288		1			20/40 Sand	36	ys	11	100	396
581		1			Service Charge	36	ys	1		50
582		1			Drayage	min.				100

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 Schreiber*
 DATE SIGNED: TIME SIGNED: 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	PAGE TOTAL	TAX	TOTAL
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				3929		50
WE UNDERSTOOD AND MET YOUR NEEDS?				3930		00
OUR SERVICE WAS PERFORMED WITHOUT DELAY?						
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?					31	59
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO						
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND						
						3961
						09

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES The customer hereby acknowledges receipt of the materials and services listed on this ticket.

SWIFT OPERATOR: *Ray B. Lybster*
 APPROVAL:

Thank You!

JOB LOG

SWIFT Services, Inc. ORIGINAL

DATE 8-4-03 PAGE NO. 1

CUSTOMER Palomares Pet. WELL NO. #1 LEASE Beir JOB TYPE Frac TICKET NO. 5776

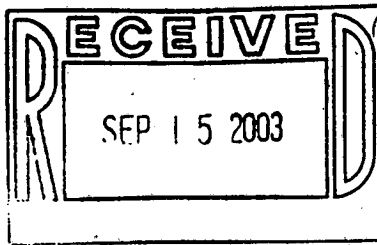
CHART NO.	TIME	RATE (BPM)	VOLUME (BBT)(GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	1230							on loc. Set up truck Gel up 2 water trucks 160 ^{SS1} Tie in tubing + Perfor Perf @ 4482'-90'
	1340							Set Perfor @ 4313' Start 2500gal Gelbed Pad motor over heated shut down
	1515	4 1/2				700		Start Rest of Pad
			60					Start 2000gal 1/2" sand
		4 1/2	81			700		1/2" on Bottom 700psf
			108					Start 1500gal 1" sand
		4 1/2	129			700		1" on Bottom 700psf
		4 1/2	144			800		Start 750gal 1 1/2" sand
		4 1/2	165			1,300		1 1/2" on Bottom Press. increase 1200psf
		4 1/2				1,500		10 ^{SS1} Flush in 4 1/2 BPM 1500psf
						1,800		Max. Press. 1800psf
	15:55					700		ISIP 700psf shut in @ well head wash and rack up truck Job Complete

Handwritten signature

SWIFT SERVICES, INC.

PO BOX 466

NESS CITY, 67560-0466

**ORIGINAL Invoice**

DATE	INVOICE #
8/4/03	5781

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	# 1	Beir	Ness	Mobil	Oil	Development	Roger	Isolate to Frac
PRICE REFERE...	DESCRIPTION				QTY	UNIT PRICE	AMOUNT	
100	Milage				15	1.00	15.00T	
101	Service Packer Rental				1	750.00	750.00T	
	Subtotal						765.00	
	Sales Tax					5.30%	40.55	
Thank you for your business.						Total	\$805.55	

ORIGINAL



CHARGE TO: <i>Palamiro Petroleum</i>
ADDRESS
CITY, STATE, ZIP CODE

TICKET
No 5781

PAGE 1 OF 1

SERVICE LOCATIONS <i>Ness City, Mo</i>	WELL/PROJECT NO. <i>#1</i>	LEASE <i>Boil</i>	COUNTY/PARISH <i>Ness</i>	STATE <i>Ks.</i>	CITY	DATE <i>8-4-03</i>	OWNER <i>Some</i>
TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR <i>Mobil</i>	RIG NAME/NO.	SHIPPED VIA <i>OT</i>	DELIVERED TO <i>Loc.</i>	ORDER NO.		
3. WELL TYPE <i>Oil</i>	WELL CATEGORY <i>Development</i>	JOB PURPOSE <i>Islet to Frec. TR#5716</i>	WELL PERMIT NO.	WELL LOCATION <i>West Ransom, Mo</i>			
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.	U/M	QTY.	U/M	UNIT PRICE		AMOUNT	
		LOC	ACCT	DF									
100		1			MILEAGE	15	mi			1	00	15	00
101		1			Service Packed	1	ea	5 1/2	yr	750	00	750	00
		1											

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
DATE SIGNED _____ TIME SIGNED _____ 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	PAGE TOTAL	765	00
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?						
WE UNDERSTOOD AND MET YOUR NEEDS?						
OUR SERVICE WAS PERFORMED WITHOUT DELAY?						
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				5.3% TAX	40	55
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	805	55
<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.

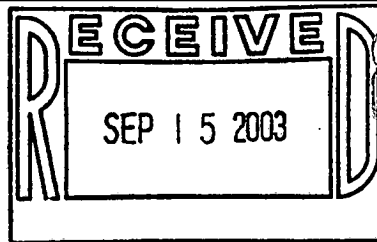
SWIFT OPERATOR *[Signature]* APPROVAL _____

Thank You!

SWIFT SERVICES, INC.

PO BOX 466

NESS CITY, 67560-0466



ORIGINAL Invoice

DATE	INVOICE #
8/15/03	5858

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827

RECEIVED
OCT 06 2003
KCC WICHITA

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	# 1	Anderson Baer	Ness	DS&W	Oil	Development	Wayne	Cement port c...
PRICE REFERE...	DESCRIPTION				QTY	UNIT PRICE	AMOUNT	
575D	Milage				15	2.50	37.50	
577D	Pump Service				1	750.00	750.00	
288	Sand (20/40 Brady)				1	11.00	11.00T	
330	Swift Multi-Density				175	9.75	1,706.25T	
276	Flocele				50	0.90	45.00T	
581D	Service Charge Cement				200	1.00	200.00	
583D	Drayage				149.775	0.85	127.31	
	Subtotal						2,877.06	
	Sales Tax					5.30%	93.40	
Thank you for your business.						Total	\$2,970.46	



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

TICKET
 No 5858

PAGE 1 OF 1

1. SERVICE LOCATIONS: **NESS COY, KS** WELL/PROJECT NO: **#1** LEASE: **ANDERSON BASE** COUNTY/PARISH: **NESS** STATE: **Ks** CITY: DATE: **8-15-03** OWNER: **SAME**

2. TICKET TYPE: SERVICE SALES CONTRACTOR: **D.S. - W** RIG NAME/NO. SHIPPED VIA: **CT** DELIVERED TO: **LOCATION** ORDER NO.

3. WELL TYPE: **02** WELL CATEGORY: **DEVELOPMENT** JOB PURPOSE: **CRACK PROP. CONTROL** WELL PERMIT NO. WELL LOCATION: **PAISON, Ks - 2W, S2W20**

4. REFERRAL LOCATION INVOICE INSTRUCTIONS

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT
		LOC	ACCT	DF							
575		1			MILEAGE * 104		15	MI		2.50	37.50
577		1			PUMP SERVICE		1	JOB		750.00	750.00
288		1			20/40 SACK SAND		1	SK		11.00	11.00
330		1			SWIFT MULTI-DEWET STANDARDS		175	SKS		9.75	1706.25
276		1			FLOUSE		50	UBS		.90	45.00
581		1			SERVICE CHARGE CRACK		200	SKS		1.00	200.00
583		1			DRAINAGE		19970	UBS	149.975	.85	127.31

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

[Signature]
 DATE SIGNED: **8-15-03** TIME SIGNED: **0830** 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	PAGE TOTAL
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?				2877.06
WE UNDERSTOOD AND MET YOUR NEEDS?				
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				5.30 TAX
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				
ARE YOU SATISFIED WITH OUR SERVICE?	<input type="checkbox"/> YES <input type="checkbox"/> NO			TOTAL
<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.

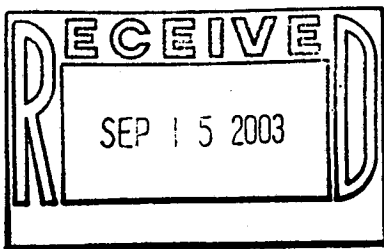
SWIFT OPERATOR: *[Signature]* APPROVAL:

Thank You!

SWIFT SERVICES, INC.

PO BOX 466

NESS CITY, 67560-0466



ORIGINAL **Invoice**

DATE	INVOICE #
8/15/03	5857

BILL TO
Palomino Petroleum Inc. 4924 S E 84th Street Newton, KS 67114-8827

RECEIVED
OCT 06 2003
KCC WICHITA

TERMS	Well No.	Lease	County	Contractor	Well Type	Well Category	Operator	Job Purpose
Net 30	# 1	Anderson Baer	Ness	DS&W	Oil	Development	Wayne	Tools

PRICE REFERE...	DESCRIPTION	QTY	UNIT PRICE	AMOUNT
100	Milage	15	1.00	15.00T
102	Retrievable Bridge Plug	1	700.00	700.00T
105	Port Collar Opening Tool	1	400.00	400.00T
107	Stripper Head	1	150.00	150.00T
	Subtotal			1,265.00
	Sales Tax		5.30%	67.05

Thank you for your business.

Total

\$1,332.05



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

TICKET
 No 5857

PAGE 1 OF 1

1. SERVICE LOCATIONS: **NESS CO. KS**

2. WELL/PROJECT NO. **#1** LEASE **ANDERSON BAER** COUNTY/PARISH **NESS** STATE **KS** CITY DATE **8-15-03** OWNER **SAME**

3. TICKET TYPE SERVICE SALES CONTRACTOR **D.S. - W** RIG NAME/NO. SHIPPED VIA **CT** DELIVERED TO **LOCATION** ORDER NO.

4. WELL TYPE **OIL** WELL CATEGORY **DEVELOPMENT** JOB PURPOSE **TOOLS** WELL PERMIT NO. WELL LOCATION **PALOMINO, KS - 2W, S, N, D**

REFERRAL LOCATION INVOICE INSTRUCTIONS

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT
		LOC	ACCT	DF							
100		1			MILEAGE * 04	15		ME		1.00	15.00
102		1			SERVICE RBP	1		EA	5 1/2"	700.00	700.00
105		1			PORT COLLAR OPENING TOOL	1		EA		400.00	400.00
107		1			STROPPER HEAD	1		JOB		150.00	150.00

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 *[Signature]*
 DATE SIGNED **8-15-03** TIME SIGNED **0830** 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	PAGE TOTAL	AMOUNT
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?					1265.00
WE UNDERSTOOD AND MET YOUR NEEDS?					
OUR SERVICE WAS PERFORMED WITHOUT DELAY?					
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				5.3%	67.05
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	1332.05
<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 **WAVE WISOL** APPROVAL

Thank You!

JOB LOG

SWIFT Services, Inc. ORIGINAL

DATE **8-15-03** PAGE NO. **1**

CUSTOMER **PALOMAR PETROLEUM** WELL NO. **#1** LEASE **ADIRSO BARR** JOB TYPE **TOOLS - CMT PORT COLLAR** TICKET NO. **5857-5858**

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	0800							ON LOCATION
								2 3/8 x 5 1/2
								PORT COLLAR @ 1830
								RBP @ 3621
	0830							START TOOLS IN WELL
	1030							SET RBP @ 3621' (116 JTS)
	1150		7 1/2		✓		1000	LOAD HOLE - PSE-TEST - HOLD
	1200		12	✓				SPOT 1 1/2 SAWS
	1210							PULL TUBING TO 1830'
	1305							LOCATE PORT COLLAR - LOAD HOLE
	1315	3	4	✓		300		OPEN PORT COLLAR - 2 1/2 RATE
	1325	3 1/2		✓		500 ^{MM}		MAX 175 SPS CMT
	1340	3 1/2	6	✓		600		DISPARE CMT - CIRCULATE 20 SPS TO POT
	1350				✓		1200	CLOSE PORT COLLAR - PSE TEST - HOLD
	1410	3	20		✓		450	RUN 5 JTS - REVERSE CLEAN
								RUN TUBING TO RBP
								CIRCULATE SAWN OFF RBP
	1530	3	83		✓		600	FILL WELL WITH LEASE OIL
								RELEASE RBP - PULL OUT WELL
								BACK UP
	1600							JOB COMPLETE
								THANK YOU
								WALT, JUSTY, DERRICK

KCC OIL/GAS REGULATORY OFFICE

Date August 15, 2003

15-135-24227-00-00

New Situation
 Response to Request
 Follow-up

Operator Palomino Petroleum, Inc #

Address

Location W/2-E/2-E/2, Sec 28, T 16 S, R24 W

Lease Anderson-Baer Well 1

Phone No.

County Ness

Oper. Other

Reason for Investigation: Witness Alt.II

Problem: None cement circulated to surface.

Person(s) Contacted:

Findings: T.D. 4586'

5-1/2" @ 4576'

Port Collar 1830' cemented with 175 sxs smds-1/4% flo seal—2%cc—20 sxs to pit

N-38.63096—W-99.97699

RECEIVED

AUG 19 2003

KCC WICHITA

photos taken:

Action/Recommendations: None Alt.II requirments have been completed.

- Lease Inspection
- Complaint
- Field Report

By Michael Maier

Retain I copy Joint District Office
Send one copy Conservation Division

200 1227-03

15-135-242700-0

For KCC Use: Effective Date: 7.2.03 District #: SGA? Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

RECEIVED 06-27-2003 JUN 27 2003 Form C-1 December 2002 Form must be Typed Form must be Signed All blanks must be Filled

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing

Expected Spud Date: 7 month 11 day 03 year

OPERATOR: License# 30742 Name: Palomino Petroleum, Inc. Address: 4924 SE 84th St. City/State/Zip: Newton, KS 67114-8827 Contact Person: Klee R. Watchous Phone: (316) 799-1000

CONTRACTOR: License# 5123 Name: Pickrell Drilling Co., Inc.

Well Drilled For: Well Class: Type Equipment: [X] Oil [] Enh Rec [X] Infield [X] Mud Rotary [] Gas [] Storage [] Pool Ext. [] Air Rotary [] OWO [] Disposal [] Wildcat [] Cable [] Seismic; # of Holes [] Other

If OWWO: old well information as follows: Operator: Well Name: Original Completion Date: Original Total Depth: Directional, Deviated or Horizontal wellbore? [] Yes [X] No If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

Shot: KCC WICHITA W/2 E/2 E/2 Sec. 28 Twp. 16 S. R. 24 2630 feet from [X] N / [] S Line of Section 810 feet from [X] E / [] W Line of Section Is SECTION [X] Regular [] Irregular?

(Note: Locate well on the Section Plat on reverse side) County: Ness Lease Name: Anderson-Baer Well #: 1 Field Name: Ransom Is this a Prorated / Spaced Field? [] Yes [X] No Target Information(s): Cherokee Sand Nearest Lease or unit boundary: 510 (UNIT) Ground Surface Elevation: 2532 feet MSL Water well within one-quarter mile: [] Yes [X] No Public water supply well within one mile: [] Yes [X] No Depth to bottom of fresh water: 220 Depth to bottom of usable water: 1050 Surface Pipe by Alternate: [] 1 [X] 2 Length of Surface Pipe Planned to be set: 240+ Length of Conductor Pipe required: None Projected Total Depth: 4600 Formation at Total Depth: Mississippian Water Source for Drilling Operations: [] Well [X] Farm Pond [] Other DWR Permit #:

(Note: Apply for Permit with DWR) Will Cores be taken? [] Yes [X] No If Yes, proposed zone:

Pusher: Mike Kerns SPUD DATE: 7-14-03 INIT. SA: 240' of 8 5/8" LENGTH SURFACE PLANNED: 240' of 8 5/8" LINE 24" RT. 2" RESERVE PIT STATUS- REMOVE FLUID LINED after salt sect. bbls. when done bbls. RATHOLED AHEAD? Y N SIZE HOLE SURFACE PIPE 8 5/8" @ 258' CONDUCTOR ANHYDRITE T- B- ELEVATION TD FORMATION: 4609 2 1/2 @ 4580 DV TOOL 1821 ALT II DONE 100 SX 5 MD SX Y N X

Arbuckle Plug @ Ft. W/ SX Hug / Council @ Ft. W/ SX Anhydrite Base @ Any Base @ Any 1/2 Base Anyh. @ Ft. W/ SX 2 1/2, 1/2 Plug @ 1080 Ft. W/ 80 SX 3 Bottom Surface @ 320 Ft. W/ 40 SX 4 40' Plug @ 40-60 Ft. W/ 10 SX RAT HOLE CIRC/W 15 SX MOUSE HOLE W/ SX WATER WELL SX (Irr. Well) Hauling TECHNICIAN SD DATE 10-19-03 TYPE OF CEMENT 6 1/4 Poz 4 Flow Seal STARTING TIME: (AM/PM) DATE COMPLETION TIME: (AM/PM) DATE CEMENT COMPANY Swift #9178

RECEIVED AUG 19 2003 08-19-2003 KCC WICHITA

DECLARATION OF POOLING AND UNITIZATION OF OIL AND GAS LEASES

RECEIVED JUN 27 2003 KCC WICHITA

FORM 88 - (PRODUCER'S SPECIAL) (PAID-UP)

83U (Rev. 1993)

OIL AND GAS LEASE

Order No. 09-110 RECEIVED 2003 JUN 27 2003 KCC WICHITA

AGREEMENT, Made and entered into the 23rd day of August by and between Thelma L. Anderson and Donald R. Anderson, her husband

where mailing address is 734 Atherton Malze, Kansas 67101 hereinafter called Lessor (whether one or more), and BlueRidge Petroleum Corporation hereinafter called Lessee:

Lessor, in consideration of Ten & more Dollars (\$ 10.00) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets conclusively unto Lessee for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituents...

Township 16 South-Range 24 West

Section 28: NE/4 subject to RR ROW

In Section Township Range and containing 160 acres, more or less, and all accretions thereon.

Subject to the provisions herein contained, this lease shall remain in force for a term of three (3) years from the date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect with an said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well, then, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if all or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with full effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the undivided fee simple estate therein, then the royalties herein provided shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessee.

When requested by lessor, lessee shall bury lessee's pipe lines below pipe depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damage caused by lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party herein is assigned, and the privileges of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of royalty or royalties shall be binding on the lessee until after the lease has been furnished with a written transfer or assignment or a true copy thereof.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessee hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redress for lessor, by payment any mortgages, liens or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned as right of donor and homesteaded may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, in hereby gives the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of unit or unitized acreage and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 40 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production in royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage pooled in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

Lessee or his assigns further agrees to restore the surface of the ground as nearly as practicable to the original contour and condition where alterations were a result of their operations, and pay for any damage caused by their operations.

WHEREAS, Burton Oil and Gas Properties, Dearco, a partnership; G & N Investments, Inc.; Virginia M. Johnson, Trustee of the Virginia M. Johnson Revocable Trust Agreement, dated 10/18/95; Pickrell Acquisitions, Inc.; Lori Mayor O'Neill; Marcy Mayor Ramsay; Ruth M. Sullivan, Trustee of the Sebitts Properties Trust Under Trust Indenture dated 10/17/84; are the record owners of the Oil and Gas Leases described as Leases No. 1, No. 2, and No. 3 on the Exhibit "A" attached hereto and by reference made a part hereof, covering lands in Ness County, Kansas.

WHEREAS, Palomino Petroleum, Inc., Kirk T. Rundle, and BlueRidge Petroleum Corporation are the record owners of the Oil and Gas Lease described as the No. 4 Lease on Exhibit "A" attached hereto and by reference made a part hereof, covering lands in Ness County, Kansas.

WHEREAS, the Oil and Gas Leases described as No. 1, No. 2 and No. 3 under Exhibit "A" have been amended by that certain Amendment to Oil and Gas Leases as recorded in Book _____, at Page _____ of the office of the Register of Deeds in Ness County, Kansas, to grant the right, power, and privilege to the Lessee or his assigns, to pool or combine the acreage covered by each lease so as to form an oil production unit to cover, limit, and restrict only the acreage covered by each lease and not exceeding 40 acres, more particularly described below.

WHEREAS, the Oil and Gas Lease No. 4, as described on Exhibit "A", grants the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land to form a pool or unit not to exceed 40 acres for an oil well.

NOW, THEREFORE, in consideration of the premises and of the original considerations granted and given in connection with the execution and delivery of said Oil and Gas Leases and the above-mentioned amendment to said Oil and Gas Leases, the undersigned, do hereby pool, consolidate, and unitize the Oil and Gas Leases described on Exhibit "A" as to the rights therein and thereunder so as to form an oil production unit covering the following lands, to-wit:

The North Half of the Northeast Quarter of the Southeast Quarter (N/2 NE/4 SE/4) and The South Half of the Southeast Quarter of the Northeast Quarter (S/2 SE/4 NE/4) of Section 28, Township 16 South, Range 24 West, Ness County, Kansas.

THE, undersigned, do hereby declare and give public notice by the execution and filing of this instrument of their purpose to unitize and pool the said Oil and Gas Leases, as amended, to the oil rights therein and thereunder so as to form the unit acreage described last above, and do declare the necessity and advisability of said pooling and unitization in order to properly develop and operate said lease premises so as to promote the conservation of oil in and under and that may be produced from said premises. Production found on the pooled or unit acreage shall be treated as if production is had from each and all of the several leases and royalty provided for under said leases shall be apportioned among the mineral, royalty and overriding royalty owners within the said unit in the proportion that their interest in the minerals under the lands within the unitized area of such owner bears to the full mineral interest under all of the lands in the unitized area.

THIS Declaration of Pooling and Unitization of Oil and Gas Leases may be executed in counterpart and shall be binding on all those who execute it, without regard to whether this same instrument or a copy thereof is executed by a record owner.

THIS Declaration shall be effective the first day of the month following its recording in the office of the Register of Deeds of Ness County, Kansas.

IN WITNESS WHEREOF, the undersigned has set their hand and seal as of the date set out in the notary acknowledgments below.

WT: No 1, 2, 3 Burton Oil and Gas Properties by: Tammie Lynn Maloney, General Partner Dearco G & N Investments, Inc. by: Donald H. Dearmore Gerald E. Karlin, President

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

Witnesses: Thelma L. Anderson Donald R. Anderson SS# 515-16-7659 SS# 512-14-7466

Book 267 Page 719

Original Compared with Record

PLEASE SIGN AND RETURN

15-135-24227-00-00

RECEIVED
JUN 27 2003
KCC WICHITA

James William Hobson _____
(if married, spouse's signature)

Michael Roy Hobson _____
(if married, spouse's signature)

Overriding Royalty:
Shirley Berents Living Trust dated 8/2/97
by Shirley Berents, Co-Trustee
by Jack Berents, Co-Trustee
C. A. Long
Lori Lya Shellenberger
Lessee/WI:
Berens Oil Company
by _____
Decease
by Donald H. Deamano
Virginia M. Johnson Revocable Trust Agreement
dated 10/18/95
by Virginia M. Johnson, Trustee
Lori Mayer O'Neil
Sobita Properties Trust
by Ruth M. Sullivan, Trustee

F. O. Hill Company, LLC
by _____
Bill A. Koster
Euni L. Miller
Grant C. Shellenberger
Berens Oil and Gas Properties
by Tammi Lynn Maloney, General Partner
G & N Investments, Inc.
by Gerald B. Karfin, President
Pickrel Acquisitions, Inc.
by C. W. Sobita, President
Mary Mayer Ramsey

Acknowledgment(s)

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me, a Notary Public, on this ____ day of _____, 2003,
by _____

My commission expires: _____
(Notary Public)

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me, a Notary Public, on this ____ day of _____, 2003,
by _____

My commission expires: _____
(Notary Public)

AMENDMENT TO OIL AND GAS LEASES

THIS AMENDMENT, is made and entered into this 13th day of May 2003, by and between the undersigned, royalty, working and overriding royalty interest owners in the following Oil and Gas Leases:

RECEIVED
JUN 27 2003
KCC WICHITA

Lessee Name: Bax
Lease Date: May 15, 1963
Lessor: Daley A. Bax, a widow; Dorothy Bax Hobson & James M. Hobson, w/h
Vrui W. Levan
Recorded: Book Misc 62, Page 312
Description: INSCOPAR AND ONLY INSCOPAR AS SAID LEASE COVERS the West Half of Section 27, and the Southeast Quarter (SE/4) of Section 28, all in Township 16 South, Range 24 West, Ness County, Kansas

Lessee Name: Bax (cont.)
Lease Date: May 18, 1963
Lessor: Daley A. Bax, Trustee for and on behalf of all the vested remaindermen, both known and unknown, born and unborn, Paragraph 3 of the Will of W. F. Bax, deceased, pursuant to a decree of the District Court of Ness County, Ka. in Case #5869 made on September 30, 1946
Vrui W. Levan
Recorded: Book Misc 62, Page 496
Description: INSCOPAR AND ONLY INSCOPAR AS SAID LEASE COVERS the West Half of Section 27, and the Southeast Quarter (SE/4) of Section 28, all in Township 16 South, Range 24 West, Ness County, Kansas

Lessee Name: Bax
Lease Date: June 14, 1963
Lessor: Daley A. Bax, Guardian of the Estates of James William Hobson, Michael Roy Hobson and Charles Bruce Hobson, minors, pursuant to the order of the Probate Court of Ness County, Ka. dated June 14, 1963
Vrui W. Levan
Recorded: Book Misc 62, Page 496
Description: INSCOPAR AND ONLY INSCOPAR AS SAID LEASE COVERS the West Half of Section 27, and the Southeast Quarter (SE/4) of Section 28, all in Township 16 South, Range 24 West, Ness County, Kansas

WHEREAS, the above-referenced leases do not contain a clause that grants the right, power and privilege to the Lessee or his assignee to pool or combine the acreage covered by each lease so as to form a forty (40) acre oil production unit;

NOW, THEREFORE, for the same consideration recited in said leases and in consideration of the desire of all parties to amend the above-mentioned Oil and Gas Leases to include the right, power and privilege to the Lessee or his assignee, to pool or combine a forty (40) acre oil production unit described as follows, to-wit:

The North Half of the Northwest Quarter of the Southeast Quarter (N/2 NE/4 SE/4) and the South Half of the Southeast Quarter of the Northwest Quarter (S/2 SE/4 NE/4) of Section 28, Township 16 South, Range 24 West, Ness County, Kansas.

If production is found on the pooled acreage, it shall be treated as if production is had from each lease, and the Lessee shall receive production from the unit, as pooled, only in such portion of the royalty stipulated in the above-mentioned Oil and Gas Leases as the amount of their acreage placed in the unit or their royalty interest therein on an acreage basis as it bears to the total acreage so pooled in the unit.

All other provisions of the Oil and Gas Leases are to remain unchanged.

THIS Amendment may be executed in counterpart and shall be binding on all those who execute it, without regard to whether this same instrument or any copy thereof is executed by all parties.

IN WITNESS WHEREOF, this Amendment shall be effective as of the 1st day of the month following its recording date in the Ness County Register of Deeds office.

Lessee/Royalty:

Charles Bruce Hobson _____ (if married, spouse's signature)

Dorothy Bax Hobson _____ (if married, spouse's signature)

15-135 - 24227-00-00

RECEIVED
JUN 27 2003
KCC WICHITA

(Declaration of Pooling and Unitization of Oil and Gas Leases - cont.)

Virginia M. Johnson Revocable Trust Agreement
dated 10/18/95

Pickrell Acquisitions, Inc.

by: _____
Virginia M. Johnson, Trustee

by: _____
C. W. Sebts, President

Lori Mayor O'Neill

Marcy Mayor Ramsay

Sebts Properties Trust Under Trust Indenture
dated 10/17/84

by: _____
Ruth M. Sullivan, Trustee

WI: No 4

Palomino Petroleum, Inc.
by: X Klee R. Watchous
Klee R. Watchous, President

Kirk T. Rundie

BlueRidge Petroleum Corporation

by: _____
Jonathan Allen, President

Acknowledgment(s)

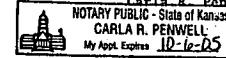
STATE OF KANSAS
COUNTY OF HARVEY

The foregoing instrument was acknowledged before me, a Notary Public, on this 4th day of June, 2003,
by KLEE R. WATCHOUS, PRESIDENT OF PALOMINO PETROLEUM, INC.

My commission expires: October 6, 2005

Carla R. Penwell
Carla R. Penwell
(Notary Public)

STATE OF _____
COUNTY OF _____



The foregoing instrument was acknowledged before me, a Notary Public, on this ___ day of _____, 2003,
by _____

My commission expires: _____
(Notary Public)

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me, a Notary Public, on this ___ day of _____, 2003,
by _____

My commission expires: _____
(Notary Public)

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me, a Notary Public, on this ___ day of _____, 2003,
by _____

My commission expires: _____
(Notary Public)

PLEASE SIGN AND RETURN

15-135-24227-00-00

15-135-24227-00-00

EXHIBIT "A"

(to that certain Declaration of Pooling and Unitization of Oil and Leases covering the N/2 NE SE & S/2 SE NE of Sec. 28-16s-24w, Ness County, Kansas)

RECEIVED
JUN 27 2003
KCC WICHITA

- No. 1 Lease Name: Baer
Lease Date: May 15, 1963
Lessor: Daisy A. Baer, a widow; Dorothy Baer Hobson & James M. Hobson, w/h
Lessee: Vyrl W. Levan
Recorded: Book Misc 62, Page 332
Description: INSOFAR AND ONLY INSOFAR AS SAID LEASE COVERS the West Half of Section 27; and the Southeast Quarter (SE/4) of Section 28; all in Township 16 South, Range 24 West, Ness County, Kansas
- No. 2 Lease Name: Baer (cont.)
Lease Date: May 18, 1963
Lessor: Daisy A. Baer, Trustee for and on behalf of all the vested remaindermen, both known and unknown, born and unborn, Paragraph 3 of the Will of W. F. Baer, deceased, pursuant to a decree of the District Court of Ness County, Ks. in Case #5869 made on September 30, 1946
Lessee: Vyrl W. Levan
Recorded: Book Misc 62, Page 476
Description: INSOFAR AND ONLY INSOFAR AS SAID LEASE COVERS the West Half of Section 27; and the Southeast Quarter (SE/4) of Section 28; all in Township 16 South, Range 24 West, Ness County, Kansas
- No. 3 Lease Name: Baer
Lease Date: June 14, 1963
Lessor: Daisy A. Baer, Guardian of the Estates of James William Hobson, Michael Roy Hobson and Charles Bruce Hobson, minors, pursuant to the order of the Probate Court of Ness County, Ks. dated June 14, 1963
Lessee: Vyrl W. Levan
Recorded: Book Misc 62, Page 496
Description: INSOFAR AND ONLY INSOFAR AS SAID LEASE COVERS the West Half of Section 27; and the Southeast Quarter (SE/4) of Section 28; all in Township 16 South, Range 24 West, Ness County, Kansas
- No. 4 Lease Name: Anderson
Lease Date: August 23, 2000
Lessor: Thelma L. Anderson and Donald R. Anderson, her husband
Lessee: BlueRidge Petroleum Corporation
Recorded: Book 267, Page 719
Description: INSOFAR AND ONLY INSOFAR AS SAID LEASE COVERS the NE/4 subject to RR ROW in Section 28, Township 16 South, Range 24 West.