

**KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
CLOSURE OF SURFACE PIT**

Form CDP-4  
April 2004  
Form must be Typed

Operator Name: Palomino Petroleum, Inc. License Number: 30742

Operator Address: 4924 SE 84th St., Newton, Kansas 67114-8827

Contact Person: Klee R. Watchous Phone Number: ( 316 ) 799 - 1000

Permit Number (API No. if applicable): 15-135-25294 0000 Lease Name & Well No.: Horchem-Huxman #1

Type of Pit:

Emergency Pit       Burn Pit

Settling Pit       Drilling Pit

Workover Pit       Haul-Off Pit

Pit Location (QQQQ):

NW SW SE NW

Sec. 33 Twp. 16 R. 26     East  West

2192 Feet from  North /  South Line of Section

1485 Feet from  East /  West Line of Section

Ness County

Date of closure: 1/31/12

Was an artificial liner used?     Yes     No

If no, how were the sides and bottom sealed to prevent downward migration of the pit contents?

Native muds and clays.

Abandonment procedure of pit:

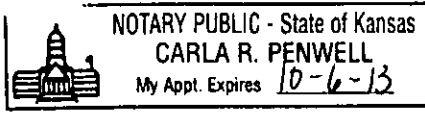
Backfilled and releveled location.

**RECEIVED  
FEB 02 2012  
KCC WICHITA**

The undersigned hereby certifies that he/ she is Geologist for Palomino Petroleum, Inc. (Co.), a duly authorized agent, that all information shown hereon is true and correct to the best of his/her knowledge and belief.

Nicholas P. Gersme  
Signature of Applicant or Agent

Subscribed and sworn to me on this 1st day of January, 2012



Carla R. Penwell  
Notary Public    Carla R. Penwell

My Commission Expires: October 6, 2013