

ORIGINAL

STATE CORPORATION COMMISSION OF KANSAS
OIL & GAS CONSERVATION DIVISION
WELL COMPLETION FORM
ACO-1 WELL HISTORY
DESCRIPTION OF WELL AND LEASE

API NO. 15- 135-241150000

Operator: License # 30742

County Ness

Name: Palomino Petroleum, Inc.

NE - NW - SE Sec. 25 Twp. 16S Rge. 26 X ^E _W

Address 4924 SE 84th St.

2310 Feet from SN (circle one) Line of Section

1650 Feet from EW (circle one) Line of Section

City/State/Zip Newton, KS 67114-8827

Footages Calculated from Nearest Outside Section Corner:
NE, SE NW or SW (circle one)

Purchaser: N/A

Lease Name Babcock Well # 2

Field Name Arnold S.W.

Operator Contact Person: Klee R. Watchous

Producing Formation NONE

Phone (316) 799-1000

Elevation: Ground 2606' KB 2611'

Contractor: Name: Pickrell Drilling

Total Depth 4565' PBSD _____

License: 5123

Amount of Surface Pipe Set and Cemented at: 2290' Feet

Wellsite Geologist: JAMES THOMPSON

Multiple Stage Cementing Collar Used? _____ Yes _____ No

yes, show depth set _____ Feet

Designate Type of Completion

New Well Re-Entry Workover

If Alternate II completion, cement circulated from _____

Oil SWD SLOW Temp. Abd.

feet depth to _____ w/ _____ sx cmt.

Gas ENHR SIGW

Dry Other (Core, WSW, Expl., Cathodic, etc)

Drilling Fluid Management Plan D2A 99/ 6/12/01
(Data must be collected from the Reserve Pit)

If Workover:

Operator: _____

Chloride content _____ ppm Fluid volume _____ bbls

Well Name: _____

Dewatering method used _____

Comp. Date _____ Old Total Depth _____

Location of fluid disposal if hauled offsite: _____

Deepening Re-perf. Conv. to Inj/SWD

Plug Back _____ PBSD _____

Commingled _____ Docket No. _____

Dual Completion _____ Docket No. _____

Other (SWD or Inj?) _____ Docket No. _____

10-10-00 10-21-00 10-21-00
Spud Date Date Reached TD Completion Date

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 on 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 11-10-00

Subscribed and sworn to before me this 10th day of November, 2000.

Notary Public Carla R. Penwell
Date Commission Expires 10-6-01 Carla R. Penwell

K.C.C. OFFICE USE ONLY
F Letter of Confidentiality Attached
C Wireline Log Received
C Geologist Report Received
Distribution
 KCC SWD/Rep NGPA
 KGS Plug Other
(Specify)

NOTARY PUBLIC - State of Kansas
CARLA R. PENWELL
My Appt. Expires 10-6-01

X

Operator Name **Palomino Petroleum, Inc.**

Lease Name Babcock Well # 2

Sec. 25 Twp. 16S Rge. 26

East
 West

County Ness

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all drill stem 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 during test. Attach extra sheet if more space is needed. Attach copy of log.

Drill Stem Tests Taken Yes No
(Attach Additional Sheets.)

Samples Sent to Geological Survey Yes No

Cores Taken Yes No

Electric Log Run Yes No
(Submit Copy.)

Log Formation (Top), Depth and Datums Sample
Name Top Datum

List All E.Logs Run:
Radiation Guard Log

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	7 7/8"	8 5/8"	20	229'	60-40 poz.	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 (Amount and Kind of Material Used)	Depth

TUBING RECORD	Size	Set At	Packer At	Liner Run <input type="checkbox"/> Yes <input type="checkbox"/> No

Date of First, Resumed Production, SWD or Inj.	Producing Method
D&A	<input type="checkbox"/> Flowing <input type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)

Estimated Production Per 24 Hours	Oil N/A Bbls.	Gas N/A Mcf	Water N/A 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. Commingled Other (Specify) _____

Production Interval: _____

ORIGINAL Invoice

SWIFT SERVICES, INC.

PO BOX 466

NESS CITY, 67560-0466

DATE	INVOICE #
10/10/00	2822

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	# 2	Bobcock	Ness	Pickrell	Oil	Development	Roger	Cement 8 5/8...
PRICE REFERENCE...	DESCRIPTION				QTY	UNIT PRICE	AMOUNT	
575D	Milage				26	2.50	65.00	
576D-S	Pump Charge				1	500.00	500.00	
410-8	Top Plug				1	56.00	56.00T	
581D	Service Charge Cement				150	1.00	150.00	
583D	Drayage				165	0.75	123.75	
326	60/40 Pozmix (2% gel)				150	5.20	780.00T	
278	Calcium Chloride				3	25.00	75.00T	
	Subtotal						1,749.75	
Discount	10% Discount					-10.00%	-174.98	
	Subtotal						1,574.77	
	Sales Tax					4.90%	40.18	
Thank you for your business.						Total	\$1,614.95	



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

ORIGINAL

TICKET No 2822

PAGE 1 OF 1

SERVICE LOCATIONS 1. <i>Ness City, Ks.</i>	WELL/PROJECT NO. <i>#2</i>	LEASE <i>Babcock</i>	COUNTY/PARISH <i>Ness</i>	STATE <i>Ks.</i>	CITY	DATE <i>10/10/00</i>	OWNER <i>Same</i>
2.	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR <i>Pickwell Drilling Co.</i>	RIG NAME/NO.	SHIPPED VIA <i>RT</i>	DELIVERED TO <i>Location</i>	ORDER NO.	
3.	WELL TYPE <i>Oil</i>	WELL CATEGORY <i>Development</i>	JOB PURPOSE <i>Coast 8 5/8" Surface Csg</i>	WELL PERMIT NO.	WELL LOCATION <i>Sec 25-165-26w</i>		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UM		UNIT PRICE	AMOUNT
		LOC	ACCT	DF							
<i>575</i>		<i>1</i>			<i>MILEAGE #103</i>	<i>26</i>		<i>mi</i>		<i>2.50</i>	<i>65.00</i>
<i>576</i>		<i>1</i>			<i>Ramp Service</i>	<i>1</i>		<i>ea</i>		<i>500.00</i>	<i>500.00</i>
<i>410</i>		<i>1</i>			<i>Top Plug</i>	<i>1</i>		<i>ea</i>	<i>8 5/8 in</i>	<i>56.00</i>	<i>56.00</i>
<i>581</i>		<i>1</i>			<i>Service Charge</i>	<i>150</i>		<i>sh</i>		<i>1.00</i>	<i>150.00</i>
<i>583</i>		<i>1</i>			<i>Demage</i>	<i>165</i>		<i>ton</i>		<i>75</i>	<i>123.75</i>
<i>326</i>		<i>1</i>			<i>60/40 Br. 2% Gel</i>	<i>150</i>		<i>sh</i>		<i>5.20</i>	<i>780.00</i>
<i>218</i>		<i>1</i>			<i>Calcium Chloride</i>	<i>3</i>		<i>sh</i>		<i>25.00</i>	<i>75.00</i>

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 *Mike Kern*
 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	<i>1,749.75</i>
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?					
WE UNDERSTOOD AND MET YOUR NEEDS?				<i>10%</i>	
OUR SERVICE WAS PERFORMED WITHOUT DELAY?				<i>0.3%</i>	<i>1574.80</i>
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?				TAX	<i>40.18</i>
ARE YOU SATISFIED WITH OUR SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO				TOTAL	<i>1614.95</i>
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND					

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES

SWIFT OPERATOR *Roger B. Lytle* APPROVAL *[Signature]*

Thank You!

PAGE 02
 TED/SHELLY FLUCHS
 7856258652
 11/07/2000 14:23

ORIGINAL

ALLIED CEMENTING CO., INC.

P.O. BOX 31
 RUSSELL, KS 67665
 PH (785) 483-3887
 FAX (785) 483-5566

ORIGINAL
 INVOICE

Invoice Number: 082576

Invoice Date: 10/20/00

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

Cust. I.D.: Palo
 P.O. Number: Babcock #2
 P.O. Date: 10/20/00

Due Date: 11/19/00
 Terms: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	132.00	SKS	5.3500	839.20	E
Sozmix	38.00	SKS	3.2500	286.00	E
Gel	11.00	SKS	9.5000	104.50	E
FloSeal	55.00	LBS	1.1500	63.25	E
Handling	133.00	SKS	1.0500	244.65	E
Mileage (25)	25.00	MILE	9.3200	233.00	E
233 sks @ \$3.04 per sk per mi					
Rotary Plug	1.00	JOB	580.0000	580.00	E
Mileage pap truck	25.00	MILE	3.0000	75.00	E
Top wood plug	1.00	EACH	23.0000	23.00	E

All Prices Are Net, Payable 30 Days Following
 Date of Invoice. 1 1/2% Charged Thereafter.
 If Account CURRENT take Discount of \$ 2447.76
 ONLY if paid within 30 days from Invoice Date

Subtotal: 2447.60
 Tax: 0.00
 Payments: 0.00
 Total: 2447.60

ALLIED CEMENTING CO., INC. 4118

Federal Tax I.D.# 48-0727860

ORIGINAL

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

SERVICE POINT:

Ness

DATE <u>10-20-00</u>	SEC. <u>25</u>	TWP. <u>16</u>	RANGE <u>26</u>	CALLED OUT <u>8:00am</u>	ON LOCATION <u>11:00am</u>	JOB START <u>4:00 AM</u>	JOB FINISH <u>7:15 PM</u>
LEASE <u>Balrock</u>		WELL # <u>2</u>	LOCATION <u>Utica 1/2 E 1/2 S W.S</u>			COUNTY <u>Ness</u>	STATE <u>KS</u>
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR Pickrell Drilling #10

TYPE OF JOB Rotary Plug

HOLE SIZE 7 7/8 T.D. 4575

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER Same

CEMENT AMOUNT ORDERED

220 6 3/4 6 3/4 1/4 Flo Seal

Per 5x

COMMON	<u>132</u>	@	<u>6.35</u>	<u>838.20</u>
POZMIX	<u>88</u>	@	<u>3.25</u>	<u>286.00</u>
GEL	<u>11</u>	@	<u>9.50</u>	<u>104.50</u>
CHLORIDE		@		
<u>Flo Seal</u>	<u>55*</u>	@	<u>1.15</u>	<u>63.25</u>
		@		
		@		
		@		
		@		
HANDLING	<u>233</u>	@	<u>1.05</u>	<u>244.65</u>
MILEAGE	<u>25</u>			<u>233.00</u>
TOTAL				<u>\$ 1769.60</u>

EQUIPMENT

PUMP TRUCK CEMENTER J. W. Johnson

224 HELPER _____

BULK TRUCK DRIVER Tracy

260 DRIVER _____

BULK TRUCK DRIVER _____

_____ DRIVER _____

REMARKS:

SERVICE

50 s x e 9020'

80 s x e 1200

25 s x e 740

40 s x e 240

10 s x e 40

15 s x R.H.

DEPTH OF JOB 2020

PUMP TRUCK CHARGE _____ 580.00

EXTRA FOOTAGE _____ @ _____

MILEAGE 25 @ 3.00 75.00

PLUG Top wood @ 23.00 23.00

_____ @ _____

_____ @ _____

TOTAL \$ 678.00

CHARGE TO: Palomino Pet Trac

STREET 4924 SE 84th ST

CITY Newton STATE KS ZIP 67114-8827

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 - 0 -

TOTAL CHARGE \$ 2447.60

DISCOUNT \$ 244.76 IF PAID IN 30 DAYS

SIGNATURE Mike Kean

Mike Kean
PRINTED NAME

net \$ 2202.84

JAMES W. THOMPSON
PETROLEUM GEOLOGIST
641 NORTH WOODLAWN #7
WICHITA, KANSAS 67208
316-686-5095

ORIGINAL

GEOLOGIC REPORT

PALOMINO PETROLEUM, INC.
#2 BABCOCK
API# 15-135-24115-0000

NE/4 NW/4 SE/4
SEC. 25-16S-26W
NESS COUNTY, KANSAS

This well was drilled with rotary tools, Pickrell Drilling Co., Inc. of Wichita, Kansas, the contractor.

Elevation: 2611 KB; 2609 DF; 2606 GL

Spudded October 11, 2000. Set 229' of 8-5/8" surface casing and cemented with 150 sacks of 60/40 pozmix, 2% gel, 3% CC.

Rotary completed October 20, 2000. Rotary Total Depth 4565 (minus 1954); Electric Log Total Depth 4532 (minus 1921).

1' drilling time was logged from 3300 feet to the Total Depth; and 10 foot drilling samples were caught and examined from 3700 feet to the Total Depth.

A Radiation Guard Log was ran by ELI WIRELINE SERVICES. It was detailed through the Anhydrite and from above the Topeka Limestone to the Total Depth.

GEOLOGIC TOPS AND ZONES

	<u>SAMPLES</u>	<u>ELOG</u>
ANHYDRITE (Driller)	1979 +632	1970 +641
TOPEKA LIMESTONE	3573 -962	3558 -947
HEEBNER SHALE	3882 -1271	3864 -1253
LANSING - KANSAS CITY	3921 -1310	3905 -1294
FORT SCOTT	4418 -1807	4416 -1805
MISSISSIPPI CHERT (Detrital Zone)	4514 -1903	4514 -1903
MISSISSIPPI DOLOMITIC LIMESTONE	4556 -1945	Not Recorded
ROTARY TOTAL DEPTH	4575 -1964	Not Recorded

The pipe was strapped at the Rotary Total Depth of 4565'. These measurements indicated our depth to be 4556', a minus 1945, 9 feet higher than the rotary depth.

The Electrical Log Total Depth was 4530', a minus 1919, 35 feet

Page 2

higher than the rotary measurements

I haven't made any changes in measurements on my strip log. I will submit it, as is, because of the vast difference in the Electric Log and Rotary measurements; along with the rotary measurements being 9 feet long when the pipe was strapped at 4565 feet.

I found no oil shows, or zones, of consequence in the rock section above the Mississippi Formation.

The Mississippi Dolomitic Limestone at 4556' (-1945)) was tan to grey, finely crystalline and contained a good show of light free oil and had a good odor in the fresh samples. Had good, light oil staining and partial saturation in the dry samples.

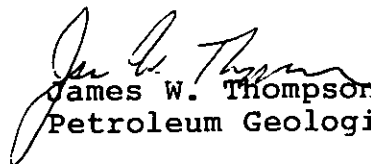
Drill-Stem Test #1 was attempted from 4486' to 4565'. It resulted in a misrun. Circulation was lost before the tool reached bottom.

Drill-Stem Test #2 was attempted from 4486 to 4565 feet. Packer failure; misrun.

Drill-Stem Test #3 was from 4402' to 4465'. Tool open 30 minutes, shut-in 30 minutes, open 30 minutes, shut-in 30 minutes. Had a weak, building to fair blow on the initial flow. On the second opening, flushed tool; had a very weak blow for 12 minutes. Tool slid to bottom. Recovered 130 feet of mud. Initial shut-in pressure 353#. Final shut-in pressure 282#. Initial flowing pressures: 141#/141#. Final flowing pressures: 152#/152#.

An additional ten feet was cut into the Mississippi Dolomitic Limestone. This material appeared denser than the dolomitic limestone above.

Because of the results of drill-stem testing and electrical logging, the Palomino Petroleum, Inc. #2 Babcock was plugged and abandoned.


James W. Thompson
Petroleum Geologist