

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

API NO. 15- 03321160-0000

County Comanche

SE - SE Sec. 21 Twp. 33S Rge. 16 X ^E/_W

660' Feet from (S)N (circle one) Line of Section

660' Feet from (E)W (circle one) Line of Section

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

Lease Name Merrill Ranch Well # 1-21R

Field Name Ham

Producing Formation None Yet

Elevation: Ground 1774 KB 1784

Total Depth 5078' PBTD 4990

Amount of Surface Pipe Set and Cemented at 216' Feet

Multiple Stage Cementing Collar Used? Yes X No

If yes, show depth set _____ Feet

If Alternate 11 completion, cement circulated from _____

feet depth to _____ w/ _____ sx cmt.

Drilling Fluid Management Plan ALT 1 9/7 10/16/01
(Data must be collected from the Reserve Pit)

Chloride content 6000 ppm Fluid volume 260 bbls

Dewatering method used Hauled

Location of fluid disposal if hauled offsite:

Operator Name Star

License Name Carrier License No. 32389

Quarter Sec. 20 Twp. 32S S Rng. 18W (E)/_W

County Comanche Docket No. D27668

Operator: License # 31021

Name: Castelli Exploration, Inc.

Address 9500 Westgate Drive, Suite 101

City/State/Zip Oklahoma City, OK 73162

Purchaser: N/A

Operator Contact Person: Thomas P. Castelli

Phone (405) 722-5511

Contractor: Name: Val Energy

License: 5822

Wellsite Geologist: _____

Designate Type of Completion
X New Well Re-Entry Workover

 Oil SWD SIOW X Temp. Abd.
 Gas ENHR SIGW
 Dry Other (Core, WSW, Expl., Cathodic, etc)

If Workover:

Operator: _____

Well Name: _____

Comp. Date _____ Old Total Depth _____

 Deepening Re-perf. Conv. to Inj. SWD
 Plug Back PBTD
 Commingled Docket No. _____
 Dual Completion Docket No. _____
 Other (SWD or Inj?) Docket No. _____

10-19-00 11-02-00 2-26-00
Spud Date Date Reached TD Completion Date

RECEIVED
STATE CORPORATION COMMISSION
MAR 1 2001
3-1-01
OIL & GAS CONSERVATION DIVISION
Wichita, Kansas

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 82-3-167 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 Thomas P. Castelli
Title President Date 02/26/01
Subscribed and sworn to before me this 26th day of February
20⁰¹
Notary Public Diana L. Price
Date Commission Expires February 10, 2005

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)

X

Operator Name Castelli Exploration, Inc.

Lease Name Merrill Ranch

Well # 1-21R

Sec. 21 Twp. 33S Rge. 16

East
 West

County Comanche

ORIGINAL

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.)

List All E.Logs Run: None- Lost Circulation @ TD

Log **Formation (Top), Depth and Datums** Sample

Name:	Top	Datum
Heebner Shale		
Lansing	4820	-2496
Swope	4618	-2834
Ft Scott	4881	-3097
Miss	4973	-3189
TD	5178	

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 Pipe		13 3/8	26#	210	Pos Mix	225	60-40 Poz, 2% Gel, 3% Ca-Ch
Production String	7 7/8	4 1/2	10.5#	5030	A-Con	135	2% CC, 7#/sk gilsonite, 1/4# Sk flocele

ADDITIONAL CEMENTING/SQUEEZE RECORD

Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
<input checked="" type="checkbox"/> Perforate <input checked="" type="checkbox"/> Protect Casing <input type="checkbox"/> Plug Back TD <input type="checkbox"/> Plug Off Zone	4820-5008	Thixotropic	150	Class A w/ 5% cal-seal

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
4 spf	4973-81	1000 G 15% FE Acid RECEIVED
4 spf	4952-56	None STATE CORPORATION COMMISSION
		MAR 1 2001

TUBING RECORD Size 2 3/8 Set At 4975' Packer At None Liner Run Yes No

CONSERVATION DIVISION
Nichita, Kansas

Date of First, Resumed Production, SWD or Inj. SI Producing Method Flowing Pumping Gas Lift Other (Explain)

Estimated Production Per 24 Hours	oil Bbls.	Gas Mcf	Water Bbls.	Gas-Oil Ratio	Gravity
	0	10	0		

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

METHOD OF COMPLETION Open Role Perf. Dually Comp. Commingled

Production Interval Other (Specify) _____

ALLIED CEMENTING CO., INC. 4098

Federal Tax I.D.# 48-0727860

ORIGINAL

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

SERVICE POINT:
med. lodge, ks.

DATE <u>10-20-00</u>	SEC. <u>21</u>	TWP. <u>33s</u>	RANGE <u>16w</u>	CALLED OUT <u>3:00 P.M.</u>	ON LOCATION <u>6:15 P.M.</u>	JOB START <u>12:00 A.M.</u>	JOB FINISH <u>1:00 A.M.</u>
LEASER <u>Merrill Ranch</u>		WELL # <u>1-21R</u>		LOCATION <u>BA/Cm. Co. line, 9w-4s-2E</u>		COUNTY <u>Comanche</u>	STATE <u>Ks.</u>
OLD OR <input checked="" type="radio"/> NEW (Circle one)			<u>8 5/8</u>				

CONTRACTOR Ual Energy

TYPE OF JOB Conductor

HOLE SIZE 17 1/4 T.D. 212'

CASING SIZE 13 3/8 x DEPTH 211'

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15' By Request.

PERFS. _____

DISPLACEMENT Fresh H₂O - 30 1/2 Bbls

OWNER Castelli Co.

CEMENT

AMOUNT ORDERED 225 SX 60/40

3% CCT + 2% Gel.

COMMON	<u>135</u>	@	<u>6.35</u>	<u>857.25</u>
POZMIX	<u>90</u>	@	<u>3.25</u>	<u>292.50</u>
GEL	<u>4</u>	@	<u>9.50</u>	<u>38.00</u>
CHLORIDE	<u>7</u>	@	<u>28.00</u>	<u>196.00</u>
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>236</u>	@	<u>1.05</u>	<u>247.80</u>
MILEAGE	<u>236 x 39</u>		<u>.04</u>	<u>368.16</u>
TOTAL				<u>1999.71</u>

EQUIPMENT

PUMP TRUCK CEMENTER Harry Dreiling

302 HELPER DAVID WEST

BULK TRUCK

242 DRIVER DAVID FELIO

BULK TRUCK

_____ DRIVER _____

REMARKS:

Pipe on Bottom - Break Circ.

Pump 225 SX CLASSA 60/40

3% CCT + 2% Gel. Release Plug

Pump + Displace 30 1/2 Bbls. Fresh H₂O

Shut In Cement Did Circ.

SERVICE

DEPTH OF JOB	<u>211'</u>		
PUMP TRUCK CHARGE	<u>0-300'</u>		<u>470.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>39</u>	@	<u>3.00</u>
PLUG wood-CuP 13 3/8		@	<u>70.00</u>
		@	
		@	

(A) Nothing in this contract shall be construed as a warranty by ALLIED of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.
 (B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by ALLIED or any interpretation of tests, meter readings, chart information, analysis of research, or recommendations made by ALLIED, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of ALLIED or its employees in the preparation or furnishing of such facts, information or data.
 (C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.

2. More specifically:
by defective materials, products or supplies.

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Allied" shall mean Allied Cementing Co., Inc., and "Customer" shall refer to the party identified by that term on the front of this contract. As applicable, "Job" relates to the services described on the front side of this contract, "merchandise" refers to the material described on the front of this contract and to any other materials, products, or supplies used, sold, or furnished under the requirements of this contract.

—**TERMS:** Unless satisfactory credit has been established, "CUSTOMER" must tender full cash payment to "ALLIED" before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, "CUSTOMER" agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing, in no event shall this Contract provide for interest exceeding the maximum rate of interest that "CUSTOMER" may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the "CUSTOMER" or at the option of "ALLIED," refunded directly to "CUSTOMER." For purposes of this paragraph, ALLIED and CUSTOMER agree that KANSAS law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

—**ATTORNEY FEES:** In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the terms of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and for attorney's fees.

—**PRICES AND TAXES:** All merchandise listed in "ALLIED'S" current price schedule are F.O.B. ALLIED'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by ALLIED shall be added to the quoted prices charged to CUSTOMER.

—**TOWING CHARGES:** ALLIED will make a reasonable attempt to get to and from each job site using its own equipment. Should ALLIED be unable to do so because of poor or inadequate road conditions, and should it become necessary to employ a tractor or other pulling equipment to get to or from the job site, the tractor or pulling equipment will be supplied by CUSTOMER or, if furnished by ALLIED, will be charged to and paid by CUSTOMER.

—**PREPARATION CHARGES:** If a job and/or merchandise is ordered and CUSTOMER cancels the order after preparation of a chemical solution or other material, CUSTOMER will pay ALLIED for the expenses incurred by ALLIED as a result of the cancellation.

—**DEADHAUL, CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charge as set forth in ALLIED'S current price book will be charged each way for each service unit which is ordered by CUSTOMER but not used.

—**SERVICE CONDITIONS AND LIABILITIES:** 1. ALLIED carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond ALLIED'S control, ALLIED shall not be liable for injuries to property or persons or for loss or damage arising from the performance of the job or delivery of the merchandise. Customer shall be responsible for and indemnify, defend, and hold harmless ALLIED, its officers, agents and employees, from and against any and all claims or suits for:

(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

2. With respect to any of ALLIED'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to ALLIED at the landing, CUSTOMER shall either recover the lost item without cost to ALLIED or reimburse ALLIED the current replacement cost of the item unless the loss or damage results from the sole negligence of ALLIED or its employees.

3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

WARRANTIES: 1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused

ORIGINAL



FIELD ORDER

02839

INVOICE NO.	Subject to Correction		
Date 11-1-00	Lease Merrill Ranch	Well # 1-21R	Legal 21-33-16
Customer ID	County Comanche	State KS	Station Pratt KS
CHARGE Castelli Explor	Depth 10.5ppf	Formation	Shoe Joint 45. -
	Casing 4 1/2	Casing Depth 3032	TD 5078
	Customer Representative Tom Larson	Treater D. Scott	Job Type Long String New Well

AFE Number	PO Number	Materials Received by X T.C. Larson
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Product Code	QUANTITY	MATERIAL, EQUIPMENT and SERVICES USED	UNIT PRICE	AMOUNT	ACCOUNTING	
					CORRECTION	AMOUNT
D200	135 sks	A-Con Cmt Blend				
D202	25 sks	60/40 oz				
C193	32 lbs	Cellflame				
C310	254 lbs	Calcium Chloride				
C243	32 lbs	Defoamer				
C313	101 lbs	Gas Block				
C196	101 lbs	FLA-322				
C322	945 lbs	Gilsonite				
E130	1 ea	4 1/2 Tap Swiper Plug				
C141	3 gal	CC-1				
R701	1 ea	Cmt Head Rental				
E107	160 sks	Cmt Serv Charge				
E100	1 ea	UNITS 1 way MILES 60				
E104	447 tm	TONS MILES 60				
B211	1 ea	EA. 500'-5500' PUMP CHARGE				
		Discounted Amount + Taxes		5344.40		

02820

As consideration, the Customer agrees:

a) To pay ACID SERVICES, LLC in accord with the rates and terms stated in ACID SERVICES, LLC's current price list. Invoices are payable NET 30 after date of invoice. Upon Customers' default payment of Customer's account by the last day of the month following the month in which the invoice is dated, Customer agrees to pay interest thereon after default at the highest lawful contract rate applicable but never to exceed 18% per annum. In the event it becomes necessary to employ attorneys to enforce collection of said account, Customer agrees to pay all collection cost and attorney fees in the amount of the unpaid account.

b) To defend, indemnify, release and hold harmless ACID SERVICES, LLC, its divisions, subsidiaries, parent and affiliated companies and the officers, directors, employees, agents and servants of all of them from and against any claims, liability, expenses, attorney's fees, and costs of defense to the extent permitted by law for:

1. Damage to property owned by, in the possession of, or leased by Customer, and/or the well owner (if different from Customer), including, but not limited to, surface and subsurface damage. The term "well owner" shall include working and royalty interest owners.
2. Reservoir, formation, or well loss or damage, subsurface trespass or any action in the nature thereof.
3. Personal injury of death or property damage (including, but not limited to, damage to the reservoir, formation or well), or any damages whatsoever, growing out of or in any way connected with or resulting from pollution, subsurface pressure, losing control of the well and/or a well blowout or the use of radioactive material. The amount of this invoice is due and payable at ACID SERVICES, LLC, Dept. No. 1131, Tulsa, Oklahoma 74182. All terms of the Service Order with customer are incorporated herein and made a part hereof by reference.

The defense, indemnity, release and hold harmless obligations of Customer provided for in this Section b) and Section c) below shall apply to claims or liability even if caused or contributed to by ACID SERVICES, LLC's negligence, strict liability, or operated, or furnished by ACID SERVICES, LLC or any defect in the data, products, supplies, materials, or equipment of ACID SERVICES, LLC whether the preparation, design, manufacture, distribution, or marketing thereof, or from a failure to warn any person of such defect. Such defense, indemnity, release and hold harmless obligations of Customer shall not apply where the claims or liability are caused by the gross negligence or willful misconduct of ACID SERVICES, LLC. The term "ACID SERVICES, LLC" as used in said Sections b) and c) shall mean ACID SERVICES, LLC, its divisions, subsidiaries, parent and affiliated companies, and the officers, directors, employees, agents and servants of all of them.

c) That because of the uncertainty of variable well conditions and the necessity of relying on facts and supporting services furnished by others, ACID SERVICES, LLC is unable to guarantee the effectiveness of the products, supplies, or materials, nor the results of any treatment or service, nor the accuracy of any chart interpretation, research analysis, job recommendation or other data furnished by ACID SERVICES, LLC. ACID SERVICES, LLC personnel will use their best efforts in gathering such information and their best judgment in interpreting it, but Customer agrees that ACID SERVICES, LLC shall not be liable for and Customer shall indemnify ACID SERVICES, LLC against any damages from the use of such information.

d) That ACID SERVICES, LLC warrants only title to the products, supplies, and materials and that the same are free from defects in workmanship and materials. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED OF MERCHANTABILITY, FITNESS OR OTHERWISE WHICH EXTEND BEYOND THOSE STATED IN THE IMMEDIATELY PRECEDING SENTENCE. Acid Services LLC's liability and Customer's exclusive remedy in and cause of action (whether in contract, tort, breach of warranty or otherwise) arising out of the sale or use of any products, supplies or materials is expressly limited to the replacement of such products, supplies or materials on their return to ACID SERVICES, LLC or, at ACID SERVICES, LLC's option, to the allowance to the Customer of credit for the cost of such items. In no event shall ACID SERVICES, LLC be liable for special, incidental, indirect, punitive or consequential damages.

e) To waive the provisions of the Deceptive Trade Practices - Consumer Protection Act, to the extent permitted by law. We certify that the Fair Labor Standards Act of 1938, as amended, has been complied with in the production of goods and/or with respect to service furnished under this contract.

f) That this contract shall be governed by the law of the state where services are performed or materials are furnished.

g) That ACID SERVICES, LLC shall not be bound by any changes or modifications in this contract, except where such change or modification is made in writing by a duly authorized manager of ACID SERVICES, LLC.



Customer ID		Date	
Customer Castelli Explor		11-1-00	
Lease Merrill Ranch		Lease No.	Well # 1-21R
Field Order # 22839	Station Pratt KS	Casing 4 1/2	Depth 3052
County Comanche		State KS	
Type Job LongString New well		Formation	Legal Description 21-33-16

PIPE DATA		PERFORATING DATA		FLUID USED		TREATMENT RESUME		
Casing Size 4 1/2	Tubing Size	Shots/Ft		Acid 135sk A-Conn		RATE	PRESS 2000	ISIP
Depth 3007	Depth PSTD	From	To	Pre Pad 13.5ppg 1.83sf3	Max			5 Min.
Volume 79.6	Volume	From	To	Pad	Min			10 Min.
Max Press 2500	Max Press	From	To	Frac	Avg			15 Min.
Well Connection	Annulus Vol.	From	To		HHP Used			Annulus Pressure
Plug Depth	Packer Depth	From	To	Flush 10 Bbl's 2% KCL	Gas Volume			Total Load

Customer Representative Tom Larson	Station Manager Dave Astry	Treater D Scott
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Service Units	106	35	57	32	90
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Time	Casing Pressure	Tubing Pressure	Bbls. Pumped	Rate	Service Log
2:00					Called Out
01:00					On loc w/Trk's Safety mtg
					Act Ran own F.E.
					Wagon Bottom Break Circ
					Small Returns
					Rig up Trk's
07:47	100		3	6	St H2O Spacer
07:53	100			6	St mixing Cmt @ 13.5ppg 135sk's
08:01	⊖		43	⊖	Finish mixing Cmt
08:02			43	5	Chase In + Wash Pump line
08:05	100			6	Release Plug + St Disp 42% KCL
08:10	100		30	6	No Circ 30 Bbl's Out
					Cmt @ shoe J+
08:17	1500		79.6	⊖	Plug Down + psi Test Csg
08:20	⊖				Release Held, No Circ
					Plug R.H. + M.H. 42% KCL po 2
					Job Complete
					Thank you
					Scotty