

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

047-21,445-0000

API NO. 15-

County Edwards  
C - SW - SE Sec. 5 Twp. 25S Rng. 16W

Operator: License # 31021

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

Name: CASTELLI EXPLORATION, INC.

1980 Feet from (E) W (circle one) Line of Section

Address: 9500 Westgate Dr., Suite 101

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

City/State/Zip Oklahoma City, OK 73162

Lease Name Julian Well # 1-5

Purchaser: NONE YET

Field Name Farmington

Operator Contact Person: Thomas Castelli

Producing Formation MISSISSIPPI + KINDERHOOK

Phone (405) 722-5511

Elevation: Ground 2085 KB 2093

Contractor: Name: Discovery Drilling Co., Inc.

Total Depth 4420 PBDT

License: 31548

Amount of Surface Pipe Set and Cemented at 332.36 Feet

Wellsite Geologist: Jim Musgrove

Multiple Stage Cementing Collar Used? Yes  No

Designate Type of Completion  
 New Well  Re-Entry  Workover

yes, show depth set \_\_\_\_\_ Feet

Oil  SWD  SLOW  XXX  Abd  
 Gas  ENHR  SIGW  
 Dry  Other (Core, WSW, Expl., Modic., etc)

Alternate II completion, cement circulated from \_\_\_\_\_

depth to \_\_\_\_\_ w/ \_\_\_\_\_ ex cnt

If Workover/Re-Entry: old well info as follows

Drilling Fluid Management Plan ALT 1 gr 9/11/01  
must be collected from the Reserve Pit)

Operator: \_\_\_\_\_

Fluoride content 23,000 ppm Fluid volume 240 bbl

Well Name: \_\_\_\_\_

De-watering method used Haul free fluids

Comp. Date \_\_\_\_\_ Old Total Depth \_\_\_\_\_

Location of fluid disposal if hauled offsite: \_\_\_\_\_

Deepening  Re-perf.  Conv. to Inj/SWD  
Plug Back  PBDT  
Commingled  Docket No. \_\_\_\_\_  
Dual Completion  Docket No. \_\_\_\_\_  
Other (SWD or Inj)  Docket No. \_\_\_\_\_

8/25/00 9/1/00 9/2/00

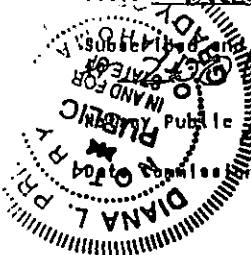
Spud Date Date Reached TD Completion Date

INSTRUCTIONS: An original and two copies of this form shall be filed with the Kansas Corporation Commission, 200 Colorado Derby Building, 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 Thomas P. Castelli  
Title PRESIDENT Date 1-6-01

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)



sworn to before me this 6 day of January  
Diana L. Price  
Notary Public  
Expires Feb. 10, 2001

X

Operator Name CASTELLI EXPLORATION, INC. Lease Name Jules Well # 1-5

Sec. 5 Twp. 25S Rge. 16W  East  West County Edwards

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all drill stem tests plus interval tested, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static or hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface during test. Attach extra 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:  
 Dual Induction  
 Compensated Neutron Density

Name	Top	Bottom	Sample
Anhydrite	1067'	+1026'	<input type="checkbox"/>
Lansing	3848'	-1755'	<input type="checkbox"/>
Miss Chert	4304'	-2211'	<input type="checkbox"/>
Kinderhook Sand	4354'	-2261'	<input type="checkbox"/>
TD	4404'		<input type="checkbox"/>

**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	12 1/4	8 5/8	23	332.36	60/40Poz	225	2%Gel&3%CC
Production St.	7 7/8	4 1/2	10.5	4416.98	ASC	200	

**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
4	4356-4364'	1000 Gal MA	
4	4326-30' & 4308-16' 4308-4364'	1500 Gal MA Frac 27,000 gal Ultravis + 41,500# Sand	

**TUBING RECORD** Size 2-5/8" Set At 4382' Packer At None Liner Run  Yes  No

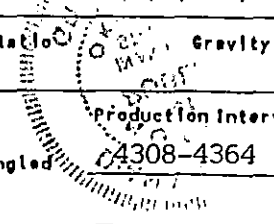
Date of First, Resumed Production, SWD or Inj. 12/2000 Producing Method  Flowing  Pumping  Gas Lift  Other (Explain)

Estimated Production Per 24 Hours	Oil	Bbls.	Gas	Mcf	Water	Bbls.	Gas-Oil Ratio	Gravity
		0		40	10			

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

**METHOD OF COMPLETION**

Open Hole  Perf.  Dually Comp.  Commingled  Other (Specify) \_\_\_\_\_



# ALLIED CEMENTING CO., INC. 4257

Federal Tax I.D.# 48-0727860

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

SERVICE POINT ORIGINAL  
Net Bond

DATE <u>8-26-00</u>	SEC. <u>5</u>	TWP. <u>25</u>	RANGE <u>16</u>	CALLED OUT <u>8:30 PM</u>	ON LOCATION <u>10:20 PM</u>	JOB START <u>1:00 AM</u>	JOB FINISH <u>1:30 AM</u>
LEASE <u>Tuliam</u>		WELL # <u>1-5</u>	LOCATION <u>Belvue - 3 1/2 S, W + N/into</u>		COUNTY <u>Edwards</u>	STATE <u>Ka</u>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR Discovery Drilling #2

TYPE OF JOB Surface

HOLE SIZE 12 1/4" T.D. 335'

CASING SIZE 8 5/8" DEPTH 332'

TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_

DRILL PIPE \_\_\_\_\_ DEPTH \_\_\_\_\_

TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_

PRES. MAX \_\_\_\_\_ MINIMUM \_\_\_\_\_

MEAS. LINE \_\_\_\_\_ SHOE JOINT \_\_\_\_\_

CEMENT LEFT IN CSG. 15'

PERFS. \_\_\_\_\_

DISPLACEMENT 20 1/2 bbls

EQUIPMENT \_\_\_\_\_

OWNER Same

CEMENT AMOUNT ORDERED 22.5 bbls 60/40 32cc, 270 lbs

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>225</u>	@	<u>1.05</u>	<u>236.25</u>
MILEAGE	<u>41</u>			<u>369.00</u>
TOTAL				<u>\$1989.00</u>

PUMP TRUCK # 181 CEMENTER Tom D HELPER Bob B

BULK TRUCK # 341 DRIVER Steve T

BULK TRUCK # \_\_\_\_\_ DRIVER \_\_\_\_\_

REMARKS:

Ran 332' of 8 5/8" csg. Brake Circulation.  
Mixed 22.5 bbls 60/40 32cc, 270 lbs.  
Released Plug. Displaced with fresh H<sub>2</sub>O.

Cement did circulate

Thanks

CHARGE TO: Contelli Exploration, Inc.  
STREET 9500 Westgate Dr. Suite 101  
CITY OKla city STATE OKla ZIP 73162

SERVICE

DEPTH OF JOB	<u>332'</u>		
PUMP TRUCK CHARGE	<u>0-300'</u>		<u>470.00</u>
EXTRA FOOTAGE	<u>32'</u>	@	<u>.43</u> <u>13.76</u>
MILEAGE	<u>41</u>	@	<u>3.00</u> <u>123.00</u>
PLUG <u>1-8 5/8 Twp</u>		@	<u>45.00</u> <u>45.00</u>
		@	
		@	
TOTAL <u>\$651.76</u>			

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.

SIGNATURE X Thomas Al

TAX - 0 -

TOTAL CHARGE \$2640.76

DISCOUNT \$264.07 IF PAID IN 30 DAYS

PRINTED NAME X Thomas Al

Net \$ 2376.69

## 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 by defective materials, products or supplies.

2. More specifically:

(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 wilful 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.

# ALLIED CEMENTING CO., INC.

4108

Federal Tax I.D.# 48-0727860

ORIGINAL

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

SERVICE POINT:  
Mass City

DATE <u>9-2-00</u>	SEC. <u>5</u>	TWP. <u>25</u>	RANGE <u>16</u>	CALLED OUT <u>4:30am</u>	ON LOCATION <u>7:00AM</u>	JOB START <u>12:15pm</u>	JOB FINISH <u>1:30pm</u>
LEASE <u>Killian</u>		WELL # <u>1-5</u>	LOCATION <u>Belpre 3 1/2 s w.s.</u>		COUNTY <u>Edwards</u>	STATE <u>KS</u>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR \_\_\_\_\_ OWNER Same

TYPE OF JOB \_\_\_\_\_

HOLE SIZE 7 7/8 T.D. 4420

CASING SIZE 4 1/2 DEPTH 4417

TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_

DRILL PIPE \_\_\_\_\_ DEPTH \_\_\_\_\_

TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_

PRES. MAX \_\_\_\_\_ MINIMUM \_\_\_\_\_

MEAS. LINE \_\_\_\_\_ SHOE JOINT 11.38

CEMENT LEFT IN CSG. \_\_\_\_\_

PERFS. \_\_\_\_\_

DISPLACEMENT \_\_\_\_\_

CEMENT

AMOUNT ORDERED \_\_\_\_\_

200s x ASC 2" Del .03% fluid loss

5" Kol Seal per x 500gal ASF

COMMON _____	@ _____	_____
POZMIX _____	@ _____	_____
GEL _____	@ _____	_____
CHLORIDE _____	@ _____	_____
<u>FLIO SG #</u>	@ <u>8.00</u>	<u>44800</u>
<u>Kol Seal 1000 #</u>	@ <u>.38</u>	<u>380.00</u>
<u>ASC-200</u>	@ <u>8.20</u>	<u>1640.00</u>
<u>ASF-500 gal</u>	@ <u>1.00</u>	<u>500.00</u>
HANDLING <u>220</u>	@ <u>1.05</u>	<u>231.00</u>
MILEAGE <u>441</u>		<u>360.80</u>

EQUIPMENT

PUMP TRUCK CEMENTER A. Weighous

# 181-120 HELPER Burr

BULK TRUCK

# 341 DRIVER Steve

BULK TRUCK

# \_\_\_\_\_ DRIVER \_\_\_\_\_

TOTAL # ~~3115.00~~  
3559.80

REMARKS:

SERVICE

circ 4 1/2 cog w/ long pump, Plug

BH + m H, Comt 4 1/2 cog, Disp

71 BBI Plug Down 1:30 pm

Float Held

DEPTH OF JOB 4417

PUMP TRUCK CHARGE \_\_\_\_\_ 1145.00

EXTRA FOOT \_\_\_\_\_ @ \_\_\_\_\_

MILEAGE 441 @ 3.00 123.00

PLUG Top Rubber @ 38.00 38.00

Thanks

TOTAL # 1306.00

CHARGE TO: Castelli Explor. Inc

STREET 9500 Westgate Drive, Suite 101

CITY OKla. City STATE Okla ZIP 73162

FLOAT EQUIPMENT

<u>1-4 1/2 quads Shoe</u>	@ <u>12500</u>	<u>125.00</u>
<u>1-4 1/2 AFH</u>	@ <u>21000</u>	<u>210.00</u>
<u>6-4 1/2 Turbo Centri</u>	@ <u>5500</u>	<u>330.00</u>
_____	@ _____	_____
_____	@ _____	_____

TOTAL 665.00

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 # 1306.00

DISCOUNT # 640.00 IF PAID IN 30 DAYS

SIGNATURE Thomas Alm

Thomas Alm  
PRINTED NAME

Net # 665.00

# 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 by defective materials, products or supplies.

2. More specifically:

(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.



# Discovery Drilling

P.O. Box 763 • Hays, KS 67601 • OFFICE (785) 623-2920 • CELLULAR (785) 635-1511

## DRILLER'S LOG

Operator: **Castelli Exploration, Inc.**  
9500 Westgate Dr., Suite 101  
Oklahoma City, OK 73162

Contractor: **Discovery Drilling Co., Inc.**  
P.O. Box 763  
Hays, KS 67601

Lease: Julian #1-5

Location: C SW/SE  
Sec. 5/25S/16W  
Edwards Co., KS

Loggers Total Depth: 4404'  
Rotary Total Depth: 4420'  
Commenced: 8/25/00  
Casing: 8 5/8" @ 332' w/225 sks  
4 1/2" @ 4417' w/200 sks

Elevation: 2085' Gr./2093' KB  
Completed: 9/2/00  
Status: Gas Well

### DEPTHS & FORMATIONS (All from KB)

Surface, Sand & Shale	0'	Shales	1082'
Dakota Sand	362'	Shales & Lime	1975'
Shale	480'	Shales	2348'
Cedar Hill Sand	571'	Shales & Lime	2669'
Red Bed Shale	733'	Lime & Shale	3842'
Anhydrite	1070'	RTD	4420'
Base Anhydrite	1082'		

STATE OF KANSAS )  
) ss  
COUNTY OF ELLIS )

Thomas H. Alm of Discovery Drilling states that to the best of his knowledge the above and foregoing is a true and correct log of the above captioned well.

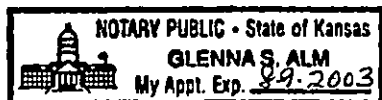
Thomas H. Alm

Subscribed and sworn to before me on 9-5-00

My Commission expires: 8-9-2003

(Place stamp or seal below)

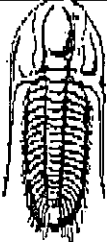
Notary Public



ORIGINAL

**WELL NAME:** Jullian #1-5  
**COMPANY:** Castelli Exploration  
**LOCATION:** 5-25-16  
Edwards co KS  
**DATE:** 9/7/00



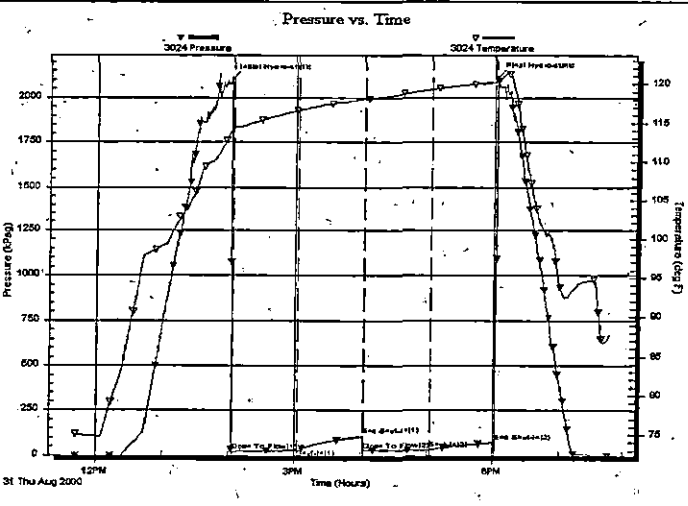
 <p style="font-size: 2em; font-weight: bold; margin: 0;">TRILOBITE TESTING, L.L.C.</p>	DRILL STEM TEST REPORT	
	Castelli Exploration 9500 Westgate Dr. Ste.101 Oklahoma City, Okla, 73162 ATTN: Tom Castelli	Jullian #1-5 Sec5-25-16-Edwards-K Job Ticket: 13297      DST#:1 Test Start: 2000.08.31 @ 11:41:00

**GENERAL INFORMATION:**

Formation: <b>Mississippi</b> Deviated: No Whipstock:      - ft (CF) Time Tool Opened: 14:03:46 Time Test Ended: 18:04:00 Interval: <b>4256.00 ft (CF) To 4336.00 ft (CF) (TVD)</b> Total Depth: <b>4336.00 ft (CF)</b> Hole Diameter: <b>7.88 inches</b> Hole Condition: Fair	Test Type: Conventional Bottom Hole Tester: Dan Bangle Unit No: 11 Reference Elevations:      ft (KB) 2085.00 ft (CF) KB to GR/CF:      ft
--	---

<b>Serial #: 3024</b> Press@RunDepth: <b>32.33 kPag @      ft (CF)</b> Start Date: <b>2000.08.31</b> End Date: <b>2000.08.31</b> Start Time: <b>11:41:17</b> End Time: <b>19:46:46</b>	Capacity: <b>49000.00 kPag</b> Last Calib.: <b>1899.12.30</b> Time On Btm: <b>2000.08.31 @ 14:01:46</b> Time Off Btm: <b>2000.08.31 @ 18:02:16</b>
---	---

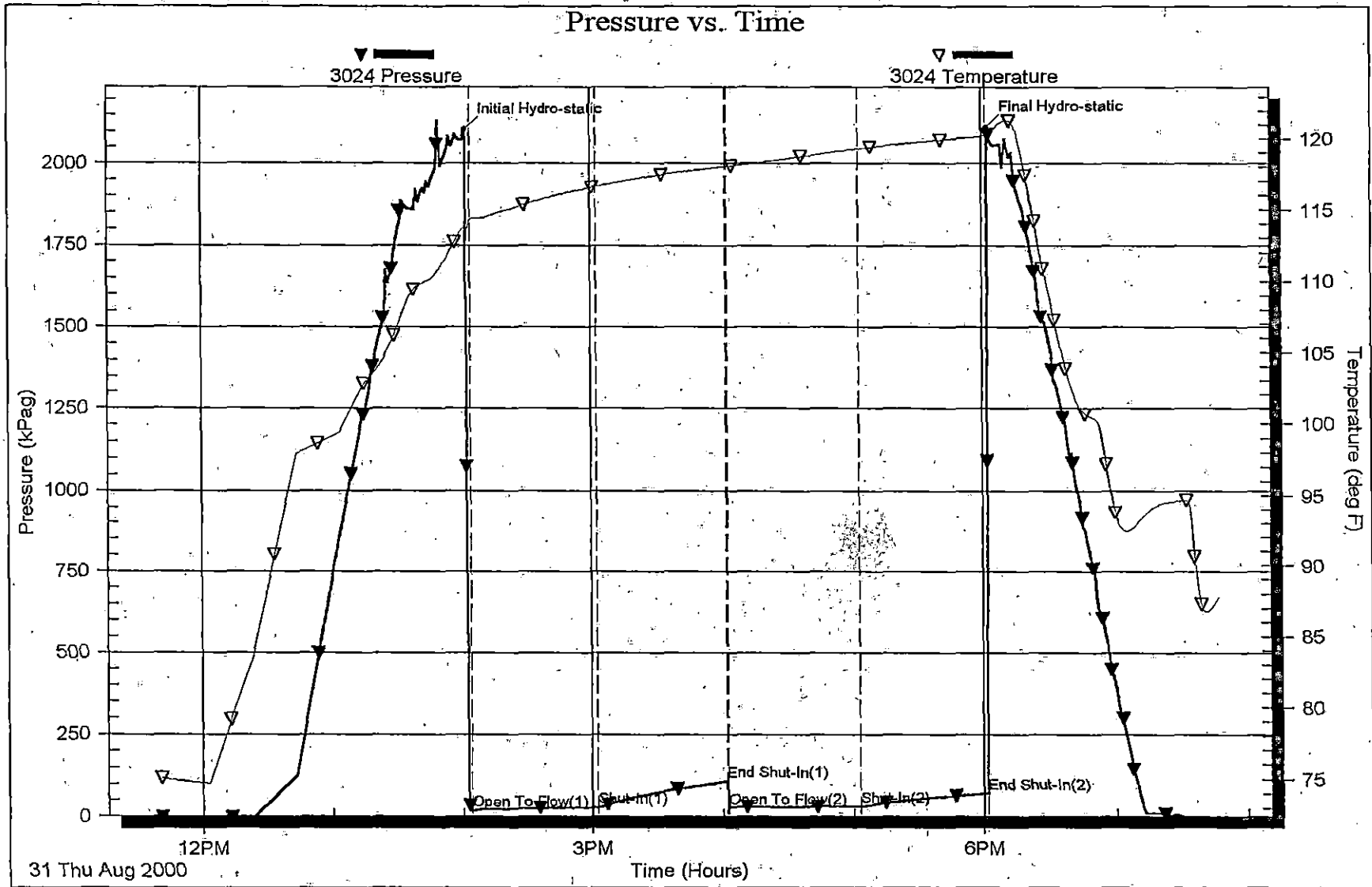
**TEST COMMENT:** IF-Weak building to 9"  
FF-Weak building to 3"



PRESSURE SUMMARY			
Time (Min.)	Pressure (kPag)	Temp (deg F)	Annotation
141	2105.47	114.00	Initial Hydro-static
143	19.29	114.34	Open To Flow (1)
201	30.00	116.65	Shut-In(1)
261	108.49	118.07	End Shut-In(1)
261	27.34	118.08	Open To Flow (2)
322	32.33	119.31	Shut-In(2)
381	72.32	120.25	End Shut-In(2)
381	2113.94	120.36	Final Hydro-static

Recovery		
Length (m)	Description	Volume (m³)
35.00	Drilling mud w/ oil specs	0.22

Gas Rates			
	Choke (mm)	Pressure (kPaa)	Gas Rate (m³/d)



# TRILOBITE TESTING L.L.C.

P.O. Box 362 • Hays, Kansas 67601

No 13297

## Test Ticket

Well Name & No. <u>Tullian #1-5</u>	Test No. <u>1</u>	Date <u>8-31-00</u>
Company <u>Castelli Exploration, Inc</u>	Zone Tested <u>Miss</u>	
Address <u>9500 Westgate Dr. Ste 101, Okla City 73162</u>	Elevation <u>2093</u>	KB <u>2085</u> GL
Co. Rep / Geo. <u>Jim Musgrave</u>	Cont. <u>Discovery #2</u>	Est. Ft. of Pay <u>    </u> Por. <u>    </u> %
Location: Sec. <u>8</u>	Twp. <u>25</u>	Rge. <u>16</u>
Co. <u>Edwards</u> State <u>Ks</u>		
No. of Copies <u>    </u>	Distribution Sheet (Y, N) <u>    </u>	Turnkey (Y, N) <u>    </u> Evaluation (Y, N) <u>    </u>

Interval Tested <u>4261 - 4336</u>	Initial Str Wt./Lbs. <u>44000</u>	Unseated Str Wt./Lbs. <u>    </u>
Anchor Length <u>75</u>	Wt. Set Lbs. <u>39000</u>	Wt. Pulled Loose/Lbs. <u>45000</u>
Top Packer Depth <u>4256</u>	Tool Weight <u>1500</u>	
Bottom Packer Depth <u>4261</u>	Hole Size — <u>7 7/8"</u>	Rubber Size — <u>6 3/4"</u>
Total Depth <u>4336</u>	Wt. Pipe Run <u>    </u>	Drill Collar Run <u>30</u>
Mud Wt. <u>9.4</u> LCM <u>    </u> Vis. <u>47</u> WL <u>8.8</u>	Drill Pipe Size <u>4.5KH</u>	Ft. Run <u>    </u>
Blow Description <u>I.F. Weak - building to 9" fair blow</u>		
<u>F.F. Weak - building to 3"</u>		

Recovery — Total Feet <u>30</u>	GIP <u>500</u>	Ft. in DC <u>30</u>	Ft. in DP <u>0</u>
Rec. <u>30</u>	Feet Of <u>2.0 in w/ oil specks</u>	%gas <u>    </u>	%oil <u>    </u>
Rec. <u>    </u>	Feet Of <u>    </u>	%gas <u>    </u>	%oil <u>    </u>
Rec. <u>    </u>	Feet Of <u>    </u>	%gas <u>    </u>	%oil <u>    </u>
Rec. <u>    </u>	Feet Of <u>    </u>	%gas <u>    </u>	%oil <u>    </u>
Rec. <u>    </u>	Feet Of <u>    </u>	%gas <u>    </u>	%oil <u>    </u>
BHT <u>    </u>	°F Gravity <u>    </u>	°API D@ <u>    </u>	°F Corrected Gravity <u>    </u>
RW <u>    </u>	@ <u>    </u>	°F Chlorides <u>    </u>	ppm Recovery Chlorides <u>5000</u> ppm System

	AK-1	Alpine		
(A) Initial Hydrostatic Mud	<u>2172</u>		PSI Recorder No. <u>3024</u>	T-On Location <u>10:30</u>
(B) First Initial Flow Pressure	<u>106</u>		PSI (depth) <u>4268</u>	T-Started <u>11:41</u>
(C) First Final Flow Pressure	<u>106</u>		PSI Recorder No. <u>13254</u>	T-Open <u>14:04</u>
(D) Initial Shut-In Pressure	<u>165</u>		PSI (depth) <u>4331</u>	T-Pulled <u>18:04</u>
(E) Second Initial Flow Pressure	<u>106</u>		PSI Recorder No. <u>    </u>	T-Out <u>19:50</u>
(F) Second Final Flow Pressure	<u>106</u>		PSI (depth) <u>    </u>	T-Off Location <u>21:00</u>
(G) Final Shut-in Pressure	<u>118</u>		PSI Initial Opening <u>60</u>	Test <u>    </u>
(Q) Final Hydrostatic Mud	<u>2079</u>		PSI Initial Shut-in <u>60</u>	Jars <u>    </u>
			Final Flow <u>60</u>	Safety Joint <u>    </u>
			Final Shut-in <u>60</u>	Straddle <u>    </u>

TRILOBITE TESTING L.L.C. SHALL NOT BE LIABLE FOR DAMAGE OF ANY KIND OF THE PROPERTY OR PERSONNEL OF THE ONE FOR WHOM A TEST IS MADE, OR FOR ANY LOSS SUFFERED OR SUSTAINED, DIRECTLY OR INDIRECTLY, THROUGH THE USE OF ITS EQUIPMENT, OR ITS STATEMENTS OR OPINION CONCERNING THE RESULTS OF ANY TEST. TOOLS LOST OR DAMAGED IN THE HOLE SHALL BE PAID FOR AT COST BY THE PARTY FOR WHOM THE TEST IS MADE.

Approved By \_\_\_\_\_

Our Representative Dave Brouse

Elec. Rec.  X  
 Mileage 81  
 Other \_\_\_\_\_  
 TOTAL PRICE \$ \_\_\_\_\_

TRILOBITE TESTING L.L.C.

OPERATOR : Castelli Exploration Inc  
 WELL NAME: Julian #1-5  
 LOCATION : 5-25s-16w Edwards co KS  
 INTERVAL : 4359.00 To 4384.00 ft

DATE 09-01-000  
 KB 2093.00 ft TICKET NO: 12892 DST #2  
 GR 2085.00 ft FORMATION: Kinderhook Sd.  
 TD 4384.00 ft TEST TYPE: CONVENTIONAL

RECORDER DATA

Mins		Field	1	2	3	4	TIME DATA-----
PF 30	Rec.	10248	10248	2342			PF Fr. 0639 to 0709 hr
SI 45	Range(Psi )	4400.0	4400.0	4995.0	0.0	0.0	IS Fr. 0709 to 0754 hr
SF 30	Clock(hrs)	12 hr	12 hr	batt.			SF Fr. 0754 to 0824 hr
FS 90	Depth(ft. )	4381.0	4381.0	4365.0	0.0	0.0	FS Fr. 0824 to 0954 hr

	Field	1	2	3	4	
A. Init Hydro	2184.0	2176.0	2174.0	0.0	0.0	T STARTED 0457 hr
B. First Flow	14.0	20.0	16.0	0.0	0.0	T ON BOTM 0635 hr
B1. Final Flow	16.0	11.0	18.0	0.0	0.0	T OPEN 0639 hr
C. In Shut-in	28.0	35.0	41.0	0.0	0.0	T PULLED 0955 hr
D. Init Flow	14.0	10.0	18.0	0.0	0.0	T OUT 1500 hr
E. Final Flow	16.0	12.0	19.0	0.0	0.0	
F. Fl Shut-in	25.0	27.0	39.0	0.0	0.0	TOOL DATA-----
G. Final Hydro	2076.0	2119.0	2119.0	0.0	0.0	Tool Wt. 2100.00 lbs
Inside/Outside	0	0	I	T		Wt Set On Packer 20000.00 lbs
						Wt Pulled Loose 55000.00 lbs
						Initial Str Wt 41000.00 lbs
						Unseated Str Wt 42000.00 lbs
						Bot Choke 0.75 in
						Hole Size 7.88 in
						D Col. ID 2.25 in
						D. Pipe ID 3.80 in
						D.C. Length 0.00 ft
						D.P. Length 4349.00 ft

RECOVERY

Tot Fluid 5.00 ft of 0.00 ft in DC and 5.00 ft in DP  
 5.00 ft of Drilling mud  
 0.00 ft of  
 0.00 ft of  
 0.00 ft of  
 0.00 ft of  
 0.00 ft of  
 0.00 ft of Rw n.c. ohms @ degrees F.  
 0.00 ft of EST.FT. of PAY-----6  
 SALINITY 5000.00 P.P.M. A.P.I. Gravity 0.00

BLOW DESCRIPTION

Initial Flow:  
 Weak blow. (1/4") Dead in 30 minutes.

Initial Shut-In:  
 No blow.

Final Flow:  
 Weak blow. Slow increase to 2 1/2".

Final Shut-In:  
 No blow.

SAMPLES: none  
 SENT TO: Caraway/Liberal

MUD DATA-----

Mud Type	Chemical
Weight	9.40 lb/c
Vis.	47.00 S/L
W.L.	8.80 in3
F.C.	0.20 in
Mud Drop N	

Amt. of fill	0.00 ft
Btm. H. Temp.	123.00 F
Hole Condition	good
% Porosity	10.00
Packer Size	6.75 in
No. of Packers	2
Cushion Amt.	0.00 N
Cushion Type	None
Reversed Out N	
Tool Chased N	

Tester Gary Pevoteaux  
 Co. Rep. James C. Musgrove  
 Contr. Discovery Drlg.  
 Rig # 2  
 Unit #  
 Pump T. LCM 0 #/bl

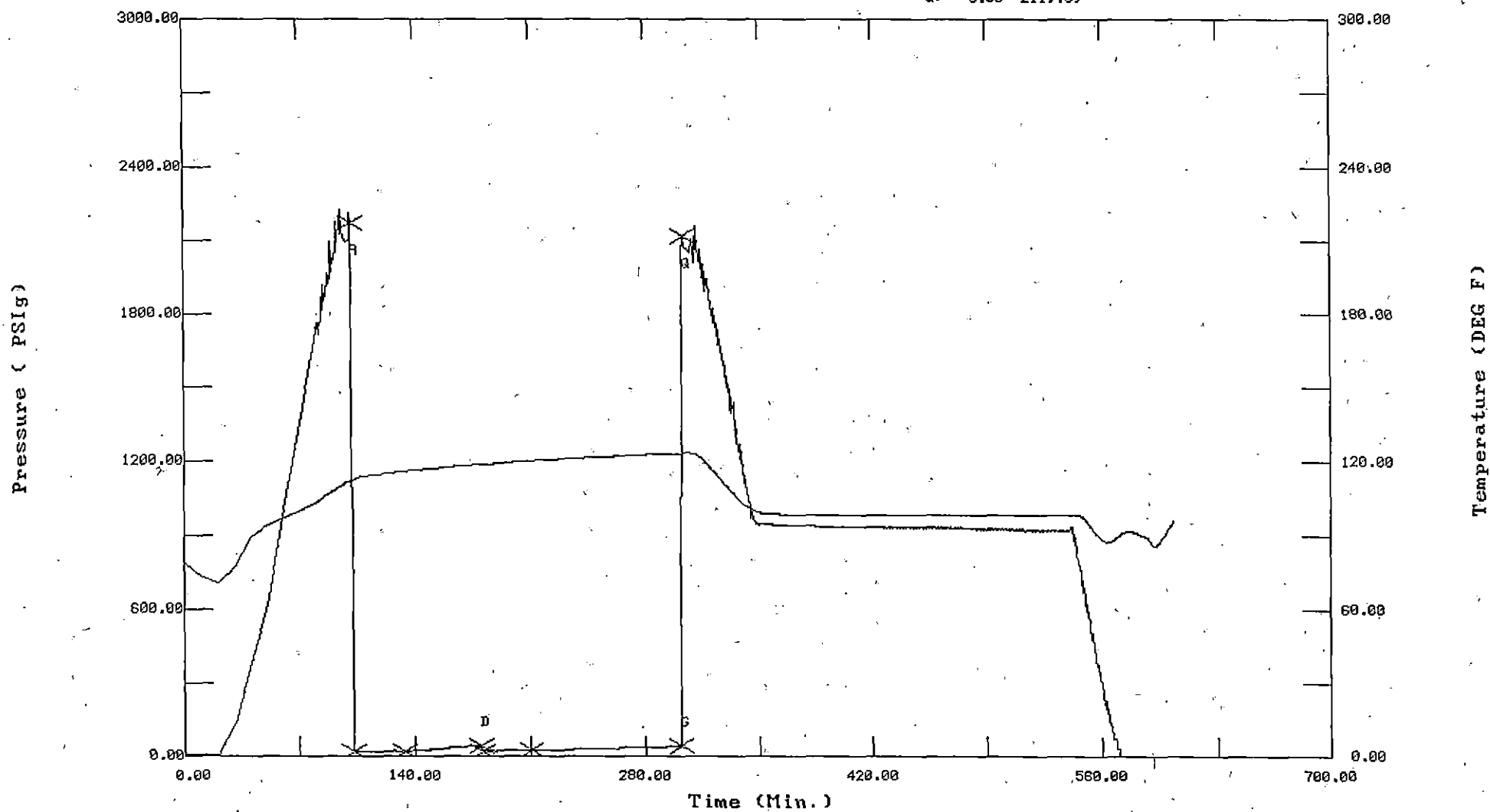
Test Successful: Y

# TEST HISTORY

12892 DST#2 JULIAN #1-5 CASTELLI EXPLORATION INC.

Flag Points  
t(Min.) P(PSig)

A:	0.00	2173.64
B:	0.00	16.44
C:	31.00	17.53
D:	46.50	41.45
E:	0.00	17.95
F:	30.00	19.29
G:	92.00	38.68
Q:	0.00	2119.09



# TRILOBITE TESTING L.L.C.

P.O. Box 362 • Hays, Kansas 67601

## Test Ticket

No 12892

Well Name & No. Julian #1-5 Test No. 2 Date 9-1-2000  
 Company CASTELLI EXPL. INC. Zone Tested Kinderhook Sand  
 Address 9500 Westgate Dr. Suite 101 OK CITY OK Elevation 2093 KB 2085 GL  
 Co. Rep / Geo: JAMES C. MUSGROVE Cont. Discovery Drilling #2 Est. Ft. of Pay 6 Por.     %  
 Location: Sec. SW SE 5 Twp. 25 S Rge. 16 W Co. Edwards State Ks.  
 No. of Copies 5 Distribution Sheet (Y, N) N Turnkey (Y, N)     Evaluation (Y, N)    

Interval Tested 4359-4384 Initial Str Wt./Lbs. 46000 Unseated Str Wt./Lbs. 42000  
 Anchor Length 25' Wt. Set Lbs. 20,000 Wt. Pulled Loose/Lbs. 55,000  
 Top Packer Depth 4354 Tool Weight 2,100  
 Bottom Packer Depth 4359 Hole Size — 7 7/8"  Rubber Size — 6 3/4"   
 Total Depth 4384 Wt. Pipe Run None Drill Collar Run 0  
 Mud Wt. 9.4 LCM 0 Vis. 47 WL 8.8cc Drill Pipe Size 4 1/2 X.H. Ft. Run 4349  
 Blow Description IF: weak blow (1/2") Dead in 30mins. ISI: No blow  
FF: NO blow FSI: NO blow

Recovery — Total Feet	GIP	Ft. in DC	Ft. in DP
<u>5</u>	<u>None</u>	<u>   </u>	<u>5</u>
Rec. <u>5</u> Feet Of <u>Dry Mud</u>	%gas	%oil	%water %mud
Rec. <u>   </u> Feet Of <u>   </u>	%gas	%oil	%water %mud
Rec. <u>   </u> Feet Of <u>   </u>	%gas	%oil	%water %mud
Rec. <u>   </u> Feet Of <u>   </u>	%gas	%oil	%water %mud
Rec. <u>   </u> Feet Of <u>   </u>	%gas	%oil	%water %mud

BHT 123 °F Gravity N/A °API @     °F Corrected Gravity N/A °API  
 RW J.C. @ °F Chlorides 5,000 ppm Recovery Chlorides 5,000 ppm System

	AK-1	Alpine	PSI	Recorder No.	T-On Location
(A) Initial Hydrostatic Mud	<u>2184</u>	<u>2174</u>	<u>old</u>	<u>2342</u>	<u>0510</u>
(B) First Initial Flow Pressure	<u>14</u>	<u>16</u>	(depth)	<u>4365</u>	<u>0457</u>
(C) First Final Flow Pressure	<u>16</u>	<u>18</u>	PSI	<u>10248</u>	<u>06:39</u>
(D) Initial Shut-In Pressure	<u>28</u>	<u>41</u>	(depth)	<u>4381</u>	<u>09:55</u>
(E) Second Initial Flow Pressure	<u>14</u>	<u>18</u>	PSI	<u>   </u>	<u>1500</u>
(F) Second Final Flow Pressure	<u>16</u>	<u>19</u>	(depth)	<u>   </u>	<u>1610</u>
(G) Final Shut-in Pressure	<u>25</u>	<u>39</u>	PSI	Initial Opening <u>30</u>	Test <input checked="" type="checkbox"/> <u>750.00</u>
(Q) Final Hydrostatic Mud	<u>2076</u>	<u>2119</u>	PSI	Initial Shut-in <u>45</u>	Jars <u>   </u>
				Final Flow <u>30</u>	Safety Joint <u>   </u>
				Final Shut-in <u>90</u>	Straddle <u>   </u>

TRILOBITE TESTING L.L.C. SHALL NOT BE LIABLE FOR DAMAGE OF ANY KIND OF THE PROPERTY OR PERSONNEL OF THE ONE FOR WHOM A TEST IS MADE, OR FOR ANY LOSS SUFFERED OR SUSTAINED, DIRECTLY OR INDIRECTLY, THROUGH THE USE OF ITS EQUIPMENT, OR ITS STATEMENTS OR OPINION CONCERNING THE RESULTS OF ANY TEST. TOOLS LOST OR DAMAGED IN THE HOLE SHALL BE PAID FOR AT COST BY THE PARTY FOR WHOM THE TEST IS MADE.

Approved By [Signature]  
 Our Representative [Signature]

Extra Packer      
 Elec. Rec.  150.00  
 Mileage 40  40.00  
 Other Stand By  60.00  
 TOTAL PRICE \$  1000.00