

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE**

Form ACO-1
September 1999
Form Must Be Typed

ORIGINAL

Operator: License # 8729
Name: HERTEL OIL COMPANY, LLC
Address: 704 East 12th Street
City/State/Zip: Hays, KS 67601
Purchaser: NCRA
Operator Contact Person: David Hertel
Phone: (785) 628-2445
Contractor: Name: Discovery Drilling Co., Inc.
License: 31548
Wellsite Geologist: Randy Kilian

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. _____

11/11/03 11/15/03 11/16/03
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API No. 15 - 051-25,267-00-10
County: Ellis
10 ^N _S of _____
SW NW SE Sec. 8 Twp. 14 S. R. 17W East West
1660 feet from S (circle one) Line of Section
2310 feet from E (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW SW
Lease Name: Hoffman Well #: 1-8
Field Name: Younger
Producing Formation: Arbuckle
Elevation: Ground: 2000 Kelly Bushing: 2010
Total Depth: 3572 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 222.08 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set 1204 Feet
If Alternate II completion, cement circulated from _____
feet depth to _____ w/ _____ sx cmt.
(10sk In Mouse Hole) (15sk In Rat Hole)

Drilling Fluid Management Plan *All 11 or p. 13-04*
(Data must be collected from the Reserve Pit)
Chloride content 14,000 ppm Fluid volume 320 bbls
Dewatering method used Evaporation
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: _____
Title: co-owner Date: January 29, 2004
Subscribed and sworn to before me this 29th day of JANUARY, 2004.
Notary Public: Arlene M. Brungardt
Date Commission Expires: 3-20-2005

KCC Office Use ONLY

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



Operator Name: HERTEL OIL COMPANY, LLC Lease Name: HOFFMAN Well #: 1-8
 Sec. 8 Twp. 14 S. R. 17W East West County: Ellis

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 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:

RECEIVED
FEB 03 2004
KCC WICHITA

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

Included-----see attached sheet

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	# Sacs Used	Type and Percent Additives
Surface Pipe	12 1/4	8 5/8	20	222.08	Common	150	2%Gel&3%CC
Production St.	7 7/8	5 1/2	14	3564.30	ASC	150	
		Port Collar @		1204			

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
<input checked="" type="checkbox"/> Perforate <input type="checkbox"/> Protect Casing <input type="checkbox"/> Plug Back TD <input type="checkbox"/> Plug Off Zone	Surface 1204' port collar	60/40 Poz.	150	6% gel 1/4#floseal

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
	open-hole completion	used 4,500 gallons acid	3564-3572

TUBING RECORD		Size	Set At	Packer At	Liner Run			
		2 3/8	3565'		<input type="checkbox"/> Yes <input type="checkbox"/> No			
Date of First, Resumerd Production, SWD or Enhr.		Producing Method						
December 4, 2003		<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.	Gas	Mcf	Water	Bbls.	Gas-Oil Ratio	Gravity
	X	15			8			30

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

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

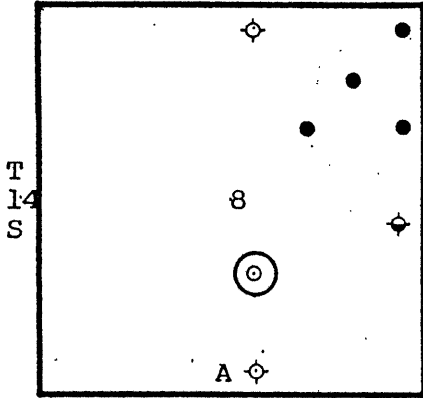
Production Interval _____

FORMATION TOPS & STRUCTURAL GEOLOGY

ORIGINAL

R 17 W

REFERRED TO:



A: SHELLEY-MILLER
Hoffman #1 SW SW SE 8

B: _____

C: _____

D: _____

E: _____

STRATIGRAPHIC MARKERS	SUBJECT WELL			STRUCTURAL POSITION				
	SAMPLE	E. LOG	DATUM	A	B	C	D	E
Anhydrite	1212'	1212'	+ 796					
Base	1256'	1255'	+ 753					
Topeka (HWD)	3001'	3001'	- 993					
Heeb. Sh.	3271'	3269'	-1261	-1272				
Toronto	3290'	3286'	-1278	-1289				
Lansing	3315'	3314'	-1306	-1317				
Base Kc.	3544'	3543'	-1535					
Arbuckle	3554'	3553'	-1545	-1555				
T.D.	3572'	3570'	-1562	-1585				
Pipe strap .13' strap long.								

RECEIVED
 FEB 03 2004
 KCC WICHITA

DRILL STEM TESTS

NO	INTERVAL	IFP/TIME	ISIP/TIME	FFP/TIME	FSIP/TIME	IHP/FHP	RECOVERY
1	Arb. 3531- 3572'	18# 29# 30"	845# 45"	30# 42# 60"	751# 90"	1729# 1707#	50' GIP 35' C, Oil 31° 35' HO&GMud 35% O
2							
3							
4							
5							
6							
7							
8							

ALLIED CEMENTING CO., INC.

15632

Federal Tax I.D.# [REDACTED]

ORIGINAL

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

SERVICE POINT: 2

DATE <u>11-11-03</u>	SEC.	TWP.	RANGE	CALLED OUT	ON LOCATION <u>5:00pm</u>	JOB START <u>5:45pm</u>	JOB FINISH <u>6:00pm</u>
LEASE <u>HOFFMAN</u>	WELL # <u>1-8</u>	LOCATION <u>TOULON 1E.S</u>			COUNTY <u>ELLIS</u>	STATE <u>KS</u>	
OLD OR <input checked="" type="radio"/> NEW (Circle one)							

CONTRACTOR DISCOVERY #2

TYPE OF JOB SURFACE

HOLE SIZE 12 1/4 T.D. 223

CASING SIZE 8 5/8 DEPTH 222

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT 13.88L

OWNER _____

CEMENT AMOUNT ORDERED 150 Com 390CC 29.65L

EQUIPMENT

PUMP TRUCK CEMENTER MARK

345 HELPER DAVE

BULK TRUCK

0213 DRIVER GARY

BULK TRUCK

_____ DRIVER _____

COMMON	<u>150</u>	@	<u>7.15</u>	<u>1,072.50</u>
POZMIX		@		
GEL	<u>3</u>	@	<u>10.00</u>	<u>30.00</u>
CHLORIDE	<u>5</u>	@	<u>30.00</u>	<u>150.00</u>
		@		
		@		
		@		
		@		
HANDLING	<u>158</u>	@	<u>1.15</u>	<u>181.70</u>
MILEAGE	<u>.05/34/mi.</u>			<u>213.30</u>

RECEIVED

FEB 03 2004

TOTAL 1,647.50

KCC WICHITA SERVICE

REMARKS:

(Did Circ)

Thanks

DEPTH OF JOB				
PUMP TRUCK CHARGE				<u>520.00</u>
EXTRA FOOTAGE		@		
MILEAGE	<u>27</u>	@	<u>3.50</u>	<u>94.50</u>
PLUG	<u>8 5/8 wood</u>	@		<u>45.00</u>
		@		
		@		

TOTAL 659.50

CHARGE TO: HERTEL OIL

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 _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE Thomas AL

Thomas AL
 PRINTED NAME

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.

ALLIED CEMENTING CO., INC.

Federal Tax I.D.# [REDACTED]

15541

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

ORIGINAL SERVICE POINT

DATE <u>11/16/03</u>	SEC.	TWP.	RANGE	CALLED OUT	ON LOCATION <u>12:30p.m</u>	JOB START	JOB FINISH <u>4:15p.m.</u>
LEASE <u>Hoffman</u>	WELL # <u>1-8</u>	LOCATION <u>Town 1E SAW IV</u>			COUNTY <u>Ellis</u>	STATE <u>KS</u>	
<input checked="" type="radio"/> OLD OR <input type="radio"/> NEW (Circle one)							

CONTRACTOR Discovery

TYPE OF JOB Long string

HOLE SIZE 7 7/8" T.D. 3572'

CASING SIZE 5 1/2" DEPTH 3564'

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL Port Collar DEPTH 1204'

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT 20.80

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT 86 1/2 Bbl

EQUIPMENT _____

PUMP TRUCK CEMENTER Paul

366 HELPER Shane

BULK TRUCK _____

222 DRIVER Cary

BULK TRUCK _____

_____ DRIVER _____

OWNER _____

CEMENT

AMOUNT ORDERED 150 ASC 290 Gal

500 Gal WFR-2

COMMON _____ @ _____

POZMIX _____ @ _____

GEL 3 @ 10.00 30.00

CHLORIDE _____ @ _____

ASC 150 @ 9.00 1,350.00

WFR-2 500 Gal @ 1.00 500.00

_____ @ _____

_____ @ _____

HANDLING 153 @ 1.15 175.95

MILEAGE .05/314/mi. 206.55

RECEIVED TOTAL 2,262.50

FEB 03 2004 SERVICE

KCC WICHITA

DEPTH OF JOB _____

PUMP TRUCK CHARGE _____ 1,130.00

EXTRA FOOTAGE _____ @ _____

MILEAGE 27 @ 3.50 94.50

PLUG _____ @ _____

_____ @ _____

_____ @ _____

TOTAL 1,224.50

CHARGE TO: Herkel Oil

STREET _____

CITY _____ STATE _____ ZIP _____

FLOAT EQUIPMENT

5 1/2

Packer Shoe @ _____ 1325.00

(1013F) Lath Down Assem @ _____ 350.00

Cent 40 @ 50.00 300.00

Basket 1 @ _____ 128.00

(T.L.) Port Collar @ _____ 1,750.00

(Faxed 11-17-03)

TOTAL 3,853.00

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.

SIGNATURE Thomas Alcu

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

Thomas Alcu

PRINTED NAME

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.

ALLIED CEMENTING CO., INC.

15544

Federal Tax I.D.# [REDACTED]

ORIGINAL

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

DATE <u>1/21/03</u>	SEC. [REDACTED]	TWP. [REDACTED]	RANGE [REDACTED]	CALLED OUT [REDACTED]	ON LOCATION <u>9:00A.m.</u>	JOB START [REDACTED]	JOB FINISH <u>10:15A.m.</u>
LEASE <u>Hoffman</u>	WELL # [REDACTED]	LOCATION <u>Towlon 1E S 10 10</u>	COUNTY <u>Ellis</u>	STATE <u>KS</u>			
<input checked="" type="checkbox"/> OLD <input type="checkbox"/> NEW (Circle one)							

CONTRACTOR Leon's

TYPE OF JOB Port Collar

HOLE SIZE _____ T.D. _____

CASING SIZE 5 1/2 DEPTH _____

TUBING SIZE 2 DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL Port Collar DEPTH 198

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER _____

CEMENT AMOUNT ORDERED 350 60/40 60/40 60/40

USED 150sy

1/4 # Floer 1

COMMON	<u>90</u>	@	<u>7.55</u>	<u>679.50</u>
POZMIX	<u>60</u>	@	<u>3.80</u>	<u>228.00</u>
GEL	<u>8</u>	@	<u>10.00</u>	<u>80.00</u>
CHLORIDE		@		
<u>Floer 1</u>	<u>38</u>	@	<u>1.40</u>	<u>53.20</u>
		@		
		@		
		@		
		@		
HANDLING	<u>350</u>	@	<u>1.15</u>	<u>402.50</u>
MILEAGE	<u>54/SY</u>	@		<u>472.50</u>

EQUIPMENT

PUMP TRUCK CEMENTER Paul

3106 HELPER Shane

BULK TRUCK

318 DRIVER Colen

BULK TRUCK

_____ DRIVER _____

RECEIVED

FEB 03 2004

KCC WICHITA SERVICE

TOTAL 1819.70

REMARKS:

P.C. 198 Press used to
1.9000 opened tool. Brake
circ. mixed 150sy. Displaced
4 Bbl. closed tool. Press to 1.9000
then syts. reversed out.

DEPTH OF JOB _____

PUMP TRUCK CHARGE _____ 630.00

EXTRA FOOTAGE _____ @ _____

MILEAGE 27 @ 3.50 94.50

PLUG _____ @ _____

TOTAL 724.50

CHARGE TO: Hertel Oil

STREET _____

CITY _____ STATE _____ ZIP _____

FLOAT EQUIPMENT

cost after discount # 2412.00

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 _____

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

PRINTED NAME _____

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.