

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Operator: License # 5399
 Name: American Energies Corporation
 Address: 155 North Market, Suite 710
 City/State/Zip: Wichita, KS 67202
 Purchaser: None
 Operator Contact Person: Alan L. DeGood
 Phone: (316) (316) 263-5785
 Contractor: Name: Pickrell Drilling
 License: 5123
 Wellsite Geologist: Douglas Davis
 Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SLOW 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. _____

<u>11/9/2004</u>	<u>11/17/04</u>	<u>11/18/04</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API NO. 15 - 15-007-22860-00-00
 County: Barber
 E/2 W/2 - NW - Sec. 2 S. R. 32 East West
1320' feet from S / (N) (circle one) Line of Section
990' feet from E / (W) (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE (NW) SW
 Lease Name: Catlin Well #: B1
 Field Name: Wildcat
 Producing Formation: None
 Elevation: Ground: 1633 Kelly Bushing: 1638
 Total Depth: RTD-4500 Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 8 5/8" 23# @ 307' Feet
 Multiple Stage Cementing Collar Used? Yes No
 If yes, show depth set _____ Feet
 If Alternate II completion, cement circulated from _____
 feet depth to _____ w/ _____ sx cmt.
ALT I WITHM 11-29-06
Drilling Fluid Management Plan
 (Data must be collected from the Reserve Pit)
 Chloride content 32800 ppm Fluid volume 1,500 bbls
 Dewatering method used Fluids Hauled
 Location of fluid disposal if hauled offsite: _____
 Operator Name: American Energies Corporation
 Lease Name: Short SWD License No.: 5399
 Quarter SW Sec 12 Twp 31 S. R. 8 East West
 County: Harper Docket No.: D-25,867

INSTRUCTIONS: An original and two copies of this form shall be filed with 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.

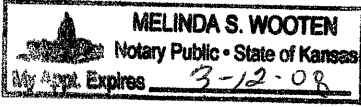
All requirements of the statutes, rules and regulations promulgated to regulate the oil and gas industry have been fully complied with and the statements herein are complete and correct to the best of my knowledge.

Signature: Alan L. DeGood
 Title: Alan L. DeGood, President Date: 11/30/2004
 Subscribed and sworn to before me this 30th day of November,
2004
 Notary Public: Melinda S. Wooten
 Date Commission Expires: Melinda S. Wooten, Notary Exp. 3/12/08

KCC Office Use ONLY

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

RECEIVED



DEC 01 2004
 KCC WICHITA

Operator Name: American Energies Corporation Lease Name: Catlin Well: B #1

Sec. 2 Twp. 32 S. R. 13 Vest County: Barber

INSTRUCTIONS: Show important tops and bas of formations penetrated. Detail all cores. Report all final copies of drill stem tests giving interval test, 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 charts(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 Yes No
 (Attach Additional Sheets)

Samples Sent to Geological Survey Yes No

Cores Taken Yes No

Electric Log Run Yes No Yes No
 (Submit Copy)

List All E. Logs Run:
 Compensated Density Neutron PE, Dual Induction

Log Formation (Top), Depth and Datum Sample Datum
 Name Top Datum
 See attached Drilling Report

CASING RECORD <input type="checkbox"/> New <input checked="" 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	# Sacks Used	Type and Percent Additives
Surface	12 1/4"	8 5/8"	23#	307'	60/40 poz	210	2% gel, 3% CC
Production	None						

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

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

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

Estimated Production Per 24 Hours	Oil Bbls	Gas Mcf	Water Bbls	Gas-Oil Ratio	Gravity

Disposition of Gas Vented _____ _____

METHOD OF COMPLETION Open Hole _____ Other Specify _____

Production Interval Dually Comp. Commingled _____

(If vented, Sumit ACO-18.)

**AMERICAN ENERGIES CORPORATION
DRILLING REPORT**

Catlin "B" #1

LOCATION: E/2 W/2 NW
Section 2-T32S-R13W
COUNTY: Barber
API: 15-007-22860-00-00

SURFACE CASING: 8 jts 8 5/8" 23# set @ 307'
PRODUCTION CASING:

CONTRACTOR: Pickrell Drilling Company
GEOLOGIST: Doug Davis

G.L.: 1633 **K.B.:** 1638'
SPUD DATE: 11/09/04
COMPLETION DATE:

DST Results – Trilobite to distribute

NOTIFY: Lario Oil and Gas Co.,
Graves Leases, LLC, Pickrell Acquisitions, Inc.,
W. Mike Adams, Fredrick W. Stump,
D & D Investments, Thomas C. Hyde

REFERENCE WELLS:
#1 American Energies - #1 Sill "A"
2310' FNL and 2010' FEL 2-32S-13W
#2 American Energies - #2 Sill "A"
1320' FNL and 2310' FEL 2-32S-13W

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FORMATION:	SAMPLE LOG:	ELECTRIC LOG TOPS:	COMPARISON:	#1	#2
Onaga Sh	2713' -1075	2712	-1074	+8	+15
Indian Cave Sd	2736' -1098	2718	-1080	n/a	+31
Wabaunsee	2762 -1124	2760	-1122	+8	+15
Tarkio	2898 -1260	2897	-1259	+6	+15
Topeka	3144 -1506	3143	-1505	+3	+17
Kanwaka Shale	3472 -1834	3470	-1832	n/a	+2
Heebner	3614 -1976	3616	-1978	+4	+8
Upper Doug Sd.	3681 -2043	3682	-2044	-1	+5
Lower Doug Sd.	3763 -2125	3762	-2124	+4	-1
Lansing	3795 -2157	3795	-2157	+7	+14
Drum	4022 -2384	4021	-2383	+13	+1
Stark Shale	4137 -2499	4136	-2498	+12	+5
Swope	4142 -2504	4140	-2502	+12	+2
Erosional Miss.	4308 -2670	4309	-2671	-7	-8
Mississippi	4315 -2677	4316	-2678	-7	-8
Miss. Osage	4384 -2746	4383	-2745		
Kinderhook Sh.	4486 -2848	4485	-2847		
RTD	4500				
LTD	4503				
11/08/04	MIRT & RURT				
11/09/04	Spud @ 8:00 a.m. Drilled 12 1/4" hole to 312' KB. SHT @ 312' = 1/2". Ran 8 jts of used 8 5/8" 23# surface casing set @ 307' KB. Cemented with 210 sx 60-40 poz, 2% gel, 3% CC. PD @ 4:14 P.M. on 11/9/04. Cement circulated. Allied ticket #20214. WOC approximately 8 hrs.				
11/10/04	At 7:00 a.m. – drilling ahead @ 560'. Began drilling, plug @ 12:15 a.m. 11-10/04				
11/11/04	At 1792' and drilling ahead. SHT @ 888 = 1/4 degree, at 1300' = 1/4 degree.				
11/12/04	At 7:00 a.m. – drilling ahead at 2565'.				
11/12/04	At 2:00 p.m. – circulating at 2747', in the Indian Cave.				
11/13/04	Preparing to run DST #1 at test interval 2699-2747'. DST #1: 2699-2747. Times: 30-60-30-60, Recovered 640' fluid – No gas in pipe, 310' MW, 330' W. BHT – 95 degrees, IHP: 1342, IFP: 36 increasing to 230, ISIP: 1093, FFP: 233 – 330, FSIP: 1078, FHP: 1318				
11/13/04	At 2806' and drilling ahead.				
11/14/04	At 3330' and drilling ahead. Circulated at 3688 Upper Douglas Sand – no shows. Circulated for samples at 3768 – Lower Douglas Sand – no shows.				
11/15/04	At 3863' and circulating for samples in Lansing.				
11/16/04	At 4238' at 7:00 a.m. and drilling ahead. Circulated for samples at 4027' and 4128' and 4148' – no shows.				
11/17/04	Drilling ahead @ 4376'. DST #2: 4304-4346, Times: 30-60-30-60. 1 st opening: Strong blow off bottom of bucket in 5 minutes. Continued to build, NGTS. 2 nd opening: Recovered 980' TF (210' MGCW, 770' GCW). IHP: 2118, IFP: 88-314, ISIP: 1697, FHP: 2019, FFP: 311-489, FSIP: 1688, BHT: 128 degrees.				
11/18/04	RTD: 4500, LTD: 4503'. Preparing to P & A well.				
11/18/04	Plugging information as follows: 50 sx @ 650', 50 sx @ 350', 10 sx @ 40', 15 sx in RH of 60/40 poz, 6% gel. Plugging completed @ 1:45 p.m. on 11/18/04. Allied ticket @20254. Plugging permission by Jim Holland on 11/15/04 @ 10:15 a.m. Final Report.				

ALLIED CEMENTING CO., INC.

20254

Federal Tax I.D.# [REDACTED]

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

NOV 30 2004

SERVICE POINT

CONFIDENTIAL

Michael

DATE <u>11-18-04</u>	SEC <u>2</u>	TWP. <u>30s</u>	RANGE <u>13w</u>	CALLED OUT <u>5:00</u>	ON LOCATION	JOB START <u>1:00 pm</u>	JOB FINISH <u>1:45 pm</u>
LEASE <u>Collin</u>	WELL # <u>B-1</u>	LOCATION <u>Allied Shop 3 1/2 mi to Clara PD</u>			COUNTY <u>Sevier</u>	STATE <u>KS</u>	
OLD OR NEW (Circle one) <u>NEW</u>		<u>ls 1w 1n 13w 36 into</u>					

CONTRACTOR America Energies
 TYPE OF JOB Qty Plug
 HOLE SIZE 7 7/8 T.D.
 CASING SIZE _____ DEPTH _____
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE 4 1/2 DEPTH 650
 TOOL _____ DEPTH _____
 PRES. MAX 200 MINIMUM _____
 MEAS. LINE _____ SHOE JOINT _____
 CEMENT LEFT IN CSG. _____
 PERFS. _____
 DISPLACEMENT 5 bbls water
 EQUIPMENT _____
 PUMP TRUCK # 372 CEMENTER [Signature]
 HELPER [Signature]
 BULK TRUCK # 364 DRIVER Jerry
 BULK TRUCK # _____ DRIVER _____

OWNER Pickrell
 CEMENT AMOUNT ORDERED 125 sk 60/40 6
 COMMON 75 A @ 7.85 588.75
 POZMIX 50 @ 4.10 205.00
 GEL 7 @ 11.00 77.00
 CHLORIDE @ _____
 ASC @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 HANDLING 132 @ 1.35 178.20
 MILEAGE 8 x 132 x .05 150.00
Min. chg TOTAL 1198.95

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 KCC WICHITA

REMARKS:

50 sk at 650
50 sk at 350
10 sk at 40
15 sk in Ratchole

SERVICE

DEPTH OF JOB 650'
 PUMP TRUCK CHARGE _____ 570.00
 EXTRA FOOTAGE @ _____
 MILEAGE 8 @ 4.00 32.00
 MANIFOLD @ _____
 _____ @ _____
 _____ @ _____
 TOTAL 602.00

CHARGE TO: America Energies
 STREET _____
 CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

6 7/8 Wooden Plug @ 23.00 23.00
Dry Hole Plug @ _____
 _____ @ _____
 _____ @ _____
 _____ @ _____
 TOTAL 23.00

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 _____
 TOTAL CHARGE [REDACTED]
 DISCOUNT [REDACTED] IF PAID IN 30 DAYS

SIGNATURE Mike Kern ANY APPLICABLE TAX WILL BE CHARGED UPON INVOICING
 PRINTED NAME Mike Kern

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. 20214

Federal Tax I.D. XXXXXXXXXX

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

NOV 30 2004

SERVICE POINT: Med hdy

DATE <u>11-9-04</u>	SEC. <u>2</u>	TWP. <u>32</u>	RANGE <u>13</u>	CALLED OUT <u>12:00 PM</u>	ON LOCATION <u>2:00 PM</u>	JOB START <u>3:45 PM</u>	JOB FINISH <u>4:15 PM</u>	
LEASE <u>Catlin</u>			WELL # <u>B-1</u>		LOCATION <u>Med hdy 3 1/2 W on Lake City Rd</u>		COUNTY <u>Barber</u>	
OLD OR NEW (Circle one) <u>NEW</u>			LOCATION <u>To Chover Rd, 1S, 1W, 1N, 1 1/2 W 8 1/2 into</u>					STATE <u>Ks</u>

CONTRACTOR Prebrell
 TYPE OF JOB Surface
 HOLE SIZE 12 1/4" T.D. 312'
 CASING SIZE 8 5/8" unad ac* DEPTH 312'
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE _____ DEPTH _____
 TOOL _____ DEPTH _____
 PRES. MAX _____ MINIMUM _____
 MEAS. LINE _____ SHOE JOINT _____
 CEMENT LEFT IN CSG. 15'
 PERFS. _____
 DISPLACEMENT 18 3/4 bbls

OWNER Same
 CEMENT
 AMOUNT ORDERED 210 lbs 60/40 3% cc, 28 gal,

EQUIPMENT

PUMP TRUCK CEMENTER Tom D
 # 368-265 HELPER Bill H.
 BULK TRUCK
 # 381-290 DRIVER Jack M
 BULK TRUCK
 # _____ DRIVER _____

COMMON	<u>126</u>	<u>A</u>	@	<u>7.85</u>	<u>989.10</u>
POZMIX	<u>84</u>		@	<u>4.10</u>	<u>344.40</u>
GEL	<u>4</u>		@	<u>11.00</u>	<u>44.00</u>
CHLORIDE	<u>7</u>		@	<u>33.00</u>	<u>231.00</u>
ASC			@		
RECEIVED					
<u>DEC 01 2004</u>					
KCC WICHITA					
HANDLING	<u>221</u>		@	<u>1.35</u>	<u>298.35</u>
MILEAGE	<u>8 x 221 x .05</u>				<u>150.00</u>
					<u>Min chrg TOTAL 2056.85</u>

REMARKS:

Ran 312' of 8 5/8" cas. Broke circulation.
Mixed 210 lbs 60/40 3% cc 27 gal.
Released plug. Displaced with fresh
H₂O.

Cement did circulate

(15 min to pit)

Prebrell

SERVICE

DEPTH OF JOB	<u>312'</u>			
PUMP TRUCK CHARGE	<u>0-300'</u>			<u>570.00</u>
EXTRA FOOTAGE	<u>12'</u>	@	<u>.50</u>	<u>6.00</u>
MILEAGE	<u>8</u>	@	<u>4.00</u>	<u>32.00</u>
MATERIAL		@		
		@		
		@		

CHARGE TO: American Energy

STREET _____
 CITY _____ STATE _____ ZIP _____

TOTAL 608.00

PLUG & FLOAT EQUIPMENT

<u>1-8 5/8" TWP</u>	@	<u>55.00</u>	<u>55.00</u>
	@		
	@		
	@		
	@		

TOTAL 55.00

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TAX _____
 TOTAL CHARGE ~~663.00~~
 DISCOUNT ~~55.00~~ IF PAID IN 30 DAYS

SIGNATURE X Mike Kerh

SIGNATURE X Mike Kerh
 PRINTED NAME _____

ANY APPLICABLE TAX
 WILL BE CHARGED
 UPON INVOICING

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(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.