

**CONFIDENTIAL**

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

**ORIGINAL**

Form ACO-1  
September 1999  
Form Must Be Typed

**WELL COMPLETION FORM**  
**WELL HISTORY - DESCRIPTION OF WELL & LEASE**

Operator: License # 5474  
Name: NORTHERN LIGHTS OIL CO., LC  
Address: P.O. BOX 164  
City/State/Zip: ANDOVER, KS 67002  
Purchaser: NCRA  
Operator Contact Person: KURT SMITH  
Phone: (316) 733-1515  
Contractor: Name: MALLARD JV  
License: 4958  
Wellsite Geologist: JEFF CHRISTIAN

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>5-25-06</u>	<u>6-1-06</u>	<u>6-1-06</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 179-21151-00-00  
County: SHERIDAN  
SE SW Sec. 27 Twp. 9 S. R. 26  East  West  
440 feet from S N (circle one) Line of Section  
2160 feet from E W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE SE NW SW  
Lease Name: KATHERINE Well #: 1

Field Name: WC  
Producing Formation: \_\_\_\_\_  
Elevation: Ground: 2612 Kelly Bushing: 2617  
Total Depth: 4076 Plug Back Total Depth: \_\_\_\_\_  
Amount of Surface Pipe Set and Cemented at 259 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.

**Drilling Fluid Management Plan**  
(Data must be collected from the Reserve Pit) *ALT II P&A with 7-17-07*  
Chloride content 2000 ppm Fluid volume 2500 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: X [Signature]  
Title: MANAGING PARTNER Date: 7-9-06  
Subscribed and sworn to before me this 9<sup>th</sup> day of JULY  
15 06  
Notary Public: [Signature]  
Date Commission Expires: \_\_\_\_\_



**KCC Office Use ONLY**  
 Letter of Confidentiality Attached  
If Denied, Yes  Date: \_\_\_\_\_  
 Wireline Log Received  
 Geologist Report Received  
 UIC Distribution

**RECEIVED**  
**JUL 11 2006**  
**KCC WICHITA**

Operator Name: NORTHERN LIGHTS OIL CO., LC Lease Name: KATHERINE Well #: 1  
 Sec. 27 Twp. 9 S. R. 26 East  West County: SHERIDAN

**CONFIDENTIAL**

**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.

<p>Drill Stem Tests Taken <input checked="" type="checkbox"/> Yes No  <i>(Attach Additional Sheets)</i></p> <p>Samples Sent to Geological Survey <input checked="" type="checkbox"/> Yes No</p> <p>Cores Taken Yes <input checked="" type="checkbox"/> No</p> <p>Electric Log Run Yes <input checked="" type="checkbox"/> No  <i>(Submit Copy)</i></p> <p>List All E. Logs Run:</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Log Name</th> <th>Formation (Top), Depth and Datum</th> <th>✓ Sample</th> </tr> <tr> <th>Name</th> <th>Top Datum</th> <th>Datum</th> </tr> </thead> <tbody> <tr> <td>Anhydrite</td> <td>2277</td> <td>+340</td> </tr> <tr> <td>LKC</td> <td>3857</td> <td>-1240</td> </tr> <tr> <td>TD</td> <td>4076</td> <td>-1459</td> </tr> </tbody> </table>	Log Name	Formation (Top), Depth and Datum	✓ Sample	Name	Top Datum	Datum	Anhydrite	2277	+340	LKC	3857	-1240	TD	4076	-1459
Log Name	Formation (Top), Depth and Datum	✓ Sample														
Name	Top Datum	Datum														
Anhydrite	2277	+340														
LKC	3857	-1240														
TD	4076	-1459														

CASING RECORD <input checked="" type="checkbox"/> 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	12 1/4	8 5/8	23#	259	common	200	3%gel2%cc

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
___ Perforate				
___ Protect Casing				
___ Plug Back TD				
___ Plug Off Zone				

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record <i>(Amount and Kind of Material Used)</i>		Depth

TUBING RECORD		Size	Set At	Packer At	Liner Run	Yes	No
Date of First, Resumed Production, SWD or Enhr.		Producing Method					
Estimated Production Per 24 Hours		Oil Bbls.	Gas Mcf	Water Bbls.	Gas-Oil Ratio	Gravity	

Disposition of Gas      METHOD OF COMPLETION      Production Interval

Vented     Sold     Used on Lease     Open Hole     Perf.     Dually Comp.     Commingled  
*(If vented, Summit ACO-18.)*       Other (Specify) \_\_\_\_\_

**RECEIVED**

JUL 11 2006

**KCC WICHITA**

# ALLIED CEMENTING CO., INC.

23701

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

JUL 06 2006 SERVICE POINT:

**CONFIDENTIAL**

*Great Bend*

DATE <i>5-25-06</i>	SEC. <i>27</i>	TWP. <i>9</i>	RANGE <i>28</i>	CALLED OUT <i>1:30 pm</i>	ON LOCATION <i>7:00 pm</i>	JOB START <i>7:30 pm</i>	JOB FINISH <i>8:15 pm</i>
LEASE <i>Katherine</i>	WELL # <i>#1</i>	LOCATION <i>Quarter North of Old</i>		COUNTY <i>Shenandoah</i>	STATE <i>KS</i>		
OLD OR NEW (Circle one)			<i>1/2 Highway - 1 1/2 East - Northwest</i>				

CONTRACTOR <i>Malsed Doby</i>	OWNER <i>Northern Lights</i>
TYPE OF JOB <i>Surface Pipe</i>	CEMENT
HOLE SIZE <i>12 3/4</i>	T.D. <i>259'</i>
CASING SIZE <i>8 5/8</i>	DEPTH <i>259'</i>
TUBING SIZE	DEPTH
DRILL PIPE	DEPTH
TOOL	DEPTH
PRES. MAX	MINIMUM
MEAS. LINE	SHOE JOINT
CEMENT LEFT IN CSG. <i>approx 10'</i>	
PERFS.	
DISPLACEMENT <i>16 BBls</i>	

COMMON <i>200 net</i>	@ <i>12.20</i>	<i>2440.00</i>
POZMIX	@	
GEL <i>4.24</i>	@ <i>16.65</i>	<i>66.60</i>
CHLORIDE <i>6.24</i>	@ <i>46.60</i>	<i>279.60</i>
ASC	@	

EQUIPMENT	
PUMP TRUCK	CEMENTER <i>Jack</i>
# <i>120</i>	HELPER <i>Bucky</i>
BULK TRUCK	DRIVER <i>Steve</i>
# <i>341</i>	
BULK TRUCK	
#	

HANDLING <i>210 net</i>	@ <i>1.90</i>	<i>399.00</i>
MILEAGE <i>210 net</i>	@ <i>52</i>	<i>876.00</i>
TOTAL		<i>4058.80</i>

**RECEIVED**

**JUL 11 2006**

**KCC WICHITA**

**REMARKS:**

*Run 6 jts of 8 5/8 casing - Cement with 200 net of cement. Displace plug with 16 BBls of fresh water*

*Thanks*

CHARGE TO: *Northern Lights*  
STREET \_\_\_\_\_  
CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**SERVICE**

DEPTH OF JOB <i>259</i>		
PUMP TRUCK CHARGE		<i>812.00</i>
EXTRA FOOTAGE	@	
MILEAGE <i>52</i>	@ <i>5.00</i>	<i>260.00</i>
MANIFOLD	@	
TOTAL		<i>1075.00</i>

**PLUG & FLOAT EQUIPMENT**

<i>1-8 5/8 Wood</i>	@ <i>60.00</i>	<i>60.00</i>
TOTAL		<i>60.00</i>

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 *Laver R Urban* LAVER R URBAN  
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.

# ALLIED CEMENTING CO., INC. 24462

KCC

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

JUL 06 2006 SERVICE POINT:  
**CONFIDENTIAL** OARLEY

DATE <u>6-1-06</u>	SEC. <u>27</u>	TWP. <u>9S</u>	RANGE <u>26W</u>	CALLED OUT	ON LOCATION <u>5:00 AM</u>	JOB START <u>6:00 AM</u>	JOB FINISH <u>8:45 AM</u>
LEASE <u>KATHERINE</u>	WELL # <u>1</u>	LOCATION <u>QUINTER 11N-1 1/2 E-N 1W</u>			COUNTY <u>SHERIDAN</u>	STATE <u>KS</u>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR MALLARD DRILL

TYPE OF JOB PTA

HOLE SIZE 2 7/8" T.D. 4076'

CASING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_

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

DRILL PIPE 4 1/2" DEPTH 2307'

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

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

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

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

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

DISPLACEMENT \_\_\_\_\_

OWNER SAME

CEMENT AMOUNT ORDERED 200 SKS 60/40 POZ 6% GEL 1/4" FLO-SEAL

**EQUIPMENT**

PUMP TRUCK # 191 CEMENTER TERRY HELPER WAYNE

BULK TRUCK # 377 DRIVER KELLY

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

COMMON	<u>120 SKS</u>	@	<u>12.20</u>	<u>1464</u>	<u>50</u>
POZMIX	<u>80 SKS</u>	@	<u>6.10</u>	<u>488</u>	<u>50</u>
GEL	<u>10 SKS</u>	@	<u>16.60</u>	<u>166</u>	<u>50</u>
CHLORIDE	_____	@	_____	_____	_____
ASC	_____	@	_____	_____	_____
	_____	@	_____	_____	_____
	_____	@	_____	_____	_____
	<u>FLO-SEAL 50#</u>	@	<u>2.00</u>	<u>100</u>	<u>50</u>
	_____	@	_____	_____	_____
	_____	@	_____	_____	_____
	_____	@	_____	_____	_____
	_____	@	_____	_____	_____
HANDLING	<u>210 SKS</u>	@	<u>1.90</u>	<u>399</u>	<u>50</u>
MILEAGE	<u>89 PER SK</u>	MILE	<u>772</u>	<u>90</u>	<u>50</u>
				TOTAL	<u>3390</u>

REMARKS:

25 SKS AT 2307'

100 SKS AT 1335'

40 SKS AT 309'

10 SKS AT 40'

15 SKS RAT HOLE

10 SKS MOUSE HOLE

THANK YOU

CHARGE TO: NORTHERN LIGHTS

STREET \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**SERVICE**

DEPTH OF JOB 2307'

PUMP TRUCK CHARGE 955

EXTRA FOOTAGE \_\_\_\_\_ @ \_\_\_\_\_

MILEAGE 46 MI @ 5.00 230

MANIFOLD \_\_\_\_\_ @ \_\_\_\_\_

\_\_\_\_\_ @ \_\_\_\_\_

\_\_\_\_\_ @ \_\_\_\_\_

RECEIVED

JUL 11 2006

KCC WICHITA

PLUG & FLOAT EQUIPMENT

TOTAL 1185

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 Mark D. Elsen

TAX \_\_\_\_\_

TOTAL CHARGE \_\_\_\_\_

DISCOUNT \_\_\_\_\_ IF PAID IN 30 DAYS

PRINTED NAME Mark D. Elsen

## 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.