

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-1
September 1999
Form Must Be Typed

ORIGINAL

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

CONFIDENTIAL

Operator: License # 5474
Name: NORTHERN LIGHTS OIL CO., LC
Address: P.O. BOX 164
City/State/Zip: ANDOVER, KS 67002
Purchaser: ----
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>3-9-06</u>	<u>3-16-06</u>	<u>3-16-06</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 101-21912-0000
County: LANE
ne-sw-ne Sec. 33 Twp. 17 S. R. 27 East West
1690 feet from S (circle one) Line of Section
1730 feet from (circle one) W Line of Section

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

Producing Formation: ----
Elevation: Ground: 2651 Kelly Bushing: 2656
Total Depth: 4589 Plug Back Total Depth: ----
Amount of Surface Pipe Set and Cemented at 258 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 ALT II P&A WITH
(Data must be collected from the Reserve Pit) 6-5-07
Chloride content 3000 ppm Fluid volume 1500 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: [Signature]
Title: MANAGING PARTNER Date: 3-28-06

Subscribed and sworn to before me this 28th day of MARCH, 2006

Notary Public: [Signature]
Date Commission Expires: _____
KURT L. SMITH
MY COMMISSION EXPIRES
July 14, 2009

CONFIDENTIAL
KCC Office Use ONLY
 Letter of Confidentiality Attached
If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution
MAR 28 2006
KCC
RECEIVED
MAR 31 2006
KCC WICHITA

CONFIDENTIAL
MAR 28 2006
KCC

Operator Name: NORTHERN LIGHTS OIL CO., LC Lease Name: Christine Well #: 1
 Sec. 33 Twp. 17 S. R. 27 East West County: LANE

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 (Attach Additional Sheets)	<input checked="" type="checkbox"/> Yes	No	✓ Log Formation (Top), Depth and Datum Name Top Datum Anhydrite 2056 +600 LKC 3946 -1290 FT SCOTT 4462 -1806 Mississippian 4562 -1906
Samples Sent to Geological Survey	<input checked="" type="checkbox"/> Yes	No	
Cores Taken	Yes	<input checked="" type="checkbox"/> No	
Electric Log Run (Submit Copy)	<input checked="" type="checkbox"/> Yes	No	
List All E. Logs Run:			

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	12 1/4	8 5/8	24#	258	common	170	3%gel2%cc

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				

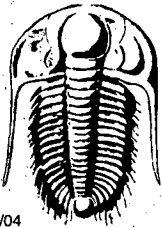
Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type		Acid, Fracture, Shot, Cement Squeeze Record		Depth
	Specify Footage of Each Interval Perforated		(Amount and Kind of Material Used)		

TUBING RECORD		Size	Set At	Packer At	Liner Run	
					Yes	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 **METHOD OF COMPLETION** Production Interval

Vented Sold Used on Lease Open Hole Perf. Dually Comp. Commingled
 (If vented, Sumit ACO-18.) Other (Specify) _____

RECEIVED
MAR 31 2006
KCC WICHITA



TRILOBITE TESTING INC.

P.O. Box 362 • Hays, Kansas 67601

CONFIDENTIAL

MAR 28 2006

No 23229

9/04

Test Ticket **KCC**

Well Name & No. <u>Christine #1</u>	Test No. <u>1</u>	Date <u>3-14-06</u>
Company <u>Northern Lights Oil Co.</u>	Zone Tested <u>L-KC "K"</u>	
Address <u>POB 164 Andover, KS 67002</u>	Elevation <u>2656</u> KB <u>2651</u> GL	
Co. Rep / Geo. <u>Jeff Christian</u>	Cont. <u>Mallard JV</u>	Est. Ft. of Pay _____ Por. _____ %
Location: Sec. <u>33</u> Twp. <u>17s</u> Rge. <u>27w</u> Co. <u>Lane</u> State <u>KS</u>		
No. of Copies <u>Norm</u> Distribution Sheet (Y, N) _____ Turnkey (Y, N) _____ Evaluation (Y, N) _____		

Interval Tested <u>4212 to 4244</u>	Initial Str Wt./Lbs. <u>50,000</u>	Unseated Str Wt/Lbs. <u>52,000</u>
Anchor Length <u>32</u>	Wt. Set Lbs. <u>25,000</u>	Wt. Pulled Loose/Lbs. <u>78,000</u>
Top Packer Depth <u>4208</u>	Tool Weight <u>1,500</u>	
Bottom Packer Depth <u>4212</u>	Hole Size 7 7/8" <u>X</u>	Rubber Size 6 3/4" <u>X</u>
Total Depth <u>4244</u>	Wt. Pipe Run <u>0</u>	Drill Collar Run <u>250</u>
Mud Wt. <u>9.1</u> LCM _____ Vis. <u>48</u> WL <u>9.6</u>	Drill Pipe Size <u>4 1/2 XH</u>	Ft. Run <u>3,978</u>

Blow Description IF: Surface blow built to 9in. over 30min.
IS: No return over 45min.
FF: Surface blow built to 8 1/2 in. over 45min.
FS: Weak surface blow after 1min. built to 1/2" over 60min.

Recovery - Total Feet <u>350</u>	GIP <u>250</u>	Ft. in DC <u>240</u>	Ft. in DP <u>110</u>
Rec. <u>50</u> Feet of <u>SGMCO</u>	<u>5</u> %gas	<u>65</u> %oil	%water <u>30</u> %mud
Rec. <u>120</u> Feet of <u>GCOMW</u>	<u>15</u> %gas	<u>50</u> %oil	<u>25</u> %water <u>10</u> %mud
Rec. <u>60</u> Feet of <u>GCOMW</u>	<u>10</u> %gas	<u>15</u> %oil <u>40 75</u>	%water <u>35 20</u> %mud
Rec. <u>120</u> Feet of <u>MCW</u>	<u>w/oil spots</u> %gas	%oil <u>85</u>	%water <u>15</u> %mud
BHT <u>123</u> °F Gravity _____	*API D @ _____	*F Corrected Gravity _____	*API _____
RW <u>.246</u> @ <u>58</u> °F	Chlorides <u>38,000</u> ppm	Recovery <u>38,000</u>	Chlorides <u>1,500</u> ppm System

(A) Initial Hydrostatic Mud	AK-1 <u>2,044</u> PSI	Alpine	Recorder No. <u>8017</u>	Test <u>X</u>
(B) First Initial Flow Pressure	<u>19</u> PSI		(depth) <u>4215</u>	Jars _____
(C) First Final Flow Pressure	<u>119</u> PSI		Recorder No. <u>13276</u>	Safety Jt. _____
(D) Initial Shut-In Pressure	<u>624</u> PSI		(depth) <u>4239</u>	Circ Sub <u>X</u> <u>N/C</u>
(E) Second Initial Flow Pressure	<u>119</u> PSI		Recorder No. _____	Sampler _____
(F) Second Final Flow Pressure	<u>164</u> PSI		(depth) _____	Straddle _____
(G) Final Shut-In Pressure	<u>606</u> PSI	Initial Opening	<u>30</u>	Ext. Packer _____
(Q) Final Hydrostatic Mud	<u>2,000</u> PSI	Initial Shut-In	<u>45</u>	Shale Packer _____

TRILOBITE TESTING INC. SHALL NOT BE LIABLE FOR DAMAGED 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 Jeff Christian
 Our Representative Chuck Smith

Final Flow	<u>45</u>	Ruined Packer _____
Final Shut-In	<u>60</u>	Mileage <u>76 RT</u>
T-On Location	<u>02:15am</u>	Sub Total: _____
T-Started	<u>03:45am</u>	Std. By RECEIVED
T-Open	<u>06:01am</u>	Other _____
T-Pulled	<u>09:02am</u>	Total: MAR 31 2006
T-Out	<u>11:24am</u>	

KCC WICHITA

ALLIED CEMENTING CO., INC.

23646

Federal Tax I.D.#

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

CONFIDENTIAL

SERVICE POINT:

At Bend

MAR 28 2006

DATE <i>3-9-06</i>	SEC <i>33</i>	TWP <i>17</i>	RANGE <i>27</i>	CALLED OUT <i>KCC 3:30 PM</i>	ON LOCATION <i>7:00 PM</i>	JOB START <i>7:30 PM</i>	JOB FINISH <i>8:30 PM</i>
LEASE <i>Christine</i>	WELL # <i>1</i>	LOCATION <i>Alamata 96 3 1/2 N, 1/4 W. N 1/2 S Lane</i>			COUNTY <i>lane</i>	STATE <i>K</i>	<i>10:30 PM</i>
OLD OR NEW (Circle one)							

CONTRACTOR *Mallard*

TYPE OF JOB *Surface*

HOLE SIZE *12 1/4"* T.D. *259'*

CASING SIZE *8 5/8"* DEPTH *259'*

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT LEFT IN CSG. *15'*

PERFS.

DISPLACEMENT *15 1/2 bbls*

OWNER *Some*

CEMENT

AMOUNT ORDERED *170 lbs Common*

390cc 290 lbs

100 lbs Common 390cc - used 50 lbs

COMMON @

POZMIX @

GEL @

CHLORIDE @

ASC @

EQUIPMENT

PUMP TRUCK CEMENTER *Terry D*

181 HELPER *Rich H*

BULK TRUCK

341 DRIVER *Terry L*

BULK TRUCK

DRIVER

RECEIVED

MAR 31 2006

KCC WICHITA

HANDLING @

MILEAGE @

REMARKS:

Ran 259' of 8 5/8". Broke circulation.

Mixed 170 lbs common 390cc 290 lbs.

Released Plug. Replaced with fresh H₂O.

Cement did circulate

Cement in Cellar.

Cement Dropped 38'. Ran 38' of 1". Mixed

50 lbs common 390cc + circulated TO Surface.

CHARGE TO: *Northern Lights*

STREET

CITY STATE ZIP

Thank

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 *Lester R Urban*

TOTAL

SERVICE

DEPTH OF JOB *259'*

PUMP TRUCK CHARGE

EXTRA FOOTAGE @

MILEAGE @

MANIFOLD @

TOTAL

PLUG & FLOAT EQUIPMENT

1-8 5/8 wooden @

TOTAL

TAX

TOTAL CHARGE

DISCOUNT IF PAID IN 30 DAYS

PRINTED NAME *Lester R. Urban*

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.

23541

Federal Tax I.D.# [REDACTED]

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

CONFIDENTIAL

SERVICE POINT: Wesley City

MAR 28 2006

DATE <u>3-15-06</u>	SEC. <u>33</u>	TWP. <u>17</u>	RANGE <u>27 KCC</u>	CALLED OUT <u>9:15pm</u>	ON LOCATION <u>12:10AM</u>	JOB START <u>2:45PM</u>	JOB FINISH <u>5:15AM</u>
LEASE <u>Christine</u>	WELL # <u>1</u>	LOCATION <u>Alamota 3 1/2 W 1/4 W N.S</u>		COUNTY <u>Lane</u>	STATE <u>KS</u>		

OLD OR NEW (Circle one)

CONTRACTOR Mallard

TYPE OF JOB Rotary Plus

HOLE SIZE 7 7/8 T.D. 4590

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER _____

CEMENT AMOUNT ORDERED _____

265 60/40 60/20

1/4" 7/16 Seal mix

COMMON	<u>159 net</u>	@	<u>9.60</u>	<u>1526.40</u>
POZMIX	<u>106 net</u>	@	<u>5.20</u>	<u>551.20</u>
GEL	<u>18 net</u>	@	<u>15.00</u>	<u>180.00</u>
CHLORIDE		@		
ASC		@		
<u>7/16 Seal 66#</u>		@	<u>1.80</u>	<u>118.80</u>
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>279 net</u>	@	<u>1.70</u>	<u>474.30</u>
MILEAGE	<u>25 07 279</u>			<u>488.25</u>
				TOTAL <u>3338.95</u>

EQUIPMENT

PUMP TRUCK CEMENTER J. W. Johnson

224 HELPER _____

BULK TRUCK _____

357 DRIVER Don

BULK TRUCK _____

_____ DRIVER Terry

REMARKS:

<u>50 x e</u>	<u>2100'</u>	
<u>80</u>	<u>1200</u>	
<u>50</u>	<u>600</u>	
<u>40</u>	<u>290</u>	
<u>20</u>	<u>60</u>	
<u>15</u>	<u>RH</u>	
<u>10</u>	<u>M.H.</u>	<u>Thanks</u>

SERVICE

DEPTH OF JOB 2100

PUMP TRUCK CHARGE 825.00

EXTRA FOOTAGE @ _____

MILEAGE 25 @ 5.00 125.00

MANIFOLD @ _____

RECEIVED _____

CHARGE TO: Northern Lights Oil Co.

STREET _____

CITY _____ STATE _____ ZIP _____

MAR 31 2006

KCC WICHITA

TOTAL 950.00

PLUG & FLOAT EQUIPMENT

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

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TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE Kirk Urban

Kirk Urban
PRINTED NAME

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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.