

RECEIVED

KANSAS CORPORATION COMMISSION
OIL & GAS DIVISION

Form ACO-1
September 1999
Form Must Be Typed

JUN - 7 2005

WELL COMPLETION FORM
KCC WICHITA WELL HISTORY - DESCRIPTION OF WELL & LEASE

ORIGINAL

Operator: License # 5399
Name: American Energies Corporation
Address: 155 North Market, Suite 710
City/State/Zip: Wichita, KS 67202
Purchaser:
Operator Contact Person: Alan L. DeGood
Phone: (316) (316) 263-5785
Contractor: Name: Berentz Drilling Company
License: 5892
Wellsite Geologist: Douglas Davis

API NO. 15 - 15-155-21479-00-00
County: Reno
SE - Sec. 12-T25 S. R. 6 East West

Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SLOW Temp. Abd
 Gas ENHR SIGW
 Dry Other (Core, WSW, Expl., Cathodic, etc)

1190-4270' FSL feet from (S) N (circle one) Line of Section
1240-4320' FEL feet from (E) W (circle one) Line of Section

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

If Workover/Re-entry: Old Well Info as follows:
Operator:
Well Name:

Field Name: Wildcat
Producing Formation: Mississippi/Simpson Sand
Elevation: Ground: 1490 Kelly Bushing: 1495

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.

Total Depth: 3970' Plug Back Total Depth:
Amount of Surface Pipe Set and Cemented at 7 jts 20# @ 308' 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.

1/15/2005 1/31/05 3/10/05
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

Drilling Fluid Management Plan *ALTI with 12-11-07*
(Data must be collected from the Reserve Pit)
Chloride content 12000 ppm Fluid volume 1,200 bbls
Dewatering method used Water was hauled to disposal site

Location of fluid disposal if hauled offsite:
Operator Name: American Energies Corporation
Lease Name: Greenleaf Ranch SWD License No.: 5399
Quarter NW Sec 7 Twp 28 S. R. 6 East West
County: Kingman Docket No.: D17,279

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: 6/2/05

Subscribed and sworn to before me this 2nd day of June, 2005

Notary Public: Melinda S. Wooten

Date Commission Expires: Melinda S. Wooten, Notary Exp. 3/12/08



KCC Office Use ONLY
NO Letter of Confidentiality Attached
If Denied, Yes Date: _____
 Wireline Log Received
 UIC Distribution

Operator Name: American Energies Corporation Lease Name: Mennonite Church Well: A #1
 Sec. 12 Twp. 25 S. R. 6 Vest County: Reno

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 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Attach Additional Sheets) Samples Sent to Geological Survey <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Cores Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Electric Log Run Yes No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Submit Copy) List All E. Logs Run: Sonic Cement, Gamma Ray/Neutron, Compensated Density/Neutron, Dual Induction	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum <input checked="" type="checkbox"/> Sample Datum Name Top See attached Drilling Report
---	---

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	# Sacks Used	Type and Percent Additives
Surface	12 1/4"	8 5/8"	20#	308'	70/30 poz	250	3% gel, 2% CaCl
Production	7 7/8"	4 1/2"	10.5#	3604'	ASC	125	2% gel

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
<input type="checkbox"/> Perforate				
<input type="checkbox"/> Protect Casing				
<input type="checkbox"/> Plug Back TD				
<input type="checkbox"/> Plug Off Zone				

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record (Amount and Kind of Material Used)	Depth
4 SPF	3458-66	Acidized well with 750 gallons 15% HCL and 750 gallons FE	
		Fractured with 20,000# Sand	

TUBING RECORD	Size 2 3/8"	Set At 3450'	Packer At 3425'	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
---------------	----------------	-----------------	--------------------	--

Date of First, Resumed Production, SWD or Enhr. Waiting on connections	Producing Method <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 3	Gas Mcf 100 MCF/D	Water Bbls	Gas-Oil Ratio	Gravity
-----------------------------------	---------------	----------------------	------------	---------------	---------

Disposition of Gas Vented (If vented, Sumit ACO-18.)

METHOD OF COMPLETION Open Hole Other Specify _____

Production Interval Dually Comp. Commingled _____

RECEIVED
 JUN - 7 2005
 KCC WICHITA

AMERICAN ENERGIES CORPORATION

DRILLING REPORT

Mennonite Church A #1

RECEIVED

JUN - 7 2005

ORIGINAL
KCC WICHITA

LOCATION: 130' S & 80' E of C SE

Section 12-T25S-R6W

SURFACE CASING: 7 jts 20# 8 5/8" set @ 308'

COUNTY: Reno

PRODUCTION CASING: 87 jts 4 1/2" @ 3604'

API: 15-155-21479-00-00

CONTRACTOR: Berentz Drilling Company

G.L.: 1490' **K.B.:** 1495'

GEOLOGIST: Doug Davis cell 641.4469

SPUD DATE: 1/15/05

Rig # 316.772.8253

Toolpushers #316.772.8252

COMPLETION DATE: 3/10/05

DST Results – Trilobite to distribute

NOTIFY: Lario Oil and Gas Co.,

REFERENCE WELLS:

Dot Oil Co., Helen Petrol, Inc., Gar Oil Corp.,

#1 Banks - #1 Albrecht

W. Mike Adams, Red Jaw, Inc.,

SW NW SW Sec. 12-25S-6W

Roger Schulz, D & D Investments, Thomas C. Hyde

#2 Lone Star - #1 Schrag

1530' FSL & 450' FEL of SW/4 Sec. 12-25S-6W

FORMATION:	SAMPLE LOG:	ELECTRIC LOG TOPS:	E-Log COMPARISON:
------------	-------------	--------------------	-------------------

				#1	#2	
Heebner	2514	-1023	2514	-1023	+46	+17
Brown Lime	2731	-1236	2731	-1236	+45	+14
Lansing	2778	-1283	2764	-1269	+53	+29
Stark Shale	3094	-1599	3094	-1599	+34	+18
Swope Lm.	3100	-1605	3100	-1605	+31	+17
Hertha Lm.	3142	-1647	3142	-1647	+29	+21
Cherokee Sh.	3326	-1831	3326	-1831	+42	+27
Mississippi	3452	-1957	3452	-1957	+31	+27
Kinderhook	3673	-2178	3670	-2175		+31
Meisner Sand	3861	-2366	3866	-2371		+33
Viola	3867	-2372	3872	-2377		+34
Simpson Sand	3902	-2407	3902	-2407		+29
RTD	3970	-2475	3974	-2479		

1/15/05 Moved in Berentz rig #6 and rigged up 1/14/05, should spud today.

1/16/05 At 96', Drilled 12 1/4" hole, set 7 jts 20# 8 5/8" Surface Casing at 308'. Cemented with 250 sx 70/30 poz mix 3% gel, 2% CaCl. Cementing by Allied. Plug down at 11:30 p.m. 1/16/05, 3/4 degree deviation. Spud on 1/15/05 at 11:00 p.m.

1/17/05 At 312' and waiting on cement.

1/18/05 At 960' at 7:00 a.m. and drilling ahead.

1/19/05 At 1166' and preparing to wash over drill collar in hole. Fish is at 750' and backed off drill pipe.

1/20/05 Still at 1166', coming out of hole with fish. Recovered collars. Back to drilling.

1/21/05 At 1570' Drilling ahead.

1/24/05 At 3019' Drilling ahead. Have had a few minor gas shows in the Lansing zone.

1/24/05 Circulated for samples at 3100, 3146, 3158. No shows, drilled ahead.

1/25/05 At 3336' and drilling ahead, expect to hit the Mississippian this afternoon.

1/26/05 Coming out of hole after DST #1. Results of DST #1 as follows: 3453-90 (Mississippi). Times: 30-60-60-120. 1st opening: GTS in 16", 2nd opening: 32 MCF, building to 43 MCF. Recovered 225' TF (135' SLO&GWM, 75% M, 17% W, 5% G, 3% O, 90' MW – 8%M, IFP: 73-77, ISIP: 820, FFP: 67-114, FSIP: 818, IHP: 1710, FHP: 1663, BHT: 112 degrees, chlorides: 112,000 PPM on water. Pipe strap: 6.95 long to the board, 3/4 degree deviation.

1/27/05 At 3633' and drilling ahead. Spent last night making bit trip.

1/28/05 Bit trip @ 3686', just now completed bit trip. Drilling ahead. Production casing ready on location.

- 1/29/05 Drilling @ 3875', circulated at 3872, no shows in Meisner or Viola, will drill another 90' and look at the Simpson Sand and then log hole and run casing on the Mississippian Chert.
- 1/30/05 Drilling @ 3966', RTD 3970' @ 8:30 a.m. Simpson sand had a spotty brown stain with micro droplets of live oil, well sorted quartz sand with 18' of 1" drilling. Tripped for bit @ 3934'. Will be logging @ 2:00 p.m.
- 1/31/05 Circulating @ 3610'. Drilled to RTD of 3970'. Rigged up ELI for open hole logs. LTD: 3970. Simpson Sand is wet on log, will set production casing at 3600+ for Mississippian completion. Rigged down ELI. Tripped in hole with drill pipe, circulated for 1 hour - started laying down drill pipe. Torque converter blew up.
- 2/01/05 Made repairs to rig. Tripping to bottom to circulate hole clean. Should be running casing this afternoon.
- 2/02/05 Circulated hole clean. Came out of hole, layed down drill pipe. Ran 87 jts used, drifted and tested 4 1/2" casing, set @ 3604'. Allied cemented with 125 sx ASC with 2% gel. Cement circulated throughout. Plug down at 3:30 a.m. 2/2/05.
- 2/03/05 Gas analysis 85% Methane, 5% Ethane, 1151 BTU

FINAL DRILLING INFORMATION

COMPLETION INFORMATION AS FOLLOWS

- 3/10/05 Moved in Clark Well Service Rig, Rigged up ELI logging and perforated 3458-66 w 4sh/ft. SION (shut-in over night)
- 3/12/05 Rigged over to run 112 jts 2 3/8" tubing, set seating nipple @ 3450'. Swabbed down, SIOWE
- 3/14/05 Opening Casing pressure: 180#, tubing: slight blow. Ran in and tagged fluid @ 2850', had 600' fill up over weekend. Came out to treat with acid. Hooked up Acid Services and loaded hole with salt water and spotted acid on perfs.
9:57 a.m. - pressured up to 250#
10:06 a.m. - pressured up to 500#
10:42 a.m. - pressured up to 750#
10:50 a.m. - started feeding - 1/2 BPM at 750#, after 1 1/2 BPM down to 600#, took it back up to 750 - feeding at 1 BPM - put acid away at 1 BPM at 750# - ISIP: 700#, after 5 minutes - 350#, after 10 minutes - 225#, after 15 minutes - 200#. Did not go on vacuum. Acid gone
11:07 a.m. - Acid gone
12:10 p.m. - Started swabbing - after 1st hour - recovered 32.5 bbls - show of gas
2nd hour - recovered 11.5 bbls (total back - 44 bbls) - need 74 bbls to get load back. Hitting fluid at 3150'.
2 1/2 hours - made 1.5 bbls - run 15 minute test - 100' fluid, second 15 minute test - had 150' with V cups. Went in again - had 150', again - 150', again - 150' with show of gas about 500' - backside 15# made 1 3/4 bbls. SION - Will check in morning for pressures.
- 3/15/05 Opening Casing Pressure: 540#, Tubing Pressure: 350#. Had 1200' fillup of fluid. Made 1 swab and kicked 8 bbls fluid (total now - 57 bbls back). Made another run - fluid dry, another run - fluid dry. Casing Pressure: 50#, tubing - slight blow. Shut-in for 15 minutes - casing up to 60#, tubing at 10# - blow gas off and came out with tubing. Worked on rig motor for 2 hours. Put AD-1 packer on and ran tubing and packer to 3425' and set packer and loaded backside. At 2:30 p.m. - acid showed up. Hooked up acid truck and started pumping at 2 BPM - whole load at 14 bbls. Started at 1.5 BPM at 600# and took it up to 2.5 BPM at 1000# - put acid away. Did not see but a little ball action - did not ball off. Let sit for 30 minutes and started swabbing.
1st hour - swabbed 20 bbls back (load is 35) with show of gas. Swabbing from SN and getting 500' a pull.
2nd hour - recovered 11 bbls - getting 250' a pull. SION
- 3/16/05 Opening tubing pressure - 300#. Went in and tagged fluid at 2000' down - 1400' fillup. Released packer and swabbed down to 2500'. Layed down tubing and moved off.
- 3/25/05 Preparing to frac. Location to muddy to move in. Waiting to get into frac schedule.
- 4/08/05 Will fracture treat Mississippian Chert with 20,000# sand - scheduled for April 11th.

Mennonite Church "A" #1
Page - Three

- 4/11/05 Hooked up Acid Services for 20,000# frac. Loaded hole with 32 bbls. Fluid level 2000'. Got injection rate at 10 BPM @ 890#.
Pressure started coming up after 300 bbls, took injection rate up to 14 BPM at 1230# - so not to screen off.
After 400 bbls - pressure at 1370#. Flush with 55 bbls - pressure at 1600#. ISIP: 1160#, after 10 minutes 500#, after 15 minutes 250#. Shut well in.
- 4/13/05 Moved in Clark Well Service. Went in with sand pump and tagged sand at 3578'. Cleaned 15' of sand out of hole. SION. Will run tubing in a.m.
- 4/14/05 Ran in 111 jts 2-3/8 tubing & S.N. to 3452'. Started swabbing. Tagged fluid 1500' from surface.
1st hour recovered 24 bbls
2nd hour recovered 31 bbls, Fluid level 1900' from surface.
3rd hour recovered 25 bbls, Fluid level 1900' from surface. Show of gas starting to build on backside.
4th hour recovered 25 bbls. Fluid level 1900' from surface. Started to see show of oil & gas on backside. 60#. SION.
- 4/15/05 Opening pressures 290# on casing and 260# on tubing. Blow tubing down, no fluid, 290# casing pressure. Went in for 1st swab and found fluid level 1700' from surface.
1st hour recovered 30 bbls, 290# casing pressure
2nd hour recovered 36 bbls, 330# casing pressure, Fluid level 1700' from surface.
3rd hour recovered 26 bbls, 370# casing pressure, Fluid level 1700' from surface.
Shut down for lunch. Casing pressure at 440#.
4th hour started venting with choke set at 8/64, on backside, swabbing 1600' on S.N. of gassy water, trace of oil. Recovered 32 bbls, 350# casing pressure. Vent at 8/64. 122MCF.
5th hour recovered 23 bbls, swabbing 1500' gassy fluid, venting at 8/64, 200# casing pressure. 74mcf.
6th hour recovered 23bbls, swabbing 1500# gassy fluid, venting at 8/84, 190# casing pressure 71 mcf.
Total recovery - 2 days: 275 bbls of 455 bbls from frac. SLOW.
- 4/16/05 Shut in.
- 4/17/05 Shut in.
- 4/18/05 Opening pressures: 760# casing pressure, 760# tubing pressure. Started flow on 34/64 to get fluid moving. After 20 minutes still unloading fluid, choke back to 16/64, 650# casing pressure, 140# tubing pressure. After 30 minutes recovered 8 bbls. Opened up choke to 32/64 to unload more fluid. 650# casing pressure, 140# tubing pressure.
After 30 minutes flowing, recovered 11 bbls. 630# casing pressure, 140# tubing pressure. Choke back to 8/64.
2nd hour recovered 8 bbls, 650# casing pressure, 150# tubing pressure.
3rd hour recovered 2-1/2 bbls, 700# casing pressure, 190# tubing pressure. Choke - 8/64. 71MCF/D.
4th hour recovered 2 bbls, 700# casing pressure, 210# tubing pressure. Choke - 8/64. 78 MCF/D.
5th hour recovered 2 bbls, 700# casing pressure, 245# tubing pressure. Choke 8/64. 90 MCF/D.
6th hour recovered 1/2 bbl, 700# casing pressure, 270# tubing pressure. Choke 8/64. 99 MCF/D.
7th hour recovered 1/4 bbl, 700# casing pressure, 240# tubing pressure. Choke 8/64. 88 MCF/D.
Well starting to load up. SION.
- 4/19/05 SION. 780# casing pressure, 780# tubing pressure. Will run rods and downhole pump today.
- 4/20/05 Released CU, Killed well with 35 barrels 2% KCL water, ran 136 used 3/4 rods with 2', 4' 6' 8' & 16' rod subs, 16' polish rod, 2x11/2x12' downhole pump. Will set a 114 used pumping unit, Land department is working on right away for disposal line and gas line.
- 5/3/05 Shut-In - working on pipeline connection with West Wichita Gas Gathering. Also working on a saltwater disposal agreement with the Herman Loeb Company.
- 5/12/05 Shut-In - waiting on right-of-way and gas contract.

ALLIED CEMENTING CO., INC. 20241 ✓

ORIGINAL

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

SERVICE POINT:

Dot Bend

DATE <u>1-16-05</u>	SEC. <u>12</u>	TWP. <u>25</u>	RANGE <u>18</u>	CALLED OUT <u>1:30 PM</u>	ON LOCATION <u>4:30 PM</u>	JOB START <u>10:30 PM</u>	JOB FINISH <u>11:00 PM</u>
MEMORANDA LEASE <u>Church #</u> WELL # <u>1</u>			LOCATION <u>Hutch # 50 85 to Arlington</u>		COUNTY <u>Peru</u>	STATE <u>Ks</u>	
OLD OR <u>NEW</u> (Circle one)			<u>As. 1E, 1/2S Winto</u>				

CONTRACTOR Berenty Daley

TYPE OF JOB Surface

HOLE SIZE 12 1/4" T.D. 312'

CASING SIZE 8 5/8" 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 250 lbs 70/30, 390cc, 290 net

EQUIPMENT

PUMP TRUCK CEMENTER Tom

181 HELPER Don Dinnitt

BULK TRUCK DRIVER Archie H

342

BULK TRUCK DRIVER _____

COMMON	<u>125</u>	@	<u>7.85</u>	<u>1323.75</u>
POZMIX	<u>75</u>	@	<u>4.10</u>	<u>307.50</u>
GEL	<u>5</u>	@	<u>11.00</u>	<u>55.00</u>
CHLORIDE	<u>8</u>	@	<u>33.00</u>	<u>264.00</u>
ASC		@		
RECEIVED				
<u>JUN - 7 2005</u>				
KCC WICHITA				
HANDLING	<u>263</u>	@	<u>1.35</u>	<u>355.05</u>
MILEAGE	<u>263 x 50 x .05</u>			<u>652.50</u>
				TOTAL <u>3012.80</u>

REMARKS:

Ran 312' of 8 5/8" csg. Broke circulation.
Mixed 250 lbs 70/30 390cc, 290 net.
Released Plug. Displaced with fresh H₂O.

Cement did circulate

CHARGE TO: American Energy Corp.

STREET _____

CITY _____ STATE _____ ZIP _____

Thanks

SERVICE

DEPTH OF JOB	<u>312'</u>			
PUMP TRUCK CHARGE				<u>570.00</u>
EXTRA FOOTAGE	<u>12</u>	@	<u>1.50</u>	<u>6.00</u>
MILEAGE	<u>50</u>	@	<u>4.00</u>	<u>200.00</u>
MANIFOLD		@		
TOTAL <u>776.00</u>				

PLUG & FLOAT EQUIPMENT

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

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

[Signature]

Michael J. Deenhan
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 cement 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.

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, 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.