

ORIGINAL

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form ACO-1  
September 1999  
Form Must Be Typed

WELL COMPLETION FORM  
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Operator: License # 5822  
Name: VAL ENERGY, INC.  
Address: 200 W. DOUGLAS STE 520  
City/State/Zip: WICHITA, KS 67202  
Purchaser: \_\_\_\_\_  
Operator Contact Person: K. TODD ALLAM  
Phone: (316) 263-6688  
Contractor: Name: VAL ENERGY, INC.  
License: 5822  
Wellsite Geologist: JON STEWART

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

If Workover/Re-entry: Old Well Info as follows:  
Operator: \_\_\_\_\_  
Well Name: \_\_\_\_\_  
Original Comp. Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_  
\_\_\_\_ Deepening \_\_\_\_ Re-perf. \_\_\_\_ Conv. to Enhr./SWD  
\_\_\_\_ Plug Back \_\_\_\_ Plug Back Total Depth  
\_\_\_\_ Commingled Docket No. \_\_\_\_\_  
\_\_\_\_ Dual Completion Docket No. \_\_\_\_\_  
\_\_\_\_ Other (SWD or Enhr.?) Docket No. \_\_\_\_\_  
5/6/08 5/13/08 5/14/08  
Spud Date or Date Reached TD Completion Date or Recompletion Date

API No. 15 - 135-24774-0000  
County: NESS  
SW SE NW NW Sec. 25 Twp. 18 S. R. 26  East  West  
1265 FNL feet from S / N (circle one) Line of Section  
715 FWL feet from E / W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE SE **NW** SW  
Lease Name: MAUCH Well #: 2-25  
Field Name: ALDRICH

Producing Formation: \_\_\_\_\_  
Elevation: Ground: 2469 Kelly Bushing: 2474  
Total Depth: 4475 Plug Back Total Depth: \_\_\_\_\_  
Amount of Surface Pipe Set and Cemented at 220 Feet  
Multiple Stage Cementing Collar Used?  Yes  No  
If yes, show depth set \_\_\_\_\_ Feet  
If Alternate II completion, cement circulated from \_\_\_\_\_  
feet depth to PTA - DLG - w/ 7/3/08 sx cmt.

**Drilling Fluid Management Plan**  
(Data must be collected from the Reserve Pit)  
Chloride content 15,500 ppm Fluid volume 750 bbls  
Dewatering method used NONE  
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: K Todd Allam  
Title: PRESIDENT Date: 5/21/08  
Subscribed and sworn to before me this 21 day of MAY  
20 08.  
Notary Public: Brandi Wyer  
Date Commission Expires: 2/24/2010

NOTARY PUBLIC - State of Kansas  
BRANDI WYER  
My Appt. Expires 2/24/2010

**KCC Office Use ONLY**  
 Letter of Confidentiality Received  
If Denied, Yes  Date: \_\_\_\_\_  
 Wireline Log Received  
 Geologist Report Received  
\_\_\_\_ UIC Distribution  
**RECEIVED**  
KANSAS CORPORATION COMMISSION  
**MAY 30 2008**

CONSERVATION DIVISION  
WICHITA, KS

Operator Name: VAL ENERGY, INC. Lease Name: MAUCH Well #: 2-25  
 Sec. 25 Twp. 18 S. R. 26  East  West County: NESS

**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 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Attach Additional Sheets)  Samples Sent to Geological Survey <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  Cores Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Electric Log Run <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Submit Copy)  List All E. Logs Run:  <b>RADIATION GUARD LOG</b> <b>BHC SONIC LOG</b>	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum <input type="checkbox"/> Sample  <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">Name</td> <td style="width:20%;">Top</td> <td style="width:20%;">Datum</td> </tr> <tr> <td>HEEBNER</td> <td>3751</td> <td>-1277</td> </tr> <tr> <td>B/KC</td> <td>4115</td> <td>-1641</td> </tr> <tr> <td>PAWNEE</td> <td>4232</td> <td>-1758</td> </tr> <tr> <td>FT. SCOTT</td> <td>4299</td> <td>-1825</td> </tr> <tr> <td>CHEROKEE SH.</td> <td>4321</td> <td>-1847</td> </tr> <tr> <td>MISSISSIPPIAN</td> <td>4393</td> <td>-1919</td> </tr> </table>	Name	Top	Datum	HEEBNER	3751	-1277	B/KC	4115	-1641	PAWNEE	4232	-1758	FT. SCOTT	4299	-1825	CHEROKEE SH.	4321	-1847	MISSISSIPPIAN	4393	-1919
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MISSISSIPPIAN	4393	-1919																				

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	23#	220	COMMON	160	3%CC 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

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 KANSAS CORPORATION COMMISSION  
**MAY 30 2008**  
 CONSERVATION DIVISION  
 WICHITA, KS

TUBING RECORD	Size	Set At	Packer At	Liner Run <input type="checkbox"/> Yes <input type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr.		Producing Method <input type="checkbox"/> Flowing <input type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)		
Estimated Production Per 24 Hours	Oil Bbls.	Gas Mcf	Water Bbls.	Gas-Oil Ratio Gravity

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

METHOD OF COMPLETION

Production Interval  Open Hole  Perf.  Dually Comp.  Commingled  Other (Specify) D & A



# ALLIED

CEMENTING CO., LLC  
Cementing & Acidizing Services

# INVOICE

24 S. Lincoln Street  
P.O. Box 31  
Russell, KS 67665-2906  
Voice: (785) 483-3887  
Fax: (785) 483-5566

Invoice Number: 113990  
Invoice Date: May 15, 2008  
Page: 1

<b>Bill To:</b>
Val Energy, Inc. 200 W. Douglas STE #520 Wichita, KS 67202

RECEIVED  
MAY 19 2008

~~XXXXXXXXXX~~  
9233

Customer ID	Well Name/# or Customer P.O.	Payment Terms	
Val	Mauch #2-25	Net 30 Days	
Job Location	Camp Location	Service Date	Due Date
KS	Great Bend	May 15, 2008	6/14/08

Quantity	Item	Description	Unit Price	Amount
165.00	MAT	Class A Common	12.30	2,029.50
110.00	MAT	Pozmix	6.85	753.50
10.00	MAT	Gel	18.40	184.00
69.00	MAT	Flo Seal	2.20	151.80
288.00	SER	Handling	2.10	604.80
14.00	SER	Mileage 288 sx @.09 per sk per mi	25.92	362.88
1.00	SER	Rotary Plug	900.00	900.00
14.00	SER	Mileage Pump Truck	7.00	98.00

*Plugging Cement*

ALL PRICES ARE NET, PAYABLE  
30 DAYS FOLLOWING DATE OF  
INVOICE. 1 1/2% CHARGED  
THEREAFTER. IF ACCOUNT IS  
CURRENT, TAKE DISCOUNT OF

\$ 508.45

ONLY IF PAID ON OR BEFORE

Jun 14, 2008

Subtotal	5,084.48
Sales Tax	269.48
Total Invoice Amount	5,353.96
Payment/Credit Applied	
<b>TOTAL</b>	<b>5,353.96</b>

RECEIVED  
KANSAS CORPORATION COMMISSION

MAY 30 2008

CONSERVATION DIVISION  
WICHITA, KS

# ALLIED CEMENTING CO., LLC. 33196

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

SERVICE POINT:

*Ness City*  
*5-14-08*

DATE <i>5-13-08</i>	SEC. <i>25</i>	TWP. <i>18</i>	RANGE <i>26</i>	CALLED OUT <i>9:00 PM</i>	ON LOCATION <i>11:00 PM</i>	JOB START <i>3:00 AM</i>	JOB FINISH <i>4:00 AM</i>
LEASE <i>Mauch</i>		WELL # <i>2-25</i>	LOCATION <i>Beeler 1 east 1/2 north</i>		COUNTY <i>Ness</i>	STATE <i>Kansas</i>	
<input checked="" type="radio"/> OLD / <input type="radio"/> NEW (Circle one)							

CONTRACTOR *Val Drilling*  
 TYPE OF JOB *Rotary Plug*  
 HOLE SIZE *7 7/8* T.D. *4475'*  
 CASING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 DRILL PIPE *4 1/2 x hole* DEPTH *1831'*  
 TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_  
 PRES. MAX \_\_\_\_\_ MINIMUM \_\_\_\_\_  
 MEAS. LINE \_\_\_\_\_ SHOE JOINT \_\_\_\_\_  
 CEMENT LEFT IN CSG. \_\_\_\_\_  
 PERFS. \_\_\_\_\_  
 DISPLACEMENT \_\_\_\_\_

OWNER *Val Energy Inc.*  
 CEMENT  
 AMOUNT ORDERED *275 cu yd 60/40 POZ*  
*4% Gel 1/4" # flo seal*

COMMON	<i>165 cu. yd.</i>	@	<i>12.30</i>	<i>2029.50</i>
POZMIX	<i>110 cu. yd.</i>	@	<i>6.85</i>	<i>753.50</i>
GEL	<i>10 cu. yd.</i>	@	<i>18.40</i>	<i>184.00</i>
CHLORIDE		@		
ASC		@		
FLO-SEAL	<i>69 cu. yd.</i>	@	<i>2.20</i>	<i>151.80</i>
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<i>288 cu. yd.</i>	@	<i>2.10</i>	<i>604.80</i>
MILEAGE	<i>288 mi.</i>	@	<i>09 14</i>	<i>362.88</i>
				TOTAL <i>4086.48</i>

EQUIPMENT  
*Y.B.*  
 PUMP TRUCK CEMENTER *J.P. Drilling*  
 # *181* HELPER *Steve Turley*  
 BULK TRUCK  
 # *344* DRIVER *David Juergensen*  
 BULK TRUCK  
 # \_\_\_\_\_ DRIVER \_\_\_\_\_

REMARKS:

<i>1st</i>	<i>1831'</i>	<i>50 cu yd</i>
<i>2nd</i>	<i>1020'</i>	<i>80 cu yd</i>
<i>3rd</i>	<i>521'</i>	<i>50 cu yd</i>
<i>4th</i>	<i>252'</i>	<i>50 cu yd</i>
<i>5th</i>	<i>60'</i>	<i>20 cu yd</i>
		<i>15 cu yd in Rathole</i>
		<i>10 cu yd in Mousehole</i>

SERVICE

DEPTH OF JOB	<i>1831'</i>		
PUMP TRUCK CHARGE			<i>900.00</i>
EXTRA FOOTAGE		@	
MILEAGE	<i>14</i>	@	<i>7.00</i>
MANIFOLD		@	
		@	
		@	
TOTAL <i>998.00</i>			

CHARGE TO: *Val Energy Inc.*  
 STREET *200 West Douglas #520*  
 CITY *Wichita* STATE *Kansas* ZIP *67202*

RECEIVED  
KANSAS CORPORATION COMMISSION  
  
MAY 30 2008

To Allied Cementing Co., LLC. CONSERVATION DIVISION  
 WICHITA, KS.  
 You are hereby requested to rent cementing equipment  
 and furnish cementer and helper(s) 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 and understand the "GENERAL  
 TERMS AND CONDITIONS" listed on the reverse side.

PLUG & FLOAT EQUIPMENT

_____	@	_____
_____	@	_____
_____	@	_____
_____	@	_____
_____	@	_____
_____	@	_____
TOTAL _____		

SALES TAX (If Any) \_\_\_\_\_  
 TOTAL CHARGES \_\_\_\_\_  
 DISCOUNT \_\_\_\_\_ IF PAID IN 30 DAYS

PRINTED NAME *X Jacob Miller*  
 SIGNATURE *X Jacob Miller*

*Thank you!*

# INVOICE

24 S. Lincoln Street  
P.O. Box 31  
Russell, KS 67665-2906  
Voice: (785) 483-3887  
Fax: (785) 483-5566

Invoice Number: 113877  
Invoice Date: May 8, 2008  
Page: 1

<b>Bill To:</b>
Val Energy, Inc. 200 W. Douglas STE #520 Wichita, KS 67202

9208



Customer ID	Well Name/# or Customer P.O.	Payment Terms	
Val	Mauch #2-25	Net 30 Days	
Job Location	Camp Location	Service Date	Due Date
KS	Great Bend	May 8, 2008	6/7/08

Quantity	Item	Description	Unit Price	Amount
160.00	MAT	Class A Common	12.30	1,968.00
3.00	MAT	Gel	18.40	55.20
5.00	MAT	Chloride	51.50	257.50
168.00	SER	Handling	2.10	352.80
1.00	SER	Minimum Handling Mileage Charge	277.00	277.00
1.00	SER	Surface	900.00	900.00
14.00	SER	Mileage Pump Truck	7.00	98.00
1.00	SER	Head Rental	111.00	111.00
1.00	EQP	Top Wooden Plug	67.00	67.00

RECEIVED  
KANSAS CORPORATION COMMISSION  
  
MAY 30 2008  
  
CONSERVATION DIVISION  
WICHITA, KS

*Cement Surface Casing*

Subtotal	4,086.50
Sales Tax	124.43
Total Invoice Amount	4,210.93
Payment/Credit Applied	
<b>TOTAL</b>	<b>4,210.93</b>

ALL PRICES ARE NET, PAYABLE 30 DAYS FOLLOWING DATE OF INVOICE. 1 1/2% CHARGED THEREAFTER. IF ACCOUNT IS CURRENT, TAKE DISCOUNT OF

\$ 408.65

ONLY IF PAID ON OR BEFORE

Jun 7, 2008

408.65  
\$ 3802.28

# ALLIED CEMENTING CO., LLC. 33191

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

SERVICE POINT:  
Ness City

DATE <u>5.6.08</u>	SEC. <u>25</u>	TWP. <u>18</u>	RANGE <u>26</u>	CALLED OUT <u>12:00 NOON</u>	ON LOCATION <u>2:00 PM</u>	JOB START <u>5:00 PM</u>	JOB FINISH <u>6:00 PM</u>
LEASE <u>Mauch</u>		WELL # <u>2.25</u>	LOCATION <u>Beeler 2 east, north into</u>		COUNTY <u>Ness</u>	STATE <u>Kansas</u>	
OLD OR <input checked="" type="radio"/> (Circle one)							

CONTRACTOR Val #4

TYPE OF JOB Surface

HOLE SIZE 12 1/4" T.D. 222'

CASING SIZE 8 3/8" New DEPTH 220'

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

DRILL PIPE \_\_\_\_\_ DEPTH \_\_\_\_\_

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

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

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

CEMENT LEFT IN CSG. 15'

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

DISPLACEMENT 13 BBLs H<sup>20</sup>

OWNER Val Energy Inc.

CEMENT

AMOUNT ORDERED 160 dx Common

3% CC 2% Gel

COMMON	<u>160 dx</u>	@	<u>12.30</u>	<u>1968.00</u>
POZMIX		@		
GEL	<u>3 dx</u>	@	<u>18.40</u>	<u>55.20</u>
CHLORIDE	<u>5 dx</u>	@	<u>51.50</u>	<u>257.50</u>
ASC		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>168 dx</u>	@	<u>2.10</u>	<u>352.80</u>
MILEAGE	<u>168 dx @ 14 M</u>			<u>2352.00</u>
TOTAL				<u>2910.50</u>

EQUIPMENT

L.B.

PUMP TRUCK CEMENTER J.P. Drailing

# 181 HELPER Steve Turley

BULK TRUCK

# 342 DRIVER Joe Dannebohm

BULK TRUCK

# \_\_\_\_\_ DRIVER \_\_\_\_\_

REMARKS:

Ran 59 ft new 23" 8 3/8 casing to bottom. Break circulation, Hook to pump truck & mixed 160 dx Common 3% cc 2% Gel. Shut down change valves over & release 8 3/8 TWP. Displace with 13 BBLs fresh H<sup>20</sup>. Cement did circulate. Shut in.

SERVICE

DEPTH OF JOB	<u>220'</u>		
PUMP TRUCK CHARGE			<u>900.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>14</u>	@	<u>7.00</u>
MANIFOLD		@	
HEAD RENTAL		@	<u>11.00</u>
		@	
TOTAL <u>1109.00</u>			

CHARGE TO: Val Energy Inc.

STREET 200 West Douglas #520

CITY Wichita STATE Kansas ZIP 67202

KANSAS CORPORATION COMMISSION

**MAY 30 2008**

CONSERVATION DIVISION  
WICHITA, KS  
To Allied Cementing Co., LLC.

You are hereby requested to rent cementing equipment and furnish cementer and helper(s) 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 and understand the "GENERAL TERMS AND CONDITIONS" listed on the reverse side.

PRINTED NAME X Tim Fabricius

SIGNATURE X Tim Fabricius

PLUG & FLOAT EQUIPMENT

<u>1.8% TWP</u>	@	<u>67.00</u>	<u>67.00</u>
	@		
	@		
	@		
	@		
TOTAL <u>67.00</u>			

SALES TAX (If Any) \_\_\_\_\_

TOTAL CHARGES \_\_\_\_\_

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

Thank you!

## GENERAL TERMS AND CONDITIONS

**DEFINITIONS:** In these terms and conditions, "ALLIED" shall mean Allied Cementing Co., LLC, 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.