

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 # 33625
Name: HERTEL OIL COMPANY
Address: 704 E 12TH ST
City/State/Zip: HAYS KS 67601
Purchaser: Coffeyville Resources
Operator Contact Person: MIKE HERTEL
Phone: (785) 628-2445
Contractor: Name: ANDERSON DRILLING
License: 33237
Wellsite Geologist: JERRY GREEN

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. _____

11-14-06 11-21-06 12-18-2006

Spud Date or 11-14-06 Date Reached TD 11-21-06 Completion Date or 12-18-2006
Recompletion Date 11-14-06 Date Reached TD 11-21-06 Recompletion Date 12-18-2006

API No. 15 - 051-25588-0000

County: ELLIS

NE NE SW Sec. 22 Twp. 14 S. R. 16 East West

2310 feet from S / N (circle one) Line of Section

2310 feet from E (W) (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:

(circle one) NE SE NW SW

Lease Name: DREILING Well #: 1 (one)

Field Name: WILDCAT

Producing Formation: arbuckle/ lansing kc

Elevation: Ground: 1896 Kelly Bushing: 1901

Total Depth: 3485 Plug Back Total Depth: _____

Amount of Surface Pipe Set and Cemented at 217 Feet

Multiple Stage Cementing Collar Used? Yes No

If yes, show depth set 1000' Feet

If Alternate II completion, cement circulated from 1000'

feet depth to surface w/ 240sacks 1/2 sx cmt.
60/40 with 6% gel, 1/2 floseal

Drilling Fluid Management Plan AH II NH 6-18-08
(Data must be collected from the Reserve Pit)

Chloride content 50,000 ppm Fluid volume 380 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: _____

Title: managing member Date: _____

Subscribed and sworn to before me this 17th day of January

2007

Notary Public: Silene M. Brungardt

Date Commission Expires: 3-20-2009

KCC Office Use ONLY
RECEIVED
N Letter of Confidentiality Received
If Denied, Yes Date: JAN 24 2007
KCC WICHITA
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

ARLENE M. BRUNGARDT
NOTARY PUBLIC
STATE OF KANSAS
My Appt. Exp. 3-20-2007

Operator Name: HERTEL OIL COMPANY Lease Name: DREILING Well #: 500 #1(one)
 Sec. 22 Twp. 14 S. R. 16 East West County: ELLIS

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 Yes No
 (Attach Additional Sheets)

Samples Sent to Geological Survey Yes No

Cores Taken Yes No

Electric Log Run Yes No
 (Submit Copy)

List All E. Logs Run:

all logs enclosed

Log Formation (Top), Depth and Datum Sample

FORMATION TOPS	LOG	SAMPLES
Dover Lms.	2578-677	2580-679
Tarkio Lms.	2620-719	2621-720
Topeka	2866-965	2869-968
Heebner	3085-1184	3088-1187
Toronto	3103-1202	3106-1205
LKC	3132-1231	3138-1235
BRC	3370-1469	3365-1464
Arbuckle	3402-1501	3410-1509
RTD	3485-1584	3485-1584

CASING RECORD

Report all strings set-conductor, s

Purpose of String	Size Hole Drilled	Size Casing Set (In O.D.)	Weight Lbs. / Ft.	Setting Depth	Type of Cement	Weight of Cement Used	Type and Percent Additives
SURFACE	12 1/4"	8 5/8"		217	COM	150	3%CC; 2% GEL
production	7 7/8"	5 1/2"	14	3482	common	200	com/ 10% salt

ADDITIONAL CEMENTING / SQUEEZE RECORD

Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
<input type="checkbox"/> Perforate <input checked="" type="checkbox"/> Protect Casing <input type="checkbox"/> Plug Back TD <input type="checkbox"/> Plug Off Zone	0-1000'	60/40 poz	240	6% gel, 1/4 floreal (60#)
well also has cathodic protection				

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 per ft.	arbuckle 3424-34'	used 150 gallons 7%	
2 per ft.	lansing-kansas city, 3107-10	for all zones, a total of	
	3132-36', 3159-62', 3175-79'	2750 gallons 15% mud acid	
	3204-06', 3278-82'		

TUBING RECORD	Size	Set At	Packer At	Liner Run
104 joints	2 7/8"	3401'		<input type="checkbox"/> Yes <input type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr.		Producing Method		
Dec. 19, 2006		<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
	31		107	29-30

Disposition of Gas: Vented Sold Used on Lease (If vented, Submit to _____)
 METHOD OF COMPLETION: Open Hole Perf. Dually Comp. Commingled
 Other (Specify) _____

RECEIVED
 12/14/2007
KCC WICHITA

ALLIED CEMENTING CO., INC.

33421

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

SERVICE POINT:

Russell

DATE <u>11-15-06</u>	SEC. <u>11</u>	TWP. <u>11</u>	RANGE <u>06</u>	CALLED OUT <u>12:01 AM</u>	ON LOCATION	JOB START <u>3:15 AM</u>	JOB FINISH <u>3:45 AM</u>
LEASE <u>Drilling</u>		WELL # <u>1</u>	LOCATION <u>WALKER 3 1/2 S 1/2 W</u>		COUNTY <u>ELLIS</u>	STATE <u>KANSAS</u>	
OLD OR NEW (Circle one) <u>NEW</u>			<u>VAN INTO</u>				

CONTRACTOR A & A Dalg. Rig #

TYPE OF JOB SURFACE

HOLE SIZE 12 1/4 T.D. 222

CASING SIZE 8 5/8 DEPTH 222

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT LEFT IN CSG. 15'

PERFS.

DISPLACEMENT 13 1/4 / BBL

OWNER

CEMENT

AMOUNT ORDERED 160 Com.

390cc

290 GAL

COMMON @

POZMIX @

GEL @

CHLORIDE @

ASC @

EQUIPMENT

PUMP TRUCK CEMENTER GLENN

398 HELPER GARY

BULK TRUCK

410 DRIVER BRANDON

BULK TRUCK

DRIVER

RECEIVED

JAN 24 2007

KCC WICHITA

HANDLING @

MILEAGE @

REMARKS:

Cement CIRCULATED

THANKS

CHARGE TO: HERTZEL OIL

STREET

CITY STATE ZIP

SERVICE

DEPTH OF JOB

PUMP TRUCK CHARGE

EXTRA FOOTAGE @

MILEAGE @

MANIFOLD @

TOTAL

PLUG & FLOAT EQUIPMENT

8 5/8 WOODEN W.P.R. Plug

@

@

@

@

@

TOTAL

TAX

TOTAL CHARGE

DISCOUNT IF PAID IN 30 DAYS

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

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.

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

SERVICE POINT: 26059
Russell

DATE <u>11-21-06</u>	SEC. <u>22</u>	TWP. <u>14</u>	RANGE <u>16</u>	CALLED OUT	ON LOCATION <u>4:45 P.M.</u>	JOB START <u>6:00 P.M.</u>	JOB FINISH <u>6:45 P.M.</u>
LEASE <u>Dredging</u>		WELL # <u>1</u>	LOCATION <u>S Walker Munjor Rd 1/2 W</u>		COUNTY <u>Ellis</u>	STATE <u>KS</u>	
<input checked="" type="radio"/> OLD OR <input checked="" type="radio"/> NEW (Circle one)				<u>N Into</u>			

CONTRACTOR AAA #1

TYPE OF JOB Long Spins

HOLE SIZE _____ T.D. 3485

CASING SIZES 5 1/2 14 1/2 DEPTH 3482

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL Port collar DEPTH 1000'

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT 18

CEMENT LEFT IN CSG. 18'

PERFS. _____

DISPLACEMENT 84.5

OWNER _____

CEMENT AMOUNT ORDERED 215 Com 109 Salt

50 gal WFR-2

EQUIPMENT

PUMP TRUCK CEMENTER Craig

409 HELPER Paul

BULK TRUCK DRIVER Doug

410 DRIVER _____

BULK TRUCK DRIVER _____

COMMON	<u>215</u>	@	<u>1065</u>	<u>2289 75</u>
POZMIX		@		
GEL		@		
CHLORIDE		@		
ASC		@		
Salt	<u>20</u>	@	<u>1920</u>	<u>384 00</u>
WFR-2	<u>50 gals</u>	@	<u>1 00</u>	<u>500 00</u>
		@		
		@		
		@		
		@		
HANDLING	<u>235</u>	@	<u>190</u>	<u>446 50</u>
MILEAGE	<u>94 1/4 mile</u>			<u>317 25</u>
TOTAL				<u>3937 50</u>

REMARKS:

SEE RATABLE

PLUG LANDED! FLOAT HELD!

THANKS!

SERVICE

DEPTH OF JOB				
PUMP TRUCK CHARGE			<u>1610 00</u>	
EXTRA FOOTAGE		@		
MILEAGE	<u>15</u>	@	<u>600 90 00</u>	
MANIFOLD		@		
		@		
		@		
TOTAL				<u>1700 00</u>

CHARGE TO: Hertel Oil Company

STREET _____

CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

	Blue-15 1/2 ABV Float Shoe		<u>390 00</u>	
1	Port collar - R	@	<u>1750 00</u>	
2	Baskets	@	<u>150 00</u>	
4	Centralizers	@	<u>50 00</u>	
1	Port collar patch down	@	<u>375 00</u>	
		@		
TOTAL				<u>3015 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 Ann Weir

PRINTED NAME

ALLIED CEMENTING CO., INC.

33389

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

SERVICE POINT:

Russell

DATE <u>11-27-06</u>	SEC. <u>22</u>	TWP. <u>14</u>	RANGE <u>16</u>	CALLED OUT	ON LOCATION <u>9:00am</u>	JOB START <u>10:00am</u>	JOB FINISH <u>12:40pm</u>
LEASE <u>Drill</u>	WELL # <u>1</u>	LOCATION <u>S. Walker - Munger Rd</u>			COUNTY <u>Ellis</u>	STATE <u>KS</u>	
OLD OR NEW (Circle one)				<u>1/2 W N into</u>			

CONTRACTOR <u>Express Well</u>	OWNER
TYPE OF JOB <u>Port Collar</u>	
HOLE SIZE _____ T.D. _____	CEMENT <u>. USG 240</u>
CASING SIZE <u>5 1/2</u> DEPTH _____	AMOUNT ORDERED <u>300 6/40 670621/19 RD</u>
TUBING SIZE <u>2 7/8</u> DEPTH _____	
DRILL PIPE DEPTH _____	
TOOL <u>Port collar</u> DEPTH _____	
PRES. MAX MINIMUM _____	COMMON _____ @ _____
MEAS. LINE SHOE JOINT _____	POZMIX _____ @ _____
CEMENT LEFT IN CSG. _____	GEL _____ @ _____
PERFS. _____	CHLORIDE _____ @ _____
DISPLACEMENT <u>S.PBL</u>	ASC _____ @ _____
EQUIPMENT _____	_____ @ _____
PUMP TRUCK CEMENTER <u>Bill</u>	_____ @ _____
# <u>409</u> HELPER <u>Adrian</u>	_____ @ _____
BULK TRUCK _____	_____ @ _____
# <u>302</u> DRIVER <u>Doug</u>	_____ @ _____
BULK TRUCK _____	_____ @ _____
# _____ DRIVER _____	_____ @ _____
	HANDLING _____ @ _____
	MILEAGE _____ @ _____

REMARKS:
Cement Circulated

Thanks!

CHARGE TO: Herold Oil Company

STREET _____

CITY _____ STATE _____ ZIP _____

TOTAL **RECEIVED**

SERVICE **JAN 24 2007**

KCC WICHITA

DEPTH OF JOB _____

PUMP TRUCK CHARGE _____

EXTRA FOOTAGE _____ @ _____

MILEAGE _____ @ _____

MANIFOLD _____ @ _____

_____ @ _____

_____ @ _____

TOTAL _____

PLUG & FLOAT EQUIPMENT

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

TOTAL _____

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TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE [Signature]

[Signature]
PRINTED NAME

GENERAL TERMS AND CONDITIONS

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—**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.