

CONFIDENTIAL

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

ORIGINAL 3-13-09
Form ACO-1
September 1999
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Operator: License # 5214
Name: Lario Oil & Gas Company
Address: 301 S. Market
City/State/Zip: Wichita, KS 67202
Purchaser: _____
Operator Contact Person: Jay G. Schweikert
Phone: (316) 265-5611
Contractor: Name: Southwind Drilling, Inc.
License: 33360
Wellsite Geologist: Vern Schrag

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. _____

11-21-06	11-29-06	2-19-07
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 095-22064-0000
County: Kingman

Sec. 8 Twp. 28 S. R. 05 East West
990 feet from (S) N (circle one) Line of Section
330 feet from E / (W) (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW SW
Lease Name: Bergkamp Well #: 1-8
Field Name: Broadway

Producing Formation: Mississippian
Elevation: Ground: 1411' Kelly Bushing: 1420'
Total Depth: 4281' Plug Back Total Depth: 4083'
Amount of Surface Pipe Set and Cemented at 291 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 AKINH 10-808
(Data must be collected from the Reserve Pit)
Chloride content 27,000 ppm Fluid volume 900 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: Jay G. Schweikert
Title: Jay G. Schweikert, Operations Engineer Date: 3/13/07
Subscribed and sworn to before me this 13th day of March,
2007.

Notary Public: KATHY L. FORD
Notary Public - State of Kansas
Date Commission Expires: 10-22-10

KCC Office Use ONLY

Letter of Confidentiality Received
If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

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Operator Name: Lario Oil & Gas Company Lease Name: Bergkamp Well #: 1-8
 Sec. 8 Twp. 28 S. R. 05 East West County: Kingman

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:

GR/HRI-SDL/DSN-ML-LSS-PE

<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
Name	Top	Datum
Heebner	2714	-1294
Lansing	2992	-1572
Pawnee	3557	-2137
Cherokee Shale	3609	-2189
Mississippian	3754	-2334
Kinderhook	4067	-2647
Simpson Dol	4197	-2777

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	12.25"	8 - 5/8"	23#	291'	60/40 Poz	210	2% gel, 3% CC
Production	7 - 7/8"	5 - 1/2"	15.5#	4167'	AA-2	280	.2% DF+ .8% FLA-322+
					any scavenger		10# salt+ .75% GB+

ADDITIONAL CEMENTING / SQUEEZE RECORD					1/4# CF
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	3771' - 3775'	(natural)	

TUBING RECORD		Size	Set At	Packer At	Liner Run
		2 - 3/8"	3775'	3731'	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr.		Producing Method			
2-20-07		<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.	Gas Mcf	Water Bbls.	Gas-Oil Ratio	Gravity
	0	175	0		

Disposition of Gas **METHOD OF COMPLETION** Production Interval

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

3-13-09

LARIO OIL & GAS COMPANY



301 SOUTH MARKET STREET
WICHITA, KANSAS 67202
(316) 265-5611 FAX: (316) 265-5610

March 13, 2007

Kansas Corporation Commission
Oil & Gas Conservation Division
130 S. Market, Room 2078
Wichita, KS 67202

KCC
MAR 13 2007
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RE: Confidentiality Request for Logs and Drilling Information
Bergkamp #1-8 API #095-22064
NW SW SW Sec. 8-28S-5W Kingman Co., KS

Gentlemen:

Please find enclosed the following items for the referenced well:

- ACO-1; Well Completion Form
- Geological Well Site Report
- Cementing Invoices
- Electric Logs

Lario requests that all of the information concerning this well be kept confidential for the maximum time allowable by KCC Regulations. If you require any additional information, please feel free to contact me.

Sincerely,

Kathy Ford
Engineering Tech

Encl.
XC: SKD, WF

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SALES OFFICE:
 100 S. Main
 Suite #607
 Wichita, Ks. 67202
 316-262-3699
 316-262-5799 FAX

SALES & SERVICE OFFICE:
 10244 NE. Hwy 61
 P.O. Box 8613
 Pratt, Ks. 67124-8613
 620-672-1201
 620-672-5383 FAX

SALES & SERVICE OFFICE:
 1700 S. Country Estates Rd.
 P.O. Box 129
 Liberal, Ks. 67905-0129
 620-624-2277
 620-624-2280 FAX

Invoice

Bill to: Lario Oil & Gas Co. P.O. Box 307 Kingman, KS 67068	5138011	Invoice	Invoice Date	Order	Station
		611218	11/30/06	15334	Pratt
Service Description					
Cement					
		Lease	Well	Well Type	
		Bergkamp	1-8	New Well	
		AFE	PO	Terms	
		06-224		Net 30	
CustomerRep			Treater		
Jay Fletcher			Clarence Messick		

ID.	Description	UOM	Quantity	Unit Price	Price
D205	AA2 (COMMON)	SK	280	\$15.90	\$4,452.00 (T)
C194	CELLFLAKE	LB	66	\$3.70	\$244.20 (T)
C195	FLA-322	LB	212	\$7.50	\$1,590.00 (T)
C221	SALT (Fine)	GAL	1592	\$0.25	\$398.00 (T)
C243	DEFOAMER	LB	53	\$3.45	\$182.85 (T)
C312	GAS BLOCK	LB	198	\$5.15	\$1,019.70 (T)
C141	CC-1, KCL SUBSTITUTE	GAL	8	\$44.00	\$352.00 (T)
C304	SUPER FLUSH II	GAL	1000	\$1.53	\$1,530.00 (T)
F101	TURBOLIZER, 5 1/2"	EA	6	\$74.20	\$445.20 (T)
F121	BASKET, 5 1/2"	EA	1	\$237.50	\$237.50 (T)
F171	LATCH DOWN PLUG & BAFFLE, 5 1/2"	EA	1	\$250.00	\$250.00 (T)
F274	WEATHERFORD CEMENTING SHOE PACKER TYPE, 5 1/2"	EA	1	\$3,133.00	\$3,133.00 (T)
E100	HEAVY VEHICLE MILEAGE - 1 WAY	MI	100	\$5.00	\$500.00
E101	CAR, PICKUP OR VAN MILEAGE - 1 WAY	MI	50	\$3.00	\$150.00
E104	PROPPANT / BULK DELIV SERVICES/TON MILE, \$200 MIN	TM	660	\$1.60	\$1,056.00
E107	CEMENT SERVICE CHARGE	SK	280	\$1.50	\$420.00
R209	CASING CEMENT PUMPER, 4001-4500' 1ST 4 HRS ON LOC	EA	1	\$1,764.00	\$1,764.00
R701	CEMENT HEAD RENTAL	EA	1	\$250.00	\$250.00

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Acct.	Exp.	File	OK to Pay
GC			
RG			
BY			
EV			
OD			

DEC 05 2006

ad

Sub Total: \$17,974.45
Discount: \$2,875.91
Discount Sub Total: \$15,098.54
Kingman County & State Tax Rate: 5.30% **Taxes:** \$615.91
 (T) Taxable Item **Total:** \$15,714.45

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BS
 12-4-06

PLEASE REMIT TO Acid Services, LLC, Dept No 1131, Tulsa, OK 74182

Accounts are past due net 30 days following the date of invoice. Finance charge of 1 1/2% per month or 18% annual percentage rate will be charged on all past due accounts. Customer agrees not to withhold payment of any Invoice, or assert any right of offset, recoupment or any other defense to payment of any Invoice, on account of any right that you may now or hereafter have to payment from us, except for claims arising out of such Invoice because of defects in the specific services described in such Invoice. Additionally, you hereby waive any right that you may have under any state, federal or other law to assert

Subject to Correction

Date 11-30-06		Customer ID		Lease Bergkamp	Well # 1-8	Legal 8-285-5W
C H A R G E Lario Oil and Gas Company		County Kingman	State KS.	Formation	Station Pratt	Shoe Joint 45.17 FT.
Depth 5 1/2"		Casing Depth 15.5 Lb. 4,168'		TD 4,280'	Job Type Long String - New Well	
Customer Representative Jay Fletcher		Operator Clarence R. Messick				
AFE Number		PO Number		Materials Received by X Jay Fletcher		

Station Code	Product Code	QUANTITY	MATERIALS, EQUIPMENT, and SERVICES USED	UNIT PRICE	AMOUNT
P	D-205	280sk.	AA-2		
P	C-194	66Lb.	Cellflake		
P	C-195	212Lb.	FLA-322		
P	C-221	1,592Lb.	Salt (Fine)		
P	C-243	53Lb.	Defoamer		
P	C-312	198Lb.	Gas Blok		
P	C-141	86Gal.	CC-1		
P	C-304	1,000Gal.	Super Flush II		
P	F-101	6ea.	Turbolizer, 5 1/2"		
P	F-121	1ea.	Basket, 5 1/2"		
P	F-171	1ea.	T.R. Latch Down Plug and Baffle, 5 1/2"		
P	F-274	1ea.	Weatherford Cementing shoe - Packer Type, 5 1/2"		
P	E-100	100mi.	Heavy Vehicle Mileage, 1-Way		
P	E-101	50mi.	Pickup Mileage, 1-Way		
P	E-104	660tm.	Bulk Delivery		
P	E-107	280sk.	Cement Service Charge		
P	R-209	1ea.	Cement Pumper: 4,001'-4,500'		
P	R-701	1ea.	Cement Head Rental		
Discounted Price =					\$ 15,098.54
Plus taxes					
					RECEIVED
					MAR 1 2007

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Customer Lario Oil and Gas Company		Lease No. CONFIDENTIAL		Date 11-30-06	
Lease Bergkamp		Well # 1-8			
Field Order # 15,334	Station Pratt	Casing 5 1/2"	Depth 4,168	County Kingman	State KS.
Type Job Long String-New Well			Formation	Legal Description 8-285-5W	

PIPE DATA		PERFORATING DATA		FLUID USED		TREATMENT RESUME	
Casing Size 5 1/2" 15.5 Lb./Ft.	Tubing Size	Shots/Ft		cement		RATE	PRESS
Depth 4,168'	Depth	From	To	265 sacks AA-2 with .2% Defoamer, .88 FLA-322			ISIP
Volume 11.2 Bbl.	Volume	From	To	10% Salt, .75% Gas Blk, .25 Lb./sk. Cell flake			5 Min
Max Press 1750 P.S.I.	Max Press	From	To	15 Lb./Gal, 6.8 Gal./sk., 1.45 CU.F.T./sk.			10 Min
Well Connection Mug Container	Annulus Vol.	From	To	15 sacks of above to plug rat & mouse holes			15 Min
Plug Depth 4,123'	Packer Depth	From	To	Flush 98 Bbl. 28 KCL	HHP Used		Annulus Pressure
		From	To	Gas Volume			Total Load

Customer Representative Jay Fletcher	Station Manager David Scott	Treater Clarence R. Messick
Service Units 119	228	303
Driver Names Messick McGuire McGraw		

Time	Casing Pressure	Tubing Pressure	Bbls. Pumped	Rate	Service Log
7:30 P.M.					Trucks on location and hold safety meeting
9:10					Southwind Drilling start to run Weatherford packer shoe, shoe joint with latch down baffle screwed into collar and a total of 95 jts. new 15.5 Lb./Ft. 5 1/2" casing. Ran 1 Basket on top of shoe joint and Turbolizers on collars # 3, 5, 7, 13, 15 & 17.
12:10					Casing in well. Circulate 30 minutes.
12:40					Release ball to set packer shoe.
1:00	1,000				Set packer shoe with rig pump. Circulate 20 minutes.
3:00	200			5	Start Fresh H ₂ O Pre-Flush.
	250		20	5	Start Super Flush II.
	300		44	5	Start Fresh H ₂ O Spacer.
			47		Stop pumping. Shut in well.
	-0-		4-3	2	Plug rat and mouse holes. Open well
3:10	300			5	Start mixing 25 sacks Scavenger Cement.
	300		15	5	Start mixing 240 sacks AA-2 cement.
			75		Stop pumping. Shut in well. Wash pump and lines. Open well.
3:25	100			4	Start 2% KCL Displacement. RECEIVED
				4	Start to lift cement. MAR 14 2007
	700-1750				Plug down. Pressure up. KCC WICHITA
					Release Pressure. Latch down plug held 2

Allied Cementing Co., Inc
P.O. Box 31

Russell, KS 67665

* * * * *
* I N V O I C E *
* * * * *

Invoice Number: 105591

Invoice Date: 11/22/06

Sold Lario Oil & Gas Company
To: P. O. Box 307
Kingman, KS
67068

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Cust I.D.....: Lario
P.O. Number...: Bergkamp 1- (AFE#06-224)
P.O. Date.....: 11/22/06

Due Date.: 12/22/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	126.00	SKS	10.6500	1341.90	T
Pozmix	84.00	SKS	5.8000	487.20	T
Sel	4.00	SKS	16.6500	66.60	T
Chloride	7.00	SKS	46.6000	326.20	T
Handling	221.00	SKS	1.9000	419.90	E
Mileage	40.00	MILE	19.8900	795.60	E
221 sks @.09 per sk per mi					
Surface	1.00	JOB	815.0000	815.00	E
Mileage pmp trk	40.00	MILE	6.0000	240.00	E
Lead Rental	1.00	PER	100.0000	100.00	E
Wooden Plug	1.00	EACH	60.0000	60.00	T

All Prices Are Net, Payable 30 Days Following Subtotal: 4652.40
Date of Invoice. 1 1/2% Charged Thereafter. Tax.....: 120.94
If Account CURRENT take Discount of 465.24 Payments: 0.00
ONLY if paid within 30 days from Invoice Date Total....: 4773.34

all

Acct.	Expl.	File	OK to pay
GC			
RG			
LY			
EV			
OR			

DEC 05 2006

all

BS
12-4-06

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ALLIED CEMENTING CO., INC.

26126

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

MAR 13 2007

SERVICE POINT:

Medicine Lodge KS

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DATE <i>11-21-06</i>	SEC. <i>08</i>	TWP. <i>28S</i>	RANGE <i>05W</i>	CALLED OUT <i>2:00 P.M.</i>	ON LOCATION <i>5:30 P.M.</i>	JOB START <i>8:30 P.M.</i>	JOB FINISH <i>9:00 P.M.</i>
LEASE <i>Bergkamp</i>		WELL # <i>1-8</i>		LOCATION <i>54 + MT. Vernon Ex. + 4 1/2 S.</i>		COUNTY <i>Kingman</i>	STATE <i>KS</i>
OLD OR <input checked="" type="radio"/> NEW (Circle one)			<i>3 1/2 w. South into</i>				

CONTRACTOR *Southwind #2*

TYPE OF JOB *Surface*

HOLE SIZE *2 1/4* T.D. *295*

CASING SIZE *8 5/8* DEPTH *292*

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX *250* MINIMUM _____

MEAS. LINE _____ SHOE JOINT *N/A*

CEMENT LEFT IN CSG. *15*

PERFS. _____

DISPLACEMENT *17 1/2 BBS Fresh H2O*

OWNER *Larid Oil & Gas Co.*

CEMENT

AMOUNT ORDERED *2.10 5x 60' 40' 2' + 3% CC*

COMMON	<i>126 A</i>	@	<i>10.65</i>	<i>1341.90</i>
POZMIX	<i>84</i>	@	<i>5.80</i>	<i>487.20</i>
GEL	<i>4</i>	@	<i>16.65</i>	<i>66.60</i>
CHLORIDE	<i>7</i>	@	<i>46.60</i>	<i>326.20</i>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<i>221</i>	@	<i>1.90</i>	<i>419.90</i>
MILEAGE	<i>40 x 221</i>	x	<i>.09</i>	<i>795.60</i>
TOTAL				<i>3437.40</i>

EQUIPMENT

PUMP TRUCK CEMENTER *M. Coley*

352 HELPER *D. Felio*

BULK TRUCK

389 DRIVER *m. Becker*

BULK TRUCK

_____ DRIVER _____

REMARKS:

*Pipe on Bottom Break circ. Pump 3 bbls
pre-flush fresh H2O Pump 210 sacks 60' 40'
2 + 3% CC cement. Stop Pumps release plug
start disc. Wash up on plug Pump
17 1/2 bbls disp. Stop Pumps shut in
Release line press. Cement did circ.*

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MAR 14 2007

DEPTH OF JOB	<i>292</i>			
PUMP TRUCK CHARGE	<i>KCC WICHITA</i>			<i>815.00</i>
EXTRA FOOTAGE		@		
MILEAGE	<i>40</i>	@	<i>6.00</i>	<i>240.00</i>
MANIFOLD	<i>Head Rental</i>	@	<i>100.00</i>	<i>100.00</i>
		@		
		@		

CHARGE TO: *Larid Oil & Gas Co.*

STREET _____

CITY _____ STATE _____ ZIP _____

TOTAL *1155.00*

8 5/8" PLUG & FLOAT EQUIPMENT

1 wooden Plug	@	<i>60.00</i>	<i>60.00</i>
	@		
	@		
	@		
	@		

TOTAL *60.00*

To Allied Cementing Co., Inc.
You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner contractor to do work as is listed. The above work will be done to satisfaction and supervision of owner agent contractor. I have read & understand the "TERMS AND CONDITIONS" listed on the reverse side.

**ANY APPLICABLE TAX
WILL BE CHARGED
UPON INVOICING**

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE *Lewayne Tresner*

Lewayne Tresner
PRINTED NAME

Thank You.

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.