

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

KCC

NOV 15 2005

Form ACO-1  
September 1999  
Form Must Be Typed

WELL COMPLETION FORM

CONFIDENTIAL

WELL HISTORY - DESCRIPTION OF WELL & LEASE

CONFIDENTIAL

ORIGINAL

Operator: License # 32920  
Name: W.R. Williams, Inc.  
Address: P.O. Box 15163  
City/State/Zip: Amarillo, Texas 79105  
Purchaser: Duke Energy  
Operator Contact Person: Rob Williams  
Phone: (806) 374-4555  
Contractor: Name: Cheyenne Drilling, LP  
License: 33375  
Wellsite Geologist: Bob Gaddis

RECEIVED  
KANSAS CORPORATION COMMISSION  
NOV 18 2005  
CONSERVATION DIVISION  
WICHITA, KS

API No. 15 - 071-20830-00-00  
County: Greeley  
SE NW NW SE Sec. 9 Twp. 17 S. R. 40  East  West  
2145 feet from (S) / N (circle one) Line of Section  
2145 feet from (E) / W (circle one) Line of Section

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

Producing Formation: Towanda/Fort Riley  
Elevation: Ground: 3623 Kelly Bushing: 3629  
Total Depth: 3050 Plug Back Total Depth: 3045  
Amount of Surface Pipe Set and Cemented at 299 Feet  
Multiple Stage Cementing Collar Used?  Yes  No  
If yes, show depth set \_\_\_\_\_ Feet  
If Alternate II completion, cement circulated from 3049  
feet depth to Surface w/ 600 sx cmt.

Drilling Fluid Management Plan ALT II WITH  
(Data must be collected from the Reserve Pit) 4-3-07  
Chloride content 94,000 ppm Fluid volume 750 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.: \_\_\_\_\_

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

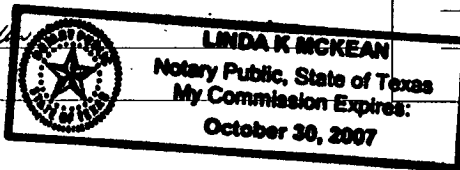
If Workover/Re-entry: Old Well Info as follows:  
Operator: \_\_\_\_\_  
Well Name: \_\_\_\_\_  
Original Comp. Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_  
 Deepening  Re-perf.  Conv. to Enhr./SWD  
 Plug Back  Plug Back Total Depth  
 Commingled Docket No. \_\_\_\_\_  
 Dual Completion Docket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

09-01-2005	09-02-2005	09-16-2005
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

**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: Rob Williams  
Title: President Date: 11-15-2005  
Subscribed and sworn to before me this 15 day of November,  
20 05.  
Notary Public: Linda K McKeen  
Date Commission Expires: 10-30-07



**KCC Office Use ONLY**  
YES Letter of Confidentiality Received  
If Denied, Yes  Date: \_\_\_\_\_  
 Wireline Log Received  
 Geologist Report Received  
 UIC Distribution

X

CONFIDENTIAL

Side Two

KCC

NOV 15 2005

ORIGINAL

Operator Name: W.R. Williams, Inc. Lease Name: ~~Confidential~~ Well #: 1  
Sec. 9 Twp. 17 S. R. 40  East  West County: Greeley

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:

Log Formation (Top), Depth and Datum  Sample  
Name Top Datum  
Base Stone Corral 2650 + 979  
Chase Group 2889 + 740

RECEIVED  
KANSAS CORPORATION COMMISSION  
NOV 18 2005  
CONSERVATION DIVISION  
WICHITA, KS

Dual Compensated Porosity

CASING RECORD <input type="checkbox"/> New <input checked="" 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	24	299	Common	175	3% cc, 2% gel
Production	7-7/8	4-1/2	11.6	3049	Lite, C	600	1/2# floseal

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
___ Perforate				
___ Protect Casing				
___ Plug Back TD				
___ 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
2	2966 - 2976, 2982-2988, 2992-2998	1200 gals 15% HCL	
		12,830 gals gel & 8,000 lbs 20/40 & 12/20 sand	

TUBING RECORD	Size	Set At	Packer At	Liner Run
	2-3/8	3003'	None	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Date of First, Resumerd Production, SWD or Enhr.	Producing Method
November 10, 2005	<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	23	123		

Disposition of Gas  Vented  Sold  Used on Lease (If vented, Submit ACO-18.)  
METHOD OF COMPLETION  Open Hole  Perf.  Dually Comp.  Commingled  Other (Specify) \_\_\_\_\_  
Production Interval 2966-2998

DRILLER'S LOG

W.R. WILLIAMS  
KERO #1  
SECTION 9-T17S-R40W  
GREELEY COUNTY, KANSAS

COMMENCED: 09-01-05  
COMPLETED: 09-03-05

SURFACE CASING: 299' OF 8 5/8" CMTD  
W175 SKS COMMON + 2%CC + 1/4#/SK  
FLOCELE.

FORMATION

DEPTH

FORMATION	DEPTH
SURFACE HOLE	0 - 299
SANDSTONE, CLAY & RED BED	299 - 1811
RED BED	1811 -3050 RTD

I DO HEREBY CERTIFY THAT THE FOREGOING STATEMENTS ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

CHEYENNE DRILLING, LP

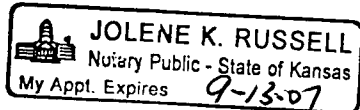


WRAY VALENTINE

STATE OF KANSAS: ss:

SUBSCRIBED AND SWORN TO BEFORE ME THIS 6<sup>TH</sup> DAY OF SEPTEMBER, 2005.

JOLENE K. RUSSELL

  
NOTARY PUBLIC

# ALLIED CEMENTING CO., INC. 20048

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

 SERVICE POINT: Oakley

DATE	9-1-05	SEC.	9	TWP.	17 <sup>s</sup>	RANGE	40W	CALLED OUT	6:00 PM	ON LOCATION	10:00	JOB START	17:00	JOB FINISH	
LEASE	Kero	WELL #	1	LOCATION	Tribune 8N-16E-1/2N				COUNTY	Brookley		STATE	Kans		
OLD OR NEW (Circle one)															

CONTRACTOR	Choyenne Dr Co #8	
TYPE OF JOB	Surface	
HOLE SIZE	17 1/2	T.D.
CASING SIZE	2 3/4	DEPTH
TUBING SIZE		DEPTH
DRILL PIPE		DEPTH
TOOL		DEPTH
PRES. MAX		MINIMUM
MEAS. LINE		SHOE JOINT
CEMENT LEFT IN CSG.	15'	
PERFS.		
DISPLACEMENT	18 BBL	

OWNER	Same
CEMENT	
AMOUNT ORDERED	175 SKS cement
	38cc - 70% cel

EQUIPMENT	
PUMP TRUCK	CEMENTER
# 102	Walt
	HELPER
BULK TRUCK	
# 714	DRIVER
	Fuzzy
BULK TRUCK	
#	DRIVER

COMMON	175 - SKS @	10 <sup>00</sup>	1,750.00
POZMIX		@	
GEL	3 - SKS @	14.50	43.50
CHLORIDE	6 - SKS @	38.00	228.00
ASC		@	
		@	
		@	
		@	
		@	
		@	
		@	
		@	
HANDLING	184 - SKS @	1.60	294.40
	64 per SK mile		77.20
			3,022.30

REMARKS:

**RECEIVED**  
 KANSAS CORPORATION COMMISSION  
 NOV 18 2005

 TOTAL 3,022.30

SERVICE

Consent Dist Cure

Thank You

CONSERVATION DIVISION  
 WICHITA, KS

DEPTH OF JOB	
PUMP TRUCK CHARGE	670.00
EXTRA FOOTAGE	@
MILEAGE	70-miles @ 5.00 350.00
MANIFOLD	@
	@
	@

CHARGE TO: W.R. Williams

STREET \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

 TOTAL 1,020.00

PLUG &amp; FLOAT EQUIPMENT

_____	@	_____
_____	@	_____
_____	@	_____
_____	@	_____
_____	@	_____

TOTAL \_\_\_\_\_

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]

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.

21637

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

SERVICE POINT:  
DAKLEY

DATE <u>9-3-05</u>	SEC <u>9</u>	TWP <u>17S</u>	RANGE <u>40W</u>	CALLED OUT	ON LOCATION <u>5:00 AM</u>	JOB START <u>8:45 AM</u>	JOB FINISH <u>10:15 AM</u>
LEASE <u>KERO</u>	WELL # <u>1</u>	LOCATION <u>TRIBUNE 8N-16E-12N</u>			COUNTY <u>GREELEY</u>	STATE <u>KS</u>	
OLD OR NEW (Circle one)							

CONTRACTOR CHEYENNE DRILLING, INC. #8

TYPE OF JOB Production String

HOLE SIZE 7 7/8" T.D. 3050'

CASING SIZE 4 1/2" DEPTH 3047'

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT LEFT IN CSG.

PERFS.

DISPLACEMENT 47 1/2 BBL.

OWNER SAME

CEMENT

AMOUNT ORDERED 100 SKS CLASS "C"

500 SKS LITE 1/2" Flo-SEAL

<u>CLASS "C"</u>			
COMMON	<u>100 SKS</u>	@ <u>12.05</u>	<u>1205.00</u>
POZMIX		@	
GEL		@	
CHLORIDE		@	
ASC		@	
<u>LITE 500SKS</u>		@ <u>8.80</u>	<u>4400.00</u>
		@	
		@	
<u>Flo-SEAL 750</u>		@ <u>1.20</u>	<u>425.00</u>
		@	
		@	
		@	
HANDLING	<u>134 SKS</u>	@ <u>1.00</u>	<u>1014.00</u>
MILEAGE	<u>64 PER SK / MILE</u>		<u>2853.00</u>
TOTAL			<u>9897.00</u>

**EQUIPMENT**

PUMP TRUCK CEMENTER TERRY

# 191 HELPER WAYNE

BULK TRUCK

# 394 DRIVER ALAN

BULK TRUCK

# 320/347 DRIVER LORNE

**REMARKS:**

NET 500 SKS LITE 1/2" Flo-SEAL  
100 SKS CLASS "C". WASH TRUCK  
+ LINES. DISPLACE 47 1/2 BBL  
WATER.

Plug landed RT 1900 PSI.  
Float Held  
Cement did circ.

Thank You

CHARGE TO: W. R. WILLIAMS

STREET \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**SERVICE**

DEPTH OF JOB 3047'

PUMP TRUCK CHARGE 1320.00

EXTRA FOOTAGE @ \_\_\_\_\_

MILEAGE 75 MI @ 5.00 375.00

MANIFOLD @ \_\_\_\_\_

TOTAL 1695.00

**PLUG & FLOAT EQUIPMENT**

4 1/2"

<u>1-AFU Float Shoe</u>	@	<u>200.00</u>
<u>1-Latch down Plug Assy</u>	@	<u>300.00</u>
<u>9-CENTRALIZERS</u>	@ <u>45.00</u>	<u>360.00</u>
<u>2-BASKETS</u>	@ <u>116.00</u>	<u>232.00</u>
TOTAL		<u>1092.00</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.

SIGNATURE Joe Bingham

TAX \_\_\_\_\_

TOTAL CHARGE \_\_\_\_\_

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

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 willful 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.