

Operator Name: D-OIL, INC Lease Name: MERMIS Well #: 2
 Sec. 29 Twp. 13 S. R. 16 East West County: ELLIS

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cones. 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.

<p>Drill Stem Tests Taken <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Attach Additional Sheets)</p> <p>Samples Sent to Geological Survey <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Cores Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Electric Log Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Submit Copy)</p> <p>List All E. Logs Run</p>	<p><input type="checkbox"/> Log Formation (Top), Depth and Datum <input checked="" type="checkbox"/> Sample</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">Name</td> <td style="width: 15%;">Top</td> <td style="width: 15%;">Datum</td> </tr> <tr> <td>Anhydrite</td> <td>1086</td> <td></td> </tr> <tr> <td>Topeka</td> <td>2928</td> <td></td> </tr> <tr> <td>Heebner</td> <td>3178</td> <td></td> </tr> <tr> <td>Lansing</td> <td>3226</td> <td></td> </tr> <tr> <td>BKC</td> <td>3457</td> <td></td> </tr> <tr> <td>Arbuckle</td> <td>3475</td> <td></td> </tr> </table>	Name	Top	Datum	Anhydrite	1086		Topeka	2928		Heebner	3178		Lansing	3226		BKC	3457		Arbuckle	3475	
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Arbuckle	3475																					

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	209	COM	150	3% CC; 2% GEL
Production	7 7/8"	5 1/2"	14	3506	Com	175	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
2/Ft	3475-3485	1,250 Gal. 15%	
RECEIVED			
APR 13 2005			
KCC WICHITA			

TUBING RECORD		Size	Set At	Recker At	Winn Run
		2 3/8"	3496		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumed Production, S.W.D. on Entry:			Producing Method		
3-30-05			<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
	6 BOPD		55		

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

METHOD OF COMPLETION: Open Hole Perf. Dually Comp. Conning led

Production Interval: Other (Specify) _____

ALLIED CEMENTING CO., INC. 18590

ORIGINAL

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

SERVICE POINT: Russell

DATE <u>2-22-05</u>	SEC. <u>29</u>	TWP. <u>13</u>	RANGE <u>16</u>	CALLED OUT <u>6:30 PM</u>	ON LOCATION <u>8:40 PM</u>	JOB START	JOB FINISH <u>10:30 PM</u>
LEASE <u>Mkemis</u>	WELL # <u>2</u>	LOCATION <u>Victoria 1/2 N 1E 1W</u>			COUNTY <u>Ellis</u>	STATE <u>K</u>	
OLD OR <input checked="" type="radio"/> NEW (Circle one)							

CONTRACTOR AGA

TYPE OF JOB SURFACE

HOLE SIZE 12 1/2 T.D. 214

CASING SIZE 8 1/2 DEPTH 212

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15'

PERFS. _____

DISPLACEMENT 12.5 bbls

OWNER _____

CEMENT AMOUNT ORDERED 150 lb Com 32

EQUIPMENT

PUMP TRUCK # 366 CEMENTER Bill

HELPER Glen

BULK TRUCK # 213 DRIVER Craig

BULK TRUCK # _____ DRIVER _____

COMMON	<u>150</u>	@	<u>8.30</u>	<u>1,245⁰⁰</u>
POZMIX		@		
GEL	<u>3</u>	@	<u>13.00</u>	<u>39⁰⁰</u>
CHLORIDE	<u>5</u>	@	<u>36.00</u>	<u>180⁰⁰</u>
ASC		@		

RECEIVED	@			
APR 13 2005	@			
KCC WICHITA	@			
	@			
	@			
HANDLING	<u>158</u>	@	<u>1.50</u>	<u>237⁰⁰</u>
MILEAGE	<u>1065/54/mi</u>	@		<u>191¹⁸</u>
TOTAL <u>1,892¹⁸</u>				

REMARKS:

Ran 5 Jts of 8 1/2 set c 212

Cement 150 lb pump plus w 2 1/2 bbls

Cement did Circ.

SERVICE

DEPTH OF JOB				
PUMP TRUCK CHARGE			<u>1025⁰⁰</u>	
EXTRA FOOTAGE		@		
MILEAGE	<u>22</u>	@	<u>4.50</u>	<u>99⁰⁰</u>
MANIFOLD	<u>1-8 1/2 wood</u>	@		
		@		

CHARGE TO: O-Oil Inc

STREET _____

CITY _____ STATE _____ ZIP _____

TOTAL 724⁰⁰

PLUG & FLOAT EQUIPMENT

	@		
<u>Plug</u>	@		<u>55⁰⁰</u>
	@		
	@		
TOTAL <u>55⁰⁰</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 Dave

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. 16228 ORIGINAL

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

SERVICE POINT: _____ R

DATE <u>3-14-05</u>	SEC.	TWP.	RANGE	CALLED OUT	ON LOCATION	JOB START	JOB FINISH <u>4:30 PM</u>
LEASE <u>Mermis</u>	WELL # <u>2</u>	LOCATION <u>Victoria 1E 3 1/2 N ES</u>			COUNTY <u>Ellis</u>	STATE <u>Ks</u>	
OLD OR NEW (Circle one)							

CONTRACTOR Express Well Services

TYPE OF JOB Port Cullor

HOLE SIZE _____ T.D. _____

CASING SIZE _____ DEPTH _____

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH 1108

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT _____

OWNER _____

CEMENT

AMOUNT ORDERED 350⁶⁹ 40 6 1/2 gal

1/4 lb floreal per sk

used 180

COMMON	<u>108</u>	@	<u>8.30</u>	<u>896.40</u>
POZMIX	<u>22</u>	@	<u>4.50</u>	<u>324.00</u>
GEL	<u>9</u>	@	<u>13.00</u>	<u>117.00</u>
CHLORIDE		@		
ASC		@		
FLOREAL	<u>45 #</u>	@	<u>1.60</u>	<u>72.00</u>

RECEIVED	@			
APR 13 2005	@			
KCC WICHITA	@			
	@			
	@			
HANDLING	<u>367</u>	@	<u>1.50</u>	<u>550.50</u>
MILEAGE	<u>1055/sk/mi</u>			<u>423.99</u>
TOTAL <u>2383.89</u>				

EQUIPMENT

PUMP TRUCK # 344 CEMENTER Dave

HELPER Steve

BULK TRUCK # _____ DRIVER _____

BULK TRUCK # 362 DRIVER Gary

REMARKS:

Tested casing @ 800 psi

opened tool mixed 180 sk

of Cir Cement to surface

CHARGE TO: D-Oil

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB				
PUMP TRUCK CHARGE			<u>750.00</u>	
EXTRA FOOTAGE		@		
MILEAGE	<u>21 mi</u>	@	<u>4.50</u>	<u>94.50</u>
		@		
		@		
TOTAL <u>844.50</u>				

PLUG & FLOAT EQUIPMENT

MANIFOLD _____ @ _____

_____ @ _____

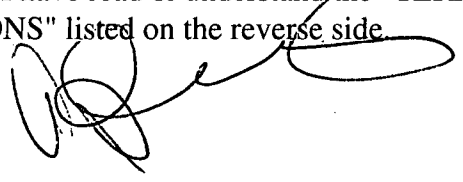
_____ @ _____

_____ @ _____

_____ @ _____

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 _____

TOTAL _____

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.

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(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.

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(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.

ORIGINAL
18616

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

SERVICE POINT: 2

DATE <u>3-1-05</u>	SEC.	TWP.	RANGE	CALLED OUT	ON LOCATION <u>7:30AM</u>	JOB START <u>10:45AM</u>	JOB FINISH <u>11:15AM</u>
LEASE <u>MERMS</u>	WELL # <u>2</u>	LOCATION <u>VICTORIA E 2E-70 1E N</u>			COUNTY <u>ELLIS</u>	STATE <u>KS</u>	
<input checked="" type="radio"/> OLD OR NEW (Circle one)				<u>1E 1/2N E2N</u>			

CONTRACTOR <u>A E A</u>	OWNER
TYPE OF JOB <u>PRODUCTION STRONG</u>	CEMENT
HOLE SIZE <u>7 7/8</u> T.D. <u>3510</u>	AMOUNT ORDERED <u>175 ASC 290 GEL</u>
CASING SIZE <u>5 1/2</u> DEPTH <u>3506</u>	<u>500 CAL WFR-2</u>
TUBING SIZE DEPTH	
DRILL PIPE DEPTH	
TOOL DEPTH	
PRES. MAX MINIMUM	
MEAS. LINE SHOE JOINT <u>19.14</u>	
CEMENT LEFT IN CSG. <u>19.14</u>	
PERFS.	
DISPLACEMENT <u>85 BBL</u>	

COMMON	@		
POZMIX	@		
GEL <u>3</u>	@	<u>13⁰⁰</u>	<u>39⁰⁰</u>
CHLORIDE	@		
ASC <u>175</u>	@	<u>10²⁵</u>	<u>1793⁷⁵</u>
WFR-2 <u>500</u>	@	<u>1⁰⁰</u>	<u>500⁰⁰</u>

EQUIPMENT

PUMP TRUCK CEMENTER <u>MARK</u>	
# <u>177</u> HELPER <u>BILL</u>	
BULK TRUCK	
# <u>282</u> DRIVER <u>ROGER</u>	
BULK TRUCK	
# DRIVER	

RECEIVED			
APR 13 2005			
KCC WICHITA			
HANDLING <u>178</u>	@	<u>1⁵⁰</u>	<u>267⁰⁰</u>
MILEAGE <u>5.59</u> KIL/MILE			<u>254⁵⁹</u>
			TOTAL <u>2854³⁹</u>

REMARKS:

PC. ON #58 @ 1106
15 SK @ 2.11.

FLOAT FIELD

SERVICE

DEPTH OF JOB			
PUMP TRUCK CHARGE			<u>1260⁰⁰</u>
EXTRA FOOTAGE	@		
MILEAGE <u>26</u>	@	<u>4⁵⁰</u>	<u>117⁰⁰</u>
MANIFOLD	@		
<u>5 1/2 TRP</u>	@		<u>60⁰⁰</u>

CHARGE TO: D OIL

STREET _____

CITY _____ STATE _____ ZIP _____

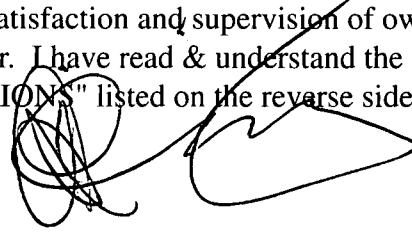
TOTAL 1437⁰⁰

PLUG & FLOAT EQUIPMENT

<u>5 1/2</u>			
GUIDE SHOE	@		<u>160⁰⁰</u>
INSERT	@		<u>235⁰⁰</u>
5-CENT	@	<u>50⁰⁰</u>	<u>250⁰⁰</u>
BASKET	@		<u>140⁰⁰</u>
PORT COLLAR	@		<u>1750⁰⁰</u>

TOTAL 2535⁰⁰

To Allied Cementing Co., Inc.
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SIGNATURE _____

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

PRINTED NAME _____

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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.