

ORIGINAL

KANSAS CORPORATION COMMISSION  
OIL & GAS DIVISION

RECEIVED  
KANSAS CORPORATION COMMISSION Form ACO-1  
September 1999  
Form Must Be Typed

AUG 10 2007

WELL COMPLETION FORM  
WELL HISTORY - DESCRIPTION OF WELL & LEASE CONSERVATION DIVISION  
WICHITA, KS

Operator: License # 5399  
Name: American Energies Corporation  
Address: 155 North Market, Suite 710  
City/State/Zip: Wichita, KS 67202  
Purchaser: None  
Operator Contact Person: Alan L. DeGood  
Phone: (316) (316) 263-5785  
Contractor: Name: American Energies Corporation  
License: 5399  
Wellsite Geologist: None -Thad Starr Superintendent  
Designate Type of Completion:  
       New Well        X Re-Entry        Workover  
       Oil        X SWD        SLOW        Temp. Abd  
       Gas        ENHR        SIGW  
       Dry        Other (Core, WSW, Expl., Cathodic, etc)

If Workover/Re-entry: Old Well Info as follows:  
Operator: American Energies Corporation  
Well Name: Garvert B #1  
Original Comp. Date: February 1961 Original Total Depth: 4050'  
       Deepening        Re-perf.        Conv. To Enhr/SWD  
       Plug Back        Plug Back Total Depth  
       Commingled        Docket No.         
       Dual Completion        Docket No.         
SWD        Other (SWD or Enhr.?)        Docket No.         
6/19/07 7/12/07 7/26/07  
Spud Date or Date Reached TD Completion Date or  
Recompletion Date Recompletion Date

API NO. 15-163-19351-00-0204  
County: Rooks  
SW SW - NE - Sec. 22 S. R. 10S-18  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: Garvert B Well #: B-1 SWD  
Field Name: Eilers  
Producing Formation: None  
Elevation: Ground: 2073' GL Kelly Bushing:         
Total Depth: 4050' Plug Back Total Depth: 4050'  
Amount of Surface Pipe Set and Cemented at 150' 10 3/4" Feet  
Multiple Stage Cementing Collar Used?  Yes  No  
If yes, show depth set        Feet  
If Alternate II completion, cement circulated from 3668'  
feet depth to 300' w/ 400 sx cmt.

Drilling Fluid Management Plan SWD NH 7-16-08  
(Data must be collected from the Reserve Pit)  
Chloride content        ppm Fluid volume        bbls  
Dewatering method used         
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 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: Alan L. DeGood  
Title: Alan L. DeGood, President Date: 8/8/2007  
Subscribed and sworn to before me this 8th day of August,  
2007  
Notary Public: Melinda S. Wooten  
Date Commission Expires: Melinda S. Wooten, Notary Exp. 3/12/08

KCC Office Use ONLY  
N Letter of Confidentiality Attached  
 If Denied, Yes        Date:         
       Wireline Log Received  
       UIC Distribution  
logs + copies to UIC

MELINDA S. WOOTEN  
Notary Public - State of Kansas  
My Appt. Expires 3-12-08

Operator Name: American Energies Corporation Lease Name: Garvert Well: B #1 SWD  
 Sec. 22 Twp. 10 S. R. 18W   Vest County: Rooks

**INSTRUCTIONS:** Show important tops and bas of formations penetrated. Detail all cores. Report all final copies of drill stem tests giving interval test, 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 charts(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  Yes  No  
 (Attach Additional Sheets)  
 Samples Sent to Geological Survey  Yes  No  
 Cores Taken  Yes  No  
 Electric Log Run Yes No  Yes  No  
 (Submit Copy)  
 List All E. Logs Run:  
 Gamma Ray Sonic Bond Log  
 Temperature Survey

Log Formation (Top), Depth and Datum  Sample  
 Name Top Datum  
 None - SWD well

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**AUG 10 2007**  
 CONSERVATION DIVISION  
 WICHITA, KS

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		10 3/4"		150'		150 sx	
Intermediate		7"		3725'		175 sx	
Production		5 1/2"		3668'		400 sx	

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				

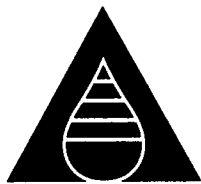
Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record (Amount and Kind of Material Used)	Depth
		1,000 gallons 20% FE Acid	4050'

TUBING RECORD Size 2 3/8" Set At 3654 Packer At 3654 Liner Run  Yes  No

Date of First, Resumed Production, SWD or Enhr. 8/8/07 Producing Method  Flowing  Pumping  Gas Lift  Other (Explain)

Estimated Production Per 24 Hours Oil Bbls \_\_\_\_\_ Gas Mcf \_\_\_\_\_ Water Bbls \_\_\_\_\_ Gas-Oil Ratio \_\_\_\_\_ Gravity \_\_\_\_\_

Disposition of Gas  Vented  Sold  Used on Lease  Open Hole  Perf  Dually Comp.  Commingled \_\_\_\_\_  
 (If vented, Sumit ACO-18.)  Other Specify \_\_\_\_\_



American Energies  
Corporation

155 N. Market, Suite 710, Wichita, KS 67202  
316-263-5785, 316-263-1851 fax

**WORKOVER REPORT**  
**Converting well to Saltwater Disposal Well**  
**Garvert B #1 SWD**

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**LOCATION:** SW SW NE Section 22-T10S-R18W  
**COUNTY:** Rooks County, Kansas  
**API #:** 15-103-19351-0002  
**CONTRACTOR:** American Energies Corporation – Workover Rig #1

CONSERVATION DIVISION  
WICHITA, KS

**NOTIFY:** American Energies Corp., Alan L. DeGood Family Trust,  
Dianne Y. DeGood Family Trust, J. Daniel Denbow, Denbow Oil  
and Gas, Mohican Petroleum, Inc., Graves Leases, LLC, American  
Hawaiian Petroleum Co., Harvest, LLC, Hyde Resources, Inc.

6/19/07 Unloaded working string of 2 7/8" tubing from Ness City, 5 drill collars and working head from Kansas Fishing Tool. Rigged up American Energies Corporation Workover Rig #1. Filled pits with saltwater and started drilling. Drilled 62' for day. Shut down due to lightning. SION

6/20/07 Drilled ahead to 342'. Made 280' for the day. SION

6/21/07 Drilled ahead to 1000'. Made 658' for the day. SION

6/22/07 Drilled ahead to 1428'. Made 428' for the day. SIOWE

6/25/07 Drilled ahead to 2030'. Made 602' for the day. SION

6/26/07 Drilled ahead to 2680'. Made 650' for the day. SION

6/27/07 Drilled ahead to 3250'. Made 570' for the day. SION

6/28/07 Drilled ahead to 3585' and hit wood plug. At that point, started losing some water. Drilled about 2' and bit is plugging up, so started going long way. Returns show hard plastic and mostly wood. Plug moved and we went down 15' and back to drilling hard wood. Now at 3605'. Made 355' for the day.

6/29/07 Drilling on wood post all morning. Got thru post and drilling on hard plastic and hitting metal now. Made additional 1' and now hitting rubber and cast iron. Must be some type of plug. Made 7' for the day. SION.

7/02/07 Drilling ahead on plug. Got plug moving. Pushed down into open hole to 3750'. Called for acid. Hooked up L-K Acid and treated down thru bit with 1,000 gallons 20% FE acid. Pumped @ 4 BPM and could not catch fluid. Flushed with 110 bbls SW. Pulled tubing to 2 drill collars. SION

7/03/07 Finished pulling drill collars. Rigged up L-K Wireline and went in and set 7" CIBP @ 3700'. Plug did not set correctly. Put 120 bbls saltwater down casing and did not load. Called for additional plug. Went in with plug and fluid 200' down. Set CIBP @ 3600'. Came out and put 40 bbls saltwater down casing and did not load. Ran bond log from 1475' to 200'. Had good cement @ bottom and top. But from 750' to 330' – very little cement. State will review log. Requested 7" packer – will be on location Thursday morning. SI for holiday.

- 7/05/07 Ran in 7" packer from B & B Oil Tools on tubing to test CIBP @ 3600'. Set packer @ 3559' and tested CIBP and did not hold. Tested casing – did not hold – pumping @ 2 BPM. Went down 1 jt to 3590' and tested CIBP again and did not hold. Pulled tubing to 2000' and tested casing and did not hold. Did not hold @ 2 BPM vacuum. Pulled tubing to 1400' – where we have good cement and tested casing and did not hold. Pulled tubing to 160' and tested casing and did not hold. Discussed problem with representative from B & B Oil, he said his packer will set in 17# pipe. Pulled packer out to check rubbers and they looked good. Does not seem likely that we would have bad casing from top to bottom, as we circulated fluid while drilling all the way down to 3610-15'. Had B & B representative put on 7" plug and went down to 1390' with plug and packer where we have good cement. Set plug @ 1390' and packer at 1350' and tested packer. Still did not hold both ways. Went down and got plug and set it @ 1430' and set packer @ 1415'. Test tools again and still did not hold. Came out with tools. SION
- 7/06/07 Tried to assemble sand line drill from Kansas Fishing Tool, but had wrong part. Called for different parts. They arrived and assembled the sand line drill. Worked on plug @ 3600'. Were able to remove some of the plug. SION
- 7/09/07 Started working on CIBP again. We are getting cast iron pieces and now also getting sand. We are getting bigger pieces of cast iron and still getting some sand. Went down and got sand line drill stuck. Worked for 2 hours and now have plunger stuck. Have no choice but to cut sand line and fish drill. Called Perf-Tech for truck. Rigged up Perf Tech and went down and cut sand line @ 3580'. (Should have cut @ 3555'). Plug has moved some how. Will run fishing tool in hole in the morning. SION
- 7/10/07 Went in with 5 ¼" fishing tool. Got over sand line drill @ 3620'. Worked drill free and pushed CIBP down to 3695'. Started out of hole with tubing and after 1 ½ jts, got stuck again. Worked drill free and came out. B & B Oil Tools on location with different packer. Went in to 220' and set packer. Pressured up casing to 320# and it held this time. Came out with packer. Went in with 10 jts of tubing with bit on bottom. Hooked up sand line and ran down and tagged plug @ 3695'. Came out of hole. Spotted 3 sx of sand on plug. SION Will dump cement in morning.
- 7/11/07 Went in with bailer and tagged sand @ 3695'. Came out and mixed 3 sx of cement – loaded bailer with cement and went down and spotted cement on top of sand. SION due to rain and lightning.
- 7/12/07 Ran packer to 200' and pressured up casing to 300# and held. Went down to 1375' and set packer. Pumped down backside @ 2 ½ BPM – 0#. Pumped down tubing @ 1 ½ BPM @ 200#. Big hole on top and small one down at the perms. Took packer to 3471' and set it – pumped into hole @ 1 ½ BPM @ 200#. Took packer to 3640' and set it and pressured up to 600#. Leaked off to 450# in 30 minutes. Bottom KC perf at approximately 3511'. Taking fluid. Called KCC and Allied Cementing and both said to squeeze or mud up KC perms before running liner. Went down with packer and tagged cement plug @ 3700'. Came out with tubing and packer. Hooked up bailer and spotted additional 2 sx cement @ 3695'. Went back in with  
opened tubing to 3640'. SION. Will mud up tomorrow a.m.

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- 7/13/07 Mud was late. Mixed up 1<sup>st</sup> 75 bbls with 16 sx cellll, 7 sx hulls, 2 sx cedar, 1 sx cella flakes, 1 bag shur plug and 2 ½ gallons PhPa. Very heavy mix, took 2 hours to get it down. 2<sup>nd</sup> mix – used 14 sx cell flakes, 5 sx hulls, 2 sx cedar, 1 sx cella flakes, ½ bag shur plug, 2 ½ gallons PhPa. Very heavy mix again. Took another 2 hours. 3<sup>rd</sup> mix – used 8 sx cell, 4 sx hulls, 1 sx cedar, 2 sx cella flakes, ½ bag shur plug and 2 ½ gallons PhPa. Halfway thru 3<sup>rd</sup> mix, started to circulate. Started thinning mud now. Total pumped was 180 bbls and circulating good now. Started circulating saltwater, now from pit. Went for additional water – circulating, but losing water. While circulating – now have clean water. We have to be circulating into Cedar Hill and out of Dakota. Circulated for 2 hours and came out of hole with tubing. SION
- 7/16/07 Started in the hole with bit and tubing. Mixed tank of mud – 6 sx cell, 6 sx hulls, 2 sx cedar and 2 ½ gallons PhPa. Landed bit @ 3660' and hit bottom. Started circulating mud. Got 60 bbls and lost circulation – casing went on vacuum. Mixed additional tank of mud (same as previous). Got 40 bbls in and started circulating again. Circulated remaining mud, then water from pit for 1 ½ hours – not bringing much fluid – about ½ bbl per minute. Pulled tubing and ran casing to 3668'. Circulated 60 bbls KCL water to load casing. Hooked up Allied Cementing and started pumping cement. Had circulation in 10 minutes. Cement on bottom – pumping @ 3 BPM @ 500#. After 45 bbls out – pumping @ 3 ½ BPM @ 900# and still circulating. Had to go to 1 BPM, as almost out of water. Got water to location and back to 3 BPM @ 900#, but lost circulation. Pumping @ 1 ½ BPM @ 1200#. Last 15 bbls – backside on vacuum. Plug down @ 10:45. Used 400 sx 4% gel with ¾ sx 1% CD 31 and 1/16<sup>th</sup> Flow Seal per sack. SION
- 7/17/07 Called to KCC – Reported that we did not circulate cement. KCC recommended we run temperature survey. Called Log Tech – ran temperature survey and looks like top of cement was at 1125' down. Took Bond log to state – waiting on their recommendation. Rigged off to let cement harden.
- 7/24/07 MIRU American Energies Rig #2. Richard with Kansas Corporation Commission on location. Pressured up casing to 350#. Hooked up to backside and pressured up to 300# and held for 30 minutes. He passed 5 ½" liner. Ran 4 7/8" bit and tubing in and hit wipe plug @ 3664'. Drilled out wipe plug, shoe cement and sand on top of the 2 CIBP. Drilled 2' of CIBP and SION.
- 7/25/07 Drilling on cast iron bridge plug. Hard drilling – must be on the slips. Made 6" – plugged slipped 2'. Drilling hard again – made 8" – plug slipped additional 1'. Drilled 4" and shut down for evening.
- 7/26/07 Drilling ahead. Drilled 3" and plug started moving. Lost circulation and moving plug down hole. Picked up additional joint and pushed CIBP down into open hole. Came out with 2 7/8" tubing and bit. Went in with packer and 109 jts 2 3/8" seal tite tubing. Set packer @ 3654'. Flushed backside with 10 gallons of packer fluid and 75 bbls fresh water. Set packer and pressured up to 330# - fell to 280# in 10 minutes, due to air. Will have KCC out tomorrow. Moved rig off. SION

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CONSERVATION DIVISION  
WICHITA, KS



# INVOICE

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

Invoice Number: 109212  
 Invoice Date: Jul 18, 2007  
 Page: 1

<b>Bill To:</b>
American Energies Corp. 155 N. Market STE #710 Wichita, KS 67202

5077

<b>Customer ID</b>	<b>Well Name# or Customer P.O.</b>	<b>Payment Terms</b>	
Am Eng	Garbert #B-1	Net 30 Days	
<b>Sales Rep ID</b>	<b>Camp Location</b>	<b>Service Date</b>	<b>Due Date</b>
	Russell	Jul 18, 2007	8/17/07

Quantity	Item	Description	Unit Price	Amount
240.00	MAT	Common Class A	11.10	2,664.00
160.00	MAT	Pozmix	6.20	992.00
13.00	MAT	Gel	16.65	216.45
258.00	MAT	CD-31	7.50	1,935.00
25.00	MAT	Flo Seal	2.00	50.00
10.00	MAT	KCL	25.00	250.00
419.00	SER	Handling	1.90	796.10
33.00	SER	Mileage 419 sx @ .09 per sk per mi	37.71	1,244.43
1.00	SER	Liner	955.00	955.00
33.00	SER	Mileage Pump Truck	6.00	198.00
1.00	EQP	Solid Rubber Plug	65.00	65.00
1.00	EQP	Float Shoe	470.00	470.00

ENT'D JUL 31 2007

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

\$ 983.60

ONLY IF PAID ON OR BEFORE

Aug 17, 2007

Subtotal	9,835.98
Sales Tax	352.05
Total Invoice Amount	10,188.03
Payment/Credit Applied	
<b>TOTAL</b>	<b>10,188.03</b>

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CONSERVATION DIVISION  
 WICHITA, KS

9204.43

# ALLIED CEMENTING CO., INC.

33238

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

SERVICE POINT: Russell

DATE <u>7-16-07</u>	SEC. <u>22</u>	TWP. <u>10</u>	RANGE <u>18</u>	CALLED OUT	ON LOCATION	JOB START <u>10:00 p.m.</u>	JOB FINISH <u>10:30 p.m.</u>
LEASE <u>Garbert</u>	WELL # <u>B-1</u>		LOCATION <u>Plainville S CLR</u>			COUNTY <u>Leaves</u>	STATE <u>KS</u>
OLD OR NEW (Circle one) <u>NEW</u>			<u>2w 1w into</u>				

CONTRACTOR CD Tools

TYPE OF JOB liner

HOLE SIZE \_\_\_\_\_ T.D. \_\_\_\_\_

CASING SIZE 5 1/2" DEPTH 3668

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

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

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

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

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

CEMENT LEFT IN CSG. \_\_\_\_\_

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

DISPLACEMENT 90 Bl

EQUIPMENT \_\_\_\_\_

PUMP TRUCK CEMENTER Craig

# 409 HELPER Adrian

BULK TRUCK DRIVER Rocky

# 396

BULK TRUCK DRIVER \_\_\_\_\_

# \_\_\_\_\_

OWNER \_\_\_\_\_

CEMENT

AMOUNT ORDERED 400 6940 406 GEL

3/4 10/6 CD31 1/16 FloSeal per SK

10 Gal KCL

COMMON	<u>240</u>	@	<u>11.10</u>	<u>2664.</u>	<u>00</u>
POZMIX	<u>160</u>	@	<u>6.20</u>	<u>992.</u>	<u>00</u>
GEL	<u>13</u>	@	<u>16.65</u>	<u>216.</u>	<u>45</u>
CHLORIDE	_____	@	_____	_____	_____
ASC	_____	@	_____	_____	_____
<u>CD 31</u>	<u>250 lbs</u>	@	<u>7.50</u>	<u>1935.</u>	<u>00</u>
<u>FloSeal</u>	<u>25 lbs</u>	@	<u>2.00</u>	<u>50.</u>	<u>00</u>
<u>KCL</u>	<u>10 Gal</u>	@	<u>25.00</u>	<u>250.</u>	<u>00</u>
HANDLING	<u>419</u>	@	<u>1.90</u>	<u>796.10</u>	_____
MILEAGE	<u>SK/mj/09</u>			<u>1244.93</u>	_____
				TOTAL	<u>8147.90</u>

REMARKS:

Mix 400x cement displaced 90 Bl  
Plug landed float held cement did  
not circulate.

Thanks!

CHARGE TO: American Energy

STREET \_\_\_\_\_

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

SERVICE

DEPTH OF JOB	_____			
PUMP TRUCK CHARGE	_____			<u>955.00</u>
EXTRA FOOTAGE	_____	@	_____	_____
MILEAGE	<u>33</u>	@	<u>6.00</u>	<u>198.00</u>
MANIFOLD	_____	@	_____	_____
RECEIVED KANSAS CORPORATION COMMISSION				
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				TOTAL <u>1153.00</u>

PLUG & FLOAT EQUIPMENT

<u>1 5/2 Solid Rubber Plug</u>				<u>65.00</u>
<u>1 Float SR B.w.</u>	@			<u>470.00</u>
_____	@			_____
_____	@			_____
_____	@			_____
				TOTAL <u>535.00</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 Theo Starr

Theo Starr  
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.