

KANSAS CORPORATION COMMISSION
OIL & GAS DIVISION

Form ACO-1
September 1999
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

ORIGINAL

Operator: License # 5399
Name: American Energies Corporation
Address: 155 North Market, Suite 710
City/State/Zip: Wichita, KS 67202
Purchaser:
Operator Contact Person: Alan L. DeGood
Phone: (316) (316) 263-5785
Contractor: Name: Pickrell Drilling
License: 5123
Wellsite Geologist: None
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: Donald T. Ingling
Well Name: #1 Sowers

API NO. 15 - 095-20509-00-01
County: Kingman
150°SE C - NW - NE Sec. 27 S. R. 28-6 East West
680' feet from S / (N) (circle one) Line of Section
1850' feet from E / (W) (circle one) Line of Section
Footages Calculated from Nearest Outside Section Corner:
(circle one) (NE) SE NW SW
Lease Name: Sowers OWWO Well #: C-1
Field Name: Dale
Producing Formation: Mississippi
Elevation: Ground: 1451' Kelly Bushing: 1456'
Total Depth: 3050 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 8 5/8 @ 224' 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.

Original Comp. Date: 9/1/76 Original Total Depth: 3945'
 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. _____
9/15/2005 9/30/2005 10/5/05
Spud Date or Date Reached TD Completion Date or Recompletion Date

Drilling Fluid Management Plan Att I NCR
(Data must be collected from the Reserve Pit) 9-8-08
Chloride content 75000 ppm Fluid volume 1,000 bbls
Dewatering method used Water was hauled to another location
Location of fluid disposal if hauled offsite: Mud was taken to offset location. (SW/4 27-28S-6W)
Operator Name: American Energies Corporation
Lease Name: Greenleaf Ranch SWD License No.: 5399
Quarter _____ Sec _____ 7 Twp 28 S. R. 6 East West
County: Kingman Docket No.: D17,279

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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: Alan L. DeGood
Title: Alan L. DeGood, President Date: 12/5/2005
Subscribed and sworn to before me this 5TH day of December, 2005
Notary Public: Melinda S. Wooten
Date Commission Expires: Melinda S. Wooten, Notary Exp. 3/12/08

KCC Office Use ONLY
NO Letter of Confidentiality Attached
If Denied, Yes No Date: _____
 Wireline Log Received
 UIC Distribution

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

Operator Name: American Energies Corporation Lease Name: Sowers OWWO Well: C-1
 Sec. 27 Twp. 28 S. R. 6 Vest County: Kingman

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 <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Attach Additional Sheets)	<input type="checkbox"/> Log Formation (Top), Depth and Datum Name	<input type="checkbox"/> Sample Datum
Samples Sent to Geological Survey <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	None	
Cores Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Electric Log Run Yes No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Submit Copy)		
List All E. Logs Run: Dual Induction, Compensated Density/Neutron Sonic Cement Bond Log		

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		8 5/8"		224'		200	
Production	7 7/8"	4 1/2"	10.5#	3950'	ASC	125	

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
4 SPF	3892-3900'	1,000 gallons 15% MCA	
		Fraced with 890 bbls gelled fluid and 51,000# sand	3892-3900

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TUBING RECORD	Size <u>2 3/8"</u> Set At <u>3886'</u>	Packer At	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumed Production, SWD or Enhr.	Producing Method <input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)		
Waiting on compressor to be set			
Estimated Production Per 24 Hours	Oil Bbls	Gas Mcf <u>150</u>	Water Bbls <u>100 BWPD</u> Gas-Oil Ratio Gravity
Disposition of Gas	METHOD OF COMPLETION		
<input type="checkbox"/> Vented <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> Open Hole <input type="checkbox"/> <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled		
(If vented, Sumit ACO-18.)	<input type="checkbox"/> Other Specify		

**AMERICAN ENERGIES CORPORATION
DRILLING AND COMPLETION REPORT
SOWERS "C" #1 OWWO**

LOCATION: 192' N & 94' E of S/2 NW NE
Section 27-T28S-R6W
COUNTY: Kingman

SURFACE CASING: 8 5/8" @
PRODUCTION CASING: 92 jts 4 1/2" @ 3948'

API #: 15-095-20509-00-01
CONTRACTOR: Pickrell Drilling, Rig #1
GEOLOGIST: None

Projected RTD: 4000'
G.L: 1451' **K.B.:** 1456'
SPUD DATE: 9/29/05
COMPLETION DATE: 10/5/05

NOTIFY: Gar Oil Corp., D & D Investment,
Hyde-Marrs, Inc., Fredrick W. Stump, R & B Oil & Gas,
W. Mike Adams, Graves Leases, LLC. Lario Oil & Gas Co.,
American Energies Corporation

FORMATION:	ELECTRIC LOG TOPS:
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Onaga Shale	1882	-428
Indian Cave Sandstone	None	
Wabauunsee	1924	-470
Heebner Shale	2850	-1396
Douglas Shale	2882	-1428
Brown Limestone	3101	-1647
Lansing	3113	-1660
Stark Shale	3486	-2032
Hushpuckney Shale	3524	-2070
Base/Kansas City	3572	-2118
Marmaton	3613	-2159
Cherokee	3742	-2289
Lower Cherokee	3781	-2327
Mississippi	3887	-2431

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- 9/15/05 Building location – Pickrell drilling Rig #2 will move on location after completing the drilling of the Voth A #2.
- 9/28/05 MIRT, RURT
- 9/29/05 Washing down @ 2050'. We have drilled out all cement plugs.
- 9/30/05 Well washed down to RTD; Logged well; will be running 4 1/2" casing today.
- 10/1/05 WOC. Rigged up ELI and ran DIL, CNL and CDL logs. LTD: 3052, RTD: 3050. Ran 92 jts new 4 1/2" 10.5# casing, set @ 3948'. Allied cemented with 125 sx ASC cement, 15 sx in rathole of 60/40 poz. PD @ 11:00 p.m. 9/30/05.

COMPLETION INFORMATION

- 10/5/05 Rigged up Log Tech with mask trailer. Ran CBL and collar locator. Good bond. Top of cement @ 3266'. Perforated with 4 Spf from 3892-3900'. Rig down. Log Tech released. SI
- 10/12/05 MICU – Ran 2 3/8" tubing to 3000'. SION.
- 10/13/05 Ran tubing to 3886'. Started swabbing fluid 200' from surface, fluid 2800' down. Casing pressure 200#, Tubing Pressure: 150#. Swabbed well down to 3600' – no gas kicks, slight show of gas behind swab runs. Rigged down, moved rig to Voth A #2.
- 10/14/05 Casing pressure 200#. Tubing pressure 150#. Fluid at 2800' down, 1100' fill-up.
- 10/17/05 Rigged up: Opening pressures were: Casing pressure: 920#, Tubing Pressure: 400#. Blow tubing down – no fluid. Went in with swab and found fluid 1300' down. Swabbed once and well kicked off and unloaded fluid. Hooked up choke on 20/64 – CP: 700#, TP: 200# - after 30 minutes – CP: 190, TP: 100#. Made 278 MCF/D with mist of water. Stayed there for 1/2 hour. SION. Will acidize well tomorrow.
- 10/18/05 SICP: 670#, SITP: 650#, Load hole with 54 bbls (hole capacity 55 bbls), 10' oil on top. Treated with 1,000 gallons 15% MCA by Service Acid. BDP: 1000# at 1/4 BPM, increased to 1 BPM @ 800#, went to 2.5 BPM @ 1000#, increased to 2.9 BPM @ 1000#. ISIP: 300#, vacuum in 10 minutes. SI – will start swabbing.
- 10/19/05 Opening pressure: CP: 670#, TP: 650#. Blow well down and hooked up Acid Service. SN @ 3848' – will bull head 3/4 bbl, giving it 1,000 15% MCA acid. Circulate whole load – 54 bbls in – only 1 bbl fill over night. Over night spotted acid.
Took to 1200# and started feeding at 1/4 BPM, dropped to 800# - took rate to 1 BPM, 1000# - took rate to 2 BPM – 1000# - took rate to 2 1/2 BPM @ 1000#, took to 2 3/4 BPM @ 950#. ISPI – 300# - vacuum in 3 minutes. Hooked up to swab – fluid after 40 minutes was down 500'.

- 10/19/05 1st hour – recovered 20 bbls
 2nd hour – recovered 22 bbls – fluid @ 2000' down
 3rd hour – recovered 13 bbls – fluid @ 3400' down
 4th hour – recovered 8 bbls – fluid @ 3500' down – good blow after swab.
 5th hour – recovered 3.5 bbls – good blow after swab – casing 150# - fluid @ 3850'. SION
- 10/20/05 Flowed from 8/64th choke. At the end of the day, Tubing pressure: 120#, Casing pressure: 470#. Will begin setting production equipment and trenching gas line. Will try to sell gas until frac equipment is available. Frac equipment is not available until December.
- 10/25/05 Moved in American Energies rig #1 and pulled tubing. Acid Services rigged up frac trucks in and frac'd well. Started frac pressure @ 1450# @ 22 BPM – got down to 1000# with heavy 3# 20/40 sand, back – up to 1200# on flush. ISIP: 560#. Total frac – 890 bbls. SION
- 10/26/05 Went in with sand pump and found fluid 786' down and tagged sand @ 2886'. Sand pumped to 3940'. Ran tubing back in and hooked up to swab. SION
- 10/27/05 Moved rig off hole to prepare Garlisch B-2 for Frac. Will move back to Sowers C-1 and begin swabbing frac fluid back.
- 10/31/05 Waiting on Completion.
- 11/01/05 Waiting on Workover Rig.
- 11/10/05 Rigged up AEC rig #1.
- 11/11/05 Opening Tubing pressure: 0#, Opening Casing pressure: 250#. Started swabbing, fluid 1000' down.

<u>Hour</u>	<u>Amount Swabbed</u>	<u>Casing Pressure</u>	<u>Fluid Level</u>
1 st hour	32 bbls	250#	1100'
2 nd hour	24 bbls	250#	1100'
3 rd hour	23 bbls	300#	1200'
4 th hour	74 bbls	325#	1200'
5 th hour	19 bbls	400#	1000' (fluid getting gassy blow after swab)
6 th hour	16 bbls	430#	1200'
7 th hour	14 bbls	450#	1200'

- 11/14/05 SIFWE
 SICP: 1015#, SITP: 815#. Fluid level @ 900' from surface, made 1 swab run, well kicked off flowing into swab tank.

<u>Hour</u>	<u>Fluids</u>	<u>Casing Pressure</u>	<u>Tubing Pressure</u>	<u>Choke</u>	<u>MCF/D</u>
1 st hour	12 bbls	1175#	815#	None	No Measurement
2 nd hour	19 bbls	1175#	400#	None	No Measurement
3 rd hour	65 bbls	1000#	100#	None	No Measurement
4 th hour	40 bbls	1000#	200#	None	No Measurement
5 th hour	32 bbls	950#	150#	32/64	1033 MCF/water
6 th hour	12 bbls	1050#	350#	16/64	537 MCF/ water
7 th hour	3 bbls	1075#	400#	16/64	611 MCF/water
8 th hour	3 bbls	1100#	400#	16/64	611 MCF/water

- 11/15/05 SICP: 150#, SITP: 1250#. Opened choke full for 10 minutes to unload, then set choke at 16/64 and flow tested.

<u>Hour</u>	<u>Fluids</u>	<u>Casing Pressure</u>	<u>Tubing Pressure</u>	<u>Choke</u>	<u>MCF/D</u>
1 st	25 bbls	1100#	300#	16/64	464/water
2 nd	8 bbls	1100#	550#	16/64	832/water
3 rd	8 bbls	1125#	500#	16/64	758/water
4 th	6 bbls	1150#	500#	16/64	758/water
5 th	6 bbls	1150#	500#	16/64	758/water

- Shut-in to lay lines and set production equipment.
- 11/16/05 Setting production equipment, connecting to gas line.
- 11/17/05 Setting production equipment, connecting to gas line
- 11/18/05 Shut-In – waiting on third compressor to be set at Kaufman compressor site.

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

Russell, KS 67665

* I N V O I C E *

Invoice Number: 098740

Invoice Date: 09/30/05

Sold American Energies Corp.
To: 155 N. Market #710
Wichita, KS
67202

*CMT P. COG
3002*

Cust I.D.....: Am Eng
P.O. Number.: Sowek SC #1
P.O. Date.....: 09/30/05

Due Date.: 10/30/05
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	15.00	SKS	8.7000	130.50	T
Pozmix	10.00	SKS	4.7000	47.00	T
Gel	1.00	SKS	14.0000	14.00	T
ASC	125.00	SKS	8.1500	1018.75	T
ASF	500.00	GAL	1.0000	500.00	T
KolSeal	625.00	LBS	0.6000	375.00	T
Handling	186.00	SKS	1.6000	297.60	E
Mileage	65.00	MILE	11.1600	725.40	E
186 sks @.06 per sk per mi					
Prod. casing	1.00	JOB	1320.0000	1320.00	E
Mileage pmp trk	65.00	MILE	5.0000	325.00	E
Head Rental	1.00	PER	75.0000	75.00	E
Rubber Plug	1.00	EACH	48.0000	48.00	T
AFU Float Shoe	1.00	EACH	200.0000	200.00	T
Centralizers	3.00	EACH	45.0000	135.00	T

All Prices Are Net, Payable 30 Days Following	Subtotal:	5211.25
Date of Invoice. 1 1/2% Charged Thereafter.	Tax.....:	130.82
If Account CURRENT take Discount of \$ <u>521.12</u>	Payments:	0.00
ONLY if paid within 30 days from Invoice Date	Total....:	5342.07

4820.95

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ENTD OCT 12 ENTD

ALLIED CEMENTING CO., INC. 20956

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

SERVICE POINT:
MEDICINE LODGE

DATE <u>9-30-05</u>	SEC. <u>27</u>	TWP. <u>28S</u>	RANGE <u>06W</u>	CALLED OUT <u>5:00 pm</u>	ON LOCATION <u>8:00 pm</u>	JOB START <u>9:40 pm</u>	JOB FINISH <u>11:00 pm</u>
LEASE <u>SOCREX</u>		WELL # <u>C-51</u>		LOCATION <u>422 MURDOCK RD., 8N, 1 1/4 W.</u>		COUNTY <u>KINGMAN</u>	STATE <u>KS</u>
OLD OR NEW (Circle one) <u>NEW</u>			<u>2 1/2 INTO</u>				

CONTRACTOR PICKRELL

TYPE OF JOB PRODUCTION CASING

HOLE SIZE <u>7 7/8"</u>	T.D. <u>3,952'</u>
CASING SIZE <u>4 1/2"</u>	DEPTH <u>3,950'</u>
TUBING SIZE	DEPTH
DRILL PIPE <u>4 1/2"</u>	DEPTH
TOOL	DEPTH
PRES. MAX <u>700</u>	MINIMUM <u>100</u>
MEAS. LINE	SHOE JOINT

CEMENT LEFT IN CSG.

PERFS.

DISPLACEMENT 63 3/4 bbl. FRESH WATER

OWNER AMERICAN ENERGIES

CEMENT

AMOUNT ORDERED 25 sk 60:40:4 (KAT HOLE)
125 sk ASC + 5# KOL-SEAL/SACK
ASF 500 gl.

EQUIPMENT

PUMP TRUCK # <u>397</u>	CEMENTER <u>BILL M.</u>
	HELPER <u>CHRIS R.</u>
BULK TRUCK # <u>353</u>	DRIVER <u>LARRY F.</u>
BULK TRUCK #	DRIVER

COMMON	<u>15</u>	A	@	<u>8.70</u>	<u>130.50</u>
POZMIX	<u>10</u>		@	<u>4.70</u>	<u>47.00</u>
GEL	<u>1</u>		@	<u>14.00</u>	<u>14.00</u>
CHLORIDE			@		
ASC	<u>125</u>		@	<u>8.15</u>	<u>1018.75</u>
ASF	<u>500 gl</u>		@	<u>1.00</u>	<u>500.00</u>
Kol Seal	<u>625 #</u>		@	<u>.60</u>	<u>375.00</u>
			@		
			@		
			@		
			@		
			@		
HANDLING	<u>186</u>		@	<u>1.60</u>	<u>297.60</u>
MILEAGE	<u>65 x 186 x .06</u>				<u>725.40</u>
TOTAL					<u>3108.25</u>

REMARKS:

PIPE ON BOTTOM, BREAK CIRCULATION,
PUMP PRE-FLUSH, PLUG MATHOLE WITH
25 sk 60:40:4, PUMP 125 sk ASC + 5# KOL-SEAL
1 SACK, STOP PUMPS, WASH
PUMP & LINES, RELEASE PLUG, START DISPLACE-
MENT, SEE LIFT, SLOW RACE, BUMP PLUG,
FLOAT HEZD, DISPLACED WITH 63 3/4 bbl.
FRESH WATER

SERVICE

DEPTH OF JOB	<u>3,950'</u>		
PUMP TRUCK CHARGE			<u>1320.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>65</u>	@	<u>5.00 325.00</u>
MANIFOLD		@	
Head Rental		@	<u>75.00 75.00</u>
		@	

CHARGE TO: AMERICAN ENERGIES

STREET _____

CITY _____ STATE _____ ZIP _____

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TOTAL 1720.00

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PLUG & FLOAT EQUIPMENT

<u>4 1/2" RUBBER PLUG</u>	<u>1</u>	@	<u>48.00</u>	<u>48.00</u>
<u>4 1/2" AFU FLOAT SACK</u>	<u>1</u>	@	<u>200.00</u>	<u>200.00</u>
<u>4 1/2" CENTRALIZERS</u>	<u>3</u>	@	<u>45.00</u>	<u>135.00</u>
		@		
		@		

TOTAL 383.00

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.

ANY APPLICABLE TAX
WILL BE CHARGED
UPON INVOICING

SIGNATURE Thad Starr

TAX _____

TOTAL CHARGE ~~1720.00~~

DISCOUNT IF PAID IN 30 DAYS

Thad 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 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.