

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

ORIGINAL

Form ACO-1  
September 1999  
Form Must Be Typed

WELL COMPLETION FORM  
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Operator: License # 6861  
Name: RON'S OIL OPERATIONS  
Address: 1889 200TH AVE  
City/State/Zip: PENOKEE KS 66059  
Purchaser: NORA  
Operator Contact Person: Ron Nickelson  
Phone: (785) 421-2409  
Contractor: Name: ANDESON DRILLING  
License: 33237  
Wellsite Geologist: RICHARD BELL

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

If Workover/Re-entry: Old Well Info as follows:

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

<u>10-18-05</u>	<u>10-27-05</u>	<u>12-20-06</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 039-20944-00-00  
County: DECATUR  
SE NW NW NW Sec. 15 Twp. 5 S. R. 29  East  West  
335 feet from S / N (circle one) Line of Section  
340 feet from E / W (circle one) Line of Section  
Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE SE NW SW  
Lease Name: VAUGHN Well #: 15-1

Field Name: \_\_\_\_\_  
Producing Formation: KANSAS CITY  
Elevation: Ground: 2747 Kelly Bushing: \_\_\_\_\_  
Total Depth: 4120 Plug Back Total Depth: 3270  
Amount of Surface Pipe Set and Cemented at 212' @217' Feet  
Multiple Stage Cementing Collar Used?  Yes  No  
If yes, show depth set 2510' Feet  
If Alternate II completion, cement circulated from 2510  
feet depth to 0 w/ 425 sx cmt.  
API-Dlg - 11-6-08

Drilling Fluid Management Plan  
(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: RECEIVED License No.: \_\_\_\_\_  
Quarter \_\_\_\_\_ Sec. 29 Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  East  West  
County: JUN 29 2006 Docket No.: \_\_\_\_\_

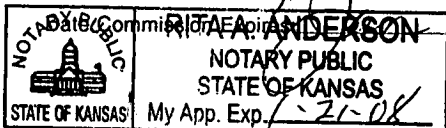
KCC WICHITA

**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: Ron Nickelson  
Title: Operator Date: 6-28-06  
Subscribed and sworn to before me this 28th day of June  
2006  
Notary Public: [Signature]  
21, 2008

KCC Office Use ONLY  
N Letter of Confidentiality Received  
If Denied, Yes  Date: \_\_\_\_\_  
 Wireline Log Received  
 Geologist Report Received  
 UIC Distribution  
**RECEIVED**  
**JUN 29 2006**  
KCC WICHITA



Operator Name: RON'S OIL OPERATIONS Lease Name: VAUGHN Well #: 15-1  
 Sec. 15 Twp. 5 S. R. 29  East  West County: DECATUR

**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 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Attach Additional Sheets)  Samples Sent to Geological Survey <input type="checkbox"/> Yes <input type="checkbox"/> No  Cores Taken <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Electric Log Run <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Submit Copy)  List All E. Logs Run:  DUAL INDUCTION LOG COMPENSATED DENSITY / NEUTRON LOG DUAL RECEIVER CEMENT BOND LOG	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td><input checked="" type="checkbox"/> Log</td> <td>Formation (Top), Depth and Datum</td> <td><input type="checkbox"/> Sample</td> </tr> <tr> <td>Name</td> <td>Top</td> <td>Datum</td> </tr> <tr> <td>ANHYDRITE</td> <td>2502</td> <td>+250</td> </tr> <tr> <td>BASE ANHYDRITE</td> <td>2538</td> <td>+214</td> </tr> <tr> <td>TOPEKA</td> <td>3649</td> <td>- 897</td> </tr> <tr> <td>HEEBNER</td> <td>3823</td> <td>- 1071</td> </tr> <tr> <td>TORANTO</td> <td>3854</td> <td>- 1102</td> </tr> <tr> <td>LANSING</td> <td>3871</td> <td>- 1119</td> </tr> <tr> <td>BASE KANSAS CITY</td> <td>4072</td> <td>- 1319</td> </tr> </table>	<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample	Name	Top	Datum	ANHYDRITE	2502	+250	BASE ANHYDRITE	2538	+214	TOPEKA	3649	- 897	HEEBNER	3823	- 1071	TORANTO	3854	- 1102	LANSING	3871	- 1119	BASE KANSAS CITY	4072	- 1319
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BASE KANSAS CITY	4072	- 1319																										

CASING RECORD <input 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"	20	217	COM	160	3% CC 2% GEL
PRODUCTION	7 7/8"	5 1/2	14	4118	ASC	175	2%GEL;10%SALT
							20 BBLs KCL/WFR-2 500 GAL

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 checked="" type="checkbox"/> Plug Back TD <input type="checkbox"/> Plug Off Zone	2510	LITE	425	LITE 1/4 # FLO-SEAL

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	4040 - 4042.5	2000 GAL ACID	4042.5
	POLLAR COLLAR	425 SXS LITE 1/4 # FLO-SEAL	2510
	BRIDGEPLUG	<b>RECEIVED</b>	3270
			<b>JUN 2 '06</b>
			<b>KCC WICHITA</b>

TUBING RECORD		Size <u>2 3/8"</u>	Set At <u>3270</u>	Packer At <u>0</u>	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr. <u>12-20-06</u>		Producing Method <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
	60		0 60		32

Disposition of Gas METHOD OF COMPLETION Production Interval

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

**RECEIVED**  
**JUN 29 2006**

**KCC WICHITA**

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

Russell, KS 67665

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

Invoice Number: 099142

Invoice Date: 10/27/05

Sold To: Ron's Oil Operations, Inc  
1889 200th Ave.  
Penokee, KS  
67659-2036

*Completed*

Cust I.D.: Ron's  
P.O. Number: Vahn 15-1  
P.O. Date: 10/27/05

Due Date: 11/26/05  
Terms: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Gel	3.00	SKS	14.0000	42.00	T
ASC	175.00	SKS	11.6500	2038.75	T
ClaPro	2.00	GAL	22.9000	45.80	T
Salt	16.00	SKS	15.7500	252.00	T
WFR-11	500.00	GAL	1.0000	500.00	T
Handling	204.00	SKS	1.6000	326.40	E
Mileage	45.00	MILE	12.2400	550.80	E
204 sks @ .06 per sk per mi					
Prod. String	1.00	JOB	1370.0000	1370.00	E
Mileage pmp trk	45.00	MILE	5.0000	225.00	E
Head Rent	1.00	PER	75.0000	75.00	E
Guide Shoe	1.00	EACH	160.0000	160.00	T
AFU Insert	1.00	EACH	235.0000	235.00	T
Centralizers	10.00	EACH	50.0000	500.00	T
Basket	2.00	EACH	140.0000	280.00	T
Port Collar	1.00	EACH	1750.0000	1750.00	T
Rubber Plug	1.00	EACH	60.0000	60.00	T

All Prices Are Net, Payable 30 Days Following  
Date of Invoice. 1 1/2% Charged Thereafter.  
If Account CURRENT take Discount of \$ 841.07  
ONLY if paid within 30 days from Invoice Date

Subtotal: 8410.75  
Tax: 369.41  
Payments: 0.00  
Total: 8780.16

841.07  
7939.09

*Rec 11508  
ck 1778  
11/21/03*

RECEIVED  
JUN 29 2006  
KCC WICHITA

# ALLIED CEMENTING CO., INC.

21918

Federal Tax I.C

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

SERVICE POINT:

Oakley

DATE <u>10-26-05</u>	SEC <u>15</u>	TWP. <u>5s</u>	RANGE <u>29w</u>	CALLED OUT	ON LOCATION <u>10:00 PM</u>	JOB START <u>3:15 AM</u>	JOB FINISH <u>4:00 AM</u>
LEASE <u>Valin</u>	WELL # <u>15-1</u>	LOCATION <u>Selden 3/4 N 1/2 W S N 1 E Tr</u>	COUNTY <u>Decatur</u>	STATE <u>KS</u>			
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR A & A Drig

TYPE OF JOB Production String

HOLE SIZE 7 7/8 T.D. 4190'

CASING SIZE 5 1/2 DEPTH 4118'

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL Porto collar DEPTH 2575'

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT 18.68

OWNER Same

CEMENT LEFT IN CSG. 18.68

PERFS.

DISPLACEMENT 100 Bbls

CEMENT AMOUNT ORDERED

175 sks ASS, 2% Gel, 10% Salt

WPR-2 500gals, 20 Bbls KCL

EQUIPMENT

PUMP TRUCK CEMENTER Dean

# 373-287 HELPER Andrew

BULK TRUCK

# 218 DRIVER Larry

BULK TRUCK

# DRIVER

COMMON	@		
POZMIX	@		
GEL	@	<u>3 sks</u>	<u>14.00</u>
CHLORIDE	@		
ASC	@	<u>175 sks</u>	<u>11.65</u>
<u>cla Pro</u>	@	<u>29 gals</u>	<u>22.90</u>
<u>SALT</u>	@	<u>16 sks</u>	<u>15.75</u>
<u>WPR-2</u>	@	<u>500 gals</u>	<u>1.00</u>
	@		
	@		
	@		
	@		
HANDLING	@	<u>204 sks</u>	<u>1.60</u>
MILEAGE	@	<u>64 sk/mile</u>	<u>550.80</u>
TOTAL			<u>3755.75</u>

REMARKS:

pump 20 Bbls KCL water, 500 gals  
WPR-2, Plug Rat Hole w/ 25 sks,  
pump 150 sks down 5 1/2 csg. Wash  
pump + line, Drop Plug + Disp 100  
Bbls water.  
Plug landed at 1300A.  
Float Held.  
Thank you

SERVICE

DEPTH OF JOB		<u>4118</u>	
PUMP TRUCK CHARGE			<u>1370.00</u>
EXTRA FOOTAGE	@		
MILEAGE	@	<u>45 miles</u>	<u>5.00</u>
MANIFOLD	@		
<u>Head Rental</u>	@		<u>75.00</u>
	@		

RECEIVED

JUN 29 2006

TOTAL 1670.00

CHARGE TO: Ron's Oil Operation

STREET \_\_\_\_\_

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

5 1/2 KCC WICHITA  
PLUG & FLOAT EQUIPMENT

<u>Guide shoe</u>			<u>160.00</u>
<u>APU Insert</u>	@		<u>235.00</u>
	@	<u>50.00</u>	<u>500.00</u>

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

Russell, KS 67665

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

Invoice Number: 099756

Invoice Date: 12/08/05

Sold Ron's Oil Operations, Inc  
To: 1889 200th Ave.  
Penokee, KS  
67659-2036

Cust I.D.....: Ron's  
P.O. Number...: Vaughn 15-1  
P.O. Date.....: 12/08/05

Due Date.: 01/07/06  
Terms....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Lite	425.00	SKS	8.8000	3740.00	T
Sand	2.00	SKS	8.5000	17.00	T
FloSeal	106.00	LBS	1.7000	180.20	T
Handling	641.00	SKS	1.6000	1025.60	E
Mileage	45.00	MILE	38.4600	1730.70	E
641 sks @.06 per sk per mi					
Port Collar	1.00	JOB	785.0000	785.00	E
Mileage pmp trk	45.00	MILE	5.0000	225.00	E

All Prices Are Net, Payable 30 Days Following  
Date of Invoice. 1 1/2% Charged Thereafter.  
If Account CURRENT take Discount of \$ 770.35  
ONLY if paid within 30 days from Invoice Date

Subtotal:	7703.50
Tax.....:	248.04
Payments:	0.00
Total....:	7951.54
	<u>770.35</u>
	7181.19

*pd 1.6.06  
ck 1847  
7181.19*

RECEIVED  
JUN 29 2006  
KCC WICHITA

# ALLIED CEMENTING CO., INC.

21771

Federal Tax I.D. No.

REMIT TO P.O. BOX 21  
RUSSELL, KANSAS 67665

SERVICE POINT:  
OAKLEY

DATE <u>12-6-05</u>	SEC. <u>15</u>	TWP. <u>5S</u>	RANGE <u>29W</u>	CALLED OUT	ON LOCATION <u>11:30 AM</u>	JOB START <u>1:00 PM</u>	JOB FINISH <u>6:00 PM</u>
LEASE <u>VAYGHN</u>	WELL # <u>15-1</u>	LOCATION <u>OBERLIN 13S-30W-15-1E</u>			COUNTY <u>DECATUR</u>	STATE <u>KS</u>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR FRETZER TRUCKING INC. OWNER SAME

TYPE OF JOB PORT COLLAR

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

CASING SIZE 5 1/2" DEPTH \_\_\_\_\_

TUBING SIZE 2" DEPTH 3180'

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

TOOL PORT COLLAR DEPTH 2510'

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

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

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

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

DISPLACEMENT \_\_\_\_\_

BRIDGE PLUG 3270' EQUIPMENT

PUMP TRUCK # 191 CEMENTER TERRY  
HELPER WAYNE

BULK TRUCK # 377 DRIVER ALAN

BULK TRUCK # 386 DRIVER KELLY

CEMENT AMOUNT ORDERED 600 SKS LITE 1/4" FLO-SEAL

USED 425 SKS LITE 1/4" FLO-SEAL

COMMON _____	@ _____	_____
POZMIX _____	@ _____	_____
GEL _____	@ _____	_____
CHLORIDE _____	@ _____	_____
ASC _____	@ _____	_____
<u>LITE 425</u>	@ <u>8.80</u>	<u>3740.00</u>
<u>SAND 2SKS</u>	@ <u>8.50</u>	<u>17.00</u>
<u>FLO-SEAL 106#</u>	@ <u>1.70</u>	<u>180.20</u>
HANDLING <u>641 SKS</u>	@ <u>1.60</u>	<u>1025.60</u>
MILEAGE <u>6¢ PER SK/MILE</u>		<u>1730.00</u>
TOTAL		<u>6693.80</u>

REMARKS:

CIRCULATE OIL OUT OF HOLE  
SPOT 25KS SAND AT 3180' PRESSURE  
SYSTEM TO 1600PSI, OPEN PORT  
COLLAR MIX 425 SKS LITE 1/4" FLO-SEAL  
+ DISPLACE. ~~CEMENT~~ CDBSE PORT  
PORT COLLAR RUN 5 JTS, REVERSE  
BUT, RUN DOWN TO PLUG WASH  
SAND OFF, CEMENT CLEANLY CIRC.  
LOST RETURNS THANK YOU

CHARGE TO: RON'S OIL

STREET \_\_\_\_\_

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

SERVICE

DEPTH OF JOB 3180'

PUMP TRUCK CHARGE \_\_\_\_\_ 785.00

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

MILEAGE 45 MI @ 5.00 225.00

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

RECEIVED \_\_\_\_\_ @ \_\_\_\_\_

RECEIVED

JUN 29 2006

TOTAL 1010.00

KCC WICHITA

PLUG & 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 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.

Allied Cementing Co., Inc  
 P.O. Box 31  
 Russell, KS 67665

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 \* I N V O I C E \*  
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Invoice Number: 098962

Invoice Date: 10/20/05

Sold Ron's Oil Operations, Inc  
 To: 1889 200th Ave.  
 Penokee, KS  
 67659-2036

Cust I.D.....: Ron's  
 P.O. Number...: Vahn #15-1  
 P.O. Date.....: 10/20/05

Due Date.: 11/19/05  
 Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	160.00	SKS	10.0000	1600.00	T
Gel	3.00	SKS	14.0000	42.00	T
Chloride	5.00	SKS	38.0000	190.00	T
Handling	168.00	SKS	1.6000	268.80	E
Mileage	45.00	MILE	10.0800	453.60	E
168 sks @.06 per sk per mi					
Surface	1.00	JOB	670.0000	670.00	E
Mileage pmp trk	45.00	MILE	5.0000	225.00	E
Surface Plug	1.00	EACH	55.0000	55.00	T

All Prices Are Net, Payable 30 Days Following  
 Date of Invoice. 1 1/2% Charged Thereafter.  
 If Account CURRENT take Discount of \$ 350.44  
 ONLY if paid within 30 days from Invoice Date

Subtotal: 3504.40  
 Tax.....: 118.88  
 Payments: 0.00  
 Total...: 3623.28

-350.44

3272.84

*PA 115.05  
 3272.84  
 CL 1778  
 11,211.93*

RECEIVED  
 JUN 29 2006  
 KCC WICHITA



# ALLIED CEMENTING CO., INC.

21887

Federal Tax I.D.#

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

SERVICE POINT:

Oakley

DATE <u>10-18-05</u>	SEC. <u>15</u>	TWP. <u>S3</u>	RANGE <u>29<sup>U</sup></u>	CALLED OUT	ON LOCATION <u>9:30 PM</u>	JOB START <u>3:30 AM</u>	JOB FINISH <u>3:45 AM</u>
LEASE <u>Vahn</u>	WELL # <u>15-1</u>	LOCATION <u>Seldon IN-1/2W-SN-1E</u>	COUNTY <u>Decatur</u>	STATE <u>Kan</u>			
OLD OR <u>(NEW)</u> (Circle one)							

CONTRACTOR A+A Drlys Co  
 TYPE OF JOB Surface  
 HOLE SIZE 12 1/4 T.D. 222'  
 CASING SIZE 8 5/8 DEPTH 220'  
 TUBING SIZE DEPTH  
 DRILL PIPE DEPTH  
 TOOL DEPTH  
 PRES. MAX MINIMUM  
 MEAS. LINE SHOE JOINT  
 CEMENT LEFT IN CSG. 15'  
 PERFS.  
 DISPLACEMENT 13 - BBL

OWNER Same  
 CEMENT  
 AMOUNT ORDERED 160 sks com  
3% cc - 2% cel

EQUIPMENT  
 PUMP TRUCK CEMENTER Walt  
 # 323 HELPER Andrew  
 BULK TRUCK  
 # 218 DRIVER Larry  
 BULK TRUCK  
 # DRIVER

COMMON	<u>160 - sks @ 10<sup>00</sup></u>	<u>1,600<sup>00</sup></u>
POZMIX	@	
GEL	<u>3 - sks @ 14<sup>00</sup></u>	<u>42<sup>00</sup></u>
CHLORIDE	<u>5 - sks @ 38<sup>00</sup></u>	<u>190<sup>00</sup></u>
ASC	@	
	@	
	@	
	@	
	@	
	@	
	@	
	@	
HANDLING	<u>168 sks @ 1<sup>60</sup></u>	<u>268<sup>80</sup></u>
MILEAGE	<u>6¢ per sk/mile</u>	<u>453<sup>60</sup></u>
TOTAL		<u>2,554<sup>40</sup></u>

REMARKS:

Cement Did Circ

Thank You

CHARGE TO: Ron's Oil Operation  
 STREET \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

RECEIVED  
 JUN 29 2006 SERVICE  
 KCC WICHITA  
 DEPTH OF JOB \_\_\_\_\_  
 PUMP TRUCK CHARGE 670<sup>00</sup>  
 EXTRA FOOTAGE @ \_\_\_\_\_  
 MILEAGE 4.5 miles @ 5<sup>00</sup> 225<sup>00</sup>  
 MANIFOLD @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 TOTAL 895<sup>00</sup>

PLUG & FLOAT EQUIPMENT

8 5/8  
1 - Surface Plug @ 55<sup>00</sup>  
 @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 @ \_\_\_\_\_  
 TOTAL 55<sup>00</sup>

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 David

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.