

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, INC
Address: 1889 200TH AVE
City/State/Zip: PENOKEE KS 67659
Purchaser: NCRA
Operator Contact Person: RON NICKELSON
Phone: (785) 421-2409
Contractor: Name: ANDERSON DRILLING
License: 33237
Wellsite Geologist: RICHARD BELL

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

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

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

<u>11-09-05</u>	<u>11-17-05</u>	<u>12-19-05</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 039-20951-00-00
County: DECATUR
SW NE SE NE Sec. 28 Twp. 4 S. R. 30 East West
1671 feet from S N (circle one) Line of Section
440 feet from E W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW SW
Lease Name: WATSON Well #: 28-1
Field Name: WILDCAT

Producing Formation: KANSAS CITY
Elevation: Ground: 2879 Kelly Bushing: _____
Total Depth: 4225 Plug Back Total Depth: _____
Amount of Surface Pipe Set and Cemented at 254 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.

API - Dg - 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: _____ 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 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: 6-25-06
Subscribed and sworn to before me this 25th day of June,
2006.
Notary Public: Rita A. Anderson

NOTARY PUBLIC
STATE OF KANSAS
RITA A. ANDERSON
NOTARY PUBLIC
STATE OF KANSAS
My App. Exp. 7-21-08

KCC Office Use ONLY
 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, INC Lease Name: WATSON Well #: 28-1
 Sec. 28 Twp. 4 S. R. 30 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 <i>(Attach Additional Sheets)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<input checked="" type="checkbox"/> Log	Formation (Top), Depth and Datum	<input type="checkbox"/> Sample
Samples Sent to Geological Survey	<input type="checkbox"/> Yes <input type="checkbox"/> No	Name	Top	Datum
Cores Taken	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	ANHYDRITE	2662	+222
Electric Log Run <i>(Submit Copy)</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	BASE ANHYDRITE	2694	+190
List All E. Logs Run		TOPEKA	3745	- 861
<i>Dual Receiver Cement Bondlog</i>		HEEBNER	3915	- 1031
		TORONTO	3950	- 1066
		LANSING	3971	- 1087
		BASE KANSAS CITY	4172	- 1288

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"	24'	259	COM	175	3% CC; 2% GEL
PRODUCTION	7 7/8"	4 1/2"	9	4223	ASC	115	500 GAL WFR-2 2GAL CIA - PRO

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	4140-4142	ACID 1750 GAL	4142
4	4113.5 - 4116.5	ACID 1750 GAL	4116.5

TUBING RECORD		Size	Set At	Packer At	Liner Run	<input type="checkbox"/> Yes <input type="checkbox"/> No
		2 3/8"	4160	0		
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)			
Estimated Production Per 24 Hours	Oil Bbls.	Gas Mcf	Water Bbls.	Gas-Oil Ratio	Gravity	
	8		20			

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

METHOD OF COMPLETION: Open Hole Perf. Dually Comp. Commingled Other (Specify) _____

Production Interval: _____

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: 099557

Invoice Date: 11/23/05

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

Completion

Cust I.D.....: Ron's
P.O. Number...: Wasson ~~28-1~~
P.O. Date.....: 11/23/05 *28-1*

Due Date.: 12/23/05
Terms....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
ASC	115.00	SKS	11.6500	1339.75	T
WFR-2	500.00	GAL	1.0000	500.00	T
ClaPro	2.00	GAL	24.1000	48.20	T
Handling	120.00	SKS	1.6000	192.00	E
Mileage	50.00	MILE	7.2000	360.00	E
120 sks @.06 per sk per mi					
Prod. String	1.00	JOB	1320.0000	1320.00	E
Mileage pmp trk	50.00	MILE	5.0000	250.00	E
Guide Shoe	1.00	EACH	125.0000	125.00	T
AFU Insert	1.00	EACH	210.0000	210.00	T
Centralizers	4.00	EACH	45.0000	180.00	T
Rubber Plug	1.00	EACH	48.0000	48.00	T

All Prices Are Net, Payable 30 Days Following
Date of Invoice. 1 1/2% Charged Thereafter.
If Account CURRENT take Discount of \$ 457.29
ONLY if paid within 30 days from Invoice Date

Subtotal: 4572.95
Tax.....: 154.41
Payments: 0.00
Total....: 4727.36

- 457.29

4270.07

RECEIVED
JUN 29 2006
KCC WICHITA

ALLIED CEMENTING CO., INC.

21752

Federal Tax I.D.#

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

SERVICE POINT:

OAKLEY

DATE <u>11-17-05</u>	SEC. <u>28</u>	TWP. <u>4S</u>	RANGE <u>30W</u>	CALLED OUT	ON LOCATION <u>3:30 AM</u>	JOB START <u>11:00 AM</u>	JOB FINISH <u>11:45 AM</u>
LEASE <u>WASSON</u>	WELL # <u>28-1</u>	LOCATION <u>SELDEN 3W-12N-2W-1/2W</u>		COUNTY <u>DECATUR</u>	STATE <u>KS</u>		

OLD OR (NEW) (Circle one)

CONTRACTOR ATA DRILL

TYPE OF JOB PRODUCTION STRING

HOLE SIZE 7 7/8" T.D. 4225'

CASING SIZE 4 1/2" DEPTH 3219.53'

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT 18.13'

CEMENT LEFT IN CSG. 18.13'

PERFS. _____

DISPLACEMENT 66 3/4 BBL

OWNER SAME

CEMENT

AMOUNT ORDERED

115 SK ASC

500 GAL WFR-2 2 GAL CIA-PRO

COMMON	@	_____	_____
POZMIX	@	_____	_____
GEL	@	_____	_____
CHLORIDE	@	_____	_____
ASC	@	<u>115 SKS</u>	<u>1165</u> <u>1339 75</u>
_____	@	_____	_____
<u>WFR-2 500 GAL</u>	@	<u>1 00</u>	<u>500 00</u>
_____	@	_____	_____
<u>CIA-PRO 2 GAL</u>	@	<u>24 10</u>	<u>48 20</u>
_____	@	_____	_____
_____	@	_____	_____
_____	@	_____	_____
HANDLING	@	<u>120 SKS</u>	<u>1 60</u> <u>192 00</u>
MILEAGE	@	<u>64 PER SKI</u>	<u>MILE</u> <u>360 00</u>
TOTAL			<u>2439 95</u>

EQUIPMENT

PUMP TRUCK CEMENTER TERRY

102 HELPER WALT

BULK TRUCK

377 DRIVER LONNIE

BULK TRUCK

_____ DRIVER _____

REMARKS:

MIX 500 GAL WFR-2 20 BAL
CIA-PRO MIX 15 SKS RAT HOSE
MIX 100 SKS ASC WASH TRUCK
+ LINE DISPLACE 66 3/4 BBL WATER
FINAL LIFT PRESSURE 700 PSI. LAND
PLUG AT 1100 PSI.

FLOAT HELD

THANK YOU

CHARGE TO: RON'S OEL

STREET _____

CITY _____ STATE _____ ZIP _____

RECEIVED

JUN 29 2006

SERVICE

RENTAL OF JOB 4219.53'

PUMP TRUCK CHARGE _____ 1320 00

EXTRA FOOTAGE @ _____

MILEAGE 50 MI @ 5 00 250 00

MANIFOLD @ _____

TOTAL 1570 00

1 1/2" PLUG & FLOAT EQUIPMENT

1- Guide shoe 125 00

1- AFU INSERT @ 210 00

1- CENTRALIZERS @ 45 00 180 00

1- Rubber Plug @ 48 00

TOTAL 563 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.

TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE

[Signature]

PRINTED NAME

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Allied" shall mean Allied Cementing Co., Inc., and "Customer" shall refer to the party identified by that term on the front of this contract. As applicable, "Job" relates to the services described on the front side of this contract, "merchandise" refers to the material described on the front of this contract and to any other materials, products, or supplies used, sold, or furnished under the requirements of this contract.

—**TERMS:** Unless satisfactory credit has been established, "CUSTOMER" must tender full cash payment to "ALLIED" before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, "CUSTOMER" agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing, in no event shall this Contract provide for interest exceeding the maximum rate of interest that "CUSTOMER" may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the "CUSTOMER" or at the option of "ALLIED," refunded directly to "CUSTOMER." For purposes of this paragraph, ALLIED and CUSTOMER agree that KANSAS law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

—**ATTORNEY FEES:** In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the terms of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and for attorney's fees.

—**PRICES AND TAXES:** All merchandise listed in "ALLIED'S" current price schedule are F.O.B. ALLIED'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by ALLIED shall be added to the quoted prices charged to CUSTOMER.

—**TOWING CHARGES:** ALLIED will make a reasonable attempt to get to and from each job site using its own equipment. Should ALLIED be unable to do so because of poor or inadequate road conditions, and should it become necessary to employ a tractor or other pulling equipment to get to or from the job site, the tractor or pulling equipment will be supplied by CUSTOMER or, if furnished by ALLIED, will be charged to and paid by CUSTOMER.

—**PREPARATION CHARGES:** If a job and/or merchandise is ordered and CUSTOMER cancels the order after preparation of a chemical solution or other material, CUSTOMER will pay ALLIED for the expenses incurred by ALLIED as a result of the cancellation.

—**DEADHAUL, CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charge as set forth in ALLIED'S current price book will be charged each way for each service unit which is ordered by CUSTOMER but not used.

—**SERVICE CONDITIONS AND LIABILITIES:** 1. ALLIED carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond ALLIED'S control, ALLIED shall not be liable for injuries to property or persons or for loss or damage arising from the performance of the job or delivery of the merchandise. Customer shall be responsible for and indemnify, defend, and hold harmless ALLIED, its officers, agents and employees, from and against any and all claims or suits for:

(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

2. With respect to any of ALLIED'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to ALLIED at the landing, CUSTOMER shall either recover the lost item without cost to ALLIED or reimburse ALLIED the current replacement cost of the item unless the loss or damage results from the sole negligence of ALLIED or its employees.

3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

WARRANTIES: 1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.

2. More specifically:

(A) Nothing in this contract shall be construed as a warranty by ALLIED of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by ALLIED or any interpretation of tests, meter readings, chart information, analysis of research, or recommendations made by ALLIED, unless the inaccuracy or incorrectness is caused by the wilful misconduct or gross negligence of ALLIED or its employees in the preparation or furnishing of such facts, information or data.

(C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.

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

 * I N V O I C E *

Invoice Number: 099397

Invoice Date: 11/16/05

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

Drilling

Cust I.D.....: Ron's
 P.O. Number...: ~~Waeson~~ *277-1*
 P.O. Date....: 11/16/05 *28-1*

Due Date.: 12/16/05
 Terms....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	175.00	SKS	10.0000	1750.00	T
Gel	3.00	SKS	14.0000	42.00	T
Chloride	6.00	SKS	38.0000	228.00	T
Handling	184.00	SKS	1.6000	294.40	E
Mileage	50.00	MILE	11.0400	552.00	E
184 sks @.06 per sk per mi					
Surface	1.00	JOB	670.0000	670.00	E
Mileage pmp trk	50.00	MILE	5.0000	250.00	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 \$ 384.14
 ONLY if paid within 30 days from Invoice Date

Subtotal: 3841.40
 Tax.....: 130.73
 Payments: 0.00
 Total....: 3972.13
 - 384.14
 3587.99

RECEIVED
 JUN 29 2006
 KCC WICHITA

ALLIED CEMENTING CO., INC.

21894

Federal Tax :

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

SERVICE POINT:

Oakley

DATE <u>11-9-05</u>	SEC. <u>28</u>	TWP. <u>4 S</u>	RANGE <u>30 W</u>	CALLED OUT	ON LOCATION <u>7:30 PM</u>	JOB START <u>8:30 PM</u>	JOB FINISH <u>8:45 PM</u>
LEASE <u>Watson</u>	WELL # <u>28-1</u>	LOCATION <u>Seldon 3W-9N-2W-3</u>	COUNTY <u>Decatur</u>	STATE <u>Kan</u>			
OLD OR <u>NEW</u> (Circle one)				W.S. <u>W</u>			

CONTRACTOR A+A Drilling Co.

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 265'

CASING SIZE 8 5/8 DEPTH 264'

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT LEFT IN CSG. 15'

PERFS.

DISPLACEMENT 15 3/4 BBL

EQUIPMENT

OWNER Same

CEMENT

AMOUNT ORDERED 175 SKs com

3% cc - 2% cal

COMMON	<u>175 SKs @</u>	<u>10⁰⁰</u>	<u>1750⁰⁰</u>
POZMIX	@		
GEL	<u>3 SKs @</u>	<u>14⁰⁰</u>	<u>42⁰⁰</u>
CHLORIDE	<u>6 SKs @</u>	<u>38⁰⁰</u>	<u>228⁰⁰</u>
ASC	@		

PUMP TRUCK CEMENTER Walt

102 HELPER

BULK TRUCK

377 DRIVER Chris

BULK TRUCK

DRIVER

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HANDLING	<u>184 SKs @</u>	<u>16⁰⁰</u>	<u>294⁴⁰</u>
MILEAGE	<u>6¢ per sk</u>	<u>1.00</u>	<u>552⁰⁰</u>
TOTAL			<u>2,866⁴⁰</u>

REMARKS:

Cement Did Circ

Thank You

CHARGE TO: Ron's Oil Operations

STREET _____

CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB			
PUMP TRUCK CHARGE			<u>670⁰⁰</u>
EXTRA FOOTAGE	@		
MILEAGE	<u>50-miles @</u>	<u>5⁰⁰</u>	<u>250⁰⁰</u>
MANIFOLD	@		
TOTAL			<u>920⁰⁰</u>

PLUG & FLOAT EQUIPMENT

	<u>8 5/8</u>		
<u>1- Surface Plug</u>	@		<u>55⁰⁰</u>
	@		
	@		
	@		
TOTAL			<u>55⁰⁰</u>

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TAX _____

TOTAL CHARGE _____

DISCOUNT _____ IF PAID IN 30 DAYS

SIGNATURE



PRINTED NAME

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—**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.

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—**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.