

ORIGINAL

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form ACO-1  
September 1999  
Form Must Be Typed

WELL COMPLETION FORM  
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Operator: License # 3956  
Name: Brungardt Oil & Leasing, Inc.  
Address: P.O. Box 871  
City/State/Zip: Russell, KS 67665  
Purchaser: N.C.R.A.  
Operator Contact Person: Gary L. Brungardt  
Phone: ( 785 ) 483-4975  
Contractor: Name: Mid Kan Well Service, Inc.  
License: 33695  
Wellsite Geologist:

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.

6-25-06 7-2-06 8-2-06  
Spud Date or Date Reached TD Completion Date or  
Recompletion Date Recompletion Date

per oper kcc - Dlg

API No. 15 - 167-23361-0000  
County: Russell  
SE NE SW Sec. 15 Twp. 12 S. R. 13  East  West  
1330 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: Berans Brothers Well #: 1

Field Name: Waldo  
Producing Formation: Lansing Kansas City

Elevation: Ground: 1598 Kelly Bushing: 1601

Total Depth: 3472 Plug Back Total Depth:

Amount of Surface Pipe Set and Cemented at 345 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 cm.

A(1)-Dlg - 12/1/08

Drilling Fluid Management Plan  
(Data must be collected from the Reserve Pit)

Chloride content N/A ppm Fluid volume 200 bbls

Dewatering method used Evaporation

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: Gary L. Brungardt

Title: Owner - President Date: 10/4/06

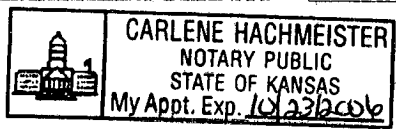
Subscribed and sworn to before me this 4th day of October

20 06  
Notary Public: Carlene Hachmeister

Date Commission Expires: 10/23/2006

KCC Office Use ONLY  
 Letter of Confidentiality Received  
If Denied, Yes  Date:  
 Wireline Log Received  
 Geologist Report Received  
 UIC Distribution

RECEIVED  
OCT - 5 2006  
KCC WICHITA



Operator Name: Brungardt Oil & Leasing, Inc. Lease Name: Berans Brothers Well #: 1  
 Sec. 15 Twp. 12 S. R. 13  East  West County: Russell

**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 <i>(Attach Additional Sheets)</i>  Samples Sent to Geological Survey <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  Cores Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Electric Log Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>(Submit Copy)</i>  List All E. Logs Run:  Radiation Guard Micro Dual Porosity Dual Induction	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum <input type="checkbox"/> Sample  Name Top Datum  See attached Geologist Report with information.
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

CASING RECORD <input checked="" type="checkbox"/> New <input type="checkbox"/> Used							
Report all strings set-conductor, surface, intermediate, production, etc.							
Purpose of String	Size Hole Drilled	Size Casing Set (In O.D.)	Weight Lbs. / Ft.	Setting Depth	Type of Cement	# Sacks Used	Type and Percent Additives
Surface	12 - 1/4"	8 - 5/8"	23#	345'	Common	200	4% gel 6% Chloride
Oil String	7 - 7/8"	4 1/2	10.5#	3445'	Common	250	10% Salt

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	Acid, Fracture, Shot, Cement Squeeze Record	Depth
	Specify Footage of Each Interval Perforated	(Amount and Kind of Material Used)	
2	2939 - 2941	250 gallons 20% acid	2939, 2941
2	2928 - 2932	250 gallons 20% acid	2928, 2932

<b>TUBING RECORD</b>		Size <u>2 3/8</u>	Set At <u>3460</u>	Packer At <u>None</u>	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr. <u>8/2/06</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. <u>X 10</u>	Gas Mcf	Water Bbls. <u>X 90</u>	Gas-Oil Ratio	Gravity <u>39</u>

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  
 OCT - 5 2006  
 KCC WICHITA

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

Russell, KS 67665

\*\*\*\*\*  
\* INVOICE \*  
\*\*\*\*\*

Invoice Number: 103244

Invoice Date: 06/30/06

Sold Brungardt Oil Company  
To: P. O. Box 871  
Russell, KS  
67665

*Completed*

Cust I.D.....: Brung  
P.O. Number...: Beren Bros. #1  
P.O. Date.....: 06/30/06

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

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	275.00	SKS	10.6500	2928.75	T
Salt	28.00	SKS	19.2000	537.60	T
WFR-2	500.00	GAL	1.0000	500.00	T
Handling	303.00	SKS	1.9000	575.70	E
Mileage	20.00	MILE	24.2400	484.80	E
303 sks @>08 per sk per mi					
Prod. String	1.00	JOB	1610.0000	1610.00	E
Mileage pmp trk	20.00	MILE	5.0000	100.00	E
Guide Shoe	1.00	EACH	125.0000	125.00	T
WFU Insert	1.00	EACH	215.0000	215.00	T
Turbo Cents.	10.00	EACH	55.0000	550.00	T
Rubber 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 \$ 768.18  
ONLY if paid within 30 days from Invoice Date

Subtotal: 7681.85  
Tax.....: 358.53  
Payments: 0.00  
Total....: 8040.38

*Deduct* →  
\$ 7272.20  
Paid 7/13/06  
ck # 554

RECEIVED  
OCT - 5 2006  
KCC WICHITA

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

Russell, KS 67665

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

Invoice Number: 102844

Invoice Date: 06/23/06

*Beren Bros #1*

*Drilling*

Sold Brungardt Oil Company  
To: P. O. Box 871  
Russell, KS  
67665

Cust I.D.....: Brung  
P.O. Number...: Beren Bros. #1  
P.O. Date.....: 06/23/06

Due Date.: 07/23/06  
Terms....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	200.00	SKS	10.6500	2130.00	T
Gel	4.00	SKS	16.6500	66.60	T
Chloride	6.00	SKS	46.6000	279.60	T
Handling	210.00	SKS	1.9000	399.00	E
Mileage	19.00	MILE	16.8000	319.20	E
210 sks @ >08 per sk per mi					
Surface	1.00	JOB	815.0000	815.00	E
Mileage pmp trk	19.00	MILE	5.0000	95.00	E
Wood 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 \$ 416.44  
ONLY if paid within 30 days from Invoice Date

Subtotal: 4164.40  
Tax.....: 185.14  
Payments: 0.00  
Total....: 4349.54

*Pay 3933.10*

*Pa Lopez  
C# 544*

RECEIVED

OCT - 5 2006

KCC WICHITA

# ALLIED CEMENTING CO., INC.

21027

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

SERVICE POINT:

Russell

DATE <u>6-29-06</u>	SEC. <u>15</u>	TWP. <u>12</u>	RANGE <u>13</u>	CALLED OUT <u>7:00am</u>	ON LOCATION <u>9:00am</u>	JOB START <u>12:00</u>	JOB FINISH <u>12:45pm</u>
LEASE <u>BEREN</u>	WELL # <u>BROTHERS</u>	LOCATION <u>#1</u>	<u>BUNKER Hill</u>	<u>9N 12W</u>	<u>1/2 N</u>	COUNTY <u>Russell</u>	STATE <u>KANSAS</u>
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR Shields DRLQ.

TYPE OF JOB PRODUCTION STRING

HOLE SIZE 7 7/8 T.D. 3470'

CASING SIZE 4 1/2 DEPTH 3462

TUBING SIZE 8 5/8 SURFACE DEPTH 320'

DRILL PIPE DEPTH

TOOL AFU INSERT DEPTH 3445'

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT 17'

CEMENT LEFT IN CSG. 17'

PERFS.

DISPLACEMENT 55 / BBL

OWNER

CEMENT

AMOUNT ORDERED 225 Com 10% SALT

500 GAL - WFR 2 FLUSH

COMMON 225 SK @ \_\_\_\_\_

POZMIX @ \_\_\_\_\_

GEL @ \_\_\_\_\_

CHLORIDE @ \_\_\_\_\_

ASC @ \_\_\_\_\_

HANDLING @ \_\_\_\_\_

MILEAGE 20 Ton Mile

EQUIPMENT

PUMP TRUCK CEMENTER Colonn

# 398 HELPER GARY

BULK TRUCK

# 362 DRIVER Bob

BULK TRUCK

# DRIVER

REMARKS:

LAND Plug @ 1200' FLOAT Held

10 SK @ Mouse Hole

15 SK @ RAT Hole

THANKS

CHARGE TO: BRUNGARDT OIL Leasing

STREET \_\_\_\_\_

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

SERVICE

DEPTH OF JOB \_\_\_\_\_

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

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

MILEAGE 20 @ \_\_\_\_\_

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

PLUG & FLOAT EQUIPMENT

Guide Shoe

AFU INSERT @ \_\_\_\_\_

10 TURBO Cent @ \_\_\_\_\_

4 1/2 RUBBER Plug @ \_\_\_\_\_

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.

RECEIVED

TOTAL \_\_\_\_\_

TAX OCT - 5 2006

TOTAL CHARGE KCC WICHITA

DISCOUNT \_\_\_\_\_ IF PAID IN 30 DAYS

SIGNATURE Burton Beery

Burton Beery  
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. 24409

REFRUITO P.O. BOX 31  
RUSSELL, KANSAS 67665

SERVICE POINT:

*Russell*

DATE <i>62206</i>	SEC. <i>15</i>	TWP. <i>12</i>	RANGE <i>13</i>	CALLED OUT <i>4:00AM</i>	ON LOCATION <i>5:30AM</i>	JOB START	JOB FINISH <i>7:00AM</i>
LEASE <i>Boren Brothers</i>	WELL # <i>1</i>	LOCATION <i>R.H. 11 9 x 120</i>			COUNTY <i>KS</i>	STATE <i>KS</i>	
OLD OR NEW (Circle one)							

CONTRACTOR\* *Shields*

TYPE OF JOB *SPITALL*

HOLE SIZE *1 7/8"* T.D. *323'*

CASING SIZE *8 1/2"* DEPTH *320'*

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT LEFT IN CSG. *15'*

PERFS.

DISPLACEMENT *19 1/2*

OWNER

CEMENT

AMOUNT ORDERED *200 lbs Cem 3:2*

EQUIPMENT

PUMP TRUCK CEMENTER *Bill*

# *366* HELPER *Joel*

BULK TRUCK

# DRIVER *Doug*

BULK TRUCK

# DRIVER

COMMON @

POZMIX @

GEL @

CHLORIDE @

ASC @

HANDLING @

MILEAGE @

REMARKS:

*Run 7 hrs. to depth 320'*

*Cement 200 lbs*

*pump plug w/ 19 1/2 bbl. of water*

*Cement did OK.*

CHARGE TO: *Brungardt Oil & Leasing Inc.*

STREET

CITY STATE ZIP

SERVICE

DEPTH OF JOB

PUMP TRUCK CHARGE

EXTRA FOOTAGE @

MILEAGE @

MANIFOLD @

PLUG & FLOAT EQUIPMENT

*1 8' of wood* @

@

@

@

@

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.

RECEIVED TOTAL

TAX *OCT - 5 2006*

TOTAL CHARGE *KCC WICHITA*

DISCOUNT IF PAID IN 30 DAYS

SIGNATURE *Burton Beery*

*Burton Beery*  
PRINTED NAME

## GENERAL TERMS AND CONDITIONS

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—**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.

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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 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.