

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 # 33430  
Name: Duncan Oil Properties, Inc.  
Address: 100 Park Avenue, Suite 1200  
City/State/Zip: Oklahoma City, OK 73102  
Purchaser: Duke Energy  
Operator Contact Person: Nicholas E. Humphrey  
Phone: (405) 272-1833  
Contractor: Name: Big A Drilling  
License: 31572  
Wellsite Geologist: Robert C. Lewellyn

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. \_\_\_\_\_

9/10/05	9/17/05	3,400'	1/5/06
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date	

API No. 15 - 119-21166-00-00

County: Meade

SE NE NW NW Sec. 34 Twp. 34 S. R. 28  East  West  
500' \_\_\_\_\_ feet from S N (circle one) Line of Section  
1,020' \_\_\_\_\_ feet from E W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE SE NW SW

Lease Name: Lola Well #: 1-34

Field Name: Johan Field

Producing Formation: Council Grove

Elevation: Ground: 2,434' Kelly Bushing: 2,442'

Total Depth: 3,400' Plug Back Total Depth: 3,130'

Amount of Surface Pipe Set and Cemented at 1,271' KB \_\_\_\_\_ 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/ \_\_\_\_\_

API-119-21166-00-00-00  
sx cmt. 12/1/08

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

Chloride content 12,700 ppm Fluid volume 6,400 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: Anna Woodham

Title: Production Technician Date: 10/16/06

Subscribed and sworn to before me this 16 day of October,  
2006.

Notary Public: Debra S. Pope

Date Commission Expires: \_\_\_\_\_

  
DEBRA S. POPE  
Notary Public  
State of Oklahoma  
Commission # 01005201 Expires 4/28/09

KCC Office Use ONLY  
N Letter of Confidentiality Received  
If Denied, Yes  Date: \_\_\_\_\_  
 Wireline Log Received  
 Geologist Report Received  
 UIC Distribution  
**RECEIVED**  
OCT 18 2006  
KCC WICHITA

Operator Name: Duncan Oil Properties, Inc. Lease Name: Lola Well #: 1-34  
 Sec. 34 Twp. 34 S. R. 28  East  West County: Meade

**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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>(Attach Additional Sheets)</i>  Samples Sent to Geological Survey <input type="checkbox"/> Yes <input type="checkbox"/> No  Cores Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Electric Log Run <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(Submit Copy)</i>  List All E. Logs Run:  Platform Express Compensated Neutron-Litho Density/ GR Platform Express Array Ind/Linear Correlation/GR Platform Express Hole/Cement Volume Gamma Ray Sonic Cement Bond Log	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum <input type="checkbox"/> Sample  <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">Name</td> <td style="width:20%;">Top</td> <td style="width:20%;">Datum</td> </tr> <tr> <td>Chase (sample)</td> <td>2,611'</td> <td>(-169)</td> </tr> <tr> <td>Ft. Riley</td> <td>2,812'</td> <td>(-370)</td> </tr> <tr> <td>Council Grove</td> <td>2,988'</td> <td>(-546)</td> </tr> </table>	Name	Top	Datum	Chase (sample)	2,611'	(-169)	Ft. Riley	2,812'	(-370)	Council Grove	2,988'	(-546)
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Chase (sample)	2,611'	(-169)											
Ft. Riley	2,812'	(-370)											
Council Grove	2,988'	(-546)											

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	1,271	65:35 CI A Poz	450	6% Gel; 3% CC 1/4#/sx flocculo
					Com	150	3% CC; 2% Gel
Production	7 7/8	4 1/2	10.5	3,390	ASC	275	10% salt; 5#/sx KCL Seal; 5% FL-160

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 JSPF	Perforations 3138-3139'	250 gal 15% Mud acid + additives & 12.5 bbl KCL Flush	3,138
	4 1/2" CIBP 3,130'		3,130
4 JSPF	Perforations 3111-3112'	150 gals 15% Mud acid & 12 bbls KCL Flush	3,111
4 JSPF	Perforations 3090-3094'	650 gal 15% HCl Mud acid & 11.5 bbls KCL Flush	3,090

<b>TUBING RECORD</b>		Size 2 3/8"	Set At 3,049'	Packer At 3,042'	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr. 1st Gas Sales 1/6/06		Producing Method <input checked="" type="checkbox"/> Flowing <input type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)			
Estimated Production Per 24 Hours	Oil Bbls. 0 Bbls.	Gas Mcf 98 Mcf	Water Bbls. 103 Bbls.	Gas-Oil Ratio 98,000:1	Gravity

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

METHOD OF COMPLETION  Open Hole  Perf.  Dually Comp.  Commingled

Production Interval  Other (Specify) \_\_\_\_\_

# ALLIED CEMENTING CO., INC. 19786

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

SERVICE POINT:  
OAKLEY, KS

DATE <u>9-12-05</u>	SEC. <u>34</u>	TWP. <u>34S</u>	RANGE <u>26W</u>	CALLED OUT	ON LOCATION <u>9:00am</u>	JOB START <u>1:30pm</u>	JOB FINISH <u>4:15pm</u>
LEASE <u>Lois</u>	WELL # <u>1-34</u>	LOCATION <u>Plains 6S-7E-712S</u>			COUNTY <u>Maize</u>	STATE <u>KS</u>	
OLD OR <input checked="" type="radio"/> NEW (Circle one)			<u>6" 2 e s into</u>				

CONTRACTOR Big A #3

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 1272'

CASING SIZE 8 5/8 24# DEPTH 1270'

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

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

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

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

MEAS. LINE \_\_\_\_\_ SHOE JOINT 43.54

CEMENT LEFT IN CSG. 43.54

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

DISPLACEMENT 78.2 BBLs

OWNER same

CEMENT

AMOUNT ORDERED 450 kind 39cc

114# flo-seal + 150 com 39cc

270 gel

COMMON	<u>150</u>	@	<u>10<sup>00</sup></u>	<u>1500<sup>00</sup></u>
POZMIX		@		
GEL	<u>3</u>	@	<u>14<sup>00</sup></u>	<u>42<sup>00</sup></u>
CHLORIDE	<u>20</u>	@	<u>38<sup>00</sup></u>	<u>760<sup>00</sup></u>
ASC		@		
<u>lime</u>	<u>450</u>	@	<u>9<sup>30</sup></u>	<u>4185<sup>00</sup></u>
		@		
<u>flo-seal</u>	<u>112#</u>	@	<u>1<sup>70</sup></u>	<u>190<sup>40</sup></u>
		@		
		@		
		@		
		@		
HANDLING	<u>625</u>	@	<u>1<sup>60</sup></u>	<u>1000<sup>00</sup></u>
MILEAGE	<u>.06 x 5K x mile</u>			<u>2250<sup>00</sup></u>
TOTAL				<u>9927<sup>90</sup></u>

**EQUIPMENT**

PUMP TRUCK CEMENTER Max - Fuzz4

# 373-281 HELPER Andrew

BULK TRUCK

# 377 DRIVER Mike

BULK TRUCK

# 386 DRIVER Lonnie

**REMARKS:**

Cement did circulate

Insert did hold

Plug down @ 4:00 pm

Thanks

Fuzz4 & crew

**SERVICE**

DEPTH OF JOB 1271'

PUMP TRUCK CHARGE 670<sup>00</sup>

EXTRA FOOTAGE 971 @ .55 534<sup>05</sup>

MILEAGE 60 @ 5<sup>00</sup> 300<sup>00</sup>

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

\_\_\_\_\_ @ \_\_\_\_\_

\_\_\_\_\_ @ \_\_\_\_\_

**RECEIVED**

**OCT 18 2006**

**KCC WICHITA**

**PLUG & FLOAT EQUIPMENT**

CHARGE TO: Duncan Oil Properties Inc.

STREET \_\_\_\_\_

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

TOTAL 1504<sup>05</sup>

8 5/8

1- Guide shoe	@	<u>235<sup>00</sup></u>
3- Centralizers	@	<u>55<sup>00</sup></u> <u>165<sup>00</sup></u>
1- Insert	@	<u>325<sup>00</sup></u>
1- Basket	@	<u>180<sup>00</sup></u>
1- Rubber Plug	@	<u>100<sup>00</sup></u>

TOTAL 1005<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 [Signature]

Oscar M. Martinez  
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.

19664

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

SERVICE POINT:

Oakley

DATE <u>9/17/05</u>	SEC. <u>34</u>	TWP. <u>34s</u>	RANGE <u>26W</u>	CALLED OUT	ON LOCATION <u>10:00 PM</u>	JOB START <u>3:05 AM</u>	JOB FINISH <u>3:45 AM</u>
LEASE <u>Lois</u>	WELL # <u>1-34</u>	LOCATION <u>Plains 6S 7E 7 1/2 W 25 S 15</u>	COUNTY <u>Meade</u>	STATE <u>Ks</u>			
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR Big A Rig #3  
 TYPE OF JOB Cmt + 4 Prod. CSG  
 HOLE SIZE 7 1/4 T.D. 3400  
 CASING SIZE 4 1/2 10.5# DEPTH 3392  
 TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 DRILL PIPE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_  
 PRES. MAX 1500 MINIMUM 100  
 MEAS. LINE \_\_\_\_\_ SHOE JOINT 84  
 CEMENT LEFT IN CSG. 84

OWNER Samc  
 CEMENT  
 AMOUNT ORDERED 500 gal WFR-II  
270s Ks A.S.C + 1070 salt 5# Kel-Seal / 1/2 2# FL  
160

PERFS. \_\_\_\_\_  
 DISPLACEMENT 52.6 BBL

COMMON <del>_____</del>	@ _____	_____
POZMIX _____	@ _____	_____
GEL _____	@ _____	_____
CHLORIDE _____	@ _____	_____
ASC <u>270 sKs</u>	@ <u>11.65</u>	<u>3145.50</u>
<u>salt 16 cwt</u>	@ <u>15.75</u>	<u>252.00</u>
<u>Kel-Seal 1350#</u>	@ <u>.60</u>	<u>810.00</u>
<u>FL-160 127#</u>	@ <u>8.70</u>	<u>1104.90</u>
<u>Cl-a-Pro 5 gal</u>	@ <u>22.90</u>	<u>114.50</u>
<u>WFR-II 500 gal</u>	@ <u>1.00</u>	<u>500.00</u>

EQUIPMENT  
 PUMP TRUCK CEMENTER Max  
 # 191 HELPER Jarrod  
 BULK TRUCK  
 # 394 DRIVER Larry  
 BULK TRUCK  
 # \_\_\_\_\_ DRIVER \_\_\_\_\_

HANDLING <u>315 sKs</u>	@ <u>1.60</u>	<u>504.00</u>
MILEAGE <u>60 / 15K / mt</u>		<u>1134.00</u>
TOTAL		<u>7564.90</u>

REMARKS:

Pump 500 gal Mud Flush Mix 270sKs  
Cmt Washup Pump & Lines Drop  
Plug Displace with 270K CL Water  
52.6 BBL Land Plug Float Hold

SERVICE

DEPTH OF JOB	<u>3392</u>	
PUMP TRUCK CHARGE		<u>1920.00</u>
EXTRA FOOTAGE	@ _____	_____
MILEAGE <u>60 mi</u>	@ <u>5.00</u>	<u>300.00</u>
MANIFOLD	@ _____	_____
	@ _____	_____
	@ _____	_____

CHARGE TO: Duncan Oil Properties Inc  
 STREET \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TOTAL 1620.00

PLUG & FLOAT EQUIPMENT

<u>1-4 1/2 Rubber Plug</u>	@ _____	<u>45.00</u>
<u>1-4 1/2 Guide shoe</u>	@ _____	<u>125.00</u>
<u>1-4 1/2 AFU Insert</u>	@ _____	<u>210.00</u>
<u>15-4 1/2 Centerliner</u>	@ <u>45.00</u>	<u>675.00</u>
<u>2-4 1/2 Stop Rings</u>	@ <u>20.00</u>	<u>40.00</u>

TOTAL 1095.00

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SIGNATURE [Signature]

PRINTED NAME

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(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.