

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

**ORIGINAL**

Form ACO-1  
September 1999  
Form Must Be Typed

**CONFIDENTIAL**

**WELL COMPLETION FORM**  
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Operator: License # 33979  
Name: Clipper Energy, LLC  
Address: 3838 Oak Lawn Ste 1310  
City/State/Zip: Dallas, TX. 75219  
Purchaser: Sem-Crude  
Operator Contact Person: Bill Robinson  
Phone: (214) 220-1080  
Contractor: Name: Warren Drg.  
License: 33724  
Wellsite Geologist: Bill Robinson

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>10-26-07</u>	<u>10-30-07</u>	<u>11-11-07</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

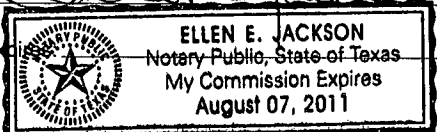
API No. 15 - 065-23319 -00-00  
County: Graham  
\_\_\_\_ - ne - nw - se Sec. 26 Twp. 7 S. R. 21  East  West  
2100 feet from (S) N (circle one) Line of Section  
1500 feet from (E) W (circle one) Line of Section  
Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE SE NW SW  
Lease Name: Vanduvall Well #: 2  
Field Name: Nicodemus  
Producing Formation: Lansing  
Elevation: Ground: 2053 Kelly Bushing: 2061  
Total Depth: 3630 Plug Back Total Depth: 3630  
Amount of Surface Pipe Set and Cemented at 212 Feet  
Multiple Stage Cementing Collar Used?  Yes  No  
If yes, show depth set 1610 Feet  
If Alternate II completion, cement circulated from 1610  
feet depth to surface w/ 155 sx cmt.

**Drilling Fluid Management Plan** AIT II NH 878-08  
(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: Bill Robinson  
Title: agent Date: 11-15-07  
Subscribed and sworn to before me this 15 day of November,  
20 07  
Notary Public: [Signature]  
Date Commission Expires [Signature]



**KCC Office Use ONLY**

Letter of Confidentiality Received  
If Denied, Yes  Date: \_\_\_\_\_  
 Wireline Log Received  
 Geologist Report Received  
 UIC Distribution

**RECEIVED**  
KANSAS CORPORATION COMMISSION  
**NOV 26 2007**  
CONSERVATION DIVISION  
WICHITA, KS

Operator Name: Clipper Energy, LLC Lease Name: Vanduval Well #: 2  
 Sec. 26 Twp. 7 S. R. 21  East  West County: Graham

**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 checked="" 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:  <b>RAG</b>	<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>Anhydrite</td> <td>1653</td> <td>408</td> </tr> <tr> <td>B/KC</td> <td>3490</td> <td>-1429</td> </tr> </table>	Name	Top	Datum	Anhydrite	1653	408	B/KC	3490	-1429
Name	Top	Datum								
Anhydrite	1653	408								
B/KC	3490	-1429								

CONFIDENTIAL  
NOV 26 2007  
KCC

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	212	common	160	3%CC+ 2 % gel
production	7 7/8	5 1/2	14	3630	Common	155	10 % salt + 500 gal. wfr-2

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	3482-86	a/200	3457

TUBING RECORD	Size <u>2 7/8</u>	Set At <u>3457</u>	Packer At <u>na</u>	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr. <u>11-11-07</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>25</u>	Gas Mcf <u>-</u>	Water Bbls. <u>10</u>	Gas-Oil Ratio <u> </u> Gravity <u> </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**  
KANSAS CORPORATION COMMISSION  
**NOV 26 2007**  
CONSERVATION DIVISION  
WICHITA, KS



Kansas Corporation Commission  
Finney State Office Building  
130 South Market  
Room 2078  
Wichita, KS 67202-3802

**RE: ACO1 FILINGS**

CONFIDENTIAL  
NOV 26 2007  
KCC

Gentlemen:

Clipper Energy, LLC hereby requests that the information included with this letter be held in confidence for the maximum time allowed.

Thank you very much.

Sincerely,

Bill Robinson  
Principal

BR/elj

RECEIVED  
KANSAS CORPORATION COMMISSION  
NOV 26 2007  
CONSERVATION DIVISION  
WICHITA, KS

# ALLIED CEMENTING CO., INC.

24781

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

SERVICE POINT:

Russell KS

DATE <u>10-30-07</u>	SEC. <u>26</u>	TWP. <u>7S</u>	RANGE <u>21W</u>	CALLED OUT	ON LOCATION	JOB START	JOB FINISH <u>8:20pm</u>
LEASE <u>Van Duval Estates</u>	WELL # <u>#2</u>	LOCATION <u>Nicodemus 1 1/2 N West into</u>			COUNTY <u>Graham</u>	STATE <u>KS</u>	

OLD OR NEW (Circle one)

CONTRACTOR Warren Drilling Rig #14

TYPE OF JOB Production string

HOLE SIZE 7 7/8 T.D. 3630

CASING SIZE 5 1/2 14" DEPTH

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL JOINT Port Collar "Ave" DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT 12.03

CEMENT LEFT IN CSG. 12.03

PERFS.

DISPLACEMENT 88,37.661

**EQUIPMENT**

PUMP TRUCK CEMENTER Shane

# 366 HELPER John Roberts

BULK TRUCK

# 378 DRIVER Bob Y.

BULK TRUCK

# DRIVER

**REMARKS:**

Rat hole 15sk

Insert @ 3621.63

Landed Plug @ 1500 psi

Float Held

CHARGE TO: Clipper Energy

STREET

CITY STATE RECEIVED  
KANSAS CORPORATION COMMISSION

**NOV 26 2007**  
CONSERVATION DIVISION  
WICHITA, KS

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.

SIGNATURE Joel Hawthorn

OWNER

CEMENT

AMOUNT ORDERED ISScom 40% salt

500 gal WFR-2 10gal KCL

COMMON <u>ISS</u>	@	<u>11.10</u>	<u>1720.50</u>
POZMIX	@		
GEL	@		
CHLORIDE	@		
ASC	@		
<u>Salt</u>	@	<u>14.5</u>	<u>19.20</u>
<u>WFR-2</u>	@	<u>500</u>	<u>1.00</u>
<u>KCL</u>	@	<u>10</u>	<u>25.00</u>
	@		
	@		
	@		
	@		
HANDLING <u>184</u>	@	<u>1.90</u>	<u>349.60</u>
MILEAGE <u>.09/sk/mile</u>			<u>1159.20</u>
TOTAL			<u>4259.04</u>

CONFIDENTIAL  
NOV 26 2007

**SERVICE**

DEPTH OF JOB

PUMP TRUCK CHARGE 1610.00

EXTRA FOOTAGE @

MILEAGE 70 @ 6.00 420.00

MANIFOLD @

@

@

9449.04  
~~10%~~

944.90

**8504.14**

TOTAL 2030.00

PLUG & FLOAT EQUIPMENT

<u>Blue Port Collar</u>	@	<u>1750.00</u>
<u>2 Baskets</u>	@	<u>165.00</u>
<u>10 cent.</u>	@	<u>50.00</u>
<u>Guide Shoe</u>	@	<u>170.00</u>
<u>Latch down ass.</u>	@	<u>410.00</u>
TOTAL <u>3160.00</u>		

TAX

TOTAL CHARGE

DISCOUNT IF PAID IN 30 DAYS

SIGNATURE Joel Hawthorn  
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.

28077

REMIT TO P.O. BOX 01  
RUSSELL, KANSAS 67665

SERVICE POINT: Russell

DATE <u>11-9-07</u>	SEC <u>26</u>	TWP <u>7S</u>	RANGE <u>21W</u>	CALLED OUT	ON LOCATION <u>1:00pm</u>	JOB START	JOB FINISH <u>5:00pm</u>
LEASE <u>Vanduvall</u>	WELL # <u>2</u>	LOCATION <u>Nicodemus 1 N Winto</u>			COUNTY <u>York</u>	STATE <u>Ks</u>	
OLD OR NEW (Circle one)							

CONTRACTOR F. Presswell  
 TYPE OF JOB Port Collar  
 HOLE SIZE 7 7/8 T.D.  
 CASING SIZE 8 1/2 DEPTH  
 TUBING SIZE DEPTH  
 DRILL PIPE DEPTH  
 TOOL DEPTH  
 PRES. MAX MINIMUM  
 MEAS. LINE SHOE JOINT  
 CEMENT LEFT IN CSG.  
 PERFS.  
 DISPLACEMENT

OWNER  
 CEMENT  
 AMOUNT ORDERED  
370 lb 64/10 69  
1/2 flo seal Used 300 lb  
 COMMON 150 @ 11.10 1995.00  
 POZMIX 20 @ 6.20 744.00  
 GEL 18 @ 16.65 299.70  
 CHLORIDE @  
 ASC @  
KCL 3 Gal @ 25.00 75.00  
Flo seal 75 lbs @ 2.00 150.00  
 @  
 @  
 @  
 @  
 @  
 @  
 @  
 HANDLING 391 @ 1.70 742.20  
 MILEAGE SR/mv/09 2151.75  
 TOTAL 6191.30

**EQUIPMENT**

PUMP TRUCK CEMENTER B. K.  
 # 407 HELPER ADRica  
 BULK TRUCK  
 # DRIVER Bob  
 BULK TRUCK  
 # DRIVER Rocky

**REMARKS:**

Port Collar #1610 Test 100' oil  
Open tank Test Circ.  
Cement w/ 300 lb Cement  
Displace 8 1/2 RH. Clear Tool  
Test 100' Cement did Circ  
Run 5' H. with clear

**SERVICE**

DEPTH OF JOB  
 PUMP TRUCK CHARGE 955.00  
 EXTRA FOOTAGE @  
 MILEAGE 62 @ 6.00 N/C  
 MANIFOLD @  
 @  
 @  
 @  
 7146.30  
 710.64  
6431.74  
 TOTAL 955.00

CHARGE TO Clippers Energy  
 STREET  
 CITY STATE ZIP

RECEIVED  
KANSAS CORPORATION COMMISSION

NOV 26 2007

**PLUG & FLOAT EQUIPMENT**

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.

CONSERVATION DIVISION  
WICHITA, KS

TAX  
 TOTAL CHARGE  
 DISCOUNT IF PAID IN 30 DAYS  
 TOTAL

SIGNATURE Tom Bertram

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.

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(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.

24774

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

SERVICE POINT:

*Russell*

DATE <i>10-26-07</i>	SEC. <i>26</i>	TWP. <i>7S</i>	RANGE <i>21W</i>	CALLED OUT	ON LOCATION	JOB START	JOB FINISH <i>12:00 p.m.</i>
LEASE <i>Vanover</i>	WELL # <i>2</i>	LOCATION <i>N. codeau 1 1/2 N W. W. W. W.</i>			COUNTY <i>Graham</i>	STATE <i>KS.</i>	
OLD OR (NEW) (Circle one)							

CONTRACTOR *Warren Drilling Rig # 14*

TYPE OF JOB *Surface Job*

HOLE SIZE *12 1/4* T.D. *21.7*

CASING SIZE *8 1/8* DEPTH *212*

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT LEFT IN CSG. *15*

PERFS.

DISPLACEMENT *12 1/2 bbl*

OWNER

CEMENT

AMOUNT ORDERED *160 ton 31.00*  
*21 Gal*

COMMON \_\_\_\_\_ @ \_\_\_\_\_

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

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

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

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

**CONFIDENTIAL**  
NOV 26 2007  
KCC

### EQUIPMENT

PUMP TRUCK CEMENTER *Shane*

# *366* HELPER *Taha Roberts*

BULK TRUCK

# *378* DRIVER *Matt Davis*

BULK TRUCK

# DRIVER

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

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

### REMARKS:

TOTAL \_\_\_\_\_

### SERVICE

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

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

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

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

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

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

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

TOTAL \_\_\_\_\_

CHARGE TO: *Clippa Energy*

STREET \_\_\_\_\_

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

### PLUG & FLOAT EQUIPMENT

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

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

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

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

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

TOTAL \_\_\_\_\_

TAX \_\_\_\_\_

TOTAL CHARGE \_\_\_\_\_

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

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.

SIGNATURE

*Thanks!*  
*Robert W. Michels*

PRINTED NAME

RECEIVED  
KANSAS CORPORATION COMMISSION

NOV 26 2007

CONSERVATION DIVISION  
WICHITA, KS



# 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.