

CONFIDENTIAL

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

6/18/10

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 Drig.LLC
License: 3372
Wellsite Geologist: Bill Robinson

API No. 15 - 137-20440-00-01
County: Norton
 -nw -se -sw Sec. 27 Twp. 5 S. R. 21 East West
990 feet from (S) N (circle one) Line of Section
900 feet from (E) W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW SW
Lease Name: Mulder Well #: 1
Field Name: Ray, W.

Producing Formation: Reagan
Elevation: Ground: 2207 Kelly Bushing: 2212
Total Depth: 3685 Plug Back Total Depth: 3685
Amount of Surface Pipe Set and Cemented at 219 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set 1827 Feet
If Alternate II completion, cement circulated from 1827
feet depth to surface w/ 350 sx cmt.

Drilling Fluid Management Plan RENTIS 01
(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.:

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: JUN 18 2008
Operator: Great Eastern Energy & Development Corp.

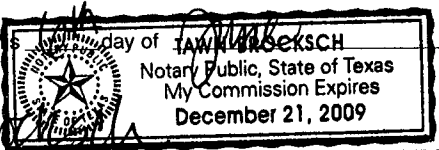
Well Name: Mulder #1
Original Comp. Date: P/A 6-19-05 Original Total Depth: 3681
 Deepening Re-perf. Conv. to Enhr./SWD
 Plug Back Plug Back Total Depth
 Commingled Docket No.
 Dual Completion Docket No.
 Other (SWD or Enhr.?) Docket No.

5-5-08 5-7-08 6-6-08
Spud Date or Recompletion Date Date Reached TD Completion Date or Recompletion Date

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: [Signature]
Title: Geologist Date: 6-6-08
Subscribed and sworn to before me this 10th day of June 20 08.
Notary Public: [Signature]
Date Commission Expires: 12/21/09



KCC Office Use ONLY
 Letter of Confidentiality Received
If Denied, Yes Date:
 Wireline Log Received
 Geologist Report Received
 UIC Distribution
RECEIVED
JUN 20 2008
KCC WICHITA

Operator Name: Clipper Energy, LLC Lease Name: Mulder Well #: 1
 Sec. 27 Twp. 5 S. R. 21 East West County: Norton

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 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: RAG log run by Great Eastern Energy (on file with KCC)	<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>T /Anhydrite</td> <td>1892</td> <td>320</td> </tr> <tr> <td>B/KC</td> <td>3498</td> <td>-1286</td> </tr> </table>	Name	Top	Datum	T /Anhydrite	1892	320	B/KC	3498	-1286
Name	Top	Datum								
T /Anhydrite	1892	320								
B/KC	3498	-1286								

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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	20	219	common	150	3% cc 2% gel
production	7 7/8	5 1/2	14	3684	common	155	10%salt+2%gel=500gal 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		CONFIDENTIAL JUN 18 2008		

Shots Per Foot	PERFORATION RECORD KCC		Acid, Fracture, Shot, Cement Squeeze Record	
	Size	Set/Type	(Amount and Kind of Material Used)	Depth
4	3628	Bridge Plugs	A/250 15 %	3600

TUBING RECORD		Size	Set At	Packer At	Liner Run	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		2 7/8	3600	na			
Date of First, Resumerd Production, SWD or Enhr.			Producing Method				
6-6-08			<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		
	10	na	50	-	32		

Disposition of Gas METHOD OF COMPLETION Production Interval

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

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

SERVICE POINT
Russell

DATE <u>6-16-08</u>	SEC.	TWP.	RANGE	CALLED OUT	ON LOCATION	JOB START	JOB FINISH
LEASE <u>Miller</u>	WELL # <u>1</u>	LOCATION <u>Brace & Hwy 24</u>		<u>13N 1E</u>		COUNTY	STATE
OLD OR <u>NEW</u> (Circle one)		<u>13N 1E 4E</u>					

CONTRACTOR W.D. Drilling OWNER _____

TYPE OF JOB Surface

HOLE SIZE 10 1/2 T.D. _____ CEMENT _____

CASING SIZE 8 1/2 DEPTH 200 AMOUNT ORDERED 150 sacks Cem 3500

TUBING SIZE _____ DEPTH _____ 2 1/2 Gal

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRESS. MAX _____ MINIMUM _____ COMMON _____ @ _____

MEAS. LINE _____ SHOE JOINT _____ POZMIX _____ @ _____

CEMENT LEFT IN CSG. 15 GEL _____ @ _____

PERFS. _____ CHLORIDE _____ @ _____

DISPLACEMENT 13N ASC _____ @ _____

EQUIPMENT

PUMP TRUCK CEMENTER Steve

345 HELPER Clay

BULK TRUCK _____

376 DRIVER Rod

BULK TRUCK _____

_____ DRIVER _____

HANDLING _____ @ _____

MILEAGE _____ @ _____

TOTAL _____

REMARKS:

Cement and Grubbs

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JUN 18 2008

Thanks You

KCC

SERVICE

DEPTH OF JOB _____

PUMP TRUCK CHARGE _____

EXTRA FOOTAGE _____ @ _____

MILEAGE _____ @ _____

RECEIVED

JUN 20 2008

CHARGE TO Grand Eastern

STREET _____

CITY _____ STATE _____ ZIP _____

KCC WICHITA

TOTAL _____

PLUG & FLOAT EQUIPMENT

MANIFOLD _____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

To Allied Cementing Co., Inc.

You are hereby requested to rent cementing equipment.

ALLIED CEMENTING CO., LLC. 32760

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

SERVICE POINT: Russell

DATE <u>5-7-08</u>	SEC. <u>27</u>	TWP. <u>5S</u>	RANGE <u>21 W</u>	CALLED OUT	ON LOCATION	JOB START <u>9:00pm</u>	JOB FINISH <u>9:30pm</u>
LEASE <u>Mulder</u>		WELL # <u>1</u>	LOCATION <u>Bogue 13 N to Dead End</u>		COUNTY <u>Norton</u>	STATE <u>Ks</u>	
<input checked="" type="radio"/> OLD <input type="radio"/> NEW (Circle one)			<u>1/2 E IN 1 E IN 1/2 W Ninte</u>				

CONTRACTOR Warren Drilling Energy Rig # 14

TYPE OF JOB Production String (Top Stage)

HOLE SIZE 7 7/8 T.D. 3685.81

CASING SIZE 5 1/2 14 # DEPTH 3644.81

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL P.V. Tool DEPTH 1826.93

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. _____

PERFS. _____

DISPLACEMENT 44.57 661

OWNER _____

CEMENT Used 350

AMOUNT ORDERED 400 6 3/4 6.8 Gcl

1/4 # Flo

COMMON <u>210</u>	@ <u>12.15</u>	<u>2551.50</u>
POZMIX <u>140</u>	@ <u>6.80</u>	<u>952.00</u>
GEL <u>18</u>	@ <u>18.25</u>	<u>328.50</u>
CHLORIDE _____	@ _____	_____
ASC _____	@ _____	_____
<u>Flo 5 # 1 # 87</u>	@ <u>2.20</u>	<u>191.40</u>

EQUIPMENT

PUMP TRUCK CEMENTER Shane

366 HELPER Gary

BULK TRUCK

596 DRIVER Travis

BULK TRUCK

378 DRIVER Chris Beck

HANDLING <u>420</u>	@ <u>2.05</u>	<u>861.00</u>
MILEAGE <u>.09/sk/mile</u>		<u>2570.46</u>
		TOTAL <u>7158.80</u>

REMARKS:

Rat Hole 15 sks

Opened D.V. Tool @ 1100psi
Est. Circulation

Mixed Cement
Close d D.V. Tool @ 1500psi
Cement Circulated

CHARGE TO: Clipper Energy

STREET _____

CITY _____ STATE _____ ZIP _____

Thanks!

To Allied Cementing Co., LLC.
You are hereby requested to rent cementing equipment and furnish cementer and helper(s) 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 and understand the "GENERAL TERMS AND CONDITIONS" listed on the reverse side.

PRINTED NAME Joel Lawhorn

SIGNATURE Joel Lawhorn

SERVICE

DEPTH OF JOB _____		
PUMP TRUCK CHARGE _____		<u>1,045.00</u>
EXTRA FOOTAGE _____	@ _____	_____
MILEAGE <u>68</u>	@ <u>7.00</u>	<u>476.00</u>
MANIFOLD _____	@ _____	_____
_____	@ _____	_____

TOTAL 1521.00

[Handwritten signature]

PLUG & FLOAT EQUIPMENT

_____	@ _____	_____
_____	@ _____	_____
_____	@ _____	_____
_____	@ _____	_____
_____	@ _____	_____

TOTAL _____

SALES TAX (If Any) _____

TOTAL CHARGES _____

DISCOUNT _____ IF PAID IN 30 DAYS

CONFIDENTIAL
JUN 18 2008

KCC

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "ALLIED" shall mean Allied Cementing Co., LLC, 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., LLC. 32759

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

SERVICE POINT:
Russell

DATE <u>5-7-08</u>	SEC. <u>27</u>	TWP. <u>55</u>	RANGE <u>21 W</u>	CALLED OUT	ON LOCATION	JOB START <u>5:45 pm</u>	JOB FINISH <u>6:15 pm</u>
LEASE <u>Mulder</u>	WELL # <u>1</u>	LOCATION <u>Bogue 13 N to Dead End</u>		COUNTY <u>Norton</u>	STATE <u>Ks.</u>		
OLD OR <u>NEW</u> (Circle one)		<u>1/2 E 1 N 1 E 1 N 1/2 W Ninto</u>					

CONTRACTOR Warren Drilling Rig
 TYPE OF JOB Production String (Bottom Stage)
 HOLE SIZE 2 7/8 T.D. 3685.57
 CASING SIZE 5 1/2 14 # DEPTH 3684.81
 TUBING SIZE DEPTH
 DRILL PIPE DEPTH
 TOOL D.V. Tool DEPTH 1826.93
 PRES. MAX MINIMUM
 MEAS. LINE SHOE JOINT 41.90
 CEMENT LEFT IN CSG. 41.90
 PERFS.
 DISPLACEMENT 88.88 bbl

OWNER
 CEMENT
 AMOUNT ORDERED 155 Com 102 Salt
28 Gel
500 Gal WFR-2

COMMON	<u>155</u>	@	<u>12.15</u>	<u>1883.25</u>
POZMIX		@		54.75
GEL	<u>3</u>	@	<u>18.25</u>	<u>54.75</u>
CHLORIDE		@		
ASC		@		
<u>Salt</u>	<u>14</u>	@	<u>21.00</u>	<u>294.00</u>
		@		
<u>Mud Flush WFR-2 500</u>		@	<u>1.10</u>	<u>550.00</u>
Flashed Lub		@		33.00
		@		
		@		
		@		
HANDLING	<u>172</u>	@	<u>2.05</u>	<u>352.60</u>
MILEAGE	<u>.09/bk/mile</u>			<u>1052.64</u>
TOTAL				<u>4187.24</u>

EQUIPMENT
 PUMP TRUCK CEMENTER Shane
 # 366 HELPER Gary
 BULK TRUCK
 # 378 DRIVER Chris Beck
 BULK TRUCK
 # DRIVER

REMARKS:

Insert @ 3642.91' Est. Circulation
Mixed 500 Gal Mud Flush
Mixed 155 Com 102 Salt 28 Gel
@ 14.9 # Cement. Washed Truck
up. Displaced 36 bbl water and
45 bbl mud. Landed Plug with
8.88 bbl water @ 1200 ps.
Float held.

RECEIVED

SERVICE

JUN 20 2008	
PUMP TRUCK CHARGE	<u>1763.00</u>
KCC WICHITA	@
MILEAGE <u>68</u>	@ <u>7.00</u> <u>476.00</u>
MANIFOLD	@
	@
	@
TOTAL <u>2239.00</u>	

CHARGE TO: Clipper Energy
 STREET _____
 CITY _____ STATE _____ ZIP _____

thanks!

To Allied Cementing Co., LLC.
 You are hereby requested to rent cementing equipment and furnish cementer and helper(s) 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 and understand the "GENERAL TERMS AND CONDITIONS" listed on the reverse side.

PRINTED NAME Joel Lawhorn
 SIGNATURE Joel Lawhorn

PLUG & FLOAT EQUIPMENT

<u>D.V. Tool</u>		<u>4380.00</u>
<u>Latchdown</u>	@	<u>449.00</u>
<u>14 Turbolizers</u>	@ <u>72.00</u>	<u>1008.00</u>
<u>Guide Shoe</u>	@	<u>186.00</u>
<u>1 Baker Lock</u>	@	<u>33.00</u>
	@	<u>61.26.00</u>
TOTAL		<u>6326.00</u>

SALES TAX (If Any) _____
 TOTAL CHARGES _____
 DISCOUNT _____ IF PAID IN 30 DAYS

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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.

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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.