

CONFIDENTIAL

11/23/09

ORIGINAL

12/23/10

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form ACO-1 October 2008 Form Must Be Typed

WELL COMPLETION FORM WELL HISTORY - DESCRIPTION OF WELL & LEASE

OPERATOR: License # 33979 Name: Clipper Energy LLC Address 1: 3838 Oak Lawn Address 2: City: Dallas State: TX Zip: 75219 Contact Person: Bill Robinson Phone: (214) 220-1080 CONTRACTOR: License # 33724 Name: Warren Drilling, LLC Wellsite Geologist: Bill Robinson Purchaser: Coffeyville

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

If Workover/Re-entry: Old Well Info as follows: Operator: Well Name: Original Comp. Date: 12-4-08 Original Total Depth: 12-08-08 12-22-08 Spud Date or Recompletion Date Date Reached TD Completion Date or Recompletion Date

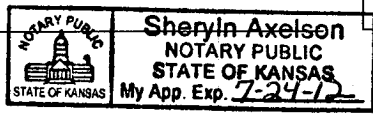
API No. 15-137-20496-0600 Spot Description: c .ne .ne .nw Sec. 26 Twp. 5 S. R. 21 [] East [X] West 330 Feet from [X] North / [] South Line of Section 2310 Feet from [] East / [X] West Line of Section Footages Calculated from Nearest Outside Section Corner: [] NE [X] NW [X] SE [] SW County: Norton Lease Name: Kemper Well #: 1 Field Name: Ray, W. Producing Formation: Reagan Elevation: Ground: 2247 Kelly Bushing: 2255 Total Depth: 3758 Plug Back Total Depth: 3757 Amount of Surface Pipe Set and Cemented at: 221 Feet Multiple Stage Cementing Collar Used? [X] Yes [] No If yes, show depth set: 1790 Feet If Alternate II completion, cement circulated from: 1790 feet depth to: surface w/ 475 sx cmt.

Drilling Fluid Management Plan (Data must be collected from the Reserve Pit) Chloride content: ppm Fluid volume: bbls Dewatering method used: Location of fluid disposal if hauled offsite: Operator Name: Lease Name: License No.: Quarter Sec. Twp. S. R. [] East [] West County: Docket No.:

INSTRUCTIONS: An original and two copies of this form shall be filed with the Kansas Corporation Commission, 130 S. Market - Room 2078, Wichita, Kansas 67202, within 120 days of the spud date, recompletion, workover or conversion of a well. Rule 82-3-130, 82-3-106 and 82-3-107 apply. Information of side two of this form will be held confidential for a period of 12 months if requested in writing and submitted with the form (see rule 82-3-107 for confidentiality in excess of 12 months). One copy of all wireline logs and geologist well report shall be attached with this form. ALL CEMENTING TICKETS MUST BE ATTACHED. Submit CP-4 form with all plugged wells. Submit CP-111 form with all temporarily abandoned wells.

All requirements of the statutes, rules and regulations promulgated to regulate the oil and gas industry have been fully complied with and the statements herein are complete and correct to the best of my knowledge.

Signature: [Signature] Title: Geologist Date: 12-23-08 Subscribed and sworn to before me this 23rd day of December 2008. Notary Public: Sheryl Axelson Date Commission Expires: 7-24-12



KCC Office Use ONLY Letter of Confidentiality Received [X] If Denied, Yes [] Date: Wireline Log Received [X] Geologist Report Received [X] UIC Distribution [] RECEIVED KANSAS CORPORATION COMMISSION

DEC 31 2008

CONSERVATION DIVISION WICHITA, KS

Operator Name: Clipper Energy LLC Lease Name: Kemper Well #: 1
 Sec. 26 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 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: RAG	<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>1836</td> <td>419</td> </tr> <tr> <td>B/KC</td> <td>3617</td> <td>-1362</td> </tr> </table>	Name	Top	Datum	T/Anhydrite	1836	419	B/KC	3617	-1362
Name	Top	Datum								
T/Anhydrite	1836	419								
B/KC	3617	-1362								

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	221	common	160	3%cc + 2% gel
production	7 7/8	5 1/2	14	3757	common	175	500 gals WFR

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 checked="" 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	3661	natural	na

TUBING RECORD: Size: <u>2 7/8</u> Set At: <u>3636</u> Packer At: <u> </u> Liner Run: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Date of First, Resumed Production, SWD or Enhr. <u>12-23-08</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>15</u> Gas Mcf <u>0</u> Water Bbls. <u>75</u> Gas-Oil Ratio <u> </u> Gravity <u>32</u>

DISPOSITION OF GAS: <input checked="" type="checkbox"/> Vented <input type="checkbox"/> Sold <input type="checkbox"/> Used on Lease <i>(If vented, Submit ACO-18.)</i>	METHOD OF COMPLETION: <input type="checkbox"/> Open Hole <input checked="" type="checkbox"/> Perf. <input type="checkbox"/> Dually Comp. <input type="checkbox"/> Commingled <input type="checkbox"/> Other (Specify) <u> </u>	PRODUCTION INTERVAL: DEC 23 2008 KCC RECEIVED KANSAS CORPORATION COMMISSION
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Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

DEC 31 2008

CONSERVATION DIVISION
WICHITA, KS



December 23, 2008

Kansas Corporation Commission
Finney State Office Building
1300 South Market
Room 2078
Wichita, KS 67202-3802

Re: ACO1 Filings, Kemper #1
API #15-137-20496

Gentlemen:

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

Sincerely,

Sheryln Axelson
Field Office Secretary

/sda

Telephone: 214-220-1080
Fax: 214-720-1048

Clipper Energy, LLC
Two Turtle Creek
Suite 1310
3838 Oak Lawn
Dallas, TX 75219

CONFIDENTIAL
DEC 23 2008
KCC

RECEIVED
KANSAS CORPORATION COMMISSION

DEC 31 2008

CONSERVATION DIVISION
WICHITA, KS

ALLIED CEMENTING CO., LLC.

24030

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

SERVICE POINT:

Russell

DATE <u>12-9-08</u>	SEC. <u>26</u>	TWP. <u>5</u>	RANGE <u>21</u>	CALLED OUT	ON LOCATION	JOB START <u>12:30pm</u>	JOB FINISH <u>1:30pm</u>
LEASE <u>Repper</u>	WELL # <u>1</u>	LOCATION <u>Buyers 24 rd Dead End</u>			COUNTY <u>Atchison</u>	STATE <u>KS</u>	
OLD OR NEW (Circle one)			<u>1E 1st 1/2 Acre</u>				

CONTRACTOR U.S. on 14
 TYPE OF JOB Oil 526
 HOLE SIZE 7 7/8 T.D.
 CASING SIZE 5 1/2 14ft DEPTH 325720
 TUBING SIZE DEPTH
 DRILL PIPE DEPTH
 TOOLS 1st 1/2 #46 DEPTH 1790
 PRES. MAX MINIMUM
 MEAS. LINE SHOE JOINT 12.80
 CEMENT LEFT IN CSG. 12.80
 PERFS.
 DISPLACEMENT 91000 4886 mud
 EQUIPMENT 4886 water

OWNER
 CEMENT
 AMOUNT ORDERED 175 com.

PUMP TRUCK CEMENTER Coag
 # 417 HELPER Matt
 BULK TRUCK
 # 345 DRIVER Chad
 BULK TRUCK
 # DRIVER

COMMON	<u>12556</u>	@	<u>13.50</u>	<u>282.20</u>
POZMIX		@		
GEL		@		
CHLORIDE		@		
ASC		@		
	<u>5000 1200</u>	@	<u>1.10</u>	<u>550.00</u>
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>17500</u>	@	<u>2.25</u>	<u>393.75</u>
MILEAGE	<u>0.10/12.5mi</u>	@		<u>1.25</u>
				TOTAL <u>430.15</u>

REMARKS:

SP Job Log
Thanks.

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

SERVICE
 DEPTH OF JOB _____
 PUMP TRUCK CHARGE _____
 EXTRA FOOTAGE @ _____
 MILEAGE 0.00 @ 7.00 _____
 MANIFOLD @ _____
 @ _____
 @ _____

TOTAL 2377.00

PLUG & FLOAT EQUIPMENT

<u>1 1/2" Air Plug Shoe</u>	<u>Box</u>	<u>545.00</u>
<u>1 Rubber Pad</u>	@	<u>1.00</u>
<u>1 Dr Tool</u>	@	<u>430.00</u>
<u>1 Catcher Assembly</u>	@	<u>499.00</u>
<u>9 Turbines Red</u>	@	<u>77.00</u>
	@	<u>6.93</u>

TOTAL _____

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.

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

PRINTED NAME Scott Anderson

SIGNATURE _____

CONFIDENTIAL

RECEIVED
KANSAS CORPORATION COMMISSION

DEC 23 2008

DEC 31 2008

KCC

CONSERVATION DIVISION
WICHITA, KS

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.

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.

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(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.

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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:

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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., LLC. 034975

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

SERVICE POINT:
Russell KS

DATE <u>12-4-08</u>	SEC. <u>26</u>	TWP. <u>5</u>	RANGE <u>21</u>	CALLED OUT	ON LOCATION	JOB START <u>11:30am</u>	JOB FINISH <u>12:00am</u>
<u>Kemper Lease</u>	WELL# <u>1</u>	LOCATION <u>Bogue, KS Hwy 15 & 24 North to Dred</u>			COUNTY <u>Norton</u>	STATE <u>KS</u>	
OLD OR <input checked="" type="radio"/> NEW (Circle one)		<u>End 1 East 1 North 1/4 East North intc.</u>					

CONTRACTOR Vision Rig #14

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 221

CASING SIZE 8 5/8 DEPTH 221

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT LEFT IN CSG. 15'

PERFS.

DISPLACEMENT 13.11 Bbl

EQUIPMENT

PUMP TRUCK CEMENTER John Roberts

409 HELPER Travis

BULK TRUCK

481 DRIVER Mike

BULK TRUCK

DRIVER

REMARKS:

Est circulation Mix 160sk cement

Displace w/ 13.11 Bbl H₂O

Cement Did Circulate!

Thanks!

CHARGE TO: Clipper Energy

STREET _____

CITY _____ STATE _____ ZIP _____

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 Robert W. Mickelson

SIGNATURE Robert W. Mickelson

OWNER _____

CEMENT

AMOUNT ORDERED 1160 com 3 1/2 cc 2 1/2 Gel

COMMON	<u>1160</u>	@	<u>13.50</u>	<u>2160.00</u>
POZMIX		@		
GEL	<u>3</u>	@	<u>20.25</u>	<u>60.75</u>
CHLORIDE	<u>6</u>	@	<u>51.50</u>	<u>309.00</u>
ASC		@		
		@		
		@		
		@		
		@		
		@		
		@		
		@		
HANDLING	<u>169</u>	@	<u>2.25</u>	<u>380.25</u>
MILEAGE	<u>.109/sk/mile</u>			<u>1014.00</u>
				<u>TOTAL 3924.00</u>

SERVICE

DEPTH OF JOB _____

PUMP TRUCK CHARGE _____ 991.00

EXTRA FOOTAGE @ _____

MILEAGE 60 @ 7.00 420.00

MANIFOLD @ _____

@ _____

@ _____

TOTAL 1411.00

PLUG & FLOAT EQUIPMENT

	@	
	@	
<u>Wooden Plug</u>	@	<u>66.00</u>
	@	
	@	
	@	
		<u>TOTAL 66.00</u>

SALES TAX (If Any) _____

TOTAL CHARGES _____

DISCOUNT _____ RECEIVED IF PAID IN 30 DAYS

KANSAS CORPORATION COMMISSION CONFIDENTIAL

DEC 31 2008

DEC 23 2008

CONSERVATION DIVISION
WICHITA, KS

KCC

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.

—**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.