

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

ORIGINAL

Form ACO-1
June 2009

Form Must Be Typed
Form must be Signed
All blanks must be Filled

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

OPERATOR: License # 34038
Name: Flatirons Resources LLC
Address 1: 303 E. 17th Ave
Address 2: Suite 940
City: Denver State: CO Zip: 80203 +
Contact Person: John Marvin
Phone: (303) 292-3902 ext 229
CONTRACTOR: License # 33575
Name: WW Drilling LLC
Wellsite Geologist: Clayton Erickson
Purchaser: Texon

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Designate Type of Completion:

- New Well Re-Entry Workover
- Oil WSW SWD SLOW
- Gas D&A ENHR SIGW
- OG GSW Temp. Abd.
- CM (Coal Bed Methane)
- Cathodic Other (Core, Expl., 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 Conv. to SWD
 Conv. to GSW
 Plug Back: _____ Plug Back Total Depth
 Commingled Permit #: _____
 Dual Completion Permit #: _____
 SWD Permit #: _____
 ENHR Permit #: _____
 GSW Permit #: _____

10/9/2010	10/16/2010	11/8/2010
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 065-23685-00-00
Spot Description: _____
SW NE NW NE Sec. 35 Twp. 10 S. R. 22 East West
630 Feet from North / South Line of Section
1,730 Feet from East / West Line of Section
Footages Calculated from Nearest Outside Section Corner:
 NE NW SE SW
County: Graham
Lease Name: Woodall Well #: 31-35
Field Name: wildcat
Producing Formation: Arbuckle
Elevation: Ground: 2220 Kelly Bushing: 2225
Total Depth: 3982 Plug Back Total Depth: 3946
Amount of Surface Pipe Set and Cemented at: 226 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set: 1624 Feet
If Alternate II completion, cement circulated from: _____
feet depth to: _____ w/ _____ sx cmt.

Drilling Fluid Management Plan

(Data must be collected from the Reserve Pit)

Chloride content: 36500 ppm Fluid volume: 1100 bbls
Dewatering method used: Air dry - backfill
Location of fluid disposal if hauled offsite:
Operator Name: _____
Lease Name: _____ License #: _____
Quarter _____ Sec. _____ Twp. _____ S. R. _____ East West
County: _____ Permit #: _____

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.

AFFIDAVIT

I am the affiant and I hereby certify that 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: _____
Title: Marketing Dir. Date: 12/31/10

KCC Office Use ONLY

Letter of Confidentiality Received
Date: _____
 Confidential Release Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution
ALT I II III Approved by: Dlg Date: 1/13/11

Operator Name: Flatirons Resources LLC Lease Name: Woodall Well #: 31-35
 Sec. 35 Twp. 10 S. R. 22 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 complete copy of all Electric Wire-line Logs surveyed. Attach final geological well site report.

Drill Stem Tests Taken <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(Attach Additional Sheets)</i> Samples Sent to Geological Survey <input 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 Electric Log Submitted Electronically <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>(If no, Submit Copy)</i> List All E. Logs Run: Borehole Compensated Sonic, Dual Induction Resistivity, Compensated Neutron PEL Density, Micro	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum <input type="checkbox"/> Sample <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: left;">Top</th> <th style="text-align: left;">Datum</th> </tr> </thead> <tbody> <tr> <td>Anhydrite - top</td> <td>1712</td> <td>513</td> </tr> <tr> <td>Anhydrite - base</td> <td>1760</td> <td>465</td> </tr> <tr> <td>Topeka</td> <td>3247</td> <td>-1022</td> </tr> <tr> <td>Toronto</td> <td>3478</td> <td>-1233</td> </tr> <tr> <td>Lansing</td> <td>3495</td> <td>-1270</td> </tr> <tr> <td>Pawnee</td> <td>3802</td> <td>-1577</td> </tr> <tr> <td>Arbuckle</td> <td>3862</td> <td>-1637</td> </tr> </tbody> </table>	Name	Top	Datum	Anhydrite - top	1712	513	Anhydrite - base	1760	465	Topeka	3247	-1022	Toronto	3478	-1233	Lansing	3495	-1270	Pawnee	3802	-1577	Arbuckle	3862	-1637
Name	Top	Datum																							
Anhydrite - top	1712	513																							
Anhydrite - base	1760	465																							
Topeka	3247	-1022																							
Toronto	3478	-1233																							
Lansing	3495	-1270																							
Pawnee	3802	-1577																							
Arbuckle	3862	-1637																							

CASING RECORD <input 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#	226	common	150	3% cc 2%Gel
Production	7 7/8"	5 1/2"	15.5#	3982	common	150	10% salt 5%gilsonite

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	# Sacks Used	Type and Percent Additives
<input type="checkbox"/> Perforate <input checked="" type="checkbox"/> Protect Casing <input type="checkbox"/> Plug Back TD <input type="checkbox"/> Plug Off Zone	1720	Q-MDC	350	1/4# floeal

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record <i>(Amount and Kind of Material Used)</i>	Depth
4	3863-3871	400 gal 15% MCA / 250 gal 15% NE w/2%musol	
	3863-3871	retreat w/ 250 gal 28% NE w/ 2% musol	

TUBING RECORD:	Size: <u>2 7/8"</u>	Set At: <u>3887'</u>	Packer At:	Liner Run: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Date of First, Resumed Production, SWD or ENHR. <u>12/1/2010</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>73</u>	Gas Mcf <u>0</u>	Water Bbls. <u>0</u>	Gas-Oil Ratio

DISPOSITION OF GAS: <input 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 <i>(Submit ACO-5) (Submit ACO-4)</i> <input type="checkbox"/> Other (Specify) _____	PRODUCTION INTERVAL: _____ _____
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RECEIVED
 JAN 07 2011
 KCC WICHITA

QUALITY OILWELL CEMENTING, INC. - 8 001

Phone 785-483-2025
Cell 785-324-1041

Home Office P.O. Box 32 Russell, KS 67665

No. 4329

Date	10-9-10	Sec.	35	Twp.	10	Range	22	County	Graham	State	KS	On Location		Finish	8:00p.m.	
Lease	Wood ALL	Well No.	31-35		Location		Ogelesky T. 20 10 N A 22 W E 330 1/2 LN									
Contractor	WV	Owner						VW SINTO								
Type Job	Surface	To Quality Oilwell Cementing, Inc. You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.														
Hole Size	12 1/4	T.D.	227		Charge To						Flat Irons					
Csg.	8 5/8	Depth	235		Street											
Tbg. Size		Depth			City						State					
Tool		Depth			The above was done to satisfaction and supervision of owner agent or contractor.											
Cement Left in Csg.	15'	Shoe Joint			Cement Amount Ordered						150 Lbm 30/100 2 1/2 Gal					
Meas Line		Displace	13 BCL													

EQUIPMENT

Pumptrk	5	No.	Cementor	5	Common	150
			Helper	Paul		
Bulktrk		No.	Driver	Paul	Poz. Mix	
			Driver			
Bulktrk	10	No.	Driver	Con	Gel.	3
			Driver			

JOB SERVICES & REMARKS

Remarks:	Hulls
Rat Hole	Salt
Mouse Hole	Flowseal
Centralizers	Kol-Seal
Baskets	Mud CLR 48
D/V or Port Collar	CFL-117 or CD110 CAF 38
8 5/8 on bottom. Est Circulation.	Sand
Mix 150SK + Displace	Handling
Cement Circulated!	Mileage

FLOAT EQUIPMENT

Guide Shoe	RECEIVED
Centralizer	
Baskets	OCT 27 2010
AFU Inserts	KCC WICHITA
Float Shoe	
Latch Down	

Thanks!

Pumptrk Charge	Surface Job
Mileage	40
	Tax
	Discount
	Total Charge
X Signature	<i>[Signature]</i>

DEFINITIONS: In these terms and conditions, "Quality" shall mean Quality Oilwell Cementing, 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 "QUALITY" 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 "QUALITY," refunded directly to "CUSTOMER." For purposes of this paragraph, QUALITY 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 term of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limit to, a reasonable sum as and attorney's fees.

- **PRICES AND TAXES:** All merchandise listed in "QUALITY'S" current price schedule are F.O.B. QUALITY'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 QUALITY shall be added to the quoted prices charged to CUSTOMER.

- **TOWING CHARGES:** QUALITY will make a reasonable attempt to get to and from each job site using its own equipment. Should QUALITY 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 QUALITY, 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 QUALITY for the expenses incurred by QUALITY as a result of the cancellation.

- **DEADHAUL, CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charges as set forth in QUALITY'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. QUALITY carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond QUALITY'S control, QUALITY 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 QUALITY, 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 QUALITY'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 QUALITY or its employees.

2. With respect to any of QUALITY'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 QUALITY at the landing, CUSTOMER shall either recover the lost item without cost to QUALITY or reimburse QUALITY the current replacement cost of the item unless the loss or damage results from the sole negligence of QUALITY or its employees.

3. QUALITY 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. QUALITY 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. QUALITY'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 QUALITY to be defective. THIS IS THE SOLE WARRANTY OF QUALITY 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 QUALITY 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 QUALITY 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 QUALITY or any interpretation of test, meter readings, chart information, analysis or research, or recommendations made by QUALITY, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of QUALITY or its employees in the preparation or furnishing of such facts, information or data. (C) Work done by QUALITY shall be under the direct supervision and control of the CUSTOMER or his agent and QUALITY will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.

QUALITY OILWELL CEMENTING, INC.

Phone 785-483-2025
Cell 785-324-1041

Home Office P.O. Box 32 Russell, KS 67665

No. 4552

Date	10-16-10	Sec.	3510	Range	22	County	Graham	State	KS	On Location		Finish	9:00PM
Lease	Woodall	Well No.	3135	Location		Ogallah #J-70 10N 1/4 E 1N 1/4 W							
Contractor	WW-4					Owner		SINTO					
Type Job	2-stage pipe job "bottom"					To Quality Oilwell Cementing, Inc. You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.							
Hole Size	7 7/8	T.D.	3975		Charge To								
Csg.	5 1/2	(15.50lb)	Depth		3982		Flat Irons Resources						
Tbg. Size			Depth		Street								
Tool			Depth		City				State				
Cement Left in Csg.	22.09		Shoe Joint		22.09		The above was done to satisfaction and supervision of owner agent or contractor.						
Meas. Line			Displace		94 1/4 bbls		Cement Amount Ordered 150cum 10% salt 5% s. 150 wire						

EQUIPMENT

Pumptrk	1	No.	Cementer	Brandon	Common	150
Bulktrk	10	No.	Driver	Rick	Poz. Mix	
Bulktrk	P4	No.	Driver	Cisco	Gel.	

JOB SERVICES & REMARKS

Remarks:
Rat Hole
Mouse Hole
Centralizers 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 55
Baskets 5, 55, 79
D/V or Port Collar 56
Pump mud flush and mix
150sx and displace w/ 5/ water
and 43 mud. Land plug at
1200 psi

Calcium	
Hulls	
Salt	13
Flowseal	
Kol-Seal	700#
Mud CLR 48	1,000 gal 500 gal
CFL-117 or CD110 CAF 38	
Sand	
Handling	153
Mileage	

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FLOAT EQUIPMENT

Guide Shoe	1
Centralizer	11
Baskets	3
AFU Inserts	
Float Shoe	1
Latch Down	1

KCC WICHITA

1 2 Stage Tool
Pumptrk Charge prod locy string stage Bottom
Mileage 40

X Signature Jeff Crawford

4567
Tax
Discount
Total Charge

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QUALITY OILWELL CEMENTING, INC.

Phone 785-483-2025
Cell 785-324-1041

Home Office P.O. Box 32 Russell, KS 67665

No. 4553

Date	10-16-10	Sec.	35	Twp.	10	Range	22	County	Grant	State	KS	On Location		Finish	11:30pm
Lease	Woodall	Well No.	31-35	Location	Ogallah #170 10N 9aE 10 1/4W S. 10										
Contractor	Ww 4	Owner	To Quality Oilwell Cementing, Inc. You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.												
Type Job	2-stage pipe job	"TOP"													
Hole Size	7 7/8	T.D.													
Csg.	5 1/2 15,50lb	Depth	1720	Charge To	Flat Irons Resources										
Tbg. Size		Depth		Street											
Tool		Depth		City	State										
Cement Left in Csg.		Shoe Joint		The above was done to satisfaction and supervision of owner agent or contractor.											
Meas Line		Displace	41bbs	Cement Amount Ordered	350 Q-MDC										

EQUIPMENT

Pumptrk	1	No.	Cementer	Brandon	Common	350
Bulktrk	12	No.	Driver	Rick	Poz. Mix	
Bulktrk	Py	No.	Driver	Doug	Gel.	

JOB SERVICES & REMARKS

Remarks:		Calcium
Rat Hole		Hulls
Mouse Hole		Salt
Centralizers		Flowseal 87#
Baskets		Kol-Seal 7405
D/V or Port Collar		Mud CLR 48 500 gal
Pump mud flush and shut in		CFL-117 or CD110 CAF 38
and mix 30s in Rathole		Sand
knock off and mix 35s		Handling
down 5 1/2 and displaced		Mileage

Cement did circ!!
Thank you!!

FLOAT EQUIPMENT

Guide Shoe		RECEIVED
Centralizer		JAN 07 2011
Baskets		KCC WICHITA
AFU Inserts		
Float Shoe		
Latch Down		

Pumptrk Charge	prol kang strong	Top Stage
Mileage	N/C	

Signature: Jeff Crawford

Tax	
Discount	
Total Charge	

DEFINITIONS: In these terms and conditions, "Quality" shall mean Quality Oilwell Cementing, 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 "QUALITY" 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 "QUALITY," refunded directly to "CUSTOMER." For purposes of this paragraph, QUALITY 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 term of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limit to, a reasonable sum as and attorney's fees.

- **PRICES AND TAXES:** All merchandise listed in "QUALITY'S" current price schedule are F.O.B. QUALITY'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 QUALITY shall be added to the quoted prices charged to CUSTOMER.

- **TOWING CHARGES:** QUALITY will make a reasonable attempt to get to and from each job site using its own equipment. Should QUALITY 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 QUALITY, 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 QUALITY for the expenses incurred by QUALITY as a result of the cancellation.

- **DEADHAUL CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charges as set forth in QUALITY'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. QUALITY carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond QUALITY'S control, QUALITY 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 QUALITY, 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 QUALITY'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 QUALITY or its employees.

2. With respect to any of QUALITY'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 QUALITY at the landing, CUSTOMER shall either recover the lost item without cost to QUALITY or reimburse QUALITY the current replacement cost of the item unless the loss or damage results from the sole negligence of QUALITY or its employees.

3. QUALITY 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. QUALITY 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. QUALITY'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 QUALITY to be defective. THIS IS THE SOLE WARRANTY OF QUALITY 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 QUALITY 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 constructed as a warranty by QUALITY 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 QUALITY or any interpretation of test, meter readings, chart information, analysis or research, or recommendations made by QUALITY, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of QUALITY or its employees in the preparation or furnishing of such facts, information or data. (C) Work done by QUALITY shall be under the direct supervision and control of the CUSTOMER or his agent and QUALITY will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.