

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 # 31160  
Name: Phillips Exploration Company LC  
Address 1: 1601 N. Sagebrush  
Address 2: \_\_\_\_\_  
City: Wichita State: KS Zip: 67230 + \_\_\_\_\_  
Contact Person: James B. Phillips  
Phone: ( 316 ) 636-2256  
CONTRACTOR: License # 30606  
Name: Murfin Drilling Company Inc  
Wellsite Geologist: James B. Phillips  
Purchaser: MV Purchasing

Designate Type of Completion:

- New Well     Re-Entry     Workover
- Oil     WSW     SWD     SIOW  
 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 #: \_\_\_\_\_

<u>03/11/11</u>	<u>03/18/11</u>	<u>03/25/11</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 065-23716-00-00

Spot Description: \_\_\_\_\_  
NE SE SW Sec. 26 Twp. 10 S. R. 24  East  West  
990 Feet from  North /  South Line of Section  
2,310 Feet from  East /  West Line of Section

Footages Calculated from Nearest Outside Section Corner:

- NE     NW     SE     SW

County: Graham

Lease Name: Smiley Well #: 2-26

Field Name: \_\_\_\_\_

Producing Formation: Lansing

Elevation: Ground: 2410 Kelly Bushing: 2415

Total Depth: 4100 Plug Back Total Depth: 4044

Amount of Surface Pipe Set and Cemented at: 210 Feet

Multiple Stage Cementing Collar Used?  Yes  No

If yes, show depth set: \_\_\_\_\_ Feet

If Alternate II completion, cement circulated from: 1999  
feet depth to: surface w/ 350 sx cmt.

Drilling Fluid Management Plan

(Data must be collected from the Reserve Pit)

Chloride content: 2200 ppm Fluid volume: \_\_\_\_\_ bbls  
Dewatering method used: evaporate

Location of fluid disposal if hauled offsite: \_\_\_\_\_

Operator Name: Phillips Exploration Company LC

Lease Name: Herman Trust License #: 31160

Quarter NE Sec. 34 Twp. 9 S. R. 24  East  West

County: Graham Permit #: D-30473

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**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: [Signature]

Title: President Date: 10/11/11

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: 10/18/11

Operator Name: Phillips Exploration Company LC Lease Name: Smiley Well #: 2-26  
 Sec. 26 Twp. 10 S. R. 24  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: <b>Dual Induction, micro,compensated density,bond</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>2030</td> <td>+385</td> </tr> <tr> <td>Base/Anhydrite</td> <td>2070</td> <td>+345</td> </tr> <tr> <td>Topeka</td> <td>3504</td> <td>-1089</td> </tr> <tr> <td>Heebner</td> <td>3722</td> <td>-1307</td> </tr> <tr> <td>Toronto</td> <td>3742</td> <td>-1327</td> </tr> <tr> <td>Lansing</td> <td>3756</td> <td>1341</td> </tr> <tr> <td>B/Kc</td> <td>3997</td> <td>-1582</td> </tr> </table>	Name	Top	Datum	Anhydrite	2030	+385	Base/Anhydrite	2070	+345	Topeka	3504	-1089	Heebner	3722	-1307	Toronto	3742	-1327	Lansing	3756	1341	B/Kc	3997	-1582
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B/Kc	3997	-1582																							

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"	8.750	23#	219	common	150	3%gel,4%cc
long string	7 7/8"	5.50	14#	4099	common	165	Qpac
2 stage	7 7/8"	5.50	14#	1999	common	350	Qpac

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				

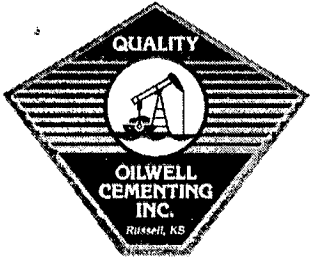
Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record <i>(Amount and Kind of Material Used)</i>	Depth
4 spf	3760-68	500 gals, 15% HCl	3768

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TUBING RECORD:	Size: <u>2 3/8"</u>	Set At: <u>3890</u>	Packer At: <u>na</u>	Liner Run: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
----------------	---------------------	---------------------	----------------------	--

Date of First, Resumed Production, SWD or ENHR. <u>04/02/11</u>	Producing Method: <input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other <i>(Explain)</i> _____				
Estimated Production Per 24 Hours	Oil Bbbs. <u>25</u>	Gas Mcf	Water Bbbs. <u>0</u>	Gas-Oil Ratio	Gravity <u>38</u>

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)</i> <i>(Submit ACO-4)</i> <input type="checkbox"/> Other <i>(Specify)</i> _____	PRODUCTION INTERVAL: <u>3760-68 Lansing</u>
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**QUALITY OILWELL CEMENTING, INC.**  
 PO Box 32 - 740 West Wichita Ave, Russell KS 67665  
 Phone: 785-324-1041 fax: 785-483-1087  
 Email: cementing@ruraltel.net

Date: 3/15/2011  
 Invoice # 4933  
 P.O.#:  
 Due Date: 4/14/2011  
 Division: Russell

# Invoice

**Contact:**  
 PHILLIPS EXPLORATION  
**Address/Job Location:**  
 PHILLIPS EXPLORATION  
 1601 N SAGEBRUSH  
 WICHITA KS 67230

**Reference:**  
 SMILEY 2-26

**Description of Work:**  
 SURFACE JOB

Services / Items Included:	Quantity	Price	Taxable	Item	Quantity	Price	Taxable
Labor		\$ 722.89	No				
Common-Class A	160	\$ 2,060.44	Yes				
Pump Truck Mileage-Job to Nearest Camp	45	\$ 474.05	No				
Bulk Truck Matl-Material Service Charge	168	\$ 354.67	No				
Bulk Truck Mileage-Job to Nearest Bulk Plant	45	\$ 277.40	No				
Calcium Chloride	5	\$ 198.76	Yes				
Premium Gel (Bentonite)	3	\$ 51.55	Yes				

**Invoice Terms:**

Net 30

SubTotal: \$ 4,139.76

Discount Available ONLY if Invoice is Paid & Received within listed terms of invoice: \$ (620.96)

SubTotal for Taxable Items: \$ 1,964.15

SubTotal for Non-Taxable Items: \$ 940.20

Total: \$ 3,518.80

Tax: \$ 148.29

7.55% Graham County Sales Tax

Amount Due: \$ 3,667.09

Applied Payments:

Balance Due: \$ 3,667.09

**Thank You For Your Business!**

Past Due Invoices are subject to a service charge (annual rate of 24%)  
 This does not include any applicable taxes unless it is listed.  
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Credit  
 472.67

# QUALITY OILWELL CEMENTING, INC.

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

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

No. 4933

Date <u>3-11-11</u>	Sec. <u>26</u>	Twp. <u>10</u>	Range <u>24</u>	County <u>Carthage</u>	State <u>KS</u>	On Location	Finish <u>9:00p.m.</u>
Lease <u>Smiley</u>	Well No. <u>2-26</u>		Location <u>Wichita 1/2 mile W 2000 1/2 BU</u>				
Contractor <u>Mirfin 16</u>				Owner			
Type Job <u>Surface</u>				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 <u>12 1/4</u>	T.D. <u>220</u>			Charge To <u>Phillips Exploration</u>			
Csg. <u>8 5/8</u>	Depth <u>220</u>			Street			
Tbg. Size	Depth			City			
Tool	Depth			State			
Cement Left in Csg. <u>15'</u>	Shoe Joint			The above was done to satisfaction and supervision of owner agent or contractor.			
Meas Line	Displace <u>13BC</u>			Cement Amount Ordered <u>160 com 30% cell 20% gel</u>			

### EQUIPMENT

Pumptrk <u>1</u>	No.	Cement Helper <u>Craig</u>	Common <u>160</u>
Bulktrk	No.	Driver <u>Neale</u>	Poz. Mix
Bulktrk <u>10</u>	No.	Driver <u>Reed</u>	Gel. <u>3</u>

### 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
<u>8 5/8 on bottom Est. Circulation. Mix</u>	Sand
<u>150 SIC + Displace</u>	Handling <u>168</u>
<u>Cement Circulated</u>	Mileage

### FLOAT EQUIPMENT

Guide Shoe	
Centralizer	
Baskets <u>8 5/8 Swage</u>	
AFU Inserts	
Float Shoe	
Latch Down	

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Quality Oilwell Cementing

Pumptrk Charge <u>Surface</u>	Tax
Mileage <u>45</u>	Discount
Signature <u>Andy Seibel</u>	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 shall 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.**

PO Box 32 - 740 West Wichita Ave, Russell KS 67665  
 Phone: 785-324-1041 fax: 785-483-1087  
 Email: cementing@ruraltel.net

Date: 3/22/2011  
 Invoice # 4789

P.O.#:  
 Due Date: 4/21/2011  
 Division: Russell

# Invoice

**Contact:**  
 PHILLIPS EXPLORATION  
**Address/Job Location:**  
 PHILLIPS EXPLORATION  
 1601 N SAGEBRUSH  
 WICHITA KS 67230

**Reference:**  
 SMILEY 2-26

**Description of Work:**  
 PROD. LONG STRING BOTTOM STAGE

Services / Items Included:	Quantity	Price	Taxable	Item	Quantity	Price	Taxable
Labor		\$ 712.98	No				
Two Stage Cement Collar, 5 1/2"	1	\$ 3,727.12	Yes				
Pro-C Cement	165	\$ 2,920.27	Yes				
5 1/2" Turbolizer	8	\$ 483.07	Yes				
5 1/2" Basket	2	\$ 478.90	Yes				
Pump Truck Mileage-Job to Nearest Camp	45	\$ 467.56	No				
Mud Clear	500	\$ 385.21	Yes				
Bulk Truck Matl-Material Service Charge	179	\$ 372.71	No				
Auto Fill Float Shoe, 5 1/2"	1	\$ 318.58	Yes				
Bulk Truck Mileage-Job to Nearest Bulk Plant	45	\$ 273.60	No				
Salt (Fine)	14	\$ 203.47	Yes				

**Invoice Terms:**

Net 30

SubTotal: \$ 10,343.48  
 Discount Available ONLY if Invoice is Paid & Received  
 within listed terms of invoice: \$ (1,551.52)

SubTotal for Taxable Items: \$ 7,239.13  
 SubTotal for Non-Taxable Items: \$ 946.79

7.55% Graham County Sales Tax

Total: \$ 8,791.95  
 Tax: \$ 546.55

**Thank You For Your Business!**

Amount Due: \$ 9,338.51  
 Applied Payments:  
 Balance Due: \$ 9,338.51

Past Due Invoices are subject to a service charge (annual rate of 24%)  
 This does not include any applicable taxes unless it is listed.

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1004, 97

# QUALITY OILWELL CEMENTING, INC.

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

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

No. 4789

Date	3-17-11	Sec.	26	Twp.	10	Range	24	County	Graham	State	Kansas	On Location		Finish	RKam
Lease	Smiley	Well No.	2-26		Location		Wakeney 9W 6W 15 SE 40								
Contractor	Murtin Drilling Rig 10				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	D.V. - Bottom				Charge To		Phillips Exploration								
Hole Size	7 7/8		T.D.		4100		Street								
Csg.	5 1/2 14K		Depth		City										
Tbg. Size			Depth		State										
Tool D.V.	#50		Depth		1999.71		The above was done to satisfaction and supervision of owner agent or contractor.								
Cement Left in Csg.	42.57		Shoe Joint		42.57		Cement Amount Ordered								
Meas Line			Displace		49 Bbl		165 Q Pro-C 10% Salt								

### EQUIPMENT

Pumptrk	9	No.	Cementer	Steve	Common	16.5 Q pro-c
Bulktrk	8	No.	Helper	Steve	Poz. Mix	
Bulktrk		No.	Driver	Clay	Gel.	
Bulktrk		No.	Driver	Jason	Calcium	
Bulktrk		No.	Driver		Hulls	

### JOB SERVICES & REMARKS

Remarks:		500 Gal Mud Clear 48
Rat Hole		Salt 14
Mouse Hole		Flowseal
Centralizers	2, 4, 6, 7, 8, 9, 12, 49	Kol-Seal
Baskets	13, 50	Mud CLR 48 500 gal
D/V or Port Collar	#50 1999.71	CFL-117 or CD110 CAF 38
	Pump 500 Gal Mud Clear 48	Sand
	followed by 165 Q Pro-C 10% salt	Handling 179
	Displace w/ mud	Mileage

### FLOAT EQUIPMENT

Land plug @ 1400 psi	Guide Shoe	RECEIVED
Flood Head	Centralizer	8
	Baskets	2
	AFU Inserts	
	Float Shoe	1
	Latch Down	
	1 D.V. Tool w/ latch down	Bottom
	Pumptrk Charge	prod Long string Stage
	Mileage	45
	Tax	
	Discount	
	Total Charge	

X Signature *Ray [unclear]*

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- **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.

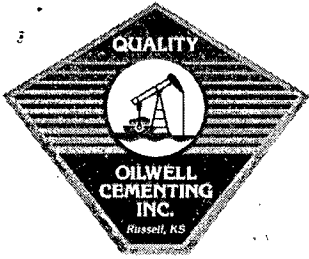
**WARRANTIES:** 1. QUALITY warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. QUALITY'S obligation under this warranty is expressly limited 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.**

PO Box 32 - 740 West Wichita Ave, Russell KS 67665  
 Phone: 785-324-1041 fax: 785-483-1087  
 Email: cementing@ruraltel.net

Date: 3/22/2011  
 Invoice # 4790

P.O.#:  
 Due Date: 4/21/2011  
 Division: Russell

# Invoice

**Contact:**  
 PHILLIPS EXPLORATION  
**Address/Job Location:**  
 PHILLIPS EXPLORATION  
 1601 N SAGEBRUSH  
 WICHITA KS 67230

**Reference:**  
 SMILEY 2-26

**Description of Work:**  
 PROD LONG STRING TOP STAGE

Services / Items Included:	Quantity	Price	Taxable	Item	Quantity	Price	Taxable
Labor		\$ 703.35	No				
non, MetsoBeads, Plater, Gel, FloSeal, Calcium)	350	\$ 6,872.86	Yes				
Bulk Truck Matl-Material Service Charge	350	\$ 718.92	No				
Mud Clear	500	\$ 380.00	Yes				
Bulk Truck Mileage-Job to Nearest Bulk Plant	45	\$ 269.90	No				
Flo Seal	87	\$ 178.70	Yes				

**Invoice Terms:**

Net 30

SubTotal: \$ 9,123.74

Discount Available ONLY if Invoice is Paid & Received within listed terms of invoice: \$ (1,368.56)

SubTotal for Taxable Items: \$ 6,316.83

SubTotal for Non-Taxable Items: \$ 840.50

Total: \$ 7,755.18

Tax: \$ 476.92

7.55% Graham County Sales Tax

Amount Due: \$ 8,232.10

Applied Payments:

Balance Due: \$ 8,232.10

**Thank You For Your Business!**

Past Due Invoices are subject to a service charge (annual rate of 24%)  
 This does not include any applicable taxes unless it is listed.  
 ©2008-2013 Straker Investments, LLC. All rights reserved.

RECEIVED  
 OCT 13 2011  
 KCC WICHITA

*Handwritten:* \$ 8,916.64

# QUALITY OILWELL CEMENTING, INC.

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

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

No. 4790

Date	3-18-11	Sec.	26	Twp.	10	Range	24	County	Graham	State	Kansas	On Location		Finish	4:30 A.M.
Lease	Smiley	Well No.	2-26		Location						Wakerney 9W 6W 15 1/2 E 14th				
Contractor	Martin Drilling Rig 16				Owner						To Quality Oilwell Cementing, Inc.				
Type Job	D.V. - Tap				You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.						Charge To				
Hole Size	7 3/8				T.D.						4120				
Csg.	5 1/2 146				Depth						Phillips Exploration				
Tbg. Size					Depth						Street				
Tool	D.V. #50				Depth						1999.71				
Cement Left in Csg.					Shoe Joint						City				
Meas Line					Displace						48 3/8 Bbl				
						Cement Amount Ordered						350 Q-MDC 1/2 lb Flt Seal			

**EQUIPMENT**

Pumptrk	9	No.	Cementer		Common	350
			Helper	Joe		
Bulktrk	12	No.	Driver	Lang	Poz. Mix	
			Driver	Lang		
Bulktrk		No.	Driver	Doug	Gel.	
			Driver	Doug		

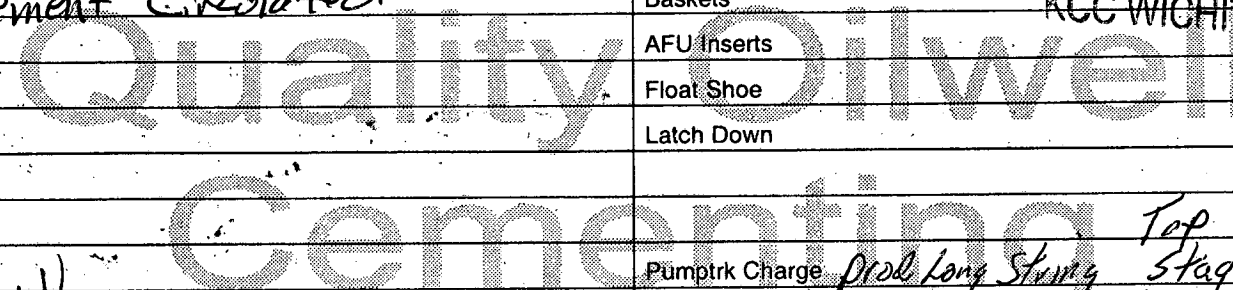
**JOB SERVICES & REMARKS**

Remarks:	Hulls
Rat Hole 30sx	Salt
Mouse Hole 20sx	Flowseal 87#
Centralizers	Kol-Seal
Baskets	Mud CLR 48 500 gal
D/V or Port Collar	CFL-117 or CD110 CAF 38

30sx Rat Hole  
20sx Mouse Hole  
Land plug @ 1800 psi release D.V.  
Cement Circulated

**FLOAT EQUIPMENT RECEIVED**

Guide Shoe	OCT 13 2011
Centralizer	
Baskets	KCC WICHITA
AFU Inserts	
Float Shoe	
Latch Down	



Signature: [Handwritten Signature]

Pumptrk Charge	Prod Long Stung	Tap Stage
Mileage	45	
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 shall 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.

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