

OIL & GAS CONSERVATION DIVISION
WELL COMPLETION FORM
ACO-1 WELL HISTORY
DESCRIPTION OF WELL AND

CONFIDENTIAL

API #15-171-20,469-00-00

ORIGINAL

County Scott
C - SW - SW - Sec. 8 Twp. 19S Rge. 34 ^E

Operator: License # 04981

Name: Cholla Resources, Inc.

Address 1641 California St.

Suite #300

City/State/Zip Denver, CO 80202

Purchaser: N/A

Operator Contact Person: William Goff

Phone (303) -623-4565

Contractor: Name: Emphasis Oil Operations

License: 8241

Wellsite Geologist: William Goff

Designate Type of Completion

- New Well Re-Entry Workover
- Oil SVD SIOW Temp. Abd.
- Gas ENHR SIGV
- Dry Other (Core, WSV, Expl., Cathodic, etc)

If Workover/Re-Entry: old well info as follows:

Operator: _____

Well Name: _____

Comp. Date _____ Old Total Depth _____

- Deepening Re-perf. Conv. to Inj/SVD
- Plug Back PBD
- Commingled Docket No. _____
- Dual Completion Docket No. _____
- Other (SVD or Inj?) Docket No. _____

7/2/94 7/13/94

Spud Date 7/2/94 Date Reached TD 7/13/94 Completion Date _____

660 feet from N (circle one) Line of Section

4620 feet from N (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
NE. NW or SW (circle one)

Lease Name I. Novak Well # 1-8

Field Name N/A

Producing Formation N/A

Elevation: Ground 3122' KB 3127'

Total Depth 5000' PBD _____

Amount of Surface Pipe Set and Cemented at 222 Feet

Multiple Stage Cementing Collar Used? Yes No

If yes, show depth set _____ Feet

If Alternate II completion, cement circulated from _____

feet depth to _____ w/ _____ sz cat.

Drilling Fluid Management Plan D&A JH 3-8-95
(Data must be collected from the Reserve Pit)

Chloride content 38,000 ppm Fluid volume _____ bbls

Dewatering method used Evaporation

Location of fluid disposal if hauled offsite: _____

RELEASED

Operator Name OCT 2 5 1995

Lease Name _____ License No. _____

FROM CONFIDENTIAL **CONFIDENTIAL** ^{E/V}

County _____ Docket No. _____

INSTRUCTIONS: An original and two copies of this form shall be filed with the Kansas Corporation Commission, 200 Colorado Derby Building, 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 on 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 Robert M. Wittrock
Name Robert M. Wittrock Title VP of Exploration
Date 8/26/94

Subscribed and sworn to before me this 26th day of August

Notary Public Jean A. Cross
Date Commission Expires May 25, 1997

08-29-94

RECEIVED OFFICE USE ONLY
STATE CORPORATION COMMISSION
Geologist Report Received
AUG 29 1994
CONSERVATION DIVISION
WICHITA, KANSAS

Operator Name Cholla Resources, Inc.

Lease Name I. Novak

Well # 1-8

Sec. 8 Twp. 19S Rge. 34

East

County Scott

West

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all drill stem 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 during test. Attach extra sheet if more space is needed. Attach copy of log.

Drill Stem Tests Taken Yes No
(Attach Additional Sheets.)

Samples Sent to Geological Survey Yes No

Cores Taken Yes No

Electric Log Run Yes No
(Submit Copy.)

List All E.Logs Run: Dual Induction, Sonic, Density-Neutron, Micro

Name	Formation (Top), Depth and Datum		Sample
	Top	Datum	
LKC	4051	-924	
BKC	4488	-1361	
Marmaton	4516	-1389	
Morrow SH	4830	-1703	
Morrow SD	4870	-1743	
Miss	4912	-1785	
St. Louis	4954	-1827	

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"	20	222	60/40 Poz	150	2% Gel, 3% C.O.

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 Plug-Set/Type		Acid, Fracture, Shot, Cement Squeeze Record	
	Specify Footage of Each Interval Perforated		(Amount and Kind of Material Used)	Depth

TUBING RECORD		Size	Set At						
Date of First, Resumed Production, SWD or Inj.		Producing Method		Liner Run <input type="checkbox"/> Yes <input type="checkbox"/> No					
D&A									
Estimated Production Per 24 Hours		Oil <u>N/A</u> bbls	Gas <u>N/A</u> Mcf	Water <u>N/A</u> bbls	See Oil Report			Gravity	

Disposition of Gas: Vented Sold Used on Lease (If vented, submit ACO-18.)

METHOD OF COMPLETION: Open Hole Part Quality Comp Cemented Other (Specify) _____

Production Interval _____

CONFIDENTIAL

TRILOBITE TESTING, L.L.C.

P.O. Box 362 • Hays, Kansas 67601

Drill-Stem Test Data

ORIGINAL

Well Name NOVAK #1-8 Test No. 1 Date 7/894
 Company CHOLLA RESOURCES, INC. Zone MARMATON
 Address 1641 CALIFORNIA ST SWT 300 DENVER CO Elevation _____
 Co. Rep./Geo. BILL GROFF Cont. EMPHASIS #7 Est. Ft. of Pay _____
 Location: Sec. 8 Twp. 19S Rge. 34W Co. SCOTT State KS
15-171-20469-00-00

Interval Tested	<u>4516-4540</u>	Drill Pipe Size	<u>4.5" XH</u>
Anchor Length	<u>24</u>	Wt. Pipe I.D. - 2.7 Ft. Run	_____
Top Packer Depth	<u>4511</u>	Drill Collar - 2.25 Ft. Run	_____
Bottom Packer Depth	<u>4516</u>	Mud Wt.	<u>9</u> lb/Gal.
Total Depth	<u>4540</u>	Viscosity	<u>48</u> Filtrate <u>8.8</u>

Tool Open @ 4:05 P.M. Initial Blow VERY WEAK SURFACE BLOW STEADY THROUGHOUT
RELEASED

Final Blow NO RETURN BLOW **OCT 26 1995**

Recovery - Total Feet 10 **FROM CONFIDENTIAL** Flush Tool? NO

Rec. 10 Feet of DRILLING MUD WITH HEAVY OIL SPOTS IN TOOL
 Rec. _____ Feet of _____
 Rec. _____ Feet of _____
 Rec. _____ Feet of _____
 Rec. _____ Feet of _____

AUG 26
CONFIDENTIAL

BHT 115 °F Gravity _____ °API @ _____ °F Corrected Gravity _____ °API
 RW _____ @ _____ °F Chlorides _____ ppm Recovery Chlorides 7000 ppm System

(A) Initial Hydrostatic Mud	<u>2268.4</u> PSI	AK1 Recorder No.	<u>13276</u>	Range	<u>4000</u>
(B) First Initial Flow Pressure	<u>20.8</u> PSI	@ (depth)	<u>4530</u>	w / Clock No.	<u>22992</u>
(C) First Final Flow Pressure	<u>20.8</u> PSI	AK1 Recorder No.	<u>13339</u>	Range	<u>4025</u>
(D) Initial Shut-in Pressure	<u>1206.7</u> PSI	@ (depth)	<u>4535</u>	w / Clock No.	<u>23832</u>
(E) Second Initial Flow Pressure	<u>31.2</u> PSI	AK1 Recorder No.	_____	Range	_____
(F) Second Final Flow Pressure	<u>31.2</u> PSI	@ (depth)	_____	w / Clock No.	_____
(G) Final Shut-in Pressure	<u>1100.3</u> PSI	Initial Opening	<u>30</u>	Final Flow	<u>15</u>
(H) Final Hydrostatic Mud	<u>2198.3</u> PSI	Initial Shut-in	<u>60</u>	Final Shut-in	<u>30</u>

Our Representative ROD STEINBRINK

RECEIVED
 STATE CORPORATION COMMISSION
AUG 29 1994
 CONSERVATION DIVISION
 WICHITA, KANSAS
 WICHITA, KANSAS

TRILOBITE TESTING, L.L.C.

P.O. Box 362 • Hays, Kansas 67601

Drill-Stem Test Data

CONFIDENTIAL
ORIGINAL

Well Name NOVAK #1-8 Test No. 2 Date 7/10/94
 Company CHOLLA RESOURCES, INC. Zone UPPER MORROW
 Address 1641 CALIFORNIA ST SWT 300 DENVER CO Elevation KB
 Co. Rep./Geo. BILL GROFF Cont. EMPHASIS #7 Est. Ft. of Pay 7
 Location: Sec. 8 Twp. 19S Rge. 34W Co. SCOTT State KS

Interval Tested 4856-4880 Drill Pipe Size 4.5" XH
 Anchor Length 24 Wt. Pipe I.D. - 2.7 Ft. Run _____
 Top Packer Depth 4851 Drill Collar - 2.25 Ft. Run _____
 Bottom Packer Depth 4856 Mud Wt. 9.1 lb/Gal.
 Total Depth 4880 Viscosity 50 Filtrate 8.8

Tool Open @ 4:33 P.M. Initial Blow WEAK SURFACE BLOW BUILT TO 1 1/2"
 Final Blow WEAK SURFACE BLOW BUILT TO 3/4"

Recovery - Total Feet 100 Flush Tool? NO

Rec. 100 Feet of DRILLING MUD
 Rec. _____ Feet of RELEASED
 Rec. _____ Feet of _____
 Rec. _____ Feet of OCT 26 1995
 Rec. _____ Feet of _____

FROM CONFIDENTIAL **CONFIDENTIAL**

BHT 118 °F Gravity _____ °API @ _____ °F Corrected Gravity _____ °API
 RW _____ @ _____ °F Chlorides _____ ppm Recovery Chlorides 8000 ppm System

(A) Initial Hydrostatic Mud 2445.7 PSI AK1 Recorder No. 13276 Range 4000
 (B) First Initial Flow Pressure 43.6 PSI @ (depth) 4870 w / Clock No. 23832
 (C) First Final Flow Pressure 43.6 PSI AK1 Recorder No. 13339 Range 4025
 (D) Initial Shut-in Pressure 1128.4 PSI @ (depth) 4875 w / Clock No. 22992
 (E) Second Initial Flow Pressure 69.6 PSI AK1 Recorder No. _____ Range _____
 (F) Second Final Flow Pressure 69.6 PSI @ (depth) _____ w / Clock No. _____
 (G) Final Shut-in Pressure 1057.1 PSI Initial Opening 30 Final Flow AUG 20 1994
 (H) Final Hydrostatic Mud 2441.7 PSI Initial Shut-in 60 Final Shut-in CONCLUSION DIVISION
WICHITA, KANSAS

Our Representative ROD STEINBRINK

RECEIVED
STATE CORPORATION COMMISSION
AUG 20 1994
CONCLUSION DIVISION
WICHITA, KANSAS

CONFIDENTIAL ORIGINAL

TRILOBITE TESTING, L.L.C.

P.O. Box 362 • Hays, Kansas 67601

Drill-Stem Test Data

Well Name NOVAK #1-8 Test No. 3 Date 7/12/94
 Company CHOLLA RESOURCES, INC. Zone ST. LOUIS
 Address 1641 CALIFORNIA ST SWT 300 DENVER CO Elevation KB
 Co. Rep./Geo. BILL GROFF Cont. EMPHASIS #7 Est. Ft. of Pay _____
 Location: Sec. 8 Twp. 19S Rge. 34W Co. SCOTT State KS

Interval Tested 4925-5000 Drill Pipe Size 4.5" XH
 Anchor Length 75 Wt. Pipe I.D. - 2.7 Ft. Run _____
 Top Packer Depth 4920 Drill Collar - 2.25 Ft. Run _____
 Bottom Packer Depth 4925 Mud Wt. 9.1 lb/Gal.
 Total Depth 5000 Viscosity 46 Filtrate 10.0

Tool Open @ 2:53 A.M. Initial Blow SURFACE BLOW SLOWLY BUILT TO 6" ISI:
BLED OFF BLOW-NO RETURN
 Final Blow WEAK SURFACE BLOW BUILT TO 2" FSI:
BLED OFF BLOW-NO RETURN

Recovery - Total Feet 220 Flush Tool? NO

Rec. 100 Feet of DRILLING MUD 100% MUD
 Rec. 120 Feet of MUDDY WATER 70 WATER/30% MUD **RELEASED**
 Rec. TRACE Feet of WITH OIL STAIN IN TOOL
 Rec. _____ Feet of _____
 Rec. _____ Feet of _____

OCT 26 1995 AUG 2 6
 FROM CONFIDENTIAL

BHT 116 °F Gravity _____ °API @ _____ °F Corrected Gravity _____ °API
 RW 0.32 @ 70 °F Chlorides 22000 ppm Recovery Chlorides 8000 ppm System

(A) Initial Hydrostatic Mud 2553.4 PSI AK1 Recorder No. _____ Range 4000
 (B) First Initial Flow Pressure 88.4 PSI @ (depth) 4930 w / Clock No. 22992
 (C) First Final Flow Pressure 109.1 PSI AK1 Recorder No. 13339 Range 4025
 (D) Initial Shut-in Pressure 1229.8 PSI @ (depth) 4995 w / Clock No. 23832
 (E) Second Initial Flow Pressure 147.6 PSI AK1 Recorder No. _____ Range _____
 (F) Second Final Flow Pressure 163.1 PSI @ (depth) _____ w / Clock No. _____
 (G) Final Shut-in Pressure 1217.7 PSI Initial Opening 30 Final Flow 30
 (H) Final Hydrostatic Mud 2494.7 PSI Initial Shut-in 60 Final Shut-in 60

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 DIVISION COMM
 AUG 29 1994
 DIVISION DIVISION
 HAYS, KANSAS

Our Representative ROD STEINBRINK

TRILOBITE TESTING, L.L.C.

P.O. Box 362 • Hays, Kansas 67601

CONFIDENTIAL ORIGINAL

Drill-Stem Test Data

Well Name NOVAK #1-8 Test No. 4 Date 7/12/94
 Company CHOLLA RESOURCES, INC. Zone MARMATON
 Address 1641 CALIFORNIA ST SWT 300 DENVER CO Elevation KB
 Co. Rep./Geo. BILL GROFF Cont. EMPHASIS #7 Est. Ft. of Pay _____
 Location: Sec. 8 Twp. 19S Rge. 34W Co. SCOTT State KS

Interval Tested 4520-4554 Drill Pipe Size 4.5" XH
 Anchor Length 34 Wt. Pipe I.D. - 2.7 Ft. Run _____
 Top Packer Depth 4515-4520 Drill Collar - 2.25 Ft. Run _____
 Bottom Packer Depth 4554 Mud Wt. 9.1 lb/Gal.
 Total Depth (RTD) 5000 Viscosity 46 Filtrate 10.0

Tool Open @ 9:40 A.M. Initial Blow PACKERS FAILED - TRIED TO RESET-NO HELP

Final Blow _____

Recovery - Total Feet 150 Flush Tool? NO

Rec. 150 Feet of DRILLING MUD
 Rec. _____ Feet of _____
 Rec. _____ Feet of _____
 Rec. _____ Feet of _____
 Rec. _____ Feet of _____

RELEASED

OCT 26 1995

AUG 26

FROM CONFIDENTIAL

CONFIDENTIAL

BHT 115 °F Gravity _____ °API @ _____ °F Corrected Gravity _____ °API
 RW _____ @ _____ °F Chlorides _____ ppm Recovery Chlorides 8000 ppm System

(A) Initial Hydrostatic Mud 2427.7 PSI AK1 Recorder No. 13309 Range 4700

(B) First Initial Flow Pressure _____ PSI @ (depth) 4539 w / Clock No. 23934

(C) First Final Flow Pressure _____ PSI AK1 Recorder No. 13339 Range 4025

(D) Initial Shut-in Pressure _____ PSI @ (depth) 4544 w / Clock No. 23832

(E) Second Initial Flow Pressure _____ PSI AK1 Recorder No. 13276 Range 4000

(F) Second Final Flow Pressure _____ PSI @ (depth) 4995 w / Clock No. 22992

(G) Final Shut-in Pressure _____ PSI Initial Opening _____ Final Flow _____

(H) Final Hydrostatic Mud 2267.4 PSI Initial Shut-in _____ Final Shut-in _____

Our Representative ROD STEINBRINK

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AUG 29 1994
WICHITA, KANSAS

CONFIDENTIAL

TRILOBITE TESTING, L.L.C.

P.O. Box 362 • Hays, Kansas 67601

ORIGINAL

Drill-Stem Test Data

Well Name NOVAK #1-8 Test No. 5 Date 7/12/94
 Company CHOLLA RESOURCES, INC. Zone LANSING
 Address 1641 CALIFORNIA ST SWT 300 DENVER CO Elevation 2970 (KB
 Co. Rep./Geo. BILL GROFF Cont. EMPHASIS #7 Est. Ft. of Pay _____
 Location: Sec. 8 Twp. 19S Rge. 34W Co. SCOTT State KS

Interval Tested 4271-4306 Drill Pipe Size 4.5" XH
 Anchor Length 35 Wt. Pipe I.D. - 2.7 Ft. Run _____
 Top Packer Depth 4266-4271 Drill Collar - 2.25 Ft. Run _____
 Bottom Packer Depth 4306 Mud Wt. 9.1 lb/Gal.
 Total Depth (RTD) 5000 Viscosity 46 Filtrate 10.0

Tool Open @ 2:00 P.M. Initial Blow FAIR TO STRONG BLOW OFF BOTTOM IN 14 MIN.
 ISI: bled off blow-no return
 Final Blow WEAK TO FAIR BLOW OFF BOTTOM IN 20 MIN.
 FSI: bled off blow-no return

Recovery - Total Feet 570 Flush Tool? NO

Rec. 330 Feet of MUD CUT WATER WITH OIL STAINS AT TOP 80% WATER/20% MUD
 Rec. 240 Feet of SULFUR WATER
 Rec. _____ Feet of _____
 Rec. _____ Feet of _____
 Rec. _____ Feet of _____

RELEASED

OCT 26 1995

FROM CONFIDENTIAL

CONFIDENTIAL

BHT 121 °F Gravity _____ °API @ _____ °F Corrected Gravity _____ °API
 RW 0.27 @ 60 °F Chlorides 30000 ppm Recovery Chlorides 8000 ppm System

(A) Initial Hydrostatic Mud 2207.3 PSI AK1 Recorder No. 13339 Range 4025
 (B) First Initial Flow Pressure 109.1 PSI @ (depth) 4295 w / Clock No. 22992
 (C) First Final Flow Pressure 152.7 PSI AK1 Recorder No. 13309 Range 4700
 (D) Initial Shut-in Pressure _____ PSI @ (depth) 4300 w / Clock No. 23934
 (E) Second Initial Flow Pressure 235.9 PSI AK1 Recorder No. 13276 Range 4000
 (F) Second Final Flow Pressure 283.8 PSI @ (depth) 4995 w / Clock No. 23832
 (G) Final Shut-in Pressure 1048.1 PSI Initial Opening 30 Final Flow 30
 (H) Final Hydrostatic Mud 2198.3 PSI Initial Shut-in 60 Final Shut-in 60

Our Representative ROD STEINBRINK

Phone 913-483-2627, Russell, KS
 Phone 316-793-5861, Great Bend, KS

Phone 913-625-5516, Hays, KS
 Phone 913-672-3471, Oakley, KS

Phone 316-886-5926, Medicine Lodge, KS
 Phone 913-798-3843, Ness City, KS

ALLIED CEMENTING CO., INC. 7671
 Home Office P. O. Box 31 Russell, Kansas 67665 **ORIGINAL**

new

CONFIDENTIAL

Date	Sec.	Twp.	Range	Called Out	On Location	Job Start	Finish
7-2-94	8	19 ^s	34 ^W	2:15 PM	5:15 PM	6:30 PM	7:00 PM
Lease	Well No.	Location		County	State		
Novac	1-8	Madoc 2 1/2 W - 4 1/2 N - 3 1/2 E		Scott	Kan		

Contractor	Emphasis oil Opr #7	
Type Job	Surface	
Hole Size	12 1/4	T.D. 225'
Csg.	8 5/8	Depth 222'
Tbg. Size		Depth
Drill Pipe		Depth
Tool		Depth
Cement Left in Csg.	15'	Shoe Joint
Press Max.		Minimum
Meas Line		Displace <input checked="" type="checkbox"/> 13 1/4 BB
Perf.		

Owner	Challa Resources Inc	
To Allied Cementing Co., Inc. You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.		
Charge To	Emphasis oil Opr	
To	Challa Resources Inc	
Street		
City	State	
The above was done to satisfaction and supervision of owner agent or contractor.		

Purchase Order No.	
X	<i>Thomas M...</i>

EQUIPMENT

Pumptrk	No.	Cementer	Walt Terry
	300	Helper	
Pumptrk	No.	Cementer	A.B.
		Helper	
Bulktrk	312	Driver	
Bulktrk		Driver	

CEMENT

Amount Ordered	150 SKS 69/40 pps, 3% ACC - 2 1/2 Gal
Consisting of	
Common	RELEASED
Poz. Mix	
Gel.	
Chloride	
Quickset	
FROM CONFIDENTIAL	

DEPTH of Job

Reference:	Pumptruck	
	8 5/8 Surface Plus	
	225' per mile	
	Sub Total	
	Tax	
	Total	

Handling	1.00 per SK	Sales Tax	
Mileage	4¢ per SK mile		
		Sub Total	
		Total	

Remarks:
 Cement Dred Circ

Floating Equipment

RECEIVED
 STATE CORPORATION COMMISSION
 AUG 29 1994

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Allied" shall mean Allied Cementing Co., Inc., and "Customer" shall refer to the party identified by that term on the front of this contract. As applicable, "Job" relates to the services described on the front side of this contract, "merchandise" refers to the material described on the front of this contract and to any other materials, products, or supplies used, sold, or furnished under the requirements of this contract.

—**TERMS:** Unless satisfactory credit has been established, "CUSTOMER" must tender full cash payment to "ALLIED" before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, "CUSTOMER" agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing, in no event shall this Contract provide for interest exceeding the maximum rate of interest that "CUSTOMER" may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the "CUSTOMER" or at the option of "ALLIED," refunded directly to "CUSTOMER." For purposes of this paragraph, ALLIED and CUSTOMER agree that KANSAS law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

—**ATTORNEY FEES:** In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the terms of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and for attorney's fees:

—**PRICES AND TAXES:** All merchandise listed in "ALLIED'S" current price schedule are F.O.B. ALLIED'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by ALLIED shall be added to the quoted prices charged to CUSTOMER.

—**TOWING CHARGES:** ALLIED will make a reasonable attempt to get to and from each job site using its own equipment. Should ALLIED be unable to do so because of poor or inadequate road conditions, and should it become necessary to employ a tractor or other pulling equipment to get to or from the job site, the tractor or pulling equipment will be supplied by CUSTOMER or, if furnished by ALLIED, will be charged to and paid by CUSTOMER.

—**PREPARATION CHARGES:** If a job and/or merchandise is ordered and CUSTOMER cancels the order after preparation of a chemical solution or other material, CUSTOMER will pay ALLIED for the expenses incurred by ALLIED as a result of the cancellation.

—**DEADHAUL CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charge as set forth in ALLIED'S current price book will be charged each way for each service unit which is ordered by CUSTOMER but not used.

—**SERVICE CONDITIONS AND LIABILITIES:** 1. ALLIED carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond ALLIED'S control, ALLIED shall not be liable for injuries to property or persons or for loss or damage arising from the performance of the job or delivery of the merchandise. Customer shall be responsible for and indemnify, defend, and hold harmless ALLIED, its officers, agents and employees, from and against any and all claims or suits for:

(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

2. With respect to any of ALLIED'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to ALLIED at the landing, CUSTOMER shall either recover the lost item without cost to ALLIED or reimburse ALLIED the current replacement cost of the item unless the loss or damage results from the sole negligence of ALLIED or its employees.

3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

WARRANTIES: 1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. **THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.**

2. More specifically:

(A) Nothing in this contract shall be construed as a warranty by ALLIED of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by ALLIED or any interpretation of tests, meter readings, chart information, analysis of research, or recommendations made by ALLIED, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of ALLIED or its employees in the preparation or furnishing of such facts, information or data.

(C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.

Phone 913-483-2627, Russell, KS
 Phone 316-793-5861, Great Bend, KS

Phone 913-625-5516, Hays, KS
 Phone 913-672-3471, Oakley, KS

Phone 316-886-5926, Medicine Lodge, KS
 Phone 913-798-3843, Ness City, KS

ALLIED CEMENTING CO., INC.

7301

Home Office P. O. Box 31

Russell, Kansas 67665

WPC

CONFIDENTIAL

ORIGINAL 7-13-94

Date	7-12-94	Sec.	8	Twp.	19	Range	34	Called Out	11:00 PM	On Location		Job Start		Finish	3:00 AM
Lease	Mouak	Well No.	1-8	Location	Modoc 2 1/2 W - 45 - 34 E			County	Scott	State	KS				

Contractor	Impphasis Oil Opr #7		
Type Job	PTA		
Hole Size	7 7/8	T.D.	5000'
Csg.		Depth	
Tbg. Size		Depth	
Drill Pipe		Depth	
Tool		Depth	
Cement Left in Csg.		Shoe Joint	
Press Max.		Minimum	
Meas Line		Displace	
Perf.			

Owner	Same
To Allied Cementing Co., Inc. You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as listed.	
Charge To	Cholla Resources Inc
Street	
City	State
The above was done to satisfaction and supervision of owner agent or contractor.	
Purchase Order No.	
X	Thomas Al

EQUIPMENT

Pumptrk	No.	Cementer	Walt Terry
	300	Helper	
Pumptrk	No.	Cementer	R.B.
		Helper	
Bulktrk	218	Driver	
		Driver	

CEMENT

Amount Ordered	255 SKS 69/40 per, 6 1/2 (2), 1/4 105 Flt - Sac 1
Consisting of	
Common	
Poz. Mix	
Gel.	
Chloride	AUG 10
Quickset	CONFIDENTIAL
Sales Tax	

DEPTH of Job	
Reference:	Pumptruck
	8 5/8 D.H. Plus
	232 per mile
	Sub Total
	Tax
	Total

Handling	1.00 per SK
Mileage	48 per SK/mile
Sub Total	
Total	
Floating Equipment	

Remarks:	50 SKS @ 2260'
	80 SKS @ 1250'
	50 SKS @ 600'
	40 SKS @ 250'
	10 SKS @ 40'
	15 SKS in R.H., 10 SKS in M.H.

RELEASED
 OCT 2 8 1994
 FROM CONFIDENTIAL
Thomas Al

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Allied" shall mean Allied Cementing Co., Inc., and "Customer" shall refer to the party identified by that term on the front of this contract. As applicable, "Job" relates to the services described on the front side of this contract, "merchandise" refers to the material described on the front of this contract and to any other materials, products, or supplies used, sold, or furnished under the requirements of this contract.

—**TERMS:** Unless satisfactory credit has been established, "CUSTOMER" must tender full cash payment to "ALLIED" before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, "CUSTOMER" agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing, in no event shall this Contract provide for interest exceeding the maximum rate of interest that "CUSTOMER" may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the "CUSTOMER" or at the option of "ALLIED," refunded directly to "CUSTOMER." For purposes of this paragraph, ALLIED and CUSTOMER agree that KANSAS law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

—**ATTORNEY FEES:** In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the terms of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and for attorney's fees:

—**PRICES AND TAXES:** All merchandise listed in "ALLIED'S" current price schedule are F.O.B. ALLIED'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by ALLIED shall be added to the quoted prices charged to CUSTOMER.

—**TOWING CHARGES:** ALLIED will make a reasonable attempt to get to and from each job site using its own equipment. Should ALLIED be unable to do so because of poor or inadequate road conditions, and should it become necessary to employ a tractor or other pulling equipment to get to or from the job site, the tractor or pulling equipment will be supplied by CUSTOMER or, if furnished by ALLIED, will be charged to and paid by CUSTOMER.

—**PREPARATION CHARGES:** If a job and/or merchandise is ordered and CUSTOMER cancels the order after preparation of a chemical solution or other material, CUSTOMER will pay ALLIED for the expenses incurred by ALLIED as a result of the cancellation.

—**DEADHAUL CHARGES:** Unless otherwise specified on the front of this Contract, a deadhaul charge as set forth in ALLIED'S current price book will be charged each way for each service unit which is ordered by CUSTOMER but not used.

—**SERVICE CONDITIONS AND LIABILITIES:** 1. ALLIED carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond ALLIED'S control, ALLIED shall not be liable for injuries to property or persons or for loss or damage arising from the performance of the job or delivery of the merchandise. Customer shall be responsible for and indemnify, defend, and hold harmless ALLIED, its officers, agents and employees, from and against any and all claims or suits for:

(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner; and:

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

2. With respect to any of ALLIED'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to ALLIED at the landing, CUSTOMER shall either recover the lost item without cost to ALLIED or reimburse ALLIED the current replacement cost of the item unless the loss or damage results from the sole negligence of ALLIED or its employees.

3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

WARRANTIES: 1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.

2. More specifically:

(A) Nothing in this contract shall be construed as a warranty by ALLIED of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by ALLIED or any interpretation of tests, meter readings, chart information, analysis of research, or recommendations made by ALLIED, unless the inaccuracy or incorrectness is caused by the willful misconduct or gross negligence of ALLIED or its employees in the preparation or furnishing of such facts, information or data.

(C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.