

SIDE ONE

STATE CORPORATION COMMISSION OF KANSAS  
OIL & GAS CONSERVATION DIVISION  
WELL COMPLETION FORM  
ACO-1 WELL HISTORY  
DESCRIPTION OF WELL AND LEASE

Operator: License # 7076

Name: Black Diamond Oil, Inc.

Address 3004 Broadway Ave.

City/State/Zip Hays, KS 67601

Purchaser: \_\_\_\_\_

Operator Contact Person: Kenneth Vehige

Phone (913)-625-5891

Contractor: Name: Emphasis Oil Operations

License: 8241

Wellsite Geologist: Kenneth Vehige

Designate Type of Completion

- New Well     Re-Entry     Workover
- Oil             SWD             Temp. Abd.
- Gas             Inj             Delayed Comp.
- Dry             Other (Core, Water Supply, etc.)

If **OWMO**: old well info as follows:

Operator: \_\_\_\_\_

Well Name: \_\_\_\_\_

Comp. Date \_\_\_\_\_ Old Total Depth \_\_\_\_\_

Drilling Method:

- Mud Rotary     Air Rotary     Cable

6/4/91            6/12/91            7/8/91

Spud Date            Date Reached TD            Completion Date

API NO. 15- 135-23,577

County Ness

NE SE SE Sec. 32 Twp. 19S Rge. 24  East  West

990  Ft. North from Southeast Corner of Section

330  Ft. West from Southeast Corner of Section

(NOTE: Locate well in section plat below.)

Lease Name Schmalzried Well # 1

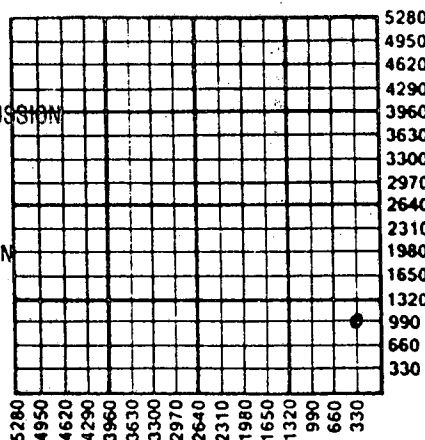
Field Name \_\_\_\_\_

Producing Formation Mississippi

Elevation: Ground 2340' KB 2345'

Total Depth 4415' PBDT \_\_\_\_\_

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Wichita, Kansas



8-1-91

Amount of Surface Pipe Set and Cemented at 250 Feet

Multiple Stage Cementing Collar Used?  Yes  No

If yes, show depth set 1563 Feet

If Alternate II completion, cement circulated from 1563

feet depth to surface w/ 300 sx cmt.

**INSTRUCTIONS:** This form shall be completed in triplicate and filed with the Kansas Corporation Commission, 200 Colorado Derby Building, Wichita, Kansas 67202, within 120 days of the spud date of any well. Rule 82-3-130, 82-3-107 and 82-3-106 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 drillers time log 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 well's. Any recompletion, workover or conversion of a well requires filing of ACO-2 within 120 days from commencement date of such work.

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 [Handwritten Signature]

Title Owner/Operator Date 7/18/91

Subscribed and sworn to before me this 18TH day of JULY, 19 91.

Notary Public Linda K. Bixenman

LINDA K. BIXENMAN

Date Commission Expires 6-21-95



**K.C.C. OFFICE USE ONLY**

F  Letter of Confidentiality Attached

C  Wireline Log Received

C  Drillers Timelog Received

**Distribution**

KCC             SWD/Rep     NGPA

KGS             Plug             Other

(Specify)

SIDE TWO

Operator Name Kenneth Vehige  
Black Diamond Oil, Inc. Lease Name Schmalzried Well # 1  
 East County Ness  
 Sec. 32 Twp. 19S Rge. 24  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 (Attach Additional Sheets.)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Formation Description</b> <input checked="" type="checkbox"/> Log <input type="checkbox"/> Sample <table border="1"> <thead> <tr> <th>Name</th> <th>Top</th> <th>Bottom</th> </tr> </thead> <tbody> <tr> <td>Anhydrite</td> <td>1611</td> <td>1654</td> </tr> <tr> <td>Heebner</td> <td>3727</td> <td>-</td> </tr> <tr> <td>Lansing K. C.</td> <td>3769</td> <td>4125</td> </tr> <tr> <td>Pawnee</td> <td>4208</td> <td>-</td> </tr> <tr> <td>Fort Scott</td> <td>4286</td> <td>-</td> </tr> <tr> <td>Mississippi</td> <td>4393</td> <td>-</td> </tr> <tr> <td>T. D. Mississippi</td> <td></td> <td></td> </tr> </tbody> </table>	Name	Top	Bottom	Anhydrite	1611	1654	Heebner	3727	-	Lansing K. C.	3769	4125	Pawnee	4208	-	Fort Scott	4286	-	Mississippi	4393	-	T. D. Mississippi		
Name	Top		Bottom																							
Anhydrite	1611		1654																							
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Lansing K. C.	3769	4125																								
Pawnee	4208	-																								
Fort Scott	4286	-																								
Mississippi	4393	-																								
T. D. Mississippi																										
Samples Sent to Geological Survey	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																									
Cores Taken	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No																									
Electric Log Run (Submit Copy.)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No																									

**CASING RECORD**  New  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"	28#	250'	60/40	150	2% gel 3% cc
Production	7 7/8"	4 1/2"	9 1/2#	4414'	ASC	150	500 WFRZ
					60/40	300	8% gel

Shots Per Foot	PERFORATION RECORD Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record (Amount and Kind of Material Used)	Depth
open hole	4415'-32'	1200 gals. 15% INS & } 2000 gals. MOD 202 }	open hole & 4402-10
1	4410'		
1	4407'		
1	4402'	250 gals. 15% MCA	4375-83'
2	4375'-83' (non/commercial)		
2	4307-11' (non/commercial)	250 gals. 15% MCA & } 1500 gals. DEM }	4307-11'

**TUBING RECORD** Size 2 3/8" Set At 4422' Packer At \_\_\_\_\_ Liner Run  Yes  No

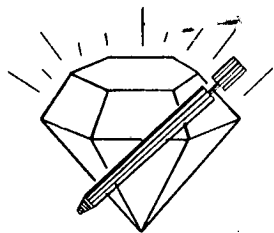
Date of First Production <u>7/13/91</u>	Producing Method <input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)
Estimated Production Per 24 Hours	Oil Bbls. <u>13</u> Gas Mcf _____ Water Bbls. <u>30</u> Gas-Oil Ratio <u>0</u> Gravity <u>37</u>

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

**METHOD OF COMPLETION** Production Interval

Open Hole  Perforation  Dually Completed  Commingled  
 Other (Specify) \_\_\_\_\_

ORIGINAL



DIAMOND TESTING
P. O. Box 157
HOISINGTON, KANSAS 67544
(316) 653-7550

Company Black Diamond Oil, Inc. Lease & Well No. Schmalzried No. 1
Elevation 2345 KB Formation Fort Scott/Mississippi Ticket No. 767
Date 6-10-91 Sec. 32 Twp. 19S Range 24W County Ness State Kansas

Test Approved By Kenneth Vehige Diamond Representative Roger D. Friedly

Formation Test No. 1 Interval Tested from 4,298 ft. to 4,400 ft. Total Depth 4,400 ft.
Packer Depth 4,293 ft. Size 6 3/4 in. Packer Depth ft. Size in.
Packer Depth 4,298 ft. Size 6 3/4 in. Packer Depth ft. Size in.

Depth of Selective Zone Set
Top Recorder Depth (Inside) 4,316 ft. Recorder Number 13386 Cap. 3,875 psi
Bottom Recorder Depth (Outside) 4,397 ft. Recorder Number 13556 Cap. 4,425 psi
Below Straddle Recorder Depth ft. Recorder Number Cap.

Drilling Contractor Emphasis Oil Operations - Rig 8 Drill Collar Length -- I.D. -- in.
Mud Type Chemical Viscosity 53 Weight Pipe Length -- I.D. -- in.
Weight 9.4 Water Loss 11.2 cc. Drill Pipe Length 4,273 ft. I.D. 3 1/2 in.
Chlorides 6,000 P.P.M. Test Tool Length 25 ft. Tool Size 3/2-IF in.
Jars: Make Sterling Serial Number N/A Anchor Length 40' perf. w/62' drillpipe Size 4 1/2-FH in.
Did Well Flow? No Reversed Out No Surface Choke Size 1 in. Bottom Choke Size 5/8 in.
Main Hole Size 7 7/8 in. Tool Joint Size 4 1/2-XH in.

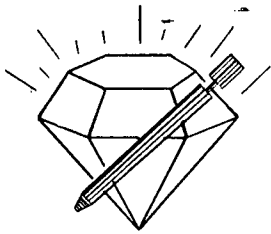
Blow: 1st Open: Weak, 1/2 in., blow slowly increasing to 2 ins. at end.
2nd Open: Weak, surface blow slowly increasing to 4 1/4 ins. at end.

Recovered 60 ft. of gas in pipe
Recovered 36 ft. of clean oil = .5112 bbls.
Recovered 31 ft. of oil cut mud = .4402 bbls.
Recovered 67 ft. of TOTAL FLUID = .9514 bbls.
Recovered ft. of
Remarks

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Division
Wichita, Kansas

Table with 4 columns: Time Set Packer(s), Time Started Off Bottom, Maximum Temperature, and P.S.I. values for various pressure and flow periods.

ORIGINAL



DIAMOND TESTING

P. O. Box 157
HOISINGTON, KANSAS 67544
(316) 653-7550

Company Black Diamond Oil, Inc. Lease & Well No. Schmalzried No. 1
Elevation 2345 KB Formation Mississippi Effective Pay -- Ft. Ticket No. 768
Date 6-11-91 Sec. 32 Twp. 19S Range 24W County Ness State Kansas
Test Approved By Kenneth Vehige Diamond Representative Roger D. Friedly

Formation Test No. 2 Interval Tested from 4,399 ft. to 4,415 ft. Total Depth 4,415 ft.
Packer Depth 4,394 ft. Size 6 3/4 in. Packer Depth -- ft. Size -- in.
Packer Depth 4,399 ft. Size 6 3/4 in. Packer Depth -- ft. Size -- in.

Depth of Selective Zone Set --
Top Recorder Depth (Inside) 4,387 ft. Recorder Number 13386 Cap. 3,875 psi
Bottom Recorder Depth (Outside) 4,412 ft. Recorder Number 13556 Cap. 4,425 psi
Below Straddle Recorder Depth -- ft. Recorder Number -- Cap. --

Drilling Contractor Emphasis Oil Operations - Rig 8 Drill Collar Length -- I.D. -- in.
Mud Type Chemical Viscosity 55 Weight Pipe Length -- I.D. -- in.
Weight 9.4 Water Loss 11.6 cc. Drill Pipe Length 4,374 ft. I.D. 3 1/2 in.
Chlorides 6,000 P.P.M. Test Tool Length 25 ft. Tool Size 3 1/2-IF in.
Jars: Make Sterling Serial Number N/A Anchor Length 16 ft. Size 4 1/2-FH in.
Did Well Flow? No Reversed Out No Surface Choke Size 1 in. Bottom Choke Size 5/8 in.
Main Hole Size 7 7/8 in. Tool Joint Size 4 1/2-XH in.

Blow: 1st Open: Fair, 1 in., blow increasing to strong blow. Off bottom of bucket in 30 mins.
2nd Open: Fair, 1 in., blow increasing to strong blow. 11 ins. at end.

Recovered 195 ft. of gas in pipe
Recovered 117 ft. of clean oil = 1.6614 bbls.
Recovered 62 ft. of heavy oil cut mud = .8804 bbls.
Recovered 179 ft. of TOTAL FLUID = 2.5418 bbls.
Recovered -- ft. of --

Remarks

Time Set Packer(s) 8:30 A.M. Time Started Off Bottom 11:45 A.M. Maximum Temperature 126°
Initial Hydrostatic Pressure (A) 2198 P.S.I.
Initial Flow Period Minutes 45 (B) 34 P.S.I. to (C) 56 P.S.I.
Initial Closed In Period Minutes 45 (D) 907 P.S.I.
Final Flow Period Minutes 45 (E) 78 P.S.I. to (F) 87 P.S.I.
Final Closed In Period Minutes 60 (G) 950 P.S.I.
Final Hydrostatic Pressure (H) 2156 P.S.I.

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## 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, Kansas

Phone Plainville 913-434-2812

Phone 316-793-5861, Great Bend, Kansas

Phone Ness City 913-798-3843

# ALLIED CEMENTING CO., INC.

No 1457

Home Office P. O. Box 31

Russell, Kansas 67665

*New*

Date <i>6-4-91</i>	Sec. <i>32</i>	Twp. <i>19</i>	Range <i>24</i>	Called Out <i>5:30 PM</i>	On Location <i>6:15 PM</i>	Job Start <i>9:00 PM</i>	Finish <i>9:30 PM</i>
Lease <i>Schmalzied</i>	Well No. <i>1</i>	Location <i>Tran-4W, 6<sup>3</sup>/<sub>4</sub>S, West into</i>			County <i>Ness</i>	State <i>Kansas</i>	
Contractor <i>Emphasis Oil Operations</i>				Owner <i>Black Diamond</i>			
Type Job <i>Surface</i>				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.			
Hole Size <i>12 1/4</i>	T.D. <i>250'</i>						
Csg. <i>8 5/8</i>	Depth <i>250'</i>			Charge To <i>Black Diamond</i>			
Tbg. Size	Depth			Street			
Drill Pipe	Depth			City State			
Tool	Depth			The above was done to satisfaction and supervision of owner agent or contractor.			
Cement Left in Csg. <i>15'</i>	Shoe Joint			Purchase Order No.			
Press Max.	Minimum			X			
Meas Line	Displace <i>15.3</i>			CEMENT			
Perf.				Amount Ordered <i>150.00 60/40 27% gel 37% cc</i>			

### EQUIPMENT

*New*

No.	Cementer	
Pumptrk # <i>40</i>	Helper	
No.	Cementer	<i>J.D.</i>
Pumptrk	Helper	<i>Bob</i>
	Driver	<i>Keith</i>
Bulktrk # <i>110</i>	Driver	

### DEPTH of Job

Reference:	<i>Pump, trk charge</i>	
	<i>Mileage</i>	
	<i>1.85 1/2 TWP</i>	
	Sub Total	
	Tax	
	Total	

Remarks: *Cement did circulate.*

*Thank you.*

Consisting of	
Common	
Poz. Mix	
Gel.	
Chloride	
Quickset	
	Sales Tax
Handling	
Mileage	
	Sub Total
	Total
Floating Equipment	

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CONSERVATION DIVISION  
Wichita, Kansas

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

Phone Plainville 913-434-2812  
 Phone Ness City 913-798-3843

# ALLIED CEMENTING CO., INC.

Home Office P. O. Box 31  
 Russell, Kansas 67665

No 1465

*New*

Date	Sec.	Twp.	Range	Called Out	On Location	Job Start	Finish
6-11-91	32	19	24	5:00 PM	6:00 PM	1:00 AM	2:30 AM
Lease <i>Schmalzried</i>		Well No. <i>1</i>		Location <i>Ness W 6 3/4 S</i>		County <i>Ness</i>	State <i>Ka</i>

Contractor <i>Emphasis Oil Operations</i>	
Type Job <i>Longstring (Bottom)</i>	
Hole Size <i>7 7/8</i>	T.D. <i>4419'</i>
Csg. <i>4 1/2</i>	Depth <i>4414'</i>
Tbg. Size	Depth
Drill Pipe	Depth
Tool <i>Arrow D.V.</i>	Depth
Cement Left in Csg.	Shoe Joint <i>12.04</i>
Press Max. <i>1000#</i>	Minimum <i>100#</i>
Meas Line <i>yes</i>	Displace <i>70.1</i>
Perf.	

Owner <i>Black Diamond</i>	
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 <i>Black Diamond</i>	
Street	
City	State
The above was done to satisfaction and supervision of owner agent or contractor.	
Purchase Order No.	
X <i>Frank D. Ford</i>	

**EQUIPMENT**

<i>Ness City</i>			
No.	Cementor		
Pumptrk <i>46</i>	Helper	<i>Ben</i>	
No.	Cementor	<i>J.D. Drilling</i>	
Pumptrk	Helper	<i>Bob</i>	
	Driver	<i>Bill</i>	
Bulktrk <i>69</i>			
Bulktrk	Driver		
<i>179</i>		<i>Keith</i>	

**CEMENT**

Amount Ordered <i>1500x ASC, 500 gal WFR 2</i>
Consisting of
Common
Poz. Mix
Gel.
Chloride
Quickset
Sales Tax
Handling
Mileage
Sub Total
Total

DEPTH of Job <i>4414'</i>	
Reference:	<i>Pump trk charge</i>
	<i>Mileage</i>
Sub Total	
Tax	
Total	

Remarks: *Displaced with 45 bbls fresh water then 22 bbl mud & landed plug with 2 bbl fresh water.*

*Float did hold. 1000#*

Floating Equipment

*Guide shoe insert*

*4. Centralizers*

*2. Baskets*

RECEIVED  
 STATE CORPORATION COMMISSION

- III 29 1991

CONSERVATION DIVISION  
 Wichita, Kansas

*Thank you.*

## 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.