

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE**

Form ACO-1
September 1999
Form Must Be Typed

8-2-02
KCC WICHITA
ORIGINAL

Operator: License # 6039
 Name: L. D. Drilling, Inc.
 Address: Route 1, Box 183 B
 City/State/Zip: Great Bend, Kansas 67530
 Purchaser: NCRA
 Operator Contact Person: L. D. Davis
 Phone: (620) 793-3051
 Contractor: Name: Company Tools
 License: 6039
 Wellsite Geologist: Kim Shoemaker
 Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SLOW Temp. Abd.
 Gas ENHR SIGW
 Dry Other (Core, WSW, Expl., Cathodic, 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./SWD
 Plug Back Plug Back Total Depth
 Commingled Docket No. _____
 Dual Completion Docket No. _____
 Other (SWD or Enhr.?) Docket No. _____

<u>4-6-02</u>	<u>4-15-02</u>	<u>5-02-02</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 101-21798-0000
 County: Lane
N/2 SW NW Sec. 2 Twp. 16 S. R. 30 East West
1650 feet from S (circle one) Line of Section
710 feet from E (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE SW
 Lease Name: York Well #: 1
 Field Name: Un-Named
 Producing Formation: Marmaton Zone
 Elevation: Ground: 2620' Kelly Bushing: 2625'
 Total Depth: 4370 Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 269 Feet
 Multiple Stage Cementing Collar Used? Yes No
 If yes, show depth set 2023 Feet
 If Alternate II completion, cement circulated from 2023
 feet depth to 0 w/ 225 sx cmf.

Drilling Fluid Management Plan Allen SH 8-12-02
(Data must be collected from the Reserve Pit)
 Chloride content _____ ppm Fluid volume _____ bbls
 Dewatering method used _____
 Location of fluid disposal if hauled offsite: _____
 Operator Name: _____
 Lease Name: _____ License No.: _____
 Quarter _____ Sec. _____ Twp. _____ S. R. _____ East West
 County: _____ Docket No.: _____

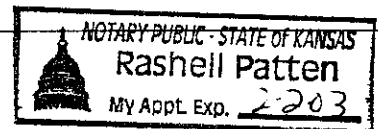
INSTRUCTIONS: An original and two copies of this form shall be filed with the Kansas Corporation Commission, 130 S. Market - Room 2078, Wichita, Kansas 67202, within 120 days of the spud date, recompletion, workover or conversion of a well. Rule 82-3-130, 82-3-106 and 82-3-107 apply. Information of side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

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

Signature: Bessie DeWerriff
 Title: Sec/Treas Date: 8-01-02
 Subscribed and sworn to before me this 1st day of August,
2002
 Notary Public: Rashell Patten
 Date Commission Expires: 2-02-03

KCC Office Use ONLY

Letter of Confidentiality Attached
 If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution _____



ORIGINAL

Operator Name: L. D. Drilling, Inc. Lease Name: York Well #: 1
 Sec. 2 Twp. 16 S. R. 30 East West County: Lane

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all final copies of drill stems tests giving interval tested, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static level, hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface test, along with final chart(s). Attach extra sheet if more space is needed. Attach copy of all Electric Wireline Logs surveyed. Attach final geological well site report.

Drill Stem Tests Taken <input checked="" type="checkbox"/> Yes No <i>(Attach Additional Sheets)</i> Samples Sent to Geological Survey <input checked="" type="checkbox"/> Yes No Cores Taken Yes <input checked="" type="checkbox"/> No Electric Log Run Yes <input checked="" type="checkbox"/> No <i>(Submit Copy)</i> List All E. Logs Run: RADIATION GUARD, NEUTRON/DENSITY POROSITY, DUAL INDUCTION LOG	Log Formation (Top), Depth and Datum Sample Name Top Datum SEE ATTACHMENT AUG 02 2007 KCC WICHITA See Attachment
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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"	24#	269'	60/40 Poz	185	
Casing	7 7/8"	4 1/2"		4361'		225	EA2-300gal mud
					Flush 20bbl	X CL Flush	

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	4125-4127, 4072-4077, 3952-3957	15% NE	500 gal.	4125-4127
		15% NE	750 gal.	4072-4077
		15% NE	1000 gal.	3952-3957

TUBING RECORD	Size 2 3/8"	Set At 4360'	Packer At	Liner Run	Yes	No <input checked="" type="checkbox"/>
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Date of First, Resumed Production, SWD or Enhr. 44-27-02	Producing Method					
	Flowing	<u>Pumping</u>	Gas Lift	Other (Explain)		
Estimated Production Per 24 Hours	Oil Bbls. 25	Gas Mcf	Water Bbls. 20	Gas-Oil Ratio	Gravity	

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

METHOD OF COMPLETION: Open Hole Perf. Other (Specify) _____

Production Interval: Dually Comp. Commingled _____

DAILY DRILLING REPORT

ORIGINAL

OPERATOR: L. D. DRILLING, INC.

LEASE: YORK #1
50' E N/2 SW NW Sec: 2-16s-30w
Lane County, KS

WELLSITE GEOLOGIST: KIM SHOEMAKER

ELEVATION: 2620' Ground 2625' KTB

CONTRACTOR: L.D. DRILLING, INC.

PTD: 4350'

SPUD: 4-05-02 8:30 PM

KCC VACHTA

SURFACE: Ran 6 Jts. 24# 8 5/8" Set @ 269' W/185 sx. 60/40 Pozmix, 2% Gel, 3% cc
Plug down 2:30 A.M. 4-06-02 Did Circulate..Allied Cementing

		E&F
4-05-02	Move In RT	
	Work on Rig, To Set Surface 4-6-02	
4-06-02	273' WOC Drill plug @ 11:15 A.M.	<u>DST #1 3781-3813 L/KC 70-90 zone</u>
4-07-02	1600' Drilling	TIMES: 30-45-45-60
4-08-02	2735' Drilling	BLOW: 1st Open 3 1/2" blow
4-09-02	3370' Drilling Mudded up @ 3176'	2nd open 1" blow dec. to 1/4"
4-10-02	3813' CFS	RECOVERY: 70' gip, 50' sg&mco
4-11-02	3944' DST #2 in progress	20% mud, 5% gas, 75% oil
4-12-02	3975' Finishing DST #3	IFP: 13-20 FFP: 25-29 ISIP: FSIP:
4-12-02	4137' DST #5	HP 1845-1832 Temp 112° 918 866
4-13-02	4210' DST #6	<u>DST #2 3876-3944 H&I zone 140-160</u>
4-15-02	4370' Coming out for log	TIMES: 30-45-45-60
4-16-02		BLOW: 1st open blt to 6"
	Ran 103 Jts. New 14.5# 4 1/2"	2nd open 3/4" dec. to 1/2"
	Production Csg. Set @ 4361' W/225 sx. EA-2,	RECOVERY: 30' gip, 3' co, 210' vso&gcwm
	300 gal mud flush, 20 bbl KCL flush. 15 sx.	2% oil, 10% g, 5%w, 83% mud
	in rathole. Plug down 12:30 A.M. 4-16-02	180' gcmw 5%g, 10%m, 85% w
	Swift Cementers	IFP: 35-120 FFP: 125-215 ISIP: FSIP:
		HP 1930-1918 Temp. 122 861 825
4-17-02	Move in Plains Well Service run 2320'	<u>DST #3 3942-3975 LKC J Zone</u>
	tubing, open port collar, cement W/300 sx.	TIMES: 30-45-45-60
	Mid-Con II, circulated to pit. Close tool,	BLOW: 1st open bb 9 min
	pressure up, back out everything ok. Drop down	2nd open bb 15 min.
	5 Jts. wash & clean out csg., pull tubing,	RECOVERY: 1100' gip, 220' cgo 38° grav.
	shut down for day. Rig tore down.	60' mcgo, 10% m, 20%g, 70% oil
	Will run collar Log April 22nd.	IFP: 14-61 FFP: 64-114 ISIP: 949 FSIP:
	Will drill well in, perforate and complete	923

ORIGINAL

LOG TOPS

Anhy (top)	2022	(+603)
(base)	2150	(+575)
Wabaunsee	3292	(-667)
Heebner	3673	(-1048)
Lansing	3712	(-1087)
Muncie Creek	3878	(-1253)
Stark	3970	(-1345)
B/KC	4045	(-1420)
Marm.	4072	(-1447)
Pawnee	4159	(-1534)
Myrick Station	4198	(-1573)
Ft. Scott	4220	(-1595)
Cherokee	4244	(-1619)
Johnson	4286	(-1661)
Miss.	4319	(-1694)
LOG TD	4369	(-1744)

DST #5 4060-4137 Marmaton/Altamont

TIMES: 30-45-45-60
 BLOW: 1st open: bb in 14 min.
 1nd open: bb in 7 min.
 RECOVERY: 1000' gip, 170' cgo 33°
 60' m&gco
 IFP: 33-66 FFP: 70-116
 ISIP: 622 FSIP: 597
 HP: 2014-1996 TEMP: 115

DST #6 4182-4210 Myrick Station

TIMES: 30-45-45-60
 Blow: blt. to 8"
 Blt to 6"
 RECOVERY: 100' MW, 850' gassy water
 IFP: 9-222 FFP: 225-454
 ISIP: 1070 FSIP: 1053
 HP: 2031-1988 TEMP: 131°

DST #7 4213-4303 Ft.Scott/Cherokee/Johnson

TIMES: 30-45-30-45
 BLOW: 1st open blt to 2"
 2nd open blt to 1/2"
 RECOVERY: 45' socwm 6% oil, 37% water, 91% mud
 IFP: 44-53 FFP: 55-63
 ISIP: 949 FSIP: 818
 HP: 2128-2075 Temp: 121

ADD 0 2 2000

KCC



PO Box 466
Ness City, KS 67560
Off: 785-798-2300

TICKET CONTINUATION

TICKET No. 4345

CUSTOMER: DAVIS PETROLEUM WELL: YORX #1 DATE: 4-15-02 PAGE: 2 OF: 2

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			TIME	DESCRIPTION	QTY.		U/M		UNIT PRICE	AMOUNT
		LOC	ACCT	DF								
325		1				STANDARD COMBIT	225	CU			6.05	1518.75
284		1				CRISAL	11	SKS			25.00	275.00
283		1				SALT	1100	LBS			.15	165.00
285		1				CFD-1	106	LBS			2.05	217.30
276		1				FLORES	56	LBS			.90	50.40
581		1				SERVICE CHARGE					1.00	225.00
583		1				TOTAL WEIGHT	23512					
						LOADED MILES	50					
						TOTAL MILES	587.80				.75	440.85

ORIGINAL

CONTINUATION TOTAL 2966.50

JOB LOG

SWIFT Services, Inc. ORIGINAL

DATE 4-15-02 PAGE NO. 1

CUSTOMER DAVIS Petroleum WELL NO. 1 LEASE YORK JOB TYPE 4 1/2" LONGSTRING TICKET NO. 4345

CHART NO.	TIME	RATE (BPM)	VOLUME (BBL) (GAL)	PUMPS		PRESSURE (PSI)		DESCRIPTION OF OPERATION AND MATERIALS
				T	C	TUBING	CASING	
	2100							ON LOCATION
	2200							START 1 1/2" CASING 21 WELL
								TD - 4370' SET @ 4366'
								TD - 4369 1 1/2" / FT 10.5
								ST - 39'
								CENTRALIZERS - 1, 3, 6, 9, 12, 15, 18, 54
								BASKET - SS
								PORT COLUMN @ 2023 TD JT " SS
	2340							DROP BALL - BREAK CIRCULATION
	2355							PLUG RH-MH
	0000	6 1/2	12		✓		400	PUMP MUD FLUSH
	0002	6 1/2	20		✓		400	PUMP KCL FLUSH
	0005	6	54.1		✓		300	MIX COMST - 225 SPS 612 CMT W/ ADDITIVES
	0015							WASH OUT PUMP. LINES
	0015							DROP PLUG
	0020	7	0		✓			DISPLACE PLUG
		6 1/2	68		✓		950	
	0030		68.8				1400	PLUG DOWN
	0035						OK	RELEASE PSI - FLOAT HOLE
								BACK-UP
	0100							JOB COMPLETE

THANK YOU
WARY, BUSBY, SIMON



CHARGE TO:
DAVIS PETROLEUM
 ADDRESS:
 CITY, STATE, ZIP CODE:

TICKET
 No. **4345**

PAGE 1 OF 2

1. SERVICE LOCATIONS NESS CITY, KS	WELL/PROJECT NO. 1	LEASE YORK	COUNTY/PARISH LAKE	STATE KS	CITY	DATE 4-15-02	OWNER SAME
2.	TICKET TYPE <input checked="" type="checkbox"/> SERVICE <input type="checkbox"/> SALES	CONTRACTOR L.D. DAVIS	RIG NAME/NO.	SHIPPED VIA CT	DELIVERED TO LOCATION	ORDER NO.	
3.	WELL TYPE OTL	WELL CATEGORY DEVELOPMENT	JOB PURPOSE 4 1/2" LONGSPEAK	WELL PERMIT NO.	WELL LOCATION HEAT, KS - 6W, ES		
4. REFERRAL LOCATION	INVOICE INSTRUCTIONS						

PRICE REFERENCE	SECONDARY REFERENCE/ PART NUMBER	ACCOUNTING			DESCRIPTION	QTY.		UM		UNIT PRICE	AMOUNT
		LOC	ACCT	DF							
575		1			MILEAGE * 104		50	ME		2.50	125.00
578		1			PUMP SERVICE		1	JOB	4370 FT	1200.00	1200.00
410		1			TOP PLUG		1	EA	4 1/2"	35.00	35.00
281		1			MUD FLUSH		500	GAL		.50	250.00
221		1			ROUND KCL - FOR FLUSH		2	GAL		19.00	38.00
400		1			GUARD SHOE		1	EA	4 1/2"	65.00	65.00
401		1			INSERT FLOAT W/ AUTO FLOAT		1	EA		95.00	95.00
402		1			CENTRALIZER		8	EA		30.00	240.00
403		1			CEMENT BASKET		1	EA		100.00	100.00
404		1			PORT COLLAR		1	EA	2023 FT	1300.00	1300.00

LEGAL TERMS: Customer hereby acknowledges and agrees to the terms and conditions on the reverse side hereof which include, but are not limited to, **PAYMENT, RELEASE, INDEMNITY, and LIMITED WARRANTY** provisions.

MUST BE SIGNED BY CUSTOMER OR CUSTOMER'S AGENT PRIOR TO START OF WORK OR DELIVERY OF GOODS

X *L.D. Davis*

DATE SIGNED: **4-15-02** TIME SIGNED: **2:30**

A.M. P.M.

REMIT PAYMENT TO:

SWIFT SERVICES, INC.
 P.O. BOX 466
 NESS CITY, KS 67560
 785-798-2300

SURVEY	AGREE	UN-DECIDED	DIS-AGREE
OUR EQUIPMENT PERFORMED WITHOUT BREAKDOWN?			
WE UNDERSTOOD AND MET YOUR NEEDS?			
OUR SERVICE WAS PERFORMED WITHOUT DELAY?			
WE OPERATED THE EQUIPMENT AND PERFORMED JOB CALCULATIONS SATISFACTORILY?			
ARE YOU SATISFIED WITH OUR SERVICE?	<input type="checkbox"/> YES <input type="checkbox"/> NO		
<input type="checkbox"/> CUSTOMER DID NOT WISH TO RESPOND			

PAGE TOTAL	*1	3448.00
TAX	*2	296.65
TOTAL		

ORIGINAL

CUSTOMER ACCEPTANCE OF MATERIALS AND SERVICES The customer hereby acknowledges receipt of the materials and services listed on this ticket

SWIFT OPERATOR
Wade Wasan

APPROVAL

Thank You!

ALLIED CEMENTING CO., INC. 09244

ORIGINAL

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

SERVICE POINT:
Oakley

DATE <u>4-5-02</u>	SEC. <u>2</u>	TWP. <u>16^s</u>	RANGE <u>30^w</u>	CALLED OUT	ON LOCATION <u>11:45^{PM}</u>	JOB START <u>2:00^{AM}</u>	JOB FINISH <u>2:30^{AM}</u>
LEASE <u>York</u>	WELL # <u>1</u>	LOCATION <u>Healy 7N-1/4SE</u>			COUNTY <u>Lane</u>	STATE <u>Kan</u>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR L-D Drills Co #1

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 273'

CASING SIZE 8 5/8 DEPTH 270'

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX _____ MINIMUM _____

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15'

PERFS. _____

DISPLACEMENT 16 1/2 BBL

OWNER Same

CEMENT AMOUNT ORDERED 185 sks 60/40 per
3% cc - 2% ca

EQUIPMENT

PUMP TRUCK # 300 CEMENTER Walt
HELPER Wayne

BULK TRUCK # 315 DRIVER Tarrod

BULK TRUCK # _____ DRIVER _____

COMMON _____ @ _____

POZMIX _____ @ _____

GEL _____ @ _____

CHLORIDE _____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

_____ @ _____

HANDLING _____ @ _____

MILEAGE _____ @ _____

TOTAL _____

REMARKS:

Cement Did Circ

[Signature]

SERVICE

DEPTH OF JOB 270'

PUMP TRUCK CHARGE _____

EXTRA FOOTAGE _____ @ _____

MILEAGE miles @ _____

PLUG 8 5/8 Surface @ _____

_____ @ _____

_____ @ _____

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.

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