

RECEIVED

NOV 30 2001  
11-30-01  
KCC WICHITA

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form ACO-1  
September 1999  
Form Must Be Typed

WELL COMPLETION FORM

WELL HISTORY - DESCRIPTION OF WELL & LEASE

ORIGINAL

Operator: License # 5399  
Name: American Energies Corporation  
Address: 155 North Market, Suite 710  
City/State/Zip: Wichita, Kansas 67202  
Purchaser: N/A  
Operator Contact Person: Alan L. DeGood, President  
Phone: (316) 263-5785  
Contractor: Name: Mallard JV Drilling  
License: 4958  
Wellsite Geologist: Tim Pierce

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: N/A

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. \_\_\_\_\_

10/16/01 10/21/01 10/22/01  
Spud Date or Date Reached TD Completion Date or Recompletion Date

API No. 15 - 007-22684-0000  
County: Barber  
E/2 NW SW Sec. 22 Twp. 32 S. R. 11  East  West  
1980 feet from S / N (circle one) Line of Section  
990 feet from E / W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE SE NW SW  
Lease Name: Donovan Well #: "H" #2

Field Name: Wildcat  
Producing Formation: D & A

Elevation: Ground: 1505 Kelly Bushing: 1509  
LTD: 3798  
Total Depth: 3800 Plug Back Total Depth: 251.40' - 6 jts 20# new 8 5/8"  
Amount of Surface Pipe Set and Cemented at set @ 258 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/ \_\_\_\_\_ sx cmt.

Drilling Fluid Management Plan D&A gH 9/18/02  
(Data must be collected from the Reserve Pit)  
Chloride content 34,000 ppm Fluid volume 1,200 bbls  
Dewatering method used Allow to dry and backfill with soil. Haul fluids after salt section and TD.  
Location of fluid disposal if hauled offsite:

Operator Name: American Energies Corporation  
Lease Name: Short License No.: 5399  
Quarter SE Sec. 12 Twp. 31 S. R. 8  East  West  
County: Harper Docket No.: D-25867

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: Alan L. DeGood  
Title: President Date: 11/27/01

Subscribed and sworn to before me this 27th day of November

2001

19 \_\_\_\_\_  
Notary Public: Melinda S. Wooten

Date Commission Expires: 3-12-04 (Melinda S. Wooten)



KCC Office Use ONLY

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

Operator Name: American Energies Corporation Lease Name: Donovan Well #: H #2  
 Sec. 22 Twp. 32S S. R. 11W  East  West County: Barber

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  Yes  No  
 (Attach Additional Sheets)  
 Samples Sent to Geological Survey  Yes  No  
 Cores Taken  Yes  No  
 Electric Log Run  Yes  No  
 (Submit Copy)

Name	Top	Datum
Indian Cave Sandstone	2601	-1089
Tarkio Limestone	2791	-1282
Heebner Shale	3550	-2038
Upper Douglas Sand	3624	-2112
Lansing	3749	-2237

List All E. Logs Run:

**Dual Induction Log**  
**Compensated Density/Neutron Log**

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	# Sacs Used	Type and Percent Additives
Surface	12 1/4"	8 5/8"	20#	258'	60/40 poz	175	2% gel, 3% CC with landing jt.

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 (Amount and Kind of Material Used)	Depth

TUBING RECORD	Size	Set At	Packer At	Liner Run <input type="checkbox"/> Yes <input type="checkbox"/> No

Date of First, Resumerd Production, SWD or Enhr. D&A Producing Method  Flowing  Pumping  Gas Lift  Other (Explain)

Estimated Production Per 24 Hours	Oil Bbls. <u>N/A</u>	Gas Mcf <u>N/A</u>	Water Bbls. <u>N/A</u>	Gas-Oil Ratio	Gravity

Disposition of Gas  Vented  Sold  Used on Lease (If vented, Sumit ACO-18.) METHOD OF COMPLETION  Open Hole  Perf.  Dually Comp.  Commingled  Other (Specify)

15-007-22684-0000

ALUMINUM CEMENTING CO., INC.

P.O. BOX 31  
RUSSELL, KS 67665  
PH (785) 483-3887  
FAX (785) 483-5566  
FEDERAL TAX ID# 48-0727860

\*\*\*\*\*  
ORIGINAL  
INVOICE  
\*\*\*\*\*

RECEIVED

NOV 30 2001  
11-30-01  
KCC WICHITA

Invoice Number: 085725

Invoice Date: 10/25/01

Sold American Energies Corp.  
125 N. Market #710

Cust. I.D. ....: Am Eng  
P.O. Number : Donovan #3  
10/25/01

Common	81.00	SKS	6.6500	538.65	E
Pozmix	54.00	SKS	3.5500	191.70	E
Gel	7.00	SKS	10.0000	70.00	E
Handling	142.00	SKS	1.1000	156.20	E
Mileage min. chg.	1.00	MILE	100.0000	100.00	E
Rotary Plug	1.00	JOB	520.0000	520.00	E
Mileage pmp trk	7.00	MILE	3.0000	21.00	E
Wooden plug	1.00	EACH	23.0000	23.00	E

All Prices Are Net, Payable 30 Days Following	Subtotal:	1620.55
Date of Invoice. 1 1/2% Charged Thereafter	Tax.....:	0.00
If Account CURRENT take Discount of \$ <u>2.06</u>	Payments:	0.00
ONLY if paid within 30 days from Invoice Date	Total...:	1620.55

# ALLIED CEMENTING CO., INC.

08709

Federal Tax I.D.# 48-0727860

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

ORIGINAL  
SERVICE POINT  
Medicine, D.G.

DATE <u>10-21-01</u>	SEC. <u>22</u>	TWP. <u>32s</u>	RANGE <u>11w</u>	CALLED OUT <u>10:30 A.M.</u>	ON LOCATION <u>2:00 P.M.</u>	JOB START <u>2:30 P.M.</u>	JOB FINISH <u>4:15 P.M.</u>
LEASE <u>Donavan</u>		WELL # <u>#2</u>	LOCATION <u>Pixley 18S E in To</u>		COUNTY <u>Barber</u>	STATE <u>Ks,</u>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR Mallard Drilling

TYPE OF JOB Rotary Plug

HOLE SIZE 7 7/8 I.D. 3800 FT

CASING SIZE 8 5/8 DEPTH 258 FT

TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_

DRILL PIPE 4 1/2 DEPTH 600 FT

TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_

PRES. MAX \_\_\_\_\_ MINIMUM \_\_\_\_\_

MEAS. LINE \_\_\_\_\_ SHOE JOINT \_\_\_\_\_

CEMENT LEFT IN CSG. \_\_\_\_\_

PERFS. \_\_\_\_\_

DISPLACEMENT Fresh H<sub>2</sub>O

OWNER American Energies

CEMENT AMOUNT ORDERED 135sx 60' 40' 6

COMMON	<u>81</u>	@	<u>6.65</u>	<u>538.65</u>
POZMIX	<u>54</u>	@	<u>3.55</u>	<u>191.70</u>
GEL	<u>7</u>	@	<u>10.00</u>	<u>70.00</u>
CHLORIDE		@		
		@		
		@		
		@		
		@		
HANDLING	<u>142</u>	@	<u>1.10</u>	<u>156.20</u>
MILEAGE	<u>142 - MINIMUM</u>			<u>100.00</u>

EQUIPMENT

PUMP TRUCK CEMENTER David W.

# 302 HELPER Steve D.

BULK TRUCK

# 364 DRIVER Epic B.

BULK TRUCK

# \_\_\_\_\_ DRIVER \_\_\_\_\_

RECEIVED TOTAL 1056.55

NOV 30 2001  
11-30-01  
KCC WICHITA

SERVICE

REMARKS:

Pump 50sx at 600 FT

Pump 50sx at 290 FT

Pump 10sx at 40 FT

Pump 10sx in Mouse

Pump 15sx in Reel

DEPTH OF JOB	<u>600</u>			
PUMP TRUCK CHARGE				<u>520.00</u>
EXTRA FOOTAGE		@		
MILEAGE	<u>7</u>	@	<u>3.00</u>	<u>21.00</u>
PLUG <u>Wooden 8 3/8"</u>		@	<u>23.00</u>	<u>23.00</u>
		@		
		@		

TOTAL 564.00

CHARGE TO: American Energies

STREET \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

FLOAT EQUIPMENT

		@		
		@		
		@		
		@		
		@		

TOTAL \_\_\_\_\_

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 is listed. The above work was done to satisfaction and supervision of owner agent or contractor. I have read & understand the "TERMS AND CONDITIONS" listed on the reverse side.

TAX \_\_\_\_\_

TOTAL CHARGE 1620.55

DISCOUNT 162.06 IF PAID IN 30 DAYS

SIGNATURE [Signature]

X Lyle Juergensen  
PRINTED NAME

## 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 jobs 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 wilful 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.

**ALLIED CEMENTING CO., INC.**

P.O. BOX 31  
 RUSSELL, KS 67865  
 PH (785) 483-3887  
 FAX (785) 483-6566  
 FEDERAL TAX ID# 48-0727860

IS-CST-22684-0000

**ORIGINAL INVOICE**

**RECEIVED**

NOV 30 2001  
 11-30-01  
 KCC WICHITA

Invoice Number: 085724

Invoice Date: 10/25/01

Sold American Energies Corp.  
 To: 155 W. Market #710  
 Wichita, KS  
 67202

Cust I.D. .... : Am Eng  
 P O. Number... : Donovan #2  
 P.O. Date... : 10/25/01

Due Date.: 11/24/01  
 Terms... : Net 30

Item I.D./Desc	Qty	Used	Unit	Price	Net	TT
Common	105.00		SKS	6.6500	698.25	E
Pozmix	70.00		SKS	3.5500	248.50	E
Gel	3.00		SKS	10.0000	30.00	E
Chloride	6.00		SKS	30.0000	180.00	E
Handling	184.00		SKS	1.1000	202.40	E
Mileage min.chg.	1.00		MILE	100.0000	100.00	E
Surface	1.00		JOB	520.0000	520.00	E
Mileage pmp trk	7.00		MILE	3.0000	21.00	E
Wooden plug	1.00		EACH	45.0000	45.00	E

11-30-01

All Prices Are Net, Payable 30 Days Following Subtotal: 2045.15  
 Date of Invoice, 1 1/2% Charged Thereafter. Tax.....: 0.00  
 If Account CURRENT take Discount of \$2045.20 Payments: 0.00  
 ONLY if paid within 30 days from Invoice Date Total....: 2045.15

# ALLIED CEMENTING CO., INC.

08587

Federal Tax I.D.# 48-0727860

ORIGINAL

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

SERVICE POINT:

Med. Lodge

DATE <u>10-17-01</u>	SEC. <u>22</u>	TWP. <u>32s</u>	RANGE <u>11W</u>	CALLED OUT <u>2:00 A.M.</u>	ON LOCATION <u>3:00 A.M.</u>	JOB START <u>5:15</u>	JOB FINISH <u>6:00</u>
LEASE <u>Donovan</u>		WELL # <u>2</u>		LOCATION <u>Pixley 1/2 S E/S</u>		COUNTY <u>BARBER</u>	STATE <u>KS</u>
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR Mallard Drilling Co.  
 TYPE OF JOB Surface  
 HOLE SIZE 12 1/4 T.D. 258'  
 CASING SIZE 8 5/8 DEPTH 258'  
 TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 DRILL PIPE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_  
 PRES. MAX \_\_\_\_\_ MINIMUM \_\_\_\_\_  
 MEAS. LINE \_\_\_\_\_ SHOE JOINT \_\_\_\_\_  
 CEMENT LEFT IN CSG. 10.00  
 PERFS. \_\_\_\_\_  
 DISPLACEMENT 16 bbl.

OWNER American Energies

CEMENT  
 AMOUNT ORDERED 175 cu 60:40:2 + 3 3/4 cu

COMMON	<u>105</u>	@	<u>6.65</u>	<u>698.25</u>
POZMIX	<u>70</u>	@	<u>3.55</u>	<u>248.50</u>
GEL	<u>3</u>	@	<u>10.00</u>	<u>30.00</u>
CHLORIDE	<u>6</u>	@	<u>30.00</u>	<u>180.00</u>

**EQUIPMENT**

PUMP TRUCK CEMENTER Shane W.  
 # 352 HELPER David F.  
 BULK TRUCK  
 # 259-252 DRIVER Eric H.  
 BULK TRUCK  
 # \_\_\_\_\_ DRIVER \_\_\_\_\_

HANDLING 184 @ 1.10 202.40  
 MILEAGE 184 - MINIMUM 100.00

RECEIVED

TOTAL 1459.15

NOV 30 2001  
 11-30-01  
 NCC WICHITA

SERVICE

**REMARKS:**

on location Rigup - Get pipe on bottom break  
circ. Pump 26bl H2O spacer - Pump all  
cement 39 bbl slurry - Release plug  
start Displ. 3 1/2 BPM 100 PSI - pump  
16 bbl. circ 13 cu good cement to surface

DEPTH OF JOB	<u>258'</u>			
PUMP TRUCK CHARGE				<u>520.00</u>
EXTRA FOOTAGE		@		
MILEAGE	<u>7</u>	@	<u>3.00</u>	<u>21.00</u>
PLUG	<u>Wooden 8 5/8"</u>	@	<u>45.00</u>	<u>45.00</u>

TOTAL 586.00

CHARGE TO: American Energies

STREET \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**FLOAT EQUIPMENT**

		@		
		@		
		@		
		@		
		@		

TOTAL \_\_\_\_\_

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 is listed. The above work was done to satisfaction and supervision of owner agent or contractor. I have read & understand the "TERMS AND CONDITIONS" listed on the reverse side.

TAX \_\_\_\_\_

TOTAL CHARGE 2045.15

DISCOUNT 204.52 IF PAID IN 30 DAYS

1840.63

SIGNATURE Kirk Urban

Kirk Urban

PRINTED NAME

## 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 wilful 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.