

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

Form ACO-1  
September 1999  
Form Must Be Typed

**CONFIDENTIAL** WELL COMPLETION FORM  
WELL HISTORY - DESCRIPTION OF WELL & LEASE

15155-21441-0000  
**ORIGINAL**

Operator: License # 31160  
Name: Phillips Exploration Company L.C.  
Address: 2338 Bromfield Circle  
Wichita, KS 67226  
City/State/Zip:  
Purchaser: NONE  
Operator Contact Person: James B. Phillips  
Phone: (316) 687-9983  
Contractor: Name: Sterling Drilling Company Inc.  
License: 5142  
Wellsite Geologist: James B. Phillips

Designate Type of Completion:  
 New Well  Re-Entry  Workover  
 Oil  SWD  SLOW  Temp. Abd.  
 Gas  ENHR  SIGW **RECEIVED**  
 Dry  Other (Core, WSW, Expl., Cathodic, etc)

If Workover/Re-entry: Old Well Info as follows:  
Operator: APR 04 2000

Well Name: \_\_\_\_\_  
Original Comp. Date: \_\_\_\_\_ Original Total Depth: WICHITA, KS  
 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. \_\_\_\_\_  
1/28/00                      2/3/00                      2/21/00  
Spud Date or                      Date Reached TD                      Completion Date or  
Recompletion Date                                                                Recompletion Date

API No. 15-155-214410000  
County: Reno  
NE-SW-NW Sec. 30 Twp. 23 S. R. 7  East  West  
1500 feet from S /  (circle one) Line of Section  
800 feet from E /  (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:  
(circle one) NE SE **NW** SW  
Lease Name: Virginia Well #: 1 Y2K

Field Name: \_\_\_\_\_  
Producing Formation: Mississippi  
Elevation: Ground: 1603 Kelly Bushing: 1611  
Total Depth: 3800 Plug Back Total Depth: 3772  
Amount of Surface Pipe Set and Cemented at 208/220 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 ALT 1 97-8-4-00  
(Data must be collected from the Reserve Pit)  
Chloride content 1000 ppm Fluid volume 1120 bbls  
Dewatering method used hauled  
Location of fluid disposal if hauled offsite: \_\_\_\_\_  
Operator Name: C&C Tank Service  
Lease Name: Roach SWD License No.: XXXXX 30708  
Quarter \_\_\_\_\_ Sec. 14 Twp. 23 S. R. 9  East  West  
County: Reno Docket No.: 22208

**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: James B. Phillips  
Title: President Date: 3/27/00  
Subscribed and sworn to before me this 27th day of March,  
2000.  
Notary Public: Kerri Wolken  
Date Commission Expires: \_\_\_\_\_

KARRI WOLKEN  
NOTARY PUBLIC  
STATE OF KANSAS  
My Appt. Exp. 2/31/00

**KCC Office Use ONLY**  
 Letter of Confidentiality Attached  
 If Denied, Yes  Date: \_\_\_\_\_  
 Wireline Log Received  
 Geologist Report Received  
 UIC Distribution  
**RELEASED**  
**MAY 07 2001**

FROM CONFIDENTIAL

CONFIDENTIAL

Side Two

ORIGINAL

Operator Name: Phillips Exploration Co., L.C. Lease Name: Virginia Well #: 1 Y2K  
Sec. 30 Twp. 23 S. R. 7  East  West County: Reno

15-155-21441-000

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)

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

Log Formation (Top), Depth and Datum  Sample

Name	Top	Datum
Heebner	2898	-1287
Lansing	3113	-1502
Mississippi	3648	-2037

CASING RECORD <input type="checkbox"/> New <input checked="" 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 #	220'	60/40 Poz Class A	400	2% GEL 4% CaCl <sub>2</sub>
Production	7 7/8	5 1/2	14 #	3798	Howco EA-2	150	10% salt 1% g
					5% colseal	.6 of 1%	Halad

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
4	3648-3654	Natural	3648-54
		RELEASED	
		MAY 07 2001	
		FROM CONFIDENTIAL	

TUBING RECORD	Size	Set At	Packer At	Liner Run
	2 3/8	3654	3572	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Date of First, Resumerd Production, SWD or Enhr.	Producing Method
SHUT-IN	<input checked="" type="checkbox"/> Flowing <input type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)

Estimated Production Per 24 Hours	Oil Bbbs.	Gas Mcf	Water trace Bbbs.	Gas-Oil Ratio	Gravity
		400,00			

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

METHOD OF COMPLETION  Open Hole  Perf.  Dually Comp.  Commingled  Other (Specify)

Production Interval 3648-3654

# ALLIED CEMENTING CO., INC.

1283

**CONFIDENTIAL**

Federal Tax I.D.# 48-0727860

**ORIGINAL**

REMIT TO P.O. BOX 3  
RUSSELL, KANSAS 67665

SERVICE POINT:

*St Bend*

DATE <u>1-28-00</u>	SEC. <u>30</u>	TWP. <u>23</u>	RANGE <u>7</u>	CALLED OUT <u>11:00 AM</u>	ON LOCATION <u>12:30 PM</u>	JOB START <u>3:15 PM</u>	JOB FINISH <u>1:00 AM</u>
LEASE <u>Virginia</u>		WELL# <u>1-42K</u>	LOCATION <u>H &amp; 4<sup>th</sup> St Rd - 3E-25-1/2 W - 5/16 into</u>		COUNTY <u>Peru</u>	STATE <u>Ka</u>	
OLD OR <u>NEW</u> (Circle one)							

CONTRACTOR Stearling Dalg. OWNER Same

TYPE OF JOB Surface

HOLE SIZE 12 1/4" T.D. 225'

CASING SIZE 8 5/8" DEPTH 223'

TUBING SIZE DEPTH

DRILL PIPE DEPTH

TOOL DEPTH

PRES. MAX MINIMUM

MEAS. LINE SHOE JOINT

CEMENT

AMOUNT ORDERED 200 lbs 69/40 47% CC,  
270 lbs - 200 lbs Common 37% CC.  
200 lbs ASC, 37% CC, 1/4" flo seal/sh  
(used 50 lbs ASC)

COMMON	<u>320</u>	@	<u>6.35</u>	<u>2032.00</u>
POZMIX	<u>80</u>	@	<u>3.25</u>	<u>260.00</u>
GEL	<u>3</u>	@	<u>9.50</u>	<u>28.50</u>
CHLORIDE	<u>15</u>	@	<u>28.00</u>	<u>420.00</u>
ASC-50		@	<u>8.20</u>	<u>410.00</u>
Flo Seal	<u>13 #</u>	@	<u>1.15</u>	<u>14.95</u>

CEMENT LEFT IN CSG. 15'

PERFS.

DISPLACEMENT 13 1/4 bbls

EQUIPMENT

PUMP TRUCK CEMENTER Tom D

# 181 HELPER Bob B

BULK TRUCK DRIVER Jayson D

# 341

BULK TRUCK DRIVER

HANDLING 600

MILEAGE 45

RECEIVED RELEASED

KANSAS CORPORATION TAX COMMISSION

APR 04 2000

MAY 07 2001

TOTAL \$ 4875.45

REMARKS:

CONSERVATION DIVISION  
WICHITA, KS

FROM CONFIDENTIAL SERVICE

Ran 223' of 8 5/8" cas. Brake circulation.  
Mixed 200 lbs 69/40 47% CC - 270 lbs. Released  
plug. Displaced with fresh #30. Cement  
did not circulate. Ran wireline and  
found cement at 40'. Ran 40' of 1" K.B.  
Mixed 200 lbs Common 37% CC + fluid fill.  
Dumped 100 gal chat. Mixed 50 lbs ASC.  
37% CC, 1/4" flo seal/sh & circulated cement  
from 30' to surface.

DEPTH OF JOB 223'

PUMP TRUCK CHARGE 470.00

EXTRA FOOTAGE @

MILEAGE 45 @ 2.85 128.25

PLUG 1- 8 5/8 wooden @ 4.5.00 45.00

TOTAL \$ 1643.25

CHARGE TO: Phillip Exploration, Co. Lc

STREET 2338 Bronfield Circle

CITY Wichita STATE Ks ZIP 67226

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 - 0 -

TOTAL CHARGE \$ 5518.70

DISCOUNT \$ 1103.74 IF PAID IN 30 DAYS

SIGNATURE X K.L. Thompson

X K.L. Thompson  
PRINTED NAME

Net \$ 4414.96

## 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.

# ALLIED CEMENTING CO., INC.

2236

Federal Tax I.D.# 48-0727860

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

**CONFIDENTIAL**

SERVICE POINT:

ORIGINAL MEDICINE LODGE

DATE <u>2-4-00</u>	SEC. <u>30</u>	TWP. <u>23s</u>	RANGE <u>7W</u>	2-3-00 CALLED OUT <u>8:00 PM</u>	ON LOCATION <u>1:30 AM</u>	JOB START <u>8:45 AM</u>	JOB FINISH <u>9:30 AM</u>
LEASE <u>VIRGINIA</u> WELL # <u>1-Y2K</u>			LOCATION <u>50 + 14 Jct. 5N, 3E</u>		COUNTY <u>RENO</u>	STATE <u>KANSAS</u>	
OLD OR <u>NEW</u> (Circle one)			<u>2S, 3/4W, 5/8</u>				

CONTRACTOR STERLING DRIL. #  
 TYPE OF JOB PRODUCTION CSB.  
 HOLE SIZE 7 7/8" T.D. 3800'  
 CASING SIZE 5 1/2", 14# DEPTH 3787'  
 TUBING SIZE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 DRILL PIPE \_\_\_\_\_ DEPTH \_\_\_\_\_  
 TOOL \_\_\_\_\_ DEPTH \_\_\_\_\_  
 PRES. MAX 1200\* MINIMUM \_\_\_\_\_  
 MEAS. LINE \_\_\_\_\_ SHOE JOINT 12.08'  
 CEMENT LEFT IN CSG. \_\_\_\_\_  
 PERFS. \_\_\_\_\_

OWNER PHILLIPS EXPLORATION

CEMENT  
 AMOUNT ORDERED 500 GALS. MUD CLEAN  
25# x 60:40:4  
150# x Asc + 5# Kol-Seal + .5% FL-10

DISPLACEMENT 90 1/2 BBLs. FRESH #20

COMMON <u>A 15</u>	@	<u>6.35</u>	<u>95.25</u>
POZMIX <u>10</u>	@	<u>3.25</u>	<u>32.50</u>
GEL <u>1</u>	@	<u>9.50</u>	<u>9.50</u>
CHLORIDE _____	@	_____	_____
<u>Asc 150</u>	@	<u>8.20</u>	<u>1230.00</u>
<u>Kol-Seal 750#</u>	@	<u>.38</u>	<u>285.00</u>
<u>FL-10 71#</u>	@	<u>7.25</u>	<u>514.75</u>
<u>MUD CLEAN 500 GAL</u>	@	<u>.75</u>	<u>375.00</u>
<u>CLAPRO 2 GAL</u>	@	<u>22.90</u>	<u>45.80</u>
HANDLING <u>175</u>	@	<u>1.05</u>	<u>183.75</u>
MILEAGE <u>175 x 45</u>	@	<u>.04</u>	<u>315.00</u>

EQUIPMENT  
 PUMP TRUCK CEMENTER KEVIN BAUNGAARD  
 # 352 HELPER SHANE WINSOR  
 BULK TRUCK  
 # 301 DRIVER MIKE RUCKER  
 BULK TRUCK  
 # \_\_\_\_\_ DRIVER \_\_\_\_\_

RECEIVED KANSAS CORPORATION COMMISSION TOTAL \$ 3086.55  
 RELEASED

REMARKS:

APR 04 2000 SERVICE MAY 07 2001

BREAK CIRCULATION  
PUMP 20 BBLs. 2% KCL WATER  
PUMP 500 GALS. MUD CLEAN PREFLUSH  
MIX 150# x Asc + 5# Kol-Seal + .5% FL-10  
WASH PULPS & LINES  
DISPLACE AUG TO 3775' / 92 1/2 BBLs.  
FLOAT DED HOLD!

DEPTH OF JOB <u>3800'</u>	CONFIDENTIAL
PUMP TRUCK CHARGE	<u>1080.00</u>
EXTRA FOOTAGE	@ _____
MILEAGE <u>45</u>	@ <u>2.85</u> <u>128.25</u>
PLUG <u>5 1/2" TRP</u>	@ <u>50.00</u> <u>50.00</u>
_____	@ _____
_____	@ _____

TOTAL \$ 1258.25

CHARGE TO: PHILLIPS EXPLORATION  
 STREET 2338 Bromfield Circle  
 CITY WICHITA STATE KANSAS ZIP 67226

FLOAT EQUIPMENT

<u>1- REG. GUIDE SHOE</u>	@	<u>110.00</u>	<u>110.00</u>
<u>1- APU INSERT</u>	@	<u>165.00</u>	<u>165.00</u>
<u>1- BASKET</u>	@	<u>142.00</u>	<u>142.00</u>
<u>4- CENTRALIZERS</u>	@	<u>25.00</u>	<u>100.00</u>
_____	@	_____	_____

TOTAL \$ 517.00

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 4861.80  
 DISCOUNT 972.36 IF PAID IN 30 DAYS  
 NET # 3889.44  
JIM B. PHILLIPS  
 PRINTED NAME

SIGNATURE [Signature]

## 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.