

**CONFIDENTIAL**

*Rec'd 6-12-98*

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

Operator: License # 32110

Name: Duncan Oil Properties, Inc.

Address 100 Park Ave., Suite 1200

City/State/Zip Oklahoma City, OK 73102

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

Operator Contact Person: Jeudi Hamilton

Phone (405) 272-1837

Contractor: Name: Duke Drilling Co., Inc.

License: 5929

Wellsite Geologist: Robert C. Lewellyn

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:

Operator: ORIGINAL

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

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

Deepening  Re-perf.  Conv. to Inj/SWD  
 Plug Back  PBTB  
 Commingled  Docket No. \_\_\_\_\_  
 Dual Completion  Docket No. \_\_\_\_\_  
 Other (SWD or Inj?)  Docket No. \_\_\_\_\_

05-07-98 05-17-98 05-18-98  
Spud Date Date Reached TD Completion Date

API NO. 15- 083-21458 0000

County Hodgeman County, Kansas

N/2-S/2-NE Sec. 15 Twp. 24S Rge. 23

1670 Feet from S/W (circle one) Line of Section

1340 Feet from E/W (circle one) Line of Section

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

Lease Name Steinbring Well # 1

Field Name Wildcat

Producing Formation \_\_\_\_\_

Elevation: Ground 2338' KB 2347'

Total Depth 4775' PBTB 4750'

Amount of Surface Pipe Set and Cemented at 356.03 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 DATA 7-24-98 J.C.  
(Data must be collected from the Reserve Pit)

Chloride content 48,000 ppm Fluid volume 700 bbls

Dewatering method used Evaporation

Location of fluid disposal, if hauled offsite: RELEASED

Operator Name KCC

Lease Name \_\_\_\_\_ License No. \_\_\_\_\_

Quarter \_\_\_\_\_ Sec. \_\_\_\_\_ Rge. \_\_\_\_\_

County \_\_\_\_\_ Docket No. \_\_\_\_\_

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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 on side two of this form will be held confidential for a period of 12 months if requested in writing and submitted with the form (see rule 82-3-107 for confidentiality in excess of 12 months). One copy of all wireline logs and geologist well report shall be attached with this form. ALL CEMENTING TICKETS MUST BE ATTACHED. Submit CP-4 form with all plugged wells. Submit CP-111 form with all temporarily abandoned wells.

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

Signature Nicholas E. Humphrey  
Title Drilling/Production Manager Date 6-10-98

Subscribed and sworn to before me this 10 day of June, 19 98.

Notary Public Debra Koch

Date Commission Expires 4/28/01

K.C.C. OFFICE USE ONLY		
F	<input checked="" type="checkbox"/>	Letter of Confidentiality Attached
C	<input checked="" type="checkbox"/>	Wireline Log Received
C	<input checked="" type="checkbox"/>	Geologist Report Received
Distribution		
<input checked="" type="checkbox"/>	KCC	<input type="checkbox"/> SWD/Rep
<input type="checkbox"/>	KGS	<input type="checkbox"/> Plug
		<input type="checkbox"/> NGPA
		<input type="checkbox"/> Other (Specify)

Operator Name Duncan Oil Properties, Inc.

Lease Name Steinbring

Well # 1

Sec. 15 Twp. 24 Rge. 23  
 East  
 West

County Hodgeman County, Kansas

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all drill stem tests giving interval tested, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static level, hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface during test. Attach extra sheet if more space is needed. Attach copy of log.

Drill Stem Tests Taken  Yes  No  
 (Attach Additional Sheets.) \*\* See Attached

Samples Sent to Geological Survey  Yes  No

Cores Taken  Yes  No

Electric Log Run  Yes  No  
 (Submit Copy.)

List All E.Logs Run:  
 Array Induction, GR  
 Density Neutron PE  
 BHC, Sonic, Micro-Resistivity

Log Formation (Top), Depth and Datum  Sample

Name	Top	Datum
Stone Coral	1498	(+851)
Heebner Shale	3918	(-1571)
Lansing Group	4017	(-1670)
Base Kansas City	4402	(-2055)
Cherokee Shale	4579	(-2232)
Base Cherokee Lime	4632	(-2285)
Penn Conglom.	4633	(-2286)
Miss Lime	4649	(-2302)
Miss Dolomite	4669	(-2322)
Warsaw	4698	(-2351)

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"	25#	356.03'	60/40 Poz	230	3%cc 2%ge1

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  Yes  No

Date of First, Resumed Production, SWD or Inj. D+A Producing Method  Flowing  Pumping  Gas Lift  Other (Explain)

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

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

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

Production Interval \_\_\_\_\_

# ORIGINAL

**ROBERT C. LEWELLYN**  
Petroleum Geologist  
P. O. Box 2608  
Wichita, Kansas 67201-2608  
316-744-2567  
boblew@fcist.com

RECEIVED  
STATE COMMISSION  
JUN 12 1998  
DIVISION  
WICHITA, KANSAS

## GEOLOGICAL REPORT

DUNCAN OIL PROPERTIES, INC.  
No. 1 Steinbring  
1670' FNL & 1340' FEL Sec. 15-24S-23W  
Hodgeman County, Kansas

**CONFIDENTIAL**  
15-083-21458

**CONTRACTOR:** Duke Drilling Company, Inc., Rig #4  
**SPUDDED:** May 07, 1998  
**DRILLING COMPLETED:** May 17, 1998  
**SURFACE CASING:** 8 5/8" @ 356/KBM  
**ELECTRIC LOGS:** BPB DIS, MLS, LCS, PDS/CNS, BCA  
**ELEVATIONS:** 2347 KB 2346 DF 2338 GL

**KCC**  
JUN 10  
**CONFIDENTIAL**

### FORMATION TOPS: (Electric Log)

Stone Corral Anhydrite	1496 (+ 851)
Heebner Shale	3916 (-1569)
Lansing Group	4002 (-1655)
Kansas City Group	4190 (-1843)
Stark Shale	4296 (-1949)
Base Kansas City Group	4402 (-2055)
Marmaton (Lenapah)	4416 (-2069)
Altamont Limestone	4450 (-2103)
Pawnee Limestone	4491 (-2144)
Fort Scott Limestone	4554 (-2207)
Cherokee Shale	4580 (-2233)
Base Cherokee Limestone	4632 (-2285)
Conglomerate	4634 (-2287)
Mississippi Lime	4649 (-2302)
Mississippi Spergen	4668 (-2321)
Electric Log Total Depth	4775 (-2428)

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SEP 28 1999  
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Samples were examined microscopically from 3600 to Rotary Total Depth (4775). Samples were examined wet and dry and samples from potentially productive zones were viewed under a fluoroscope and checked for oil cut. Zones exhibiting shows of oil or gas were drill stem tested where such shows and the attending porosity were of sufficient quality to warrant testing. Following is a description of zones of interest, oil and gas shows, drill stem tests, etc. For a complete lithologic description of all formations refer to the attached sample log.

STATE

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#### LANSING-KANSAS CITY ZONES:

4018-4024 (B Zone) Limestone, cream to buff, finely crystalline and finely oolitic, slightly fossiliferous, scattered poor intercrystalline and interoolitic porosity, no show of oil.

4055-4065 (C Zone) Limestone, cream, finely crystalline and chalky, slightly fossiliferous, some poor pinpoint and intercrystalline porosity, no show of oil, much buff, fresh, opaque chert.

4108-4118 (F Zone) Limestone, cream, finely crystalline with much chalk, trace of very poor intercrystalline porosity, no show of oil.

4136-4170 (G Zone) Limestone, cream, finely crystalline, fossiliferous and chalky, fair scattered vugular and intercrystalline porosity, no show of oil, some buff, dense in lower part of section.

4238-4246 & 4250-4272 (J Zone) Limestone, buff, oolitic, good ooliticastic porosity, no show of oil, trace of mineral color resembling stain, zone contains no stain, no free oil, and no odor.

4308-4314 (K Zone) Limestone, buff, finely crystalline, slightly fossiliferous, poor intercrystalline and vugular porosity, no show of oil.

#### MARMATON ZONES:

4524-4532 (Pawnee) Limestone, tan to brown, dense, some finely crystalline tight limestone with scattered poor spotted stain, very slight show of free oil, no odor. Show and porosity not of sufficient quality to warrant further evaluation.

4557-4560 (Fort Scott) Limestone, tan to brown, dense, some finely crystalline, mostly tight, no show of oil.

#### CONGLOMERATE ZONES:

4634-4649 Shaly conglomerate composed of various and varicolored shales with 30% chert, orange, tan, white, yellow and varicolored, some partly oolitic and spicular. Zone was non-porous and contained no shows of oil.

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## MISSISSIPPIAN ZONES:

4649-4668 Limestone, white to cream; medium to coarsely crystalline-chalky, soft, friable, partly oolitic and slightly glauconitic, some scattered buff dense limestone.

4668-4674 Dolomite, buff to tan, medium crystalline and partly bryzoan, fair to good intercrystalline and vugular porosity, good spotted to saturated stain, good odor, good fluorescence and cut, 10-15% barren porosity with some cream, waxy, amorphous dolomite.

## DRILL STEM TEST NO. 1

4664-4671; Open 30 minutes, Shut in 30 minutes, Open 30 minutes, Shut in 30 minutes; Weak surface blow through first flow period, no blow on second flow period. Recovered 10 feet of drilling mud with show of oil on top of tool.  
ISIP 1205# FSIP 1163# IFP 41-31# FFP 41-31

4674-4680 Dolomite, buff to tan, medium crystalline, partly bryzoan, fair to good intercrystalline and vugular porosity, poor to fair spotted stain with 50% barren porosity, slight to fair show of free oil, faint odor, poor fluorescence and cut. Structural position too low to warrant further drill stem testing.

4680-4775 This section consisted of dolomite, buff to tan, fine to medium crystalline with some bryzoa, considerable cream, waxy, amorphous dolomite, poor intercrystalline and vugular porosity to tight with slight shows diminishing to no show by 4700.

## 4775 ROTARY TOTAL DEPTH

## RECOMMENDATIONS:

This well started off structurally high on the Lansing-Kansas City and remained so down to the top of the Marmaton, gradually thickening and losing structural position below that point. The presence of a substantial Conglomerate section along with 19 feet of Mississippi lime on top of the Spergen dolomite resulted in a structural position on the Spergen of four feet low to the Slawson No. A-1 Nagel and fourteen feet low to the Duncan Oil Properties, Inc. No 4-14 Schaffer. Sample examination, drill stem testing, and electric logging revealed no zones of potential commercial production and it was decided by all parties involved to plug and abandon the No. 1 Steinbring as a dry hole.

Respectfully submitted,

Robert C. Lewellyn  
Petroleum Geologist





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STATE GEOLOGICAL COMMISSION

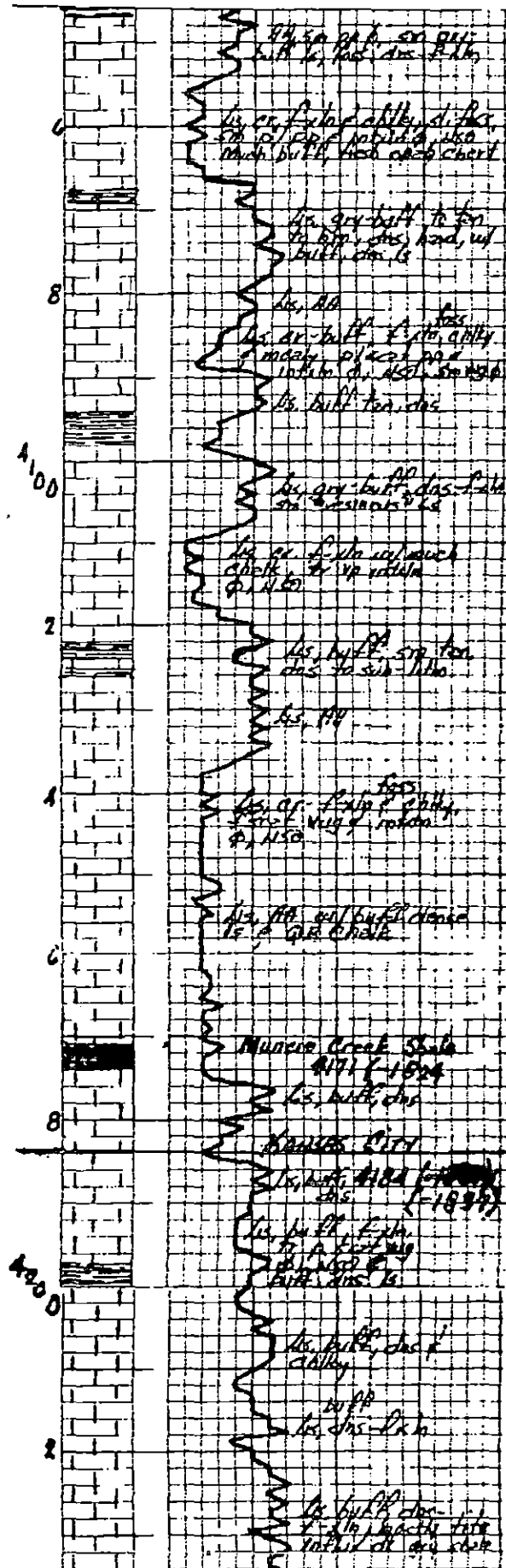
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Wichita, Kansas

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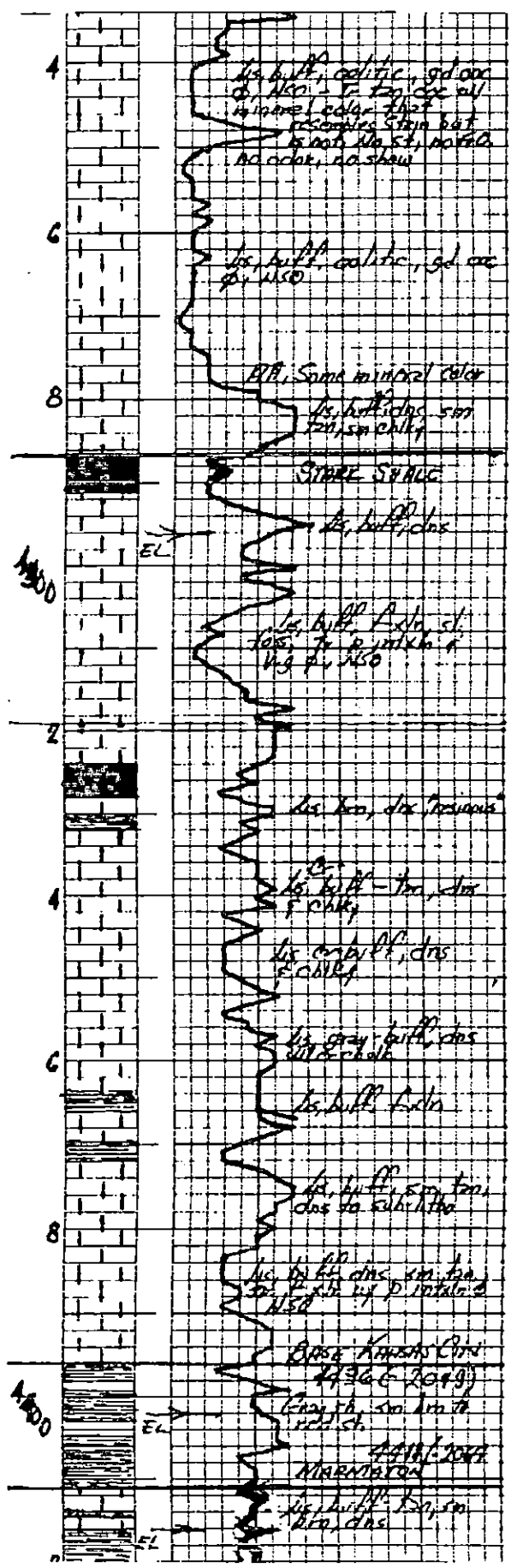
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REGULATION DIVISION  
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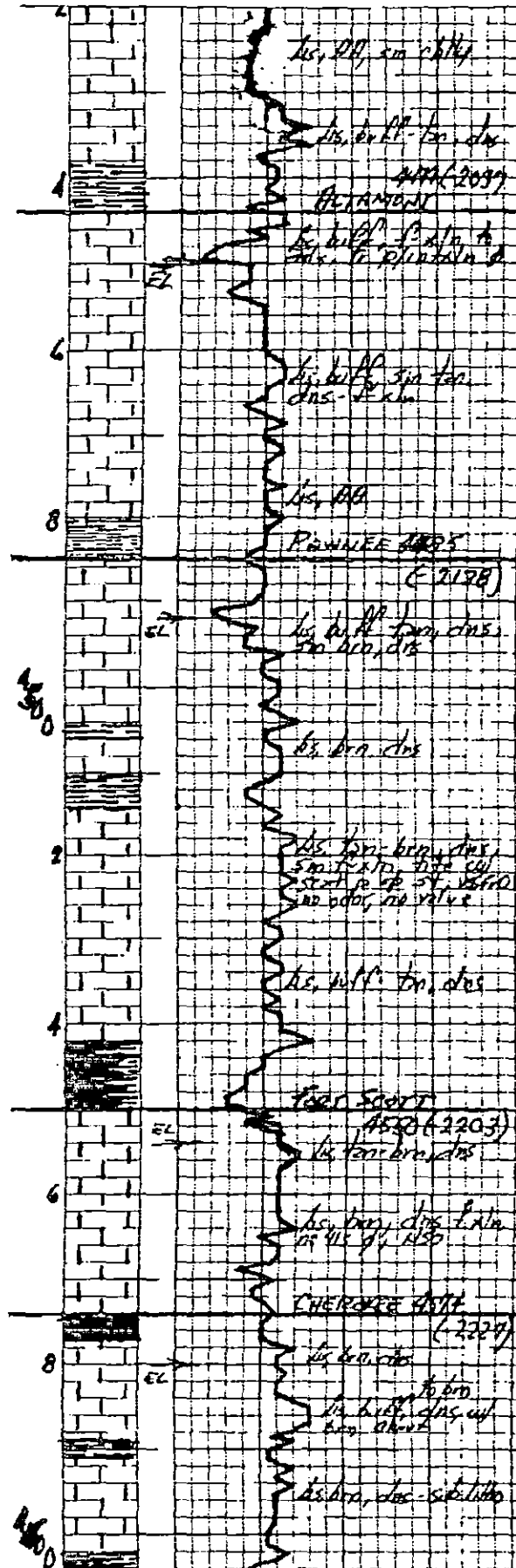
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Wichita, Kansas

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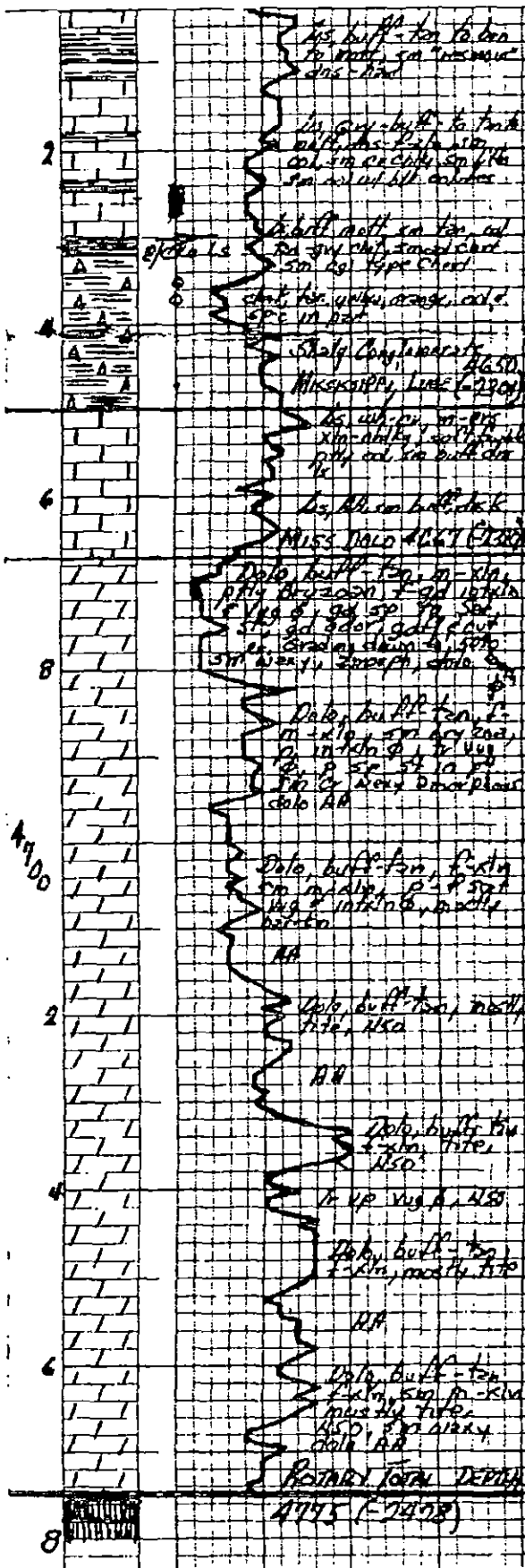
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ORIGINAL

TRILOBITE TESTING L.L.C.

15-083-21458-0000

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OPERATOR : Duncan Oil Properties  
WELL NAME: Steinbring #1  
LOCATION : 15-24S-23W Hodgeman KS  
INTERVAL : 4664.00 To 4671.00 ft

DATE 5-16-98

KB 0.00 ft TICKET NO: 10293 DST #1  
GR 0.00 ft FORMATION: Mississippi  
TD 4671.00 ft TEST TYPE: CONV

RECORDER DATA

Mins	Field	1	2	3	4	TIME DATA-----
PF 30 Rec.	10270	10270	11085			PF Fr. 1030 to 1100 hr
SI 30 Range(Psi )	4150.0	4150.0	4300.0	0.0	0.0	IS Fr. 1100 to 1130 hr
SF 30 Clock(hrs)	12	12	12			SF Fr. 1130 to 1200 hr
FS 30 Depth(ft )	4651.0	4651.0	4668.0	0.0	0.0	FS Fr. 1200 to 1230 hr

	Field	1	2	3	4	
A. Init Hydro	2316.0	2332.0	0.0	0.0	0.0	T STARTED 0830 hr
B. First Flow	41.0	51.0	0.0	0.0	0.0	T ON BOTM 1025 hr
B1. Final Flow	31.0	34.0	0.0	0.0	0.0	T OPEN 1030 hr
C. In Shut-in	1205.0	1199.0	0.0	0.0	0.0	T PULLED 1230 hr
D. Init Flow	41.0	41.0	0.0	0.0	0.0	T OUT 1430 hr
E. Final Flow	31.0	33.0	0.0	0.0	0.0	
F. Fl Shut-in	1163.0	1145.0	0.0	0.0	0.0	TOOL DATA-----
G. Final Hydro	2254.0	2240.0	0.0	0.0	0.0	Tool Wt. 2200.00 lbs
Inside/Outside	o	o	o			Wt Set On Packer 20000.00 lbs
						Wt Pulled Loose 74000.00 lbs
						Initial Str Wt 72000.00 lbs
						Unseated Str Wt 72000.00 lbs
						Bot Choke 0.75 in
						Hole Size 7.88 in
						D Col. ID 2.25 in
						D. Pipe ID 3.80 in
						D.C. Length 0.00 ft
						D.P. Length 4642.00 ft

RECOVERY

Tot Fluid 10.00 ft of 0.00 ft in DC and 10.00 ft in DP  
10.00 ft of Mud with show of oil on top of tool  
0.00 ft of  
0.00 ft of  
0.00 ft of  
0.00 ft of  
0.00 ft of  
0.00 ft of  
0.00 ft of

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SALINITY 0.00 P.P.M. A.P.I. Gravity 0.00

FROM: ...

BLOW DESCRIPTION

Initial Flow:  
Weak surface blow throughout  
Final Flow:  
No blow

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CONSERVATION DIVISION  
Wichita, Kansas

SAMPLES:  
SENT TO:

Test Successful: Y

MUD DATA-----

Mud Type	Chemical
Weight	9.30 lb/cf
Vis.	55.00 S/L
W.L.	8.00 in3
F.C.	0.00 in
Mud Drop	
Amt. of fill	0.00 ft
Btm. H. Temp.	124.00 F
Hole Condition	
% Porosity	0.00
Packer Size	6.75 in
No. of Packers	2
Cushion Amt.	0.00
Cushion Type	
Reversed Out	
Tool Chased	
Tester	Ray Schwager
Co. Rep.	Tom Larson
Contr.	Duke Drilling
Rig #	4
Unit #	
Pump T.	

15-083-21458-0000

ORIGINAL

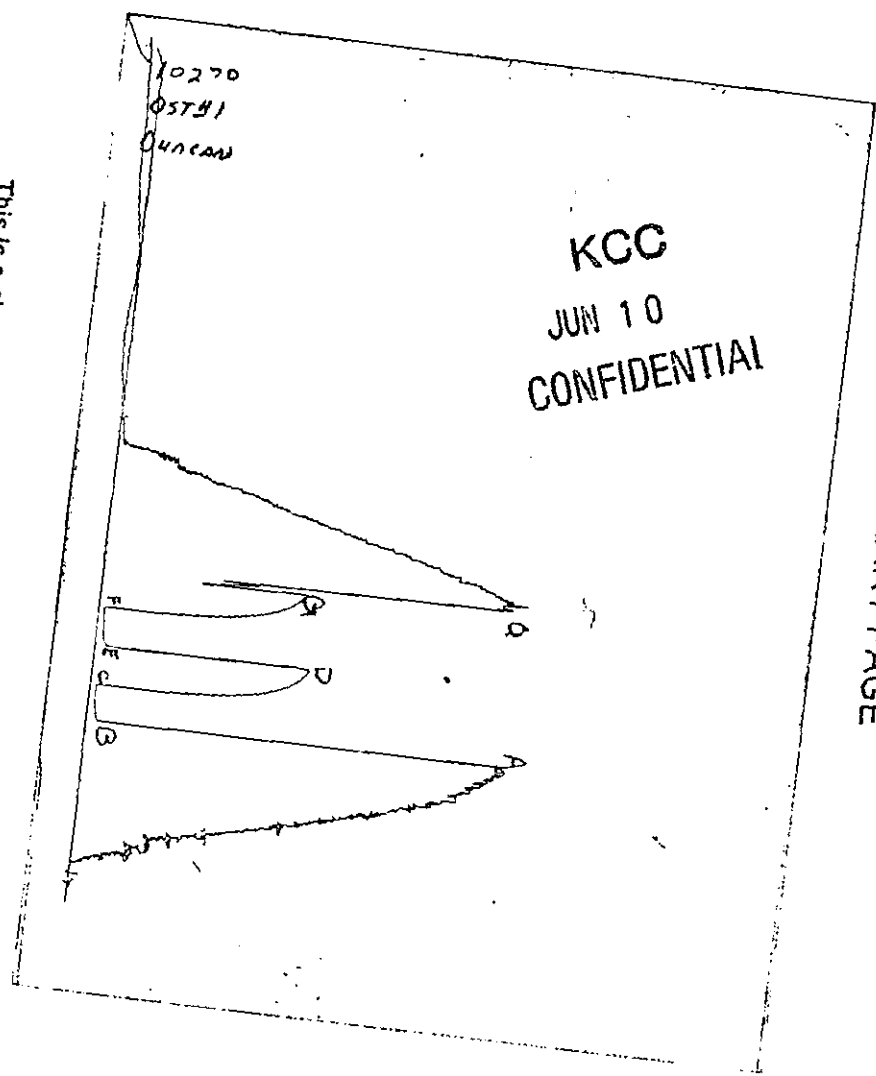
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Wichita, Kansas



This is a photocopy of the actual AK-1 recorder chart

CHART PAGE

# ALLIED CEMENTING CO., INC.

3154

ORIGINAL

JUN 12 1998

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

COMMUNICATION DIVISION  
Wichita, Kansas

SERVICE POINT:

Neosho City

DATE <u>5-7-98</u>	SEC. <u>15</u>	TWP. <u>24</u>	RANGE <u>23</u>	CALLED OUT <u>10:45 pm</u>	ON LOCATION <u>12:00 AM</u>	JOB START <u>3:55 AM</u>	JOB FINISH <u>4:30 AM</u>
LEASE <u>Steinbring</u>	WELL # <u>1</u>	LOCATION <u>Letmore 9S 4E 1/4N</u>		COUNTY <u>Hodgeman</u>	STATE <u>KS</u>		

OLD OR NEW (Circle one)

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CONTRACTOR Duke Duly #4

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 356

CASING SIZE 8 7/8 DEPTH 356

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

DRILL PIPE \_\_\_\_\_ DEPTH \_\_\_\_\_

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

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

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

CEMENT LEFT IN CSG. 15

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

OWNER Same

CEMENT

AMOUNT ORDERED

230 6 3/4 3% cc 2% del

COMMON	<u>138</u>	@	<u>6.35</u>	<u>876.30</u>
POZMIX	<u>92</u>	@	<u>3.25</u>	<u>299.00</u>
GEL	<u>4</u>	@	<u>9.50</u>	<u>38.00</u>
CHLORIDE	<u>7</u>	@	<u>28.00</u>	<u>196.00</u>

### EQUIPMENT

PUMP TRUCK CEMENTER J. Weighous

# 224 HELPER B. White

BULK TRUCK

# 222 DRIVER D. Walls

BULK TRUCK

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

HANDLING 230 @ 1.05 241.50

MILEAGE 40 x .04 x 230 368.00

KCC

JUN 10

TOTAL 2018.80

### REMARKS:

FROM CONFIDENTIAL

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SERVICE

Circ 8 7/8 cas, mix 230 sx  
6 3/4 3% cc 2% del, Disp  
2 1/2 BBL Plus Down  
4:30 AM. Cemt. did Circ.

DEPTH OF JOB	<u>356</u>			
PUMP TRUCK CHARGE				<u>470.00</u>
EXTRA FOOTAGE	<u>56</u>	@	<u>.43</u>	<u>24.08</u>
MILEAGE	<u>40</u>	@	<u>2.85</u>	<u>114.00</u>
PLUG <u>2-Cup Wood</u>		@		<u>45.00</u>

Thanks

TOTAL 653.08

CHARGE TO: Duncan Oil Properties, Inc.

STREET 100 Park Ave #1200

CITY OKM City STATE OKLA. ZIP 73102

### FLOAT EQUIPMENT

<u>4-8 7/8 Centerline</u>	@	<u>61.00</u>	<u>244.00</u>
	@		
	@		
	@		

Total 2915.88

TOTAL 244.00

TAX - 0 -

TOTAL CHARGE \$ 2915.88

DISCOUNT \$ 437.38 IF PAID IN 30 DAYS

Net \$ 2478.50

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.

SIGNATURE R. Wheeler

## 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.





## 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.