

UNITED STATES BANKRUPTCY COURT NORTHERN DISTRICT OF TEXAS PROOF OF CLAIM	
Name of Debtor: TRIDIMENSION ENERGY LP.	Case Number: 10-33565
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.	
Name of Creditor (the person or other entity to whom the debtor owes money or property): PRECISION DRILLING COMPANY, LP	<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ Filed on: _____
Name and address where notices should be sent: c/o Daniel I. Morenoff, K&L Gates LLP; 1717 Main St., Ste. 2800; Dallas, TX 75201 Daniel.Morenoff@klgates.com Telephone Number: 214.939.5500	<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor Or trustee in this case.
Name and address where payment should be sent (if different from above): n/a Telephone number:	<div style="border: 1px solid black; padding: 10px; margin: 0 auto; width: 150px;"> RECEIVED JUL 26 2010 BMC GROUP </div>
1. Amount of Claim as of Date Case Filed: <u>(See Attachment)</u> If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.	5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)().
2. Basis for Claim: (See Attachment) (See instruction #2 on reverse side.)	
3. Last four digits of any number by which creditor identifies debtor: <u>4db1</u> 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.) 4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input checked="" type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: Value of Property: <u>See Attachment</u> Annual Interest Rate: (See Attachment) Amount of arrearage and other charges as of time case filed included in secured claim, if any: (See Attachment) Basis for perfection: <u>Filings in Appropriate Real Property Records</u> Amount of Secured Claim: (See Attachment) Amount Unsecured: <u>The balance of the claim, to the extent the value of the Claimant's collateral is less than the full value of its claim.</u>	
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:	Amount entitled to priority: \$ _____ *Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.
Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.	
DATE: <u>July 22/10</u> <u>HEATHER STICKEL, MGR CREDIT COLLECTION</u>	

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.



Attachment "1"

In re: TRIDIMENSION ENERGY L.P.
Case No. 10-33565

The claimant is Precision Drilling Company, LP (the "Claimant" or "Precision"). Heather Stickel, the Claimant's Manager, Credit & Collections, is authorized to make this proof of claim (the "Proof of Claim") on behalf of the Claimant. The Claimant is represented in this case by K&L Gates LLP. The Claimant states as follows:

A. Background

1. Precision is a provider of equipment, labor, and services in the oil and gas industry (collectively, "Services"). Precision provides Services at the wellhead.
2. By Permit No. 2010-OPD-011, dated July 27, 2009, the Mississippi Oil & Gas Board named Axis Onshore, LP ("Axis") as the operator of the Graves #37-1 1 Well, an oil well to be drilled by Axis as part of an eighty (80) acre unit located in Wilkinson County, Mississippi (the "Well").
3. Before filing its bankruptcy case, Axis contracted with Precision for the provision of Services at the Well. Axis and Precision entered into a "Daywork Drilling Contract – U.S." governing the provision of the Services (the "Contract").¹ The Contract established the "Daywork Rates" that were the prices to be paid to Precision for the Services and the terms for the reimbursement of related costs. The Contract also established that payments for work and goods performed under the Contract "shall be due, upon presentation of invoice therefore[.]"² Additionally, the Contract established that "[a]ny sum (including amounts ultimately paid with respect to a disputed invoice) not paid within [thirty (30)]

¹ A copy of the Contract is attached as Exhibit "A".

² Contract, Section 5.1.

days [of invoicing] shall bear interest at the rate of one percent or the maximum legal rate, whichever is less, per month from the due date until paid.”

4. After Axis contracted with Precision for the provision of the Services, Precision provided those Services at the Well. Precision presented a total of six invoices for those Services, with the first such invoice being dated October 14, 2009. Axis never disputed any of the first invoice or any of the other invoices related to the Services,³ as the Contract allowed it to do only for a limited period of time. The total amount charged by Precision to Axis for the Services provided at the Well was \$1,346,204.08, with Axis making total payments of \$819,208.98, leaving a remaining balance of \$526,995.10 owed for the Services provided by Precision on behalf of Axis as the operator of the Well.
5. TriDimension Energy LP (“TriDimension”), effectively the parent-entity of Axis, apparently owns or leases the entire mineral interests in the eighty (80) acre unit which includes the Well.⁴ Apparently, Axis was not a party to any written operating agreement with TriDimension limiting its agency on behalf of TriDimension.⁵ Instead, at the execution of the Contract, Axis acted as an agent of TriDimension and any other parties owning or leasing the mineral interests in the eighty (80) acre unit which includes the Well (inclusive of the relevant Debtors, the “Interest Holders”). Axis did not disclose to Precision that it was

³ Nor did TriDimension (as defined, below). Copies of the related invoices (the “Invoices”) are attached as Exhibit “B”.

⁴ Axis’s schedules and statement of financial affairs in this case indicate neither any Axis real property holdings nor a transfer of any such interests to another party. Alone among the Debtors, TriDimension indicates ownership of the Well in its schedules in this bankruptcy.

⁵ According to testimony at Axis’s first meeting of creditors, Axis held no operating agreements executed by any of its affiliated companies. This testimony accords with Axis’s failure to identify any such operating agreement (either for the Graves or with TriDimension) in its bankruptcy schedules.

acting as an agent for any party. Accordingly, it contracted for the Services for itself, while also binding the Interest Holders to the "Contract" under agency law principles.

6. On information and belief, Axis was authorized by the Interest Holders to contract with Precision for the provision of the Services to benefit the Well. The Interest Holders allowed Axis to act on their behalf. Those Interest Holders that are Debtors allowed Axis to represent itself as acting on behalf of their unified operation. As a result, the course of dealing among the Interest Holders and Axis was one in which Axis operated as the Interest Holders' (especially the Debtor-Interest Holders') agent. As a result, Axis's entry into the Contract was within the scope of its express or implied agency or the Debtors are estopped to deny that authority.
7. Precision provided the Services at the Well pre-petition. The Services were provided for Axis and the Interest Holders and Axis and the Interest Holders accepted the Services. On information and belief, the Interest Holders had reasonable notice that Precision expected to be paid for the Services, by Axis or, if it failed to pay Precision for the Services, by the Interest Holders. On information and belief, the Interest Holders had reasonable notice that Precision, and parties like it, could assert liens against the Interest Holders' interests in the underlying leases to secure any unpaid charges for Services provided at the Well.
8. Precision timely invoiced Axis pre-petition for the Services performed. Axis failed to pay for the Services performed before filing its bankruptcy. Between the provision of the Services and Axis's bankruptcy filing, interest accrued on the

amounts owing for the Services provided, under the terms of the relevant contracts. As of the Petition Date, the remaining balance owed Precision for the Services it performed at the Well was \$526,995.10 (exclusive of contractually owed interest).

9. At the Petition Date, Precision was entitled to payment for the Services rendered under the Contract, plus such interest as continues to accrue under the terms of the Contract.
10. Also pre-petition and in order to secure its lien for the above unpaid amounts, Precision properly filed a Notice of Lien with the Office of the Chancery Clerk of Wilkinson County, Mississippi, in compliance with the requirements of § 85-7-131 of the Mississippi Code of 1972, Annotated. A copy of the Notice of Lien, as recorded by the Chancery Clerk in Book No. 4, at Page 466, is attached to this Proof of Claim as Exhibit "C".

B. Claims

i. Vicarious Contractual Claim

11. The Claimant incorporates and re-alleges the matters set forth in paragraphs 1 through 10.
12. The Contract constitutes a contract between Axis and the Claimant, but not only a contract between Axis and the Claimant. Axis acted on its own behalf and, although not disclosed at the time to the Claimant, as the agent of the Interest Holders, including TriDimension. Axis acted as these parties' agent, whether by virtue of an actual agency agreement (written or oral) or by virtue of the manner of their course of dealing in entering the Contract with the Claimant.

13. Axis was authorized to act on behalf of the Interest Holders (including TriDimension), in so contracting with the Claimant. Contracting for the Services was within the scope of Axis's agency or authority.
14. Accordingly, for the purposes of the Contract, an agent-principal relationship exists between Axis and the Interest Holders (including TriDimension).
15. Accordingly, the Interest Holders (including TriDimension) are vicariously liable to the Claimant on the Contract, to the same extent that Axis is.
16. The Claimant performed its obligations under the Contract. Neither Axis, nor TriDimension or any other Interest Holder paid the properly invoiced prices for the Services when due. This failure of payment breached the Contract.
17. This breach has not been cured.
18. As a direct and proximate result of this breach of the Contract, the Claimant suffered and sustained injury.
19. The Claimant seeks appropriate judicial relief for these injuries, including, but not limited to, the recovery of monetary damages of: (a) the balances owed for Services provided at the Well; (b) such interest as accrued pre-petition and continues to accrue under the terms of the Contract post-petition on that balance; and (c) the Claimant's collection costs.
20. Accordingly, under the Contract, the Claimant is entitled to payment by TriDimension of no less than \$526,995.10, plus such interest as accrued pre-petition and continues to accrue post-petition under the Contract, through the allowance and payment of the Claimant's claim, as well as the collection costs incurred related thereto.

ii. **Quantum Meruit**

21. The Claimant incorporates and re-alleges the matters set forth in paragraphs 1 through 20.
22. The Claimant rendered valuable Services to Axis and the Interest Holders (including TriDimension).
23. Axis and the Interest Holders (or Axis on behalf of itself and the Interest Holders, including TriDimension) accepted the Services.
24. Axis and the Interest Holders (including TriDimension) were on reasonable notice at the provision of the Services that the Claimant expected to be paid for the Services, either by Axis or, should Axis fail to pay for the Services, by the Interest Holders (including TriDimension).
25. Despite the Claimant's provision of the Services, neither Axis nor the Interest Holders (including TriDimension) fully paid the Claimant for the Services pre-petition. At the filing of this Proof of Claim, the Claimant has still not been fully paid for the Services.
26. Accordingly, the Interest Holders, including TriDimension, have been unjustly enriched by their receipt of the Services.
27. The Claimant is entitled to recover in quantum meruit the value of the Services unjustly received and retained by the Interest Holders, including TriDimension.
28. Specifically, the Claimant is entitled to recover from TriDimension in quantum meruit the value of the Services provided at the Well (totaling \$526,995.10 at their provision and an additional amount, reflecting the additional time-value enjoyed by TriDimension in having received the benefit of Services at their provision, but only paying the fair value for the Services through this case).

iii. **Vicarious Liability: Alter Ego/Single Business Enterprise/Piercing of the Corporate Veil**

29. The Claimant incorporates and re-alleges the matters set forth in paragraphs 1 through 28.
30. While not all facts are yet clear, it is possible that TriDimension and Axis are alter egos, portions of the same unified business enterprise to a degree that justifies piercing Axis's corporate veil to make TriDimension liable for Axis's obligations to Precision and to make liens perfected against Axis's assets effective against those of TriDimension.
31. In the Debtors' capital structure (which appears to have been in place since before Axis contracted with the Claimant for the Services), TriDimension owned and owns 99.99% of the equity of Axis. TriDimension and Axis share office space and personnel. They did not bother to document the terms of Axis's agreement to operate the Well for TriDimension through a written operating agreement. They made use of consolidated reporting for what they have testified was an "overall entity." While the two Debtors seem to have maintained separate books and records, including those for all transfers and obligations running between themselves, they never paid or offset any of those obligations.
32. Against this backdrop, Axis's actions in procuring the Services may have been undertaken as an instrumentality of the Debtor-Interest Holders (including TriDimension) and/or the Debtors as a whole. Although more discovery will be needed, it is possible that Axis's separate corporate existence from the other Debtors should be disregarded and all of the Debtors should be treated as one entity and assigned liability for the Debtors' obligations to Precision.

33. Precision expressly reserves the right to argue that, considering the totality of their dealings, the Debtors, operating as a single business enterprise, established a sufficient unity in their business dealings that treating Axis, separately, as the only party liable to the Claimant would work an injustice and frustrate the statutory purpose of the Mississippi legislature in creating a lien to protect mechanics and materialmen providing services to oil and gas wells from a decision not to pay for their services.

iv. **Substantive Consolidation/Alter Ego Pursuant to Federal Common Law**

34. The Claimant incorporates and re-alleges the matters set forth in paragraphs 1 through 33.

35. Similarly, Precision expressly reserves the right to argue that the interrelationships between the Debtors set forth above demonstrate that there is and was at all material times a substantial identity between the Debtors. The Claimant dealt with the unified enterprise and did not rely on the separate credit of any unique Debtor in providing the Services. Given the identity of the Debtors and the Claimant's reliance thereon, it would cause harm to the Claimant to recognize their separate, formal forms and hold only Axis liable for the Claimant's claims.

36. Accordingly, Precision reserves its right to argue that the Court should exercise its equitable powers to substantively consolidate the Debtors for the purposes of holding each of them liable on the Claimant's claims.

C. Liens Securing Precision's Claims

37. The Claimant incorporates and re-alleges the matters set forth in paragraphs 1 through 36.
38. Under Mississippi law,⁶ Precision's claims are secured by liens against: (a) Axis's interest and those of any and all non-operator Interest Holders (including TriDimension), in the Well, as well as in the mineral estate and the fixtures and equipment in the 80-acre producing unit assigned the Well by the Mississippi Oil and Gas Board.

D. Notice of Perfection

39. The Claimant incorporates and re-alleges the matters set forth in paragraphs 1 through 38.
40. Contemporaneously with the filing of this Proof of Claim, Precision filed a Notice under 11 U.S.C. § 546(b) of Perfection of Statutory Liens to further perfect (to the extent necessary) its interest in the collateral subject to its statutory liens, including the mineral estates underlying the Well, to preserve such interest against any defense based on the passing of the statutory period for the filing of an enforcement action related to such interest, and to provide notice of such interest.

E. Conclusion

41. Therefore, at the filing of this Proof of Claim, Precision is entitled to the allowance of a secured claim against TriDimension of no less than \$526,995.10.

⁶ See Miss. Code Ann. § 85-7-131 (2010).

NOTES: THE CLAIMANT RESERVES THE RIGHT TO AMEND, SUPPLEMENT OR WITHDRAW THIS PROOF OF CLAIM AS FURTHER RELEVANT INFORMATION BECOMES AVAILABLE. THE CLAIMANT SPECIFICALLY RESERVES ITS RIGHT TO AMEND THIS PROOF OF CLAIM TO REFLECT ITS ACTUAL COLLECTION COSTS AND INTEREST ACCRUING ON ITS CLAIM, EITHER PRE-PETITION OR POST-PETITION.

THE CLAIMANT RESERVES ALL RIGHTS, CLAIMS AND PRIVILEGES, INCLUDING, WITHOUT LIMITATION, THOSE OF SETOFF AND/OR RECOUPMENT THAT THEY MAY BE ENTITLED TO EXERCISE.

THE CLAIMANT BELIEVES THAT COPIES OF ALL DOCUMENTS REFERENCED IN THIS PROOF OF CLAIM ARE IN THE POSSESSION OF THE DEBTORS. TO THE EXTENT THAT COPIES OF THESE DOCUMENTS OR OF ADDITIONAL DOCUMENTS RELATED TO THE LIABILITY REPRESENTED HEREIN ARE REQUESTED BY THE DEBTORS, ADDITIONAL COPIES WILL BE PROVIDED.

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NOTE: This form contract is a suggested guide only and use of this form or any variation thereof shall be at the sole discretion and risk of the user parties. Users of the form contract or any portion or variation thereof are encouraged to seek the advice of counsel to ensure that their contract reflects the complete agreement of the parties and applicable law. The International Association of Drilling Contractors disclaims any liability whatsoever for loss or damages which may result from use of the form contract or portions or variations thereof. Computer generated form, reproduced under license from IADC.



INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS
DRILLING BID PROPOSAL
AND
DAYWORK DRILLING CONTRACT - U.S.

Revised April, 2003

TO: Mr. Scott O'Neil
PH: (713) 449-7888

Please submit bid on this drilling contract form for performing the work outlined below, upon the terms and for the consideration set forth, with the understanding that if the bid is accepted by _____, this instrument will constitute a Contract between us. Your bid should be mailed or delivered not later than _____ P.M. on _____, 20____, to the following address: _____

**THIS CONTRACT CONTAINS PROVISIONS RELATING TO INDEMNITY,
RELEASE OF LIABILITY, AND ALLOCATION OF RISK -
SEE PARAGRAPHS 4.9, 6.3(c), 10, 12, AND 14**

This Contract is made and entered into on the date hereinafter set forth by and between the parties herein designated as "Operator" and "Contractor".

OPERATOR: Axle Onshore, LP
Address: 18810 Dallas Parkway, Suite 2500
Dallas, Texas 75249
CONTRACTOR: Precision Drilling Company LP
Address: 10370 Richmond Avenue, Suite 800
Houston, Texas 77042

IN CONSIDERATION of the mutual promises, conditions and agreements herein contained and the specifications and special provisions set forth in Exhibit "A" and Exhibit "B" attached hereto and made a part hereof (the "Contract"), Operator engages Contractor as an independent contractor to drill the hereinafter designated well or wells in search of oil or gas on a Daywork Basis.

For purposes hereof, the term "Daywork" or "Daywork Basis" means Contractor shall furnish equipment, labor, and perform services as herein provided, for a specified sum per day, under the direction, supervision and control of Operator (exclusive of any employee, agent, consultant or subcontractor engaged by Operator to direct drilling operations). When operating on a Daywork Basis, Contractor shall be fully paid at the applicable rates of payment and assumes only the obligations and liabilities stated herein. Except for such obligations and liabilities specifically assumed by Contractor, Operator shall be solely responsible and assumes liability for all consequences of operations by both parties while on a Daywork Basis, including results and all other risks or liabilities incurred in or incident to such operations.

1. LOCATION OF WELL:
Well Name and Number: Graves # 1
Parish/County: Wilkinson State: Mississippi Field Name: _____
Well location and land description: Sec. 37 -- T2N -- R1E

1.1 Additional Well Locations or Areas: NA

Locations described above are for well and Contract identification only and Contractor assumes no liability whatsoever for a proper survey or location stake on Operator's lease.

2. COMMENCEMENT DATE:
Contractor agrees to use reasonable efforts to commence operations for the drilling of the well by the 20th day of August, 2009, or upon completion of current project or as soon as rig is available. If Operator or Contractor is not ready to spud within thirty (30) days of the above commencement date or completion of current project, then the operating day rate will be subject to renegotiation.

3. DEPTH:
3.1 Well Depth: The well(s) shall be drilled to a depth of approximately 12,550 feet, or to the NA formation, whichever is deeper, but the Contractor shall not be required hereunder to drill said well(s) below a maximum depth of 13,000 feet, unless Contractor and Operator mutually agree to drill to a greater depth.

4. DAYWORK RATES:
Contractor shall be paid at the following rates for the work performed hereunder.
4.1 Mobilization: Operator shall pay Contractor a lump sum mobilization fee of \$ 115,000 or a mobilization day rate of \$ NA per day. This sum shall be due and payable in full at the time the rig is rigged up or positioned at the well site ready to spud. Mobilization shall include: move in, rig up, & rig down. Any delays associated with the readiness of location, weather, or services will be the responsibility of Operator and will be borne by Operator under 4.6 herein, including cost for additional cranes, derrick, and/or trucks necessary to correct or overcome such delays.

4.2 Demobilization: Operator shall pay Contractor a demobilization fee of \$ *60,000 or a demobilization day rate during tear down of \$ NA per day, provided however that no demobilization fee shall be payable if the Contract is terminated due to the total loss or destruction of the rig. Demobilization shall include: move off and stack. *The demobilization fee is applicable only if Contractor does not have another Customer location to move to, or is not allowed to stack on location.

4.3 Moving Rate: During the time the rig is in transit to or from a drill site, or between drill sites, commencing on NA, Operator shall pay Contractor a sum of \$ NA per twenty-four (24) hour day.

4.4 Operating Day Rate: For work performed per twenty-four (24) hour day with five (5) man crew the operating day rate shall be:

Depth Intervals		Without Drill Pipe		With Drill Pipe	
From	To	\$		\$	
0	TD	13,000**		13,000**	
		per day		per day	
		per day		per day	
		per day		per day	

Using Operator's drill pipe \$ 13,000** per day.

**This rate includes a top drive.

The rate will begin when the drilling unit is rigged up at the drilling location, or positioned over the location during marine work, and ready to commence operations; and will Contractor starts nipping up on Operator's conductor pipe and will cease when mud tanks are cleaned and the rig is released, ready to be moved off the location.

Revised April, 2003

If under the above column "With Drill Pipe" no rates are specified, the rate per twenty-four hour day when drill pipe is in use shall be the applicable rate specified in the column "Without Drill Pipe" plus compensation for any drill pipe actually used at the rates specified below, computed on the basis of the maximum drill pipe in use at any time during each twenty-four hour day.

DRILL PIPE RATE PER 24-HOUR DAY

Straight Hole			Directional or Uncontrollable Deviated Hole		
Size	Grade		Size	Grade	
\$ _____ per ft.	_____	_____	\$ NA per ft.	_____	_____
\$ _____ per ft.	_____	_____	\$ _____ per ft.	_____	_____
\$ _____ per ft.	_____	_____	\$ _____ per ft.	_____	_____

Directional or uncontrollable deviated hole will be deemed to exist when deviation exceeds NA degrees or when the change of angle exceeds NA degrees per one hundred feet.

Drill pipe shall be considered in use not only when in actual use but also while it is being picked up or laid down. When drill pipe is standing in the derrick, it shall not be considered in use, provided, however, that if Contractor furnishes special strings of drill pipe, drill collars, and handling tools as provided for in Exhibit "A", the same shall be considered in use at all times when on location or until released by Operator. In no event shall fractions of an hour be considered in computing the amount of time drill pipe is in use but such time shall be computed to the nearest hour, with thirty minutes or more being considered a full hour and less than thirty minutes not to be counted.

4.5 Repair Time: In the event it is necessary to shut down Contractor's rig for repairs, excluding routine rig servicing, Contractor shall be allowed compensation at the applicable rate for such shut down time up to a maximum of 4 hours for any one rig repair job, but not to exceed 24 hours of such compensation for any calendar month. Thereafter, Contractor shall be compensated at a rate of \$ 0 per twenty-four (24) hour day. Routine rig servicing shall include, but not be limited to, cutting and slipping drilling line, changing pump or swivel expandables, testing BOP equipment, lubricating rig, and changing expendable pump parts will not be considered downtime when two pumps are used simultaneously.

4.6 Standby Time Rate: \$ 13,000 per twenty-four (24) day. Standby time shall be defined to include time when the rig is shut down although in readiness to begin or resume operations but Contractor is waiting on orders of Operator or on materials, services or other items to be furnished by Operator.

4.7 Drilling Fluid Rates: When drilling fluids of a type and characteristics that increases Contractor's cost of performance hereunder, including, but not limited to, oil-based mud or potassium chloride, are in use, Operator shall pay Contractor in addition to the operating rate specified above:

- (a) \$ 20.00 per man per day for Contractor's rig-site personnel.
- (b) \$ NA per day additional operating rate; and
- (c) Cost of all labor, material and services plus up to 48 hours operating rate to clean rig and related equipment.

4.8 Force Majeure Rate: \$ 11,500 per twenty-four (24) hour day for any continuous period that normal operations are suspended or cannot be carried on due to conditions of Force Majeure as defined in Paragraph 17 hereof. It is, however, understood that subject to Subparagraph 5.3 below, Operator can release the rig in accordance with Operator's right to direct stoppage of the work, effective when conditions will permit the rig to be moved from the location.

4.9 Reimbursable Costs: Operator shall reimburse Contractor for the costs of material, equipment, work or services which are to be furnished by Operator as provided for herein but which for convenience are actually furnished by Contractor at Operator's request, plus 10 percent for such cost of handling. When, at Operator's request and with Contractor's agreement, the Contractor furnishes or subcontracts for certain items or services which Operator is required herein to provide, for purposes of the indemnity and release provisions of this Contract, said items or services shall be deemed to be Operator furnished items or services. Any subcontractors so hired shall be deemed to be Operator's contractor, and Operator shall not be relieved of any of its liabilities in connection therewith.

4.10 Revision in Rates: The rates and/or payments herein set forth due to Contractor from Operator shall be revised to reflect the change in costs if the costs of any of the items hereinafter listed shall vary by more than _____ percent from the costs thereof on the date of this Contract or by the same percent after the date of any revision pursuant to this Subparagraph:

- (a) Labor costs, including all benefits, of Contractor's personnel;
- (b) Contractor's cost of insurance premiums;
- (c) Contractor's cost of fuel, including oil taxes and fees, the cost per gallon MCF being \$ _____;
- (d) Contractor's cost of catering, when applicable;
- (e) If Operator requires Contractor to increase or decrease the number of Contractor's personnel;
- (f) Contractor's cost of spare parts and supplies with the understanding that such spare parts and supplies constitute _____ percent of the operating rate and that the parties shall use the U.S. Bureau of Labor Statistics Oil Field and Gas Field Drilling Machinery Producer Price Index (Series ID WPU49402) to determine to what extent a price variance has occurred in said spare parts and supplies;
- (g) If there is any change in legislation or regulations in the area in which Contractor is working or other unforeseen, unusual event that alters Contractor's financial burden.

5. TIME OF PAYMENT

Payment is due by Operator to Contractor as follows:

5.1 Payment for mobilization, drilling and other work performed at applicable rates, and all other applicable charges shall be due, upon presentation of invoice therefor, upon completion of mobilization, demobilization, rig release or at the end of the month in which such work was performed or other charges are incurred, whichever shall first occur. All invoices may be mailed to Operator at the address hereinabove shown, unless Operator does hereby designate that such invoices shall be mailed as follows:

5.2 Disputed Invoices and Late Payment: Operator shall pay all invoices within 30 days after receipt except that if Operator disputes an invoice or any part thereof, Operator shall, within fifteen days after receipt of the invoice, notify Contractor of the item disputed, specifying the reason therefor, and payment of the disputed item may be withheld until settlement of the dispute, but timely payment shall be made of any undisputed portion. Any sums (including amounts ultimately paid with respect to a disputed invoice) not paid within the above specified days shall bear interest at the rate of one percent or the maximum legal rate, whichever is less, per month from the due date until paid. If Operator does not pay undisputed items within the above stated time, Contractor may suspend operations or terminate this Contract as specified under Subparagraph 5.3.

6. TERM:

6.1 Duration of Contract: This Contract shall remain in full force and effect until drilling operations are completed on the well or wells specified in Paragraph 1 above, or for a term of NA, commencing on the date specified in Paragraph 2 above.

6.2 Extension of Term: Operator may extend the term of this Contract for NA well(s) or for a period of NA by giving notice to Contractor at least NA days prior to completion of the well then being drilled or by NA

6.3 Early Termination:

(c) By Either Party: Upon giving of written notice, either party may terminate this Contract when total loss or destruction of the rig, or a major breakdown with indefinite repair time necessitate stopping operations hereunder.

(d) By Operator: Notwithstanding the provisions of Paragraph 3 with respect to the depth to be drilled, Operator shall have the right to direct the stoppage of the

work to be performed by Contractor hereunder at any time prior to reaching the specified depth, and even though Contractor has made no default hereunder. In such event, Operator shall reimburse Contractor as set forth in Subparagraph 6.4 hereof. Revised April, 2003

(c) By Contractor: Notwithstanding the provisions of Paragraph 3 with respect to the depth to be drilled, in the event Operator shall become insolvent, or be adjudicated a bankrupt, or file, by way of petition or answer, a debtor's petition or other pleading seeking adjustment of Operator's debts, under any bankruptcy or debtor's relief laws now or hereafter prevailing, or if any such be filed against Operator, or in case a receiver be appointed of Operator or Operator's property, or any part thereof, or Operator's affairs be placed in the hands of a Creditor's Committee, or, following three business days prior written notice to Operator if Operator does not pay Contractor within the time specified in Subparagraph 5.2 all undisputed items due and owing, Contractor may, at its option, (1) elect to terminate further performance of any work under this Contract and Contractor's right to compensation shall be as set forth in Subparagraph 6.4 hereof, or (2) suspend operations until payment is made by Operator in which event the standby time rate contained in Subparagraph 4.8 shall apply until payment is made by Operator and operations are resumed. In addition to Contractor's rights to suspend operations or terminate performance under this Paragraph, Operator hereby expressly agrees to protect, defend and indemnify Contractor from and against any claims, demands and causes of action, including all costs of defense, in favor of Operator, Operator's co-venturers, co-lessees and joint owners, or any other parties arising out of any drilling commitments or obligations contained in any lease, farmout agreement or other agreement, which may be effected by such suspension of operations or termination of performance hereunder.

6.4 Early Termination Compensation:

(a) Prior to Commencement: In the event Operator terminates this Contract prior to commencement of operations on first well or any option wells hereunder, Operator shall pay Contractor as liquidated damages and not as a penalty a sum equal to the standby time rate (Subparagraph 4.8) for a period of five (5) days or a lump sum of \$ NA until Contractor has another location available for the rig, whichever is sooner. Operator acknowledges, agrees and stipulates that, at the time this Contract is executed; (1) the damages Contractor may suffer in the event Operator terminates this Contract prior to the commencement of operations on first well or any option wells are uncertain in nature and indeterminate in amount and; (2) the stipulated amount of liquidated damages for such early termination is a reasonable estimate of the harm that would result to Contractor from such a termination.

(b) Prior to Spudding: If such termination occurs after commencement of operations but prior to the spudding of the well, Operator shall pay to Contractor the sum of the following: (1) all expenses reasonably and necessarily incurred and to be incurred by Contractor by reason of the Contract and by reason of the premature termination of the work, including the expense of drilling or other crew members and supervision directly assigned to the rig; (2) ten percent (10%) of the amount of such reimbursable expenses; and (3) a sum calculated at the standby time rate for all time from the date upon which Contractor commences any operations hereunder down to such date subsequent to the date of termination as will afford Contractor reasonable time to dismantle its rig and equipment provided, however, if this Contract is for a term of more than one well or for a period of time, Operator shall pay Contractor, in addition to the above, the Force Majeure Rate, less any unnecessary labor, from that date subsequent to termination upon which Contractor completes dismantling its rig and equipment until the end of the term or Contractor has another location available for the rig or ten (10) days, whichever is sooner.

(c) Subsequent to spudding: If such termination occurs after the spudding of the well, Operator shall pay Contractor (1) the amount for all applicable rates and all other charges and reimbursements due to Contractor, but in no event shall such sum, exclusive of reimbursements due, be less than would have been earned for ten (10) days at the applicable rate "Without Drill Pipe" and the actual amount due for drill pipe used in accordance with the above rates; or (2) at the election of Contractor and in lieu of the foregoing, Operator shall pay Contractor for all expenses reasonably and necessarily incurred and to be incurred by reason of this Contract and by reason of such premature termination plus a lump sum of \$ NA provided, however, if this Contract is for a term of more than one well or for a period of time, Operator shall pay Contractor, in addition to the above, the Force Majeure Rate, less any unnecessary labor from the date of termination until the end of the term or Contractor has another location available for the rig or thirty (30) days, whichever is sooner.

7. CASING PROGRAM

Operator shall have the right to designate the points at which casing will be set and the manner of setting, cementing and testing. Operator may modify the casing program, however, any such modification which materially increases Contractor's hazards or costs can only be made by mutual consent of Operator and Contractor and upon agreement as to the additional compensation to be paid Contractor as a result thereof.

8. DRILLING METHODS AND PRACTICES:

8.1 Contractor shall maintain well control equipment in good condition at all times and shall use all reasonable means to prevent and control fire and blowouts and to protect the hole.

8.2 Subject to the terms hereof, and at Operator's cost, at all times during the drilling of the well, Operator shall have the right to control the mud program, and the drilling fluid must be of a type and have characteristics and be maintained by Contractor in accordance with the specifications shown in Exhibit "A".

8.3 Each party hereto agrees to comply with all laws, rules, and regulations of any federal, state or local governmental authority which are now or may become applicable to that party's operations covered by or arising out of the performance of this Contract. When required by law, the terms of Exhibit "B" shall apply to this Contract. In the event any provision of this Contract is inconsistent with or contrary to any applicable federal, state or local law, rule or regulation, said provision shall be deemed to be modified to the extent required to comply with said law, rule or regulation, and as so modified said provision and this Contract shall continue in full force and effect.

8.4 Contractor shall keep and furnish to Operator an accurate record of the work performed and formations drilled on the IADC-API Daily Drilling Report Form or other form acceptable to Operator. A legible copy of said form shall be furnished by Contractor to Operator.

8.5 If requested by Operator, Contractor shall furnish Operator with a copy of delivery tickets covering any material or supplies provided by Operator and received by Contractor.

9. INGRESS, EGRESS, AND LOCATION:

Operator hereby assigns to Contractor all necessary rights of ingress and egress with respect to the tract on which the well is to be located for the performance by Contractor of all work contemplated by this Contract. Should Contractor be denied free access to the location for any reason not reasonably within Contractor's control, any time lost by Contractor as a result of such denial shall be paid for at the standby time rate. Operator agrees at all times to maintain the road and location in such a condition that will allow free access and movement to and from the drilling site in an ordinarily equipped highway type vehicle. If Contractor is required to use bulldozers, tractors, four-wheel drive vehicles, or any other specialized transportation equipment for the movement of necessary personnel, machinery, or equipment over access roads or on the drilling location, Operator shall furnish the same at its expense and without cost to Contractor. The actual cost of repairs to any transportation equipment furnished by Contractor or its personnel damaged as a result of improperly maintained access roads or location will be charged to Operator. Operator shall reimburse Contractor for all amounts reasonably expended by Contractor for repairs and/or reinforcement of roads, bridges and related or similar facilities (public and private) required as a direct result of a rig move pursuant to performance hereunder. Operator shall be responsible for any costs associated with leveling the rig because of location setting.

10. SOUND LOCATION:

Operator shall prepare a sound location adequate in size and capable of properly supporting the drilling rig, and shall be responsible for casing and cementing

program adequate to prevent soil and subsol wash out. It is recognized that Operator has superior knowledge of the location and access routes to the location, and must advise Contractor of any subsurface conditions, or obstructions (including, but not limited to, mines, caverns, sink holes, streams, pipelines, power lines and communication lines) which Contractor might encounter while en route to the location or during operations hereunder. In the event subsurface conditions cause a cratering or shifting of the location surface, or if seabed conditions prove unsatisfactory to properly support the rig during marine operations hereunder, and loss or damage to the rig or its associated equipment results therefrom, Operator shall, without regard to other provisions of this Contract, including Subparagraph 14.1 hereof, reimburse Contractor for all such loss or damage including removal of debris and payment of Force Majeure Rate during repair and/or demobilization if applicable. Operator's maximum exposure not to exceed \$100,000 dollars.

11. EQUIPMENT CAPACITY

Operations shall not be attempted under any conditions which exceed the capacity of the equipment specified to be used hereunder or where canal or water depths are in excess of NA feet. Without prejudice to the provisions of Paragraph 14 hereunder, Contractor shall have the right to make the final decision as to when an operation or attempted operation would exceed the capacity of specified equipment.

12. TERMINATION OF LOCATION LIABILITY:

When Contractor has concluded operations at the well location, Operator shall thereafter be liable for damage to property, personal injury or death of any person which occurs as a result of conditions of the location and Contractor shall be relieved of such liability; provided, however, if Contractor shall subsequently reenter upon the location for any reason, including removal of the rig, any term of the Contract relating to such reentry activity shall become applicable during such period.

13. INSURANCE (See Page 4A)

During the life of this Contract, Contractor shall at Contractor's expense maintain, with an insurance company or companies authorized to do business in the state where the work is to be performed, or through a self-insurance program, insurance coverages of the kind and in the amount set forth in Exhibit A-A, insuring the liabilities specifically assumed by Contractor in Paragraph 14 of this Contract. Contractor shall procure from the company or companies writing said insurance a certificate or certificates that said insurance is in full force and effect and that the same shall not be canceled or materially changed without ten (10) days prior written notice to Operator. For liabilities assumed hereunder by Contractor, its insurance shall be endorsed to provide that the underwriters waive their right of subrogation against Operator. Operator will, as well, cause its insurer to waive subrogation against Contractor for liability it assumes and shall maintain, at Operator's expense, or shall self-insure, insurance coverage as set forth in Exhibit A-A of the same kind and in the same amount as is required of Contractor, insuring the liabilities specifically assumed by Operator in Paragraph 14 of this Contract. Operator shall procure from the company or companies writing said insurance a certificate or certificates that said insurance is in full force and effect and that the same shall not be canceled or materially changed without ten (10) days prior written notice to Contractor. Contractor and Contractor shall cause their respective underwriters to name the other as additionally insured but only to the extent of the indemnification obligations assumed herein.

14. RESPONSIBILITY FOR LOSS OR DAMAGE, INDEMNITY, RELEASE OF LIABILITY AND ALLOCATION OF RISK:

14.1 Contractor's Surface Equipment: Contractor shall assume liability at all times for damage to or destruction of Contractor's surface equipment, regardless of when or how such damage or destruction occurs, and Contractor shall release Operator of any liability for any such loss, except loss or damage under the provisions of Paragraph 10 or Subparagraph 14.3.

14.2 Contractor's In-Hole Equipment: Operator shall assume liability at all times for damage to or destruction of Contractor's in-hole equipment, including, but not limited to, drill pipe, drill collars, and tool joints, and Operator shall reimburse Contractor for the value of any such loss or damage; the value to be determined by agreement between Contractor and Operator as current repair costs or 100 percent of current new replacement cost of such equipment delivered to the well site or like kind if agreed to or better than the inspected quality of the equipment lost.

14.3 Contractor's Equipment - Environmental Loss or Damage: Notwithstanding the provisions of Subparagraph 14.1 above, Operator shall assume liability at all times for damage to or destruction of Contractor's equipment resulting from the presence of H₂S, CO₂ or other corrosive elements that enter the drilling fluids from subsurface formations or the use of corrosive, destructive or abrasive additives in the drilling fluids.

14.4 Operator's Equipment: Operator shall assume liability at all times for damage to or destruction of Operator's or its co-venturers', co-lessees' or joint owners' equipment, including, but not limited to, casing, tubing, well head equipment, and platform if applicable, regardless of when or how such damage or destruction occurs, and Operator shall release Contractor of any liability for any such loss or damage.

14.5 The Hole: In the event the hole should be lost or damaged, Operator shall be solely responsible for such damage to or loss of the hole, including the casing therein. Operator shall release Contractor and its suppliers, contractors and subcontractors of any tier of any liability for damage to or loss of the hole, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against any and all claims, liability, and expense relating to such damage to or loss of the hole.

14.6 Underground Damage: Operator shall release Contractor and its suppliers, contractors and subcontractors of any tier of any liability for, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against any and all claims, liability, and expense resulting from operations under this Contract on account of injury to, destruction of, or loss or impairment of any property right in or to oil, gas, or other mineral substance or water, if at the time of the act or omission causing such injury, destruction, loss, or impairment, said substance had not been reduced to physical possession above the surface of the earth, and for any loss or damage to any formation, strata, or reservoir beneath the surface of the earth.

14.7 Inspection of Materials Furnished by Operator: Contractor agrees to visually inspect all materials furnished by Operator before using same and to notify Operator of any apparent defects therein. Contractor shall not be liable for any loss or damage resulting from the use of materials furnished by Operator, and Operator shall release Contractor from, and shall protect, defend and indemnify Contractor from and against, any such liability.

14.8 Contractor's Indemnification of Operator: Contractor shall release Operator of any liability for, and shall protect, defend and indemnify Operator from and against all claims, demands, and causes of action of every kind and character, without limit and without regard to the cause or causes thereof or the negligence of any party or parties, arising in connection herewith in favor of Contractor's employees or Contractor's subcontractors of any tier (inclusive of any agent or consultant engaged by Contractor) or their employees, or Contractor's invitees, on account of bodily injury, death or damage to property. Contractor's indemnity under this Paragraph shall be without regard to and without any right to contribution from any insurance maintained by Operator pursuant to Paragraph 13. If it is judicially determined that the monetary limits of insurance required hereunder or of the indemnities voluntarily assumed under Subparagraph 14.8 (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation against the indemnities, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such law.

14.9 Operator's Indemnification of Contractor: Operator shall release Contractor of any liability for, and shall protect, defend and indemnify Contractor from and against all claims, demands, and causes of action of every kind and character, without limit and without regard to the cause or causes thereof or the negligence of any party or parties, arising in connection herewith in favor of Operator's employees or Operator's contractors of any tier (inclusive of any agent, consultant or

ATTACHMENT TO DRILLING BID PROPOSAL
AND DAYWORK DRILLING CONTRACT

13. INSURANCE

During the life of this Contract, Contractor and Operator shall each at their own sole respective expense maintain, with an insurance company or companies authorized to do business in the state where the work is to be performed or through a self-insurance program, insurance coverages of the kind and in the amounts set forth in Exhibit "A", insuring themselves as well as all liabilities specifically assumed by Contractor and Operator in Paragraph 14 of this Contract. The parties shall, if requested to do so by the other party, procure from the company or companies writing said insurance a certificate or certificates that said insurance is in full force and effect and that the same shall not be canceled or materially changed without thirty (30) days prior written notice to the affected party. For liabilities assumed hereunder by each party, its respective insurance shall be endorsed to provide that the underwriters waive their right of subrogation against the other party. If requested, the party procuring such insurance shall promptly deliver complete and legible copies of all insurance policies, including all declarations, endorsements, and amendments thereto.

13.1 INSURANCE PROCUREMENT

The indemnity and indemnity-supporting obligations imposed by certain provisions of this Contract and other insurance procurement and maintenance obligations herein are distinct from, separate and apart from, and independent of each other. Fulfillment of the indemnity and indemnity-supporting insurance obligations required under certain provisions shall not satisfy insurance procurement obligations contained elsewhere, and vice versa.

subcontractor engaged by Operator) or their employees, or Operator's invitees, other than those parties identified in Subparagraph 14.8 on account of bodily injury, death or damage to property. Operator's indemnity under this Paragraph shall be without regard to and without any right to contribution from any insurance maintained by Contractor pursuant to Paragraph 13. If it is judicially determined that the monetary limits of insurance required hereunder or of the indemnities voluntarily assumed under Subparagraph 14.8 (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation against the indemnitee, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such law.

14.10 Liability for Wild Well: Operator shall be liable for the cost of regaining control of any wild well, as well as for cost of removal of any debris and cost of property remediation and restoration, and Operator shall release, protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against any liability for such cost.

14.11 Pollution or Contamination: Notwithstanding anything to the contrary contained herein, except the provisions of Paragraphs 10 and 12, it is understood and agreed by and between Contractor and Operator that the responsibility for pollution or contamination shall be as follows:

(a) Contractor shall assume all responsibility for, including control and removal of, and shall protect, defend and indemnify Operator from and against all claims, demands and causes of action of every kind and character arising from pollution or contamination, which originates above the surface of the land or water from spills of fuels, lubricants, motor oils, pipe dope, paints, solvents, ballast, bilge and garbage, except unavoidable pollution from reserve pits, wholly in Contractor's possession and control and directly associated with Contractor's equipment and facilities.

(b) Operator shall assume all responsibility for, including control and removal of, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against all claims, demands, and causes of action of every kind and character arising directly or indirectly from all other pollution or contamination which may occur during the conduct of operations hereunder, including, but not limited to, that which may result from fire, blowout, cratering, seepage or any other uncontrolled flow of oil, gas, water or other substance, as well as the use or disposition of all drilling fluids, including, but not limited to, oil emulsion, oil base or chemically treated drilling fluids, contaminated cuttings oravings, lost circulation and fish recovery materials and fluids. Operator shall release Contractor and its suppliers, contractors and subcontractors of any tier of any liability for the foregoing.

(c) In the event a third party commits an act or omission which results in pollution or contamination for which either Contractor or Operator, for whom such party is performing work, is held to be legally liable, the responsibility therefor shall be considered, as between Contractor and Operator, to be the same as if the party for whom the work was performed had performed the same and all of the obligations respecting protection, defense, indemnity and limitation of responsibility and liability, as set forth in (a) and (b) above, shall be specifically applied.

14.12 Consequential Damages: Subject to and without affecting the provisions of this Contract regarding the payment rights and obligations of the parties or the risk of loss, release and indemnity rights and obligations of the parties, each party shall at all times be responsible for and hold harmless and indemnify the other party from and against its own special, indirect or consequential damages, and the parties agree that special, indirect or consequential damages shall be deemed to include, without limitation, the following: loss of profit or revenue; costs and expenses resulting from business interruptions; loss of or delay in production; loss of or damage to the leasehold; loss of or delay in drilling or operating rights; cost of or loss of use of property, equipment, materials and services, including without limitation those provided by contractors or subcontractors of every tier or by third parties. Operator shall at all times be responsible for and hold harmless and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against all claims, demands and causes of action of every kind and character in connection with such special, indirect or consequential damages suffered by Operator's co-owners, co-venturers, co-lessees, farmers, farmes, partners and joint owners.

(See Page 6A)
14.13 Indemnity Obligation: Except as otherwise expressly limited in this Contract, it is the intent of parties hereto that all release, indemnity obligations and liabilities assumed by such parties under terms of this Contract, including, without limitation, Subparagraphs 4.8 and 6.3(c), Paragraphs 10 and 12, and Subparagraphs 14.4 through 14.12 hereto, be without limit and without regard to the cause or causes thereof, including, but not limited to, pre-existing conditions, defect or ruin of premises or equipment, strict liability, regulatory or statutory liability, products liability, breach of representation or warranty (express or implied), breach of duty (whether statutory, contractual or otherwise), any theory of tort, breach of contract, fault, the negligence of any degree or character (regardless of whether such negligence is sole, joint or concurrent, active, passive or gross) of any party or parties, including the party seeking the benefit of the release, indemnity or assumption of liability, or any other theory of legal liability. The indemnities, releases and assumptions of liability extended by the parties hereto under the provisions of Subparagraphs 4.8 and 6.3 and Paragraphs 10, 12 and 14 shall inure to the benefit of such parties, their co-venturers, co-lessees, joint owners, their parent, holding and affiliated companies and the officers, directors, stockholders, partners, managers, representatives, employees, consultants, agents, servants and insurers of each. Except as otherwise provided herein, such indemnification and assumptions of liability shall not be deemed to create any right to indemnification in any person or entity not a party to this Contract, either as a third party beneficiary or by reason of any agreement of indemnity between one of the parties hereto and another person or entity not a party to this Contract.

15. AUDIT

If any payment provided for hereunder is made on the basis of Contractor's costs, Operator shall have the right to audit Contractor's books and records relating to such costs. Contractor agrees to maintain such books and records for a period of two (2) years from the date such costs were incurred and to make such books and records readily available to Operator at any reasonable time or times within the period.

16. NO WAIVER EXCEPT IN WRITING

It is fully understood and agreed that none of the requirements of this Contract shall be considered as waived by either party unless the same is done in writing, and then only by the persons executing this Contract, or their duly authorized agent or representative of the party.

17. FORCE MAJEURE

Except as provided in this Paragraph 17 and without prejudice to the risk of loss, release and indemnity obligations under this Contract, each party to this Contract shall be excused from complying with the terms of this Contract, except for the payment of monies when due, if and for so long as such compliance is hindered or prevented by a Force Majeure Event. As used in this Contract, "Force Majeure Event" includes: acts of God, action of the elements, wars (declared or undeclared), insurrection, revolution, rebellions or civil strife, piracy, civil war or hostile action, terrorist acts, riots, strikes, differences with workmen, acts of public enemies, federal or state laws, rules, regulations dispositions or orders of any governmental authorities having jurisdiction in the premises or of any other group, organization or informal association (whether or not formally recognized as a government), inability to procure material, equipment, fuel or necessary labor in the open market, a sudden and unusual labor or material, equipment or fuel shortages, or any other causes (except financial) beyond the control of either party. Neither Operator nor Contractor shall be required against its will to adjust any labor or similar disputes except in accordance with applicable law. In the event that either party hereto is rendered unable, wholly or in part, by any of those causes to carry out its obligation under this Contract, it is agreed that such party shall give notice and details of Force Majeure in writing to the other party as promptly as possible after its occurrence. In such cases, the obligations of the party giving the notice shall be suspended during the continuance of any inability so caused except that Operator shall be obligated to pay to Contractor the Force Majeure Rate provided for in Subparagraph 4.8 above.

18. GOVERNING LAW:

ATTACHMENT TO DRILLING BID PROPOSAL
AND DAYWORK DRILLING CONTRACT

14.13 Indemnity Obligation: EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, IT IS THE INTENT OF THE PARTIES HERETO THAT ALL INDEMNITY OBLIGATIONS, RELEASES AND ASSUMPTIONS OF LIABILITIES BY SUCH PARTIES UNDER THE TERMS OF THIS CONTRACT, INCLUDING, WITHOUT LIMITATIONS, PARAGRAPHS 14.1 THROUGH 14.13 HEREOF, BE WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (INCLUDING PREEXISTING CONDITIONS), THE UNSEAWORTHINESS OF ANY VESSEL OR VESSELS, BREACH OF EXPRESS OR IMPLIED WARRANTIES, GROSS NEGLIGENCE, STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES, WHETHER SUCH NEGLIGENCE OR FAULT BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE (INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE, BREACH OF EXPRESS OR IMPLIED WARRANTIES, GROSS NEGLIGENCE, OR STRICT LIABILITY OF THE INDEMNIFIED PARTY OR PARTIES). The indemnitees, releases and assumptions of liability and reasonable legal expense extended by the parties hereto under the provisions of paragraphs 14.1 through 14.13 shall inure to the benefit of the party being indemnified, released or relieved of liability, its parent, holding and affiliated companies, non Operators and assigns, and their respective officers, directors, employees, agents and servants. This agreement shall create no right of action in any person not a party hereunder or specifically identified as an indemnitee hereto. If it is judicially determined that the monetary limits of insurance required hereunder or of the indemnitees voluntarily assumed hereunder (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation against the indemnitees, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnitees shall automatically be amended to conform to the maximum monetary limits permitted under such law. TO THE EXTENT THIS PROVISION MAY CONFLICT OR IS PERCEIVED TO CONFLICT WITH ANY OTHER PROVISIONS OF THIS CONTRACT, THESE INDEMNITY PROVISIONS SHALL PREVAIL AND ANY RIGHTS OR REMEDIES OTHERWISE AVAILABLE FOR ANY CAUSES OF ACTION, INCLUDING WARRANTY-BASED CAUSES OF ACTION, ARE EXPRESSLY WAIVED AND RELEASED.

Operator: Axis Onshore, LP
By: Patrick S. O'Neal
Name: Patrick S. O'Neal
Title: C.O.O.

Contractor: Precision Drilling Company LP
By: [Signature]
Name: John C. Burnett
Title: Sr. Manager, Contracts/Marketing

This Contract shall be construed, governed, interpreted, enforced and litigated, and the relations between the parties determined in accordance with the laws
of The State of Texas

19. INFORMATION CONFIDENTIAL:

Upon written request by Operator, information obtained by Contractor in the conduct of drilling operations on this well, including, but not limited to, depth, formations penetrated, the results of coring, testing and surveying, shall be considered confidential and shall not be divulged by Contractor or its employees, to any person, firm, or corporation other than Operator's designated representatives.

20. SUBCONTRACTS:

Either party may employ other contractors to perform any of the operations or services to be provided or performed by it according to Exhibit "A".

21. ATTORNEY'S FEES

If this Contract is placed in the hands of an attorney for collection of any sums due hereunder, or suit is brought on same, or sums due hereunder are collected through bankruptcy or arbitration proceedings, then the prevailing party shall be entitled to recover reasonable attorney's fees and costs.

22. CLAIMS AND LIENS:

Contractor agrees to pay all valid claims for labor, material, services, and supplies to be furnished by Contractor hereunder, and agrees to allow no lien by such third parties to be fixed upon the lease, the well, or other property of the Operator or the land upon which said well is located.

23. ASSIGNMENT:

Neither party may assign this Contract without the prior written consent of the other, and prompt notice of any such intent to assign shall be given to the other party. In the event of such assignment, the assigning party shall remain liable to the other party as a guarantor of the performance by the assignee of the terms of this Contract. If any assignment is made that materially alters Contractor's financial burden, Contractor's compensation shall be adjusted to give effect to any increase or decrease in Contractor's operating costs.

24. NOTICES AND PLACE OF PAYMENT:

Notices, reports, and other communications required or permitted by this Contract to be given or sent by one party to the other shall be delivered by hand, mailed, digitally transmitted or telecopied to the address hereinabove shown. All sums payable hereunder to Contractor shall be payable at its address hereinabove shown unless otherwise specified herein.

25. CONTINUING OBLIGATIONS:

Notwithstanding the termination of this Contract, the parties shall continue to be bound by the provisions of this Contract that reasonably require some action or forbearance after such termination.

26. ENTIRE AGREEMENT:

This Contract constitutes the full understanding of the parties, and a complete and exclusive statement of the terms of their agreement, and shall exclusively control and govern all work performed hereunder. All representations, offers, and undertakings of the parties made prior to the effective date hereof, whether oral or in writing, are merged herein, and no other contracts, agreements or work orders, executed prior to the execution of this Contract, shall in any way modify, amend, alter or change any of the terms or conditions set out herein.

27. SPECIAL PROVISIONS:

27.1 Operator to supply steam cleaner when oil base mud is in use.

27.2 Contractor can provide a sixth man for \$750.00 per day, if requested by Operator.

27.3 Operator agrees to comply with all Contractor's safety requirements.

27.4 Liens - Operators Indemnification of Contractor: Operator hereby agrees that he shall protect, defend, indemnify, and hold harmless Contractor and Contractor's equipment from any and all liens or claims pre-existing this agreement which are attached to the drill site tract and/or the existing or prior oil, gas, and minerals lease, thereon. Operator further agrees that, in the event Contractor is prevented from removing his equipment from the location as a result of any pre-existing liens or claims, Operator will pay Contractor the applicable day rate under this agreement during the time Contractor is prevented from removing his equipment.

27.5 Notices and Place of Payment:

Financial Responsibility of Operator: Notwithstanding any undertakings herein stated, Contractor shall not be obligated in any manner to perform this contract until:

(a) funds sufficient to satisfy any and all payments (including any liens on drill site or lease which may affect Contractor or Contractor's equipment) that may be due to Contractor under this contract have been placed in an escrow account at least three (3) weeks prior to the scheduled commencement of operations. The amount of funds deposited must be satisfactory to Contractor and made payable to Contractor upon satisfactory completion of Contractor's obligations hereunder; or

(b) Contractor has been furnished satisfactory evidence of Operator's financial responsibility and ability to meet Operator's financial obligations to Contractor under this contract.

27.6 Operator agrees to reimburse Contractor for any Safety/Performance related bonus payments to Contractor's employees that have been requested in writing by Operator. The amount to be reimbursed to Contractor will be the gross amount, plus 30% for additional payroll tax and benefit cost (burden). Any net payment amounts requested by Operator will be grossed-up to determine actual gross amount of payments, plus 30% burden.

27.7 For all wells drilled in the State of Mississippi, the monthly invoice amount will be grossed up to include the Contractor's gross receipts tax.

27.8 Right of First Refusal: If, after termination of this Contract, but while the Subject rig remains stacked on location, Contractor should be approached by another concerning the securing of such rig, Operator shall have the right of first refusal to enter into a contract with Contractor for the securing of such rig upon such terms and conditions to be mutually agreed upon by Operator and Contractor.

27.9 Subsequent Operations: After reaching the Objective Depth, Operator shall have a period of twenty-one (21) days to evaluate the well through a drill stem test utilizing Contractor's drill stem or Operator's production string. After reaching the Objective Depth, but in no event later than twenty-one (21) days thereafter, Operator shall have the option to either (a) release the rig, (b) cause Contractor to frac the well and conduct other incidental operations through the completion of the well or (c) cause Contractor to resume operations for the drilling of a lateral or horizontal leg through the existing well bore. In the event Operator elects to resume operations for the drilling of a lateral or horizontal leg, Operator shall commence such drilling operations under the instruction of Operator under the same terms and conditions of this contract.

27.10 Standby Rate for Drill Stem Test: Notwithstanding anything contained to the contrary in Paragraph 4 hereof, unless the rig is otherwise released by Operator, Contractor shall be paid a rate of \$6,000 dollars per twenty-four (24) hour period during the time in which the well is being tested as described in Paragraph 27.9 and the rig is not manned or being utilized.

27.11 Upon execution of contract and prior to rig move to the Graves #1 location, Axis Onshore, LP is to pay a deposit of \$440,000 (25 days @ \$15,000 = \$375,000, plus a mobilization rate of \$115,000) to Precision Drilling Company LP. Payment is to be submitted by wire transfer per wiring instructions from Precision.

Revised April, 2003

28. ACCEPTANCE OF CONTRACT

The foregoing Contract, including the provisions relating to indemnity, release of liability and allocation of risk of Subparagraphs 4.9 and 8.3(c), Paragraphs 10 and 12, and Subparagraphs 14.1 through 14.12, is acknowledged, agreed to and accepted by Operator this 1st day of August, 2009.

OPERATOR: Axis Onshore, LP

By: Patrick S. O'Neil

Title: COO

The foregoing Contract, including the provisions relating to indemnity, release of liability and allocation of risk of Subparagraphs 4.9, 8.3(c), Paragraphs 10 and 12, and Subparagraphs 14.1 through 14.12, is acknowledged, agreed to and accepted by Contractor this 1st day of August, 2009, which is the effective date of this Contract, subject to its availability, and subject to all of its terms and provisions, with the understanding that it will not be binding upon Operator until Operator has noted its acceptance, and with the further understanding that unless said Contract is thus executed by Operator within ten (10) days of the above date Contractor shall be in no manner bound by its signature thereto.

CONTRACTOR: Precision Drilling Company LP

By: Larry C. Burnett

Title: Sr. Manager, Contract Marketing

Revised April, 2003

EXHIBIT "A"

To Daywork Contract dated August 20th, 2008

Operator Axis Onshore, LP Contractor Precision Drilling Company, LP

Well Name and Number Graves # 1

SPECIFICATIONS AND SPECIAL PROVISIONS

1. CASING PROGRAM (See Paragraph 7) As specified by Operator

	Hole Size	Casing Size	Weight	Grade	Approximate Setting Depth	Wait on Cement Time
Conductor	in.	in.	lbs/ft.		ft.	hrs
Surface	in.	in.	lbs/ft.		ft.	hrs
Protection	in.	in.	lbs/ft.		ft.	hrs
	in.	in.	lbs/ft.		ft.	hrs
Production	in.	in.	lbs/ft.		ft.	hrs
Liner	in.	in.	lbs/ft.		ft.	hrs
	in.	in.	lbs/ft.		ft.	hrs

2. MUD CONTROL PROGRAM (See Subparagraph B.2)

Depth Interval (ft)	As specified by Operator From To	Type Mud	Weight (lbs./gal.)	Viscosity (Secs)	Water Loss (cc)

Other mud specifications:

3. INSURANCE (See Paragraph 13)

- 3.1 Adequate Workers' Compensation Insurance complying with State Laws applicable or Employers' Liability Insurance with limits of \$ 1,000,000 covering all of Contractor's employees working under this Contract.
- 3.2 Commercial (or Comprehensive) General Liability Insurance, including contractual obligations as respects this Contract and proper coverage for all other obligations assumed in this Contract. The limit shall be \$ 1,000,000 combined single limit per occurrence for Bodily Injury and Property Damage.
- 3.3 Automobile Public Liability Insurance with limits of \$ 1,000,000 for the death or injury of each person and \$ 1,000,000 for each accident; and Automobile Public Liability Property Damage Insurance with limits of \$ 1,000,000 for each accident.
- 3.4 In the event operations are over water, Contractor shall carry in addition to the Statutory Workers' Compensation Insurance, endorsements covering liability under the Longshoremen's & Harbor Workers' Compensation Act and Maritime Liability including maintenance and cure with limits of \$ NA for each death or injury to one person and \$ NA for any one accident.
- 3.5 Other Insurance: \$5,000,000 Excess Limit
\$1,000,000 combined single limit for bodily injury or property damage per occurrence and \$1,000,000 annual aggregate per policy.

4. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY CONTRACTOR:

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the well location at the expense of Contractor unless otherwise noted by this Contract.

4.1 Drilling Rig

Complete drilling rig, designated by Contractor as its Rig No. 182, the major items of equipment being:

Drawworks: Make and Model _____
Engines: Make, Model, and H.P. _____
No. on Rig _____
Pumps: No. 1 Make, Size, and Power _____
No. 2 Make, Size, and Power _____
Mud Mixing Pump: Make, Size, and Power _____
Boilers: Number, Make, H.P. and W.P. _____
Derrick or Mast: Make, Size, and Capacity _____
Substructure: Size and Capacity _____
Rotary Drive: Type _____
Drill Pipe: Size 4 1/2 in. 15.000 ft.; Size: _____ in. _____ ft.
Drill Collars: Number and Size 18 Ea. - 8" - 24 Ea. - 5-1/2"

Revised April, 2003

Blowout Preventers:			
Size	Series or Test Pr.	Make & Model	Number
Per rig inventory			
B.O.P. Closing Unit:			
B.O.P. Accumulator:			
4.2	Derrick timbers.		
4.3	Normal strings of drill pipe and drill collars specified above.		
4.4	Conventional drift indicator.		
4.5	Circulating mud pits.		
4.6	Necessary pipe racks and rigging up material.		
4.7	Normal storage for mud and chemicals.		
4.8	Shale Shaker.		
4.9	Contractor to provide inspected drill collars as specified in 4.1 prior to spudding.		
4.10			
4.11			
4.12			
4.13			
4.14			
4.15			
4.16			
4.17			

5. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY OPERATOR:

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the well location at the expense of Operator unless otherwise noted by this Contract.

- 5.1 Furnish and maintain adequate roadway and/or canal to location, right-of-way, including rights-of-way for fuel and water lines, river crossings, highway crossings, gates and cattle guards.
- 5.2 Stake location, clear and grade location, and provide turnaround, including surfacing when necessary.
- 5.3 Test tanks with pipe and fittings.
- 5.4 Mud storage tanks with pipe and fittings.
- 5.5 Separator with pipe and fittings.
- 5.6 Labor and materials to connect and disconnect mud tank, test tank, and mud gas separator.
- 5.7 Labor to disconnect and clean test tanks and mud gas separator.
- 5.8 Drilling mud, chemicals, lost circulation materials and other additives.
- 5.9 Pipe and connections for oil circulating lines.
- 5.10 Labor to lay, bury and recover oil circulating lines.
- 5.11 Drilling bits, reamers, reamer cutters, stabilizers and special tools.
- 5.12 Contract fishing tool services and tool rental.
- 5.13 Wire line core bits or heads, core barrels and wire line core catchers if required.
- 5.14 Conventional core bits, core catchers and core barrels.
- 5.15 Diamond core barrel with head.
- 5.16 Cement and cementing service.
- 5.17 Electrical wireline logging services.
- 5.18 Directional, catfish, or other special services.
- 5.19 Gun or jet perforating services.
- 5.20 Explosives and shooting devices.
- 5.21 Formation testing, hydraulic fracturing, acidizing and other related services.
- 5.22 Equipment for drill stem testing.
- 5.23 Mud logging services.
- 5.24 Sidewall coring service.
- 5.25 Welding service for welding bottom joints of casing, guide shoe, float shoe, float collar and in connection with installing of well head equipment if required.
- 5.26 Casing, tubing, liners, screen, float collars, guide and float shoes and associated equipment.
- 5.27 Casing scratchers and centralizers.
- 5.28 Well head connections and all equipment to be installed in or on well or on the premises for use in connection with testing, completion and operation of well.
- 5.29 Special or added storage for mud and chemicals.
- 5.30 Casinghead, API series, to conform to that shown for the blowout preventers specified in Subparagraph 4.1 above.
- 5.31 Blowout preventer testing packoff and testing services.
- 5.32 Replacement of BOP rubbers, elements and seals, if required, after initial test.
- 5.33 Casing Thread Protectors and Casing Lubricants.
- 5.34 H₂S training and equipment as necessary or as required by law.
- 5.35 Site septic systems.
- 5.36 Inspection and repair of drill collars is responsibility of Operator.
- 5.37 Inspection and repair of drill pipe is responsibility of Operator, normal wear and tear excluded.
- 5.38
- 5.39
- 5.40
- 5.41
- 5.42
- 5.43
- 5.44
- 5.45
- 5.46
- 5.47
- 5.48
- 5.49
- 5.50

6. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY DESIGNATED PARTY:

Revised April, 2003

The machinery, equipment, tools, materials, supplies, instruments, services, and labor listed as the following numbered items, including any transportation required for such items unless otherwise specified, shall be provided at the well location and at the expense of the party hereto as designated by an X mark in the appropriate column.

Item	To Be Provided By and At The Expense Of	
	Operator	Contractor
6.1 Celler and Runways	X	
6.2 Ditches and sumps	X	
6.3 Fuel (bottled or)	X	
6.4 Fuel Lines (length on location only)		X
6.5 Water at source, including required permits	X	
6.6 Water well, including required permits	X	
6.7 Water lines, including required permits	X	
6.8 Water storage tanks capacity per rig inventory		X
6.9 Potable water for crews	X	
6.10 Labor to operate water well or water pump		X
6.11 Maintenance of water well, if required	X	
6.12 Water Pump	X	
6.13 Fuel for water pump	X	
6.14 Mals for engines and boilers, or motors and mud pumps		X
6.15 Transportation of Contractor's property:		
Move in		X
Move out		X
6.16 Materials for "boring in" rig and derrick		X
6.17 Special strings of drill pipe and drill collars as follows:		
Any drill pipe smaller or larger than 4 1/2"	X	
Any drill collars smaller or larger than 6 5/8" or 8" - nominal	X	
6.18 Kelly joints, subs, elevators, lugs, slips and BOP rams for use with special drill pipe	X	
6.19 Drill pipe protectors for Kelly joint and each joint of drill pipe running inside of Surface Casing as required, for use with normal strings of drill pipe	X	
6.20 Drill pipe protectors for Kelly joint and drill pipe running inside of Protection Casing	X	
6.21 Rate of penetration recording device M.D. Totop EDR		X
6.22 Extra labor for running and cementing casing (Casing crews)	X	
6.23 Casing tools	X	
6.24 Power casing lugs	X	
6.25 Laydown and pickup machine	X	
6.26 Tubing tools	X	
6.27 Power tubing lugs	X	
6.28 Crew Boots, Number NA	NA	NA
6.29 Service Barge	NA	NA
6.30 Service Tug Boat	NA	NA
6.31 Rat Hole	X	
6.32 Mouse Hole	X	
6.33 Reserve Pile	X	
6.34 Upper Kelly Cock		X
6.35 Lower Kelly Valve		X
6.36 Drill Pipe Safety Valve		X
6.37 Inside Blowout Preventer		X
6.38 Drilling hole for or driving for conductor pipe	X	
6.39 Charges, cost of bonds for public roads	X	
6.40 Portable Toilet	X	
6.41 Trash Receptacle	X	
6.42 Linear Motion Shale Shaker per rig inventory		X
6.43 Shale Shaker Screens	X	
6.44 Mud Cleaner	X	
6.45 Mud/Gas Separator per rig inventory		X
6.46 Desander per rig inventory		X
6.47 Desilter per rig inventory		X
6.48 Degasser per rig inventory		X
6.49 Centrifuge	X	
6.50 Rotating Head	X	
6.51 Rotating Head Rubbers	X	
6.52 Hydraulic Adjustable Choke	X	
6.53 Pit Volume Totalizer	X	
6.54 Communication, type phone & fax machine for rig use only		X
6.55 Forklift, capacity	X	
6.56 Corrosion inhibitor for protecting drill string	X	
6.57 Replacement of B.O.P. rubbers & seals if required after initial test	X	
6.58 Sewer system for PD trailers (2)	X	
6.59 Celler covers	X	
6.60 Fuel for boilers and heaters (where applicable)	X	
6.61 Maintenance charge for boilers and heaters at \$25 per hour when in use (where applicable)	X	

Revised April, 2003

7. OTHER PROVISIONS:

Revised April, 2003

EXHIBIT "B"

(See Subparagraph 8.3)

The following clauses, when required by law, are incorporated in the Contract by reference as if fully set out:

- (1) The Equal Opportunity Clause prescribed in 41 CFR 60-1.4.
- (2) The Affirmative Action Clause prescribed in 41 CFR 60-260.4 regarding veterans and veterans of the Vietnam era.
- (3) The Affirmative Action Clause for handicapped workers prescribed in 41 CFR 60-741.4.
- (4) The Certification of Compliance with Environmental Laws prescribed in 40 CFR 15.20.



Precision Drilling Company, LP

INVOICE

Axis Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2681

INVOICE NO: 1042
INVOICE DATE: 28-Jan-2010
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE: 06-Dec-2009 06:00

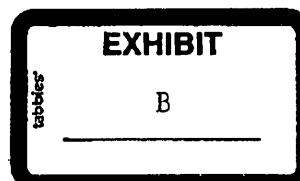
Third Party Charges on the above referenced well as follows:

D. J. Fontenot, Inv. 0739 dated 10/02/09	As Per Attached	\$ 1,026.25
D. J. Fontenot, Inv. 0740 dated 10/02/09	As Per Attached	\$ 781.25
10% Handling Charge	1 As Per Contract	\$ 180.75
SUB-TOTAL		<u>\$ 1,988.25</u>
TOTAL INVOICE		<u><u>\$ 1,988.25</u></u>

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Charlene Strickland





Precision Drilling Company, LP

INVOICE

Axis Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2681

INVOICE NO: 878
INVOICE DATE: 29-Dec-2009
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE: 06-Dec-2009 06:00

Charges on the above referenced well for Daywork and OBM for December 2009 as follows:

Daywork	132 Hour(s) @ \$13,000.00 per 24 hours (1 Day R/D billed on LS Invoice 484)	\$ 71,500.00
Oil Base Mud - Crew	55 Men @ \$20.00 per man per day	\$ 1,100.00
3.5% Mississippi Gross Receipts Tax	1 As per Contract	\$ 2,541.00
	SUB-TOTAL	\$ 75,141.00
	TOTAL INVOICE	\$ 75,141.00

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P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 800
Houston, Texas, 77042
713-435-8100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Page 3 of 16

INVOICE NO: 878
RIG NO: 102
JOB NO: 002

Axis Onshore LP

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
01-Dec-2009		24.00					24.00	
02-Dec-2009		24.00					24.00	
03-Dec-2009		24.00					24.00	
04-Dec-2009		24.00					24.00	
05-Dec-2009		24.00					24.00	
06-Dec-2009		12.00					12.00	RELEASED RIG @ 0600 HRS 12/06/09
Total	0.00	132.00	0.00	0.00	0.00	0.00	132.00	

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P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Key Boudreaux



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 878

RIG NO: 102

JOB NO: 002

Additional Charges

		Oil Base Mud - Crew
01-Dec-2009		11.00
02-Dec-2009		11.00
03-Dec-2009		11.00
04-Dec-2009		11.00
05-Dec-2009		11.00
Total		65.00

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Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Key Boudreaux



Precision Drilling Company, LP

INVOICE

Axis Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2681

INVOICE NO: 778
INVOICE DATE: 15-Dec-2009
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE:

Charges on the above referenced well for Daywork and OBM for November 2009 as follows:

Daywork	717.5 Hour(s) @ \$13,000.00 per 24 hours	\$ 388,646.83
Oil Base Mud - Crew	329 Men @ \$20.00 per man per day	\$ 6,580.00
3.5% Mississippi Gross Receipts Tax	1 As Per Contract	\$ 13,832.90
	SUB-TOTAL	\$ 409,058.73
	TOTAL INVOICE	\$ 409,058.73

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202895
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Robln Lyons



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 778

RIG NO: 102

JOB NO: 002

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
01-Nov-2009		25.00					25.00	TIME CHANGE
02-Nov-2009		24.00					24.00	
03-Nov-2009		24.00					24.00	
04-Nov-2009		16.50			4.00	3.50	24.00	MUD PUMP MODULE REPAIR
05-Nov-2009		24.00					24.00	
06-Nov-2009		24.00					24.00	
07-Nov-2009		24.00					24.00	
08-Nov-2009		24.00					24.00	
09-Nov-2009		24.00					24.00	
10-Nov-2009		24.00					24.00	
11-Nov-2009		24.00					24.00	
12-Nov-2009		24.00					24.00	
13-Nov-2009		24.00					24.00	
14-Nov-2009		24.00					24.00	
15-Nov-2009		24.00					24.00	
16-Nov-2009		24.00					24.00	
17-Nov-2009		24.00					24.00	
18-Nov-2009		24.00					24.00	
19-Nov-2009		24.00					24.00	
20-Nov-2009		24.00					24.00	
21-Nov-2009		24.00					24.00	
22-Nov-2009		24.00					24.00	
23-Nov-2009		24.00					24.00	
24-Nov-2009		24.00					24.00	
25-Nov-2009		24.00					24.00	
26-Nov-2009		24.00					24.00	

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P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 800
Houston, Texas, 77042
713-435-6100

Prepared By: Robin Lyons



Precision Drilling Company, LP

 INVOICE NO: 778
 RIG NO: 102
 JOB NO: 002

Axis Onshore LP

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
27-Nov-2009		24.00					24.00	
28-Nov-2009		24.00					24.00	
29-Nov-2009		24.00					24.00	
30-Nov-2009		24.00					24.00	
Total	0.00	713.50	0.00	0.00	4.00	3.50	721.00	

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 Precision Drilling Company, LP
 P.O. Box 202695
 Dallas, Texas 75320-2695

 Precision Drilling Company, LP
 10370 Richmond Avenue, Suite 600
 Houston, Texas, 77042
 713-435-6100

Prepared By: Robln Lyons



Precision Drilling Company, LP

INVOICE NO: 778

RIG NO: 102

JOB NO: 002

Axis Onshore LP

Additional Charges

		Oil Base Mud - Crew
01-Nov-2009		11.00
02-Nov-2009		11.00
03-Nov-2009		11.00
04-Nov-2009		11.00
05-Nov-2009		11.00
06-Nov-2009		11.00
07-Nov-2009		11.00
08-Nov-2009		11.00
09-Nov-2009		11.00
10-Nov-2009		11.00
11-Nov-2009		11.00
12-Nov-2009		11.00
13-Nov-2009		11.00
14-Nov-2009		11.00
15-Nov-2009		11.00
16-Nov-2009		11.00
17-Nov-2009		11.00
18-Nov-2009		11.00
19-Nov-2009		11.00
20-Nov-2009		11.00
21-Nov-2009		11.00

PLEASE REMIT PAYMENT TO:
 Precision Drilling Company, LP
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 Dallas, Texas 75320-2695

Precision Drilling Company, LP
 10370 Richmond Avenue, Suite 600
 Houston, Texas, 77042
 713-435-6100

Prepared By: Robin Lyons



Precision Drilling Company, LP

INVOICE NO: 778

RIG NO: 102

JOB NO: 002

Axis Onshore LP

Additional Charges

		Oil Base Mud - Crew
22-Nov-2009		10.00
23-Nov-2009		11.00
24-Nov-2009		11.00
25-Nov-2009		11.00
26-Nov-2009		11.00
27-Nov-2009		11.00
28-Nov-2009		11.00
29-Nov-2009		11.00
30-Nov-2009		11.00
Total		329.00

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Robin Lyons



Precision Drilling Company, LP

INVOICE

Axis Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2681

INVOICE NO: 542
INVOICE DATE: 06-Nov-2009
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE:

Charges on the above referenced well for Daywork, OBM and the 3.5% Mississippi Gross Receipts Tax for October 2009 as follows:

Daywork	744 Hour(s) @ \$13,000.00 per 24 hours	\$ 403,000.00
Oil Base Mud - Crew	88 Men @ \$20.00 per man per day	\$ 1,760.00
3.5% Mississippi Gross Receipts Tax	1 As Per Contract	\$ 14,166.60
	SUB-TOTAL	\$ 418,926.60
	TOTAL INVOICE	\$ 418,926.60

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Page 11 of 16

INVOICE NO: 542
RIG NO: 102
JOB NO: 002

Axis Onshore LP

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
01-Oct-2009		24.00					24.00	
02-Oct-2009		24.00					24.00	
03-Oct-2009		24.00					24.00	
04-Oct-2009		24.00					24.00	
05-Oct-2009		24.00					24.00	
06-Oct-2009		24.00					24.00	
07-Oct-2009		24.00					24.00	
08-Oct-2009		24.00					24.00	
09-Oct-2009		24.00					24.00	
10-Oct-2009		24.00					24.00	
11-Oct-2009		24.00					24.00	
12-Oct-2009		24.00					24.00	
13-Oct-2009		24.00					24.00	
14-Oct-2009		24.00					24.00	
15-Oct-2009		24.00					24.00	
16-Oct-2009		24.00					24.00	
17-Oct-2009		24.00					24.00	
18-Oct-2009		24.00					24.00	
19-Oct-2009		24.00					24.00	
20-Oct-2009		24.00					24.00	
21-Oct-2009		23.00			1.00		24.00	TOP DRIVE - REPAIR
22-Oct-2009		24.00					24.00	
23-Oct-2009		24.00					24.00	
24-Oct-2009		24.00					24.00	
25-Oct-2009		24.00					24.00	
26-Oct-2009		24.00					24.00	

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-436-6100

Prepared By: Key Boudreaux



Precision Drilling Company, LP

Axis Onshore LP

 INVOICE NO: 642
 RIG NO: 102
 JOB NO: 002
Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
27-Oct-2009		24.00					24.00	
28-Oct-2009		20.50			3.50		24.00	MP - POOH & C/O MODULE; TIH
29-Oct-2009		24.00					24.00	
30-Oct-2009		24.00					24.00	
31-Oct-2009		23.50			0.50		24.00	MP - WORK ON BOTH PUMPS W/WELDER
Total	0.00	739.00	0.00	0.00	5.00	0.00	744.00	

 PLEASE REMIT PAYMENT TO:
 Precision Drilling Company, LP
 P.O. Box 202695
 Dallas, Texas 76320-2695

 Precision Drilling Company, LP
 10370 Richmond Avenue, Suite 600
 Houston, Texas, 77042
 713-435-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

INVOICE NO: 542
RIG NO: 102
JOB NO: 002

Axis Onshore LP

Additional Charges

		Oil Base Mud - Crew
24-Oct-2009		11.00
25-Oct-2009		11.00
26-Oct-2009		11.00
27-Oct-2009		11.00
28-Oct-2009		11.00
29-Oct-2009		11.00
30-Oct-2009		11.00
31-Oct-2009		11.00
Total		88.00

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202695
Dallas, Texas 75320-2695Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

INVOICE

Axis Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2681

INVOICE NO: 483
INVOICE DATE: 01-Nov-2009
CONTRACT #:
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE:

Charges for the replacement cost for items lost in hole or damaged beyond repair in the drilling of the above referenced well (tax, surcharge on steel & freight included):

6-8" Drill Collars	As Per Attached	\$ 57,673.43
3.5 % Mississippi Gross Receipts Tax	1 As Per Contract	\$ 2,018.57
	SUB-TOTAL	\$ 59,692.00
	TOTAL INVOICE	\$ 59,692.00

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

INVOICE

Axis Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2681

INVOICE NO: 484
INVOICE DATE: 14-Oct-2009
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE:

Charges on the above referenced well for Mobilization, Daywork and 3.5% Mississippi Gross Receipts Tax for September 2009 as follows:

Lump Sum Mobilization	1 As Per Contract (8-Days MI-RU)	\$ 115,000.00
Daywork	468 Hour(s) @ \$13,000.00 per 24 hours	\$ 253,500.00
3.5% Mississippi Gross Receipts Tax	1 As Per Contract	\$ 12,897.50
SUB-TOTAL		\$ 381,397.50
TOTAL INVOICE		\$ 381,397.50

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Page 16 of 16

 INVOICE NO: 484
 RIG NO: 102
 JOB NO: 002

Axis Onshore LP

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
11-Sep-2009		12.00					12.00	ON DAYWORK @ 0600 HOURS 9/11/09
12-Sep-2009		24.00					24.00	
13-Sep-2009		24.00					24.00	
14-Sep-2009		24.00					24.00	
15-Sep-2009		24.00					24.00	
16-Sep-2009		24.00					24.00	
17-Sep-2009		24.00					24.00	
18-Sep-2009		24.00					24.00	
19-Sep-2009		24.00					24.00	
20-Sep-2009		24.00					24.00	
21-Sep-2009		24.00					24.00	
22-Sep-2009		24.00					24.00	
23-Sep-2009		24.00			0.50		24.50	TOP DRIVE - C/O CYLINDER FOR LINK TILT
24-Sep-2009		23.50					23.50	
25-Sep-2009		23.50			0.50		24.00	SCR - T/S GEN; C/O BAD FUSES IN BREAKER
26-Sep-2009		24.00					24.00	
27-Sep-2009		24.00					24.00	
28-Sep-2009		24.00					24.00	
29-Sep-2009		24.00					24.00	
30-Sep-2009		24.00					24.00	
Total	0.00	467.00	0.00	0.00	1.00	0.00	468.00	

 PLEASE REMIT PAYMENT TO:
 Precision Drilling Company, LP
 P.O. Box 202695
 Dallas, Texas 75320-2695

 Precision Drilling Company, LP
 10370 Richmond Avenue, Suite 600
 Houston, Texas, 77042
 713-435-6100

Prepared By: Kay Boudreaux

THIS INSTRUMENT WAS PREPARED BY:
Butler, Snow, O'Mara, Stevens & Cannada, PLLC
Attention: Ronald G. Taylor (MSB No. 7992)
Post Office Box 6010
Ridgeland, MS 39158-0010
(601) 948-6711

INDEXING INSTRUCTIONS: Real property located in Section 37, Township 2 North, Range 1 East, Wilkinson County, Mississippi.

NOTICE OF LIEN

TO ALL PERSONS HAVING AN INTEREST HEREIN, please be advised as follows:

Pursuant to §85-7-131 of the Mississippi Code of 1972, Annotated, **PRECISION DRILLING COMPANY LP**, a Texas limited partnership ("Precision"), does hereby give notice of lien in its favor against that certain real property interest lying and being situated in Wilkinson County, Mississippi, more particularly described as follows, to-wit:

Graves No. 37-1 1 Well (API No. 23157219930000), located in Section 37, Township 2 North, Range 1 East, Wilkinson County, Mississippi.

Said lien arises under and by virtue of the terms and provisions of the aforesaid statute, as a result of amounts due to Precision by **AXIS ONSHORE, LP**, a Louisiana limited partnership ("Axis"), which amounts grow out of that certain Daywork Drilling Contract – U.S., between Precision and Axis, a copy of which is attached as Exhibit A (the "Contract"), whereby Precision furnished certain equipment, labor and services on various dates commencing on September 11, 2009 and ending on December 6, 2009, and which said equipment, labor and services were used by or on behalf of Axis in the drilling and development of the above-described well. Certain information not relevant to said lien has been redacted from the Contract.

Under and by virtue of the provisions of said §85-7-131, this Notice has been filed in the Office of the Chancery Clerk of Wilkinson County, Mississippi, in

EXHIBIT

C

the book provided in said office, as a part of the land records of said County, and entitled "Notice of Construction Liens," on the date shown hereinafter. No suit has been filed to enforce said lien. The Contract is being filed and recorded as Exhibit A to this Notice of Lien.

The amount of the indebtedness hereinabove described by virtue of which this said lien is imposed and impressed on the aforesaid property is Five Hundred Twenty-Six Thousand Nine Hundred Ninety-Five and 10/100 United States Dollars (\$526,995.10 U.S.), as evidenced by the Statement of Account and Invoices attached as Exhibit B.

IN WITNESS WHEREOF, the above and foregoing Notice of Lien has been executed on this the 5TH day of May, 2010.

PRECISION DRILLING COMPANY, LP

By:  _____

Name: Heather Stickel

Title: Manager, Credit & Collections

STATE OF TEXAS

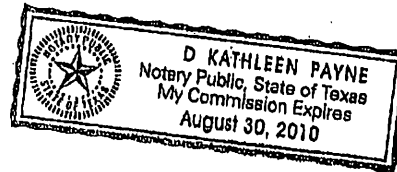
COUNTY OF HARRIS

Personally appeared before me, the undersigned authority in and for the said County and State, on this 5th day of May, 2010, within my jurisdiction, the within named **Heather Stickel**, who acknowledged that she is the Manager, Credit & Collections of **PRECISION DRILLING COMPANY, LP**, a Texas limited partnership, and that for and on behalf of the said limited partnership, and as its act and deed, she executed the above and foregoing Notice of Lien, after first having been duly authorized by said limited partnership so to do.

D. Kathleen Payne
NOTARY PUBLIC

My commission expires:

August 30, 2010



Date of Filing: May ____, 2010

EXHIBIT A

DAYWORK DRILLING CONTRACT – U.S.

See attached copy.

01094-102

NOTE: This form contract is a suggested guide only and use of this form or any variation thereof shall be at the sole discretion and risk of the user parties. Users of the form contract or any portion or variation thereof are encouraged to seek the advice of counsel to ensure that their contract reflects the complete agreement of the parties and applicable law. The International Association of Drilling Contractors disclaims any liability whatsoever for loss or damages which may result from use of the form contract or portions or variations thereof. Computer generated form, reproduced under license from IADC.



INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS
DRILLING BID PROPOSAL
AND
DAYWORK DRILLING CONTRACT - U.S.

Revised April 2003

TO: Mr. Scott O'Neil
PHI (713) 448-7888

Please submit bid on this drilling contract form for performing the work outlined below, upon the terms and for the consideration set forth, with the understanding that if the bid is accepted by this instrument will constitute a Contract between us. Your bid should be mailed or delivered not later than _____ P.M. on _____, 20____, to the following address: _____

THIS CONTRACT CONTAINS PROVISIONS RELATING TO INDEMNITY,
RELEASE OF LIABILITY, AND ALLOCATION OF RISK -
SEE PARAGRAPHS 4.9, 5.3(c), 10, 12, AND 14

This Contract is made and entered into on the date hereinafter set forth by and between the parties herein designated as "Operator" and "Contractor".

OPERATOR: Axle Onshore, LP
Address: 16610 Dallas Parkway, Suite 2500
Dallas, Texas 75249
CONTRACTOR: Precision Drilling Company LP
Address: 10370 Richmond Avenue, Suite 800
Houston, Texas 77042

IN CONSIDERATION of the mutual promises, conditions and agreements herein contained and the specifications and special provisions set forth in Exhibit "A" and Exhibit "B" attached hereto and made a part hereof (the "Contract"), Operator engages Contractor as an independent contractor to drill the hereinafter designated well or wells in search of oil or gas on a Daywork Basis.

For purposes hereof, the term "Daywork" or "Daywork Basis" means Contractor shall furnish equipment, labor, and perform services as herein provided, for a specified sum per day, under the direction, supervision and control of Operator, exclusive of any employee, agent, consultant or subcontractor engaged by Operator to direct drilling operations. When operating on a Daywork Basis, Contractor shall be fully paid at the applicable rates of payment and assumes only the obligations and liabilities stated herein. Except for such obligations and liabilities specifically assumed by Contractor, Operator shall be solely responsible and assumes liability for all consequences of operations by both parties while on a Daywork Basis, including results and all other risks or liabilities incurred in or incident to such operations.

1. LOCATION OF WELL:
Well Name: Graves # 1
Parish/County: Wilkinson State: Mississippi Field Name: _____
Well location and land description: Sec. 37 - T2N - R1E

1.1 Additional Well Locations or Areas: NA

Locations described above are for well and Contract identification only and Contractor assumes no liability whatsoever for a proper survey or location stake on Operator's lease.

2. COMMENCEMENT DATE:
Contractor agrees to use reasonable efforts to commence operations for the drilling of the well by the 20th day of August, 2009, or upon completion of current project or as soon as rig is available. If Operator or Contractor is not ready to start within thirty (30) days of the above commencement date or completion of current project, then the operating day rate will be subject to renegotiation.

3. DEPTH:
3.1 Well Depth: The well(s) shall be drilled to a depth of approximately _____ feet, or to the _____ formation, whichever is deeper, but the Contractor shall not be required hereunder to drill said well(s) below a maximum depth of _____ feet, unless Contractor and Operator mutually agree to drill to a greater depth.

4. DAYWORK RATES:
Contractor shall be paid at the following rates for the work performed hereunder.
4.1 Mobilization: Operator shall pay Contractor a lump sum mobilization fee of \$ 115,000 as a mobilization day rate of \$ NA per day. This sum shall be due and payable in full at the time the rig is rigged up or positioned at the well site ready to start. Mobilization shall include move in, rig up, & rig down. Any delays associated with the readiness of location, weather, or services will be the responsibility of Operator and will be borne by Operator under 4.9 hereof including cost for additional crews, dozers, and/or trucks necessary to correct or overcome such delays.

4.2 Demobilization: Operator shall pay Contractor a demobilization fee of \$ 80,000 or a demobilization day rate during tear down of \$ NA per day, provided however that no demobilization fee shall be payable if the Contract is terminated due to the total loss or destruction of the rig. Demobilization shall include: move off and stack. *The demobilization fee is applicable only if Contractor does not have another Customer location to move to, or is not allowed to stack on location.

4.3 Moving Rate: During the time the rig is in transit to or from a drill site, or between drill sites, commencing on NA, Operator shall pay Contractor a sum of \$ NA per twenty-four (24) hour day.

4.4 Operating Day Rate: For work performed per twenty-four (24) hour day with five (5) men crew the operating day rate shall be:

Depth Intervals		Without Drill Pipe		With Drill Pipe	
From	To	per day	per day	per day	per day
0	TD	\$ <u>13,000**</u>	\$ <u>13,000**</u>	\$ <u>13,000**</u>	\$ <u>13,000**</u>
		\$ _____	\$ _____	\$ _____	\$ _____
		\$ _____	\$ _____	\$ _____	\$ _____

Using Operator's drill pipe \$ 13,000** per day.

**This rate includes a top drive.

The rate will begin when the drilling unit is rigged up at the drilling location, expeditiously over the location during machine work, and ready to commence operations and will continue when the drilling unit is released, ready to be moved off the location.

Revised April, 2003

If under the above column "With Drill Pipe" no rates are specified, the rate per twenty-four hour day when drill pipe is in use shall be the applicable rate specified in the column "Without Drill Pipe" plus compensation for any drill pipe actually used at the rates specified below, computed on the basis of the maximum drill pipe in use at any time during each twenty-four hour day.

DRILL PIPE RATE PER 24-HOUR DAY

Straight Hole	Size	Grade	Directional or Uncontrolled Deviated Hole		Size	Grade
			per ft.	per ft.		
\$ _____	_____	_____	\$ NA	_____	_____	_____
\$ _____	_____	_____	\$ _____	_____	_____	_____
\$ _____	_____	_____	\$ _____	_____	_____	_____

Directional or uncontrolled deviated hole will be deemed to exist when deviation exceeds NA degrees or when the change of angle exceeds NA degrees per one hundred feet.

Drill pipe shall be considered in use not only when in actual use but also while it is being picked up or laid down. When drill pipe is standing in the derrick, it shall not be considered in use, provided, however, that if Contractor furnishes special string of drill pipe, drill collars, and handling tools as provided for in Exhibit "A", the same shall be considered in use at all times when on location or until released by Operator. In no event shall fractions of an hour be considered in computing the amount of time drill pipe is in use but each time shall be computed to the nearest hour, with thirty minutes or more being considered a full hour and less than thirty minutes not to be counted.

4.5 Repair Time: In the event it is necessary to shut down Contractor's rig for repairs, excluding routine rig servicing, Contractor shall be allowed compensation at the applicable rate for such shut down time up to a maximum of 4 hours for any one rig repair job, but not to exceed 24 hours of such compensation for any calendar month. Thereafter, Contractor shall be compensated at a rate of \$ 0 per twenty-four (24) hour day. Routine rig servicing shall include, but not be limited to, cutting and slipping drilling line, changing pump or swivel expandables, testing BOP equipment, lubricating rig, and changing expandable pump parts will not be considered downtime when two pumps are used simultaneously.

4.6 Standby Time Rate: \$ 13,000 per twenty-four (24) day. Standby time shall be defined to include time when the rig is shut down although in readiness to begin or resume operations but Contractor is waiting on orders of Operator or on materials, services or other items to be furnished by Operator.

4.7 Drilling Fluid Rates: When drilling fluids of a type and characteristics that increase Contractor's cost of performance hereunder, including, but not limited to, oil-based mud or potassium chloride, are in use, Operator shall pay Contractor in addition to the operating rate specified above:

- (a) \$ 20.00 per man per day for Contractor's rig-site personnel;
- (b) \$ NA per day additional operating rate; and
- (c) Cost of oil labor, material and services plus up to 48 hours operating rate to clean rig and related equipment.

4.8 Force Majeure Rate: \$ 11,500 per twenty-four (24) hour day for any continuous period that normal operations are suspended or cannot be carried on due to conditions of Force Majeure as defined in Paragraph 17 hereof. It is, however, understood that subject to Subparagraph 6.3 below, Operator can release the rig in accordance with Operator's right to direct stoppage of the work, effective when conditions will permit the rig to be moved from the location.

4.9 Reimbursable Costs: Operator shall reimburse Contractor for the costs of material, equipment, work or services which are to be furnished by Operator as provided for herein but which for convenience are equally furnished by Contractor at Operator's request, plus 10 percent for such cost of handling. When, at Operator's request and with Contractor's agreement, the Contractor furnishes or subcontracts for certain items or services which Operator is required herein to provide, for purposes of the Indemnity and release provisions of this Contract, said items or services shall be deemed to be Operator furnished items or services. Any subcontractors so hired shall be deemed to be Operator's contractor, and Operator shall not be relieved of any of its liabilities in connection therewith.

4.10 Revision in Rates: The rates and/or payments herein set forth due to Contractor from Operator shall be revised to reflect the change in costs if the costs of any of the items hereinafter listed shall vary by more than _____ percent from the costs thereof on the date of this Contract or by the same percent after the date of any revision pursuant to this Subparagraph:

- (a) Labor costs, including all benefits, of Contractor's personnel;
- (b) Contractor's cost of insurance premiums;
- (c) Contractor's cost of fuel, including oil taxes and fees (the cost of a gallon of fuel being \$ _____);
- (d) Contractor's cost of testing, when applicable;
- (e) If Operator requires Contractor to increase or decrease the number of Contractor's personnel;
- (f) Contractor's cost of spare parts and supplies with the understanding that such spare parts and supplies constitute _____ percent of the operating rate and that the parties shall use the U.S. Bureau of Labor Statistics Oil Field and Gas Field Drilling Machinery Production Index (Series ID WPI4404) to determine whether the price variation so occurred in said spare parts and supplies;
- (g) If there is any change in legislation or regulations in the area in which Contractor is working or other unforeseen, unusual event that allows Contractor's financial burden.

5. TIME OF PAYMENT

Payment is due by Operator to Contractor as follows:

5.1 Payment for mobilization, drilling and other work performed at applicable rates, and all other applicable charges shall be due, upon presentation of invoice therefor, upon completion of mobilization, demobilization, rig release or at the end of the month in which such work was performed or other charges are incurred, whichever shall first occur. All invoices may be mailed to Operator at the address hereinafter shown, unless Operator does hereby designate that such invoices shall be mailed as follows: _____

5.2 Disputed Invoices and Late Payments: Operator shall pay all invoices within 30 days after receipt except that if Operator disputes an invoice or any part thereof, Operator shall, within fifteen days after receipt of the invoice, notify Contractor of the item disputed, specifying the reason therefor, and payment of the disputed item may be withheld until settlement of the dispute, but timely payment shall be made of any undisputed portion. Any sums (including amounts ultimately paid with respect to a disputed invoice) not paid within the above specified days shall bear interest at the rate of one percent or the maximum legal rate, whichever is less, per month from the due date until paid. If Operator does not pay undisputed items within the above stated time, Contractor may suspend operations or terminate this Contract as specified under Subparagraph 6.3.

6. TERM:

6.1 Duration of Contract: This Contract shall remain in full force and effect until drilling operations are completed on the well or wells specified in Paragraph 1 above, or for a term of NA commencing on the date specified in Paragraph 2 above.

6.2 Extension of Term: Operator may extend the term of this Contract for NA well(s) or for a period of NA by giving notice to Contractor at least NA days prior to completion of the well then being drilled or by NA

6.3 Early Termination:

(a) By Either Party: Upon giving of written notice, either party may terminate this Contract when total loss or destruction of the rig, or a major breakdown with indefinite repair time necessitates stopping operations hereunder.

(b) By Operator: Notwithstanding the provisions of Paragraph 3 with respect to the depth to be drilled, Operator shall have the right to direct the stoppage of the

Revised April, 2008

work to be performed by Contractor hereunder at any time prior to reaching the specified depth, and even though Contractor has made no default hereunder. In such event, Operator shall reimburse Contractor as set forth in Subparagraph 6.4 hereof.

(c) By Contractor Notwithstanding the provisions of Paragraph 3 with respect to the depth to be drilled, in the event Operator shall become insolvent, or be adjudicated a bankrupt, or file, by way of petition or answer, a debtor's petition or other pleading seeking adjustment of Operator's debts, under any bankruptcy or debtor's relief laws now or hereafter prevailing, or if any such be filed against Operator, or in case a receiver be appointed of Operator or Operator's property, or any part thereof, or Operator's affairs be placed in the hands of a Creditor's Committee, or, following three business days prior written notice to Operator if Operator does not pay Contractor within the time specified in Subparagraph 5.2 all undisputed sums due and owing, Contractor may, at its option, (1) elect to terminate further performance of any work under this Contract and Contractor's right to compensation shall be as set forth in Subparagraph 6.4 hereof, or (2) suspend operations until payment is made by Operator in which event the standby time rate contained in Subparagraph 4.8 shall apply until payment is made by Operator and operations are resumed. In addition to Contractor's rights to suspend operations or terminate performance under this Paragraph, Operator hereby expressly agrees to protect, defend and indemnify Contractor from and against any claims, demands and causes of action, including all costs of defense, in favor of Operator, Operator's co-venturers, co-lessees and joint owners, or any other parties arising out of any drilling commitments or obligations contained in any lease, farmout agreement or other agreement, which may be affected by such suspension of operations or termination of performance hereunder.

6.4 Early Termination Compensation:

(a) Prior to Commencement: In the event Operator terminates this Contract prior to commencement of operations on first well or any option wells hereunder, Operator shall pay Contractor as liquidated damages and not as a penalty a sum equal to the standby time rate (Subparagraph 4.8) for a period of five (5) days or a lump-sum of \$ NA until Contractor has another location available for the rig, whichever is greater. Operator acknowledges, agrees and stipulates that, at the time this Contract is executed: (1) the damages Contractor may suffer in the event Operator terminates this Contract prior to the commencement of operations on first well or any option wells are uncertain in nature and indeterminate in amount and; (2) the stipulated amount of liquidated damages for such early termination is a reasonable estimate of the harm that would result to Contractor from such a termination.

(b) Prior to Spudding: If such termination occurs after commencement of operations but prior to the spudding of the well, Operator shall pay to Contractor the sum of the following: (1) all expenses reasonably and necessarily incurred and to be incurred by Contractor by reason of the Contract and by reason of the premature termination of the work, including the expense of drilling or other crew members and supervision directly assigned to the rig; (2) ten percent (10%) of the amount of such reimbursable expenses; and (3) a sum calculated at the standby time rate for all time from the date upon which Contractor commences any operations hereunder down to such date subsequent to the date of termination as will afford Contractor reasonable time to dismantle its rig and equipment provided, however, if this Contract is for a term of more than one well or for a period of time, Operator shall pay Contractor, in addition to the above, the Force Majeure Rate, less any unnecessary labor, from that date subsequent to termination upon which Contractor completes dismantling its rig and equipment until the end of the term or Contractor has another location available for the rig or ten (10) days, whichever is greater.

(c) Subsequent to spudding: If such termination occurs after the spudding of the well, Operator shall pay Contractor (1) the amount for all applicable rates and all other charges and reimbursements due to Contractor; but in no event shall such sum, exclusive of reimbursements due, be less than would have been earned for ten (10) days at the applicable rate "Without Drill Pipe" and the actual amount due for drill pipe used in accordance with the above rates; or (2) at the election of Contractor and in lieu of the foregoing, Operator shall pay Contractor for all expenses reasonably and necessarily incurred and to be incurred by reason of this Contract and by reason of such premature termination plus a lump sum of \$ NA provided, however, if this Contract is for a term of more than one well or for a period of time, Operator shall pay Contractor, in addition to the above, the Force Majeure Rate, less any unnecessary labor from the date of termination until the end of the term or Contractor has another location available for the rig or thirty (30) days, whichever is greater.

7. CASING PROGRAM

Operator shall have the right to designate the points at which casing will be set and the manner of setting, cementing and testing. Operator may modify the casing program, however, any such modification which materially increases Contractor's hazards or costs can only be made by mutual consent of Operator and Contractor and upon agreement as to the additional compensation to be paid Contractor as a result thereof.

8. DRILLING METHODS AND PRACTICES:

8.1 Contractor shall maintain well control equipment in good condition at all times and shall use all reasonable means to prevent and control fires and blowouts and to protect the hole.

8.2 Subject to the terms hereof, and at Operator's cost, at all times during the drilling of the well, Operator shall have the right to control the mud program, and the drilling fluid must be of a type and have characteristics and be maintained by Contractor in accordance with the specifications shown in Exhibit "A".

8.3 Each party hereto agrees to comply with all laws, rules, and regulations of any federal, state or local governmental authority which are now or may become applicable to that party's operations covered by or arising out of the performance of this Contract. When required by law, the terms of Exhibit "B" shall apply to this Contract. In the event any provision of this Contract is inconsistent with or contrary to any applicable federal, state or local law, rule or regulation, said provision shall be deemed to be modified to the extent required to comply with said law, rule or regulation, and as so modified said provision and this Contract shall continue in full force and effect.

8.4 Contractor shall keep and furnish to Operator an accurate record of the work performed and formations drilled on the IADD-API Daily Drilling Report Form or other form acceptable to Operator. A legible copy of said form shall be furnished by Contractor to Operator.

8.5 If requested by Operator, Contractor shall furnish Operator with a copy of delivery tickets covering any material or supplies provided by Operator and received by Contractor.

9. INGRESS, EGRESS, AND LOCATION:

Operator hereby assigns to Contractor all necessary rights of ingress and egress with respect to the land on which the well is to be located for the performance by Contractor of all work contemplated by this Contract. Should Contractor be denied free access to the location for any reason not reasonably within Contractor's control, any time lost by Contractor as a result of such denial shall be paid for at the standby time rate. Operator agrees at all times to maintain the road and location in such a condition that will allow free access and movement to and from the drilling site in an ordinarily equipped highway type vehicle. If Contractor is required to use bulldozers, tractors, four-wheel drive vehicles, or any other specialized transportation equipment for the movement of necessary personnel, machinery, or equipment over access roads or on the drilling location, Operator shall furnish the same at its expense and without cost to Contractor. The actual cost of repairs to any transportation equipment furnished by Contractor or its personnel damaged as a result of improperly maintained access roads or location will be charged to Operator. Operator shall reimburse Contractor for all amounts reasonably expended by Contractor for repairs and/or reinforcement of roads, bridges and related or similar to culverts (public and private) required as a direct result of a rig move pursuant to performance hereunder. Operator shall be responsible for any costs associated with leveling the rig because of location settling.

10. SOUND LOCATION:

Operator shall prepare a sound location adequate in size and capable of properly supporting the drilling rig, and shall be responsible for casing and cementing

program adequate to prevent soil and subsoil wash out. It is recognized that Operator has superior knowledge of the location and access routes to the location, and must advise Contractor of any subsurface conditions, or obstructions (including, but not limited to, mines, caverns, sink holes, streams, pipelines, power lines and communication lines) which Contractor might encounter while en route to the location or during operations hereunder. In the event subsurface conditions cause a cratering or shifting of the location surface, or if seabed conditions prove unsatisfactory to properly support the rig during marine operations hereunder, and loss or damage to the rig or its associated equipment results therefrom, Operator shall, without regard to other provisions of this Contract, including Subparagraph 14.7 hereof, reimburse Contractor for all such loss or damage including removal of debris and payment of Force Majeure Rate during repair and/or damablization (if applicable). Operator's maximum exposure not to exceed \$100,000 dollars.

11. EQUIPMENT CAPACITY

Operations shall not be attempted under any conditions which exceed the capacity of the equipment specified to be used hereunder or where canal or water depths are in excess of NA feet. Without prejudice to the provisions of Paragraph 14 hereunder, Contractor shall have the right to make the final decision as to when an operation or attempted operation would exceed the capacity of specified equipment.

12. TERMINATION OF LOCATION LIABILITY:

When Contractor has concluded operations at the well location, Operator shall thereafter be liable for damage to property, personal injury or death of any person which occurs as a result of conditions of the location and Contractor shall be relieved of such liability; provided, however, if Contractor shall subsequently reenter upon the location for any reason, including removal of the rig, any term of the Contract relating to such reentry activity shall become applicable during such period.

13. INSURANCE (See Page 4A)

During the life of this Contract, Contractor shall at Contractor's expense maintain, with an insurance company or companies authorized to do business in the state where the work is to be performed, a through-the-line insurance program. Insurance coverage of the kind and in the amount set forth in Exhibit A-1, covering the liabilities specifically assumed by Contractor in Paragraph 44 of this Contract. Contractor shall procure from the company or companies withing said insurance a certificate or certificates that said insurance is in full force and effect and that the same shall not be canceled or materially changed without ten (10) days prior written notice to Operator. For the liabilities assumed hereunder by Contractor, the insurance shall be required to provide the third party with the right of subrogation against Operator. Operator will, as well, cause its insurer to waive subrogation against Contractor for liability it assumes and shall maintain, at Operator's expense, or shall self-insure, insurance coverage as set forth in Exhibit A-1 of the same kind and in the same amount as required of Contractor, insuring the liabilities specifically assumed by Operator in Paragraph 44 of this Contract. Operator shall procure from the company or companies withing said insurance a certificate or certificates that said insurance is in full force and effect and that the same shall not be canceled or materially changed without ten (10) days prior written notice to Contractor. Operator and Contractor shall cause their respective underwriters to name the other as a beneficiary insured but only to the extent of the indemnification obligations assumed therein.

14. RESPONSIBILITY FOR LOSS OR DAMAGE, INDEMNITY, RELEASE OF LIABILITY AND ALLOCATION OF RISK:

14.1 Contractor's Surface Equipment: Contractor shall assume liability at all times for damage to or destruction of Contractor's surface equipment, regardless of when or how such damage or destruction occurs, and Contractor shall release Operator of any liability for any such loss, except loss or damage under the provisions of Paragraph 10 or Subparagraph 14.3.

14.2 Contractor's In-Hole Equipment: Operator shall assume liability at all times for damage to or destruction of Contractor's in-hole equipment, including, but not limited to, drill pipe, drill collars, and tool joints, and Operator shall reimburse Contractor for the value of any such loss or damage; the value to be determined by agreement between Contractor and Operator as current repair costs or 100 percent of current new replacement cost of such equipment delivered to the well site or like kind if agreed to or better than the inspected quality of the equipment lost.

14.3 Contractor's Equipment - Environmental Loss or Damage: Notwithstanding the provisions of Subparagraph 14.1 above, Operator shall assume liability at all times for damage to or destruction of Contractor's equipment resulting from the presence of H₂S, CO₂ or other corrosive elements that enter the drilling fluids from subsurface formations or the use of corrosive, destructive or abrasive additives in the drilling fluids.

14.4 Operator's Equipment: Operator shall assume liability at all times for damage to or destruction of Operator's or its co-venturer's, co-lessee's or joint owners' equipment, including, but not limited to, casing, tubing, well head equipment, and platform if applicable, regardless of when or how such damage or destruction occurs, and Operator shall release Contractor of any liability for any such loss or damage.

14.5 The Hole: In the event the hole should be lost or damaged, Operator shall be solely responsible for such damage to or loss of the hole, including the casing therein. Operator shall release Contractor and its suppliers, contractors and subcontractors of any form of any liability for damage to or loss of the hole, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any form from and against any and all claims, liability, and expense relating to such damage to or loss of the hole.

14.6 Underground Damage: Operator shall release Contractor and its suppliers, contractors and subcontractors of any form of any liability for, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any form from and against any and all claims, liability, and expense resulting from operations under this Contract on account of injury to, destruction of, or loss or impairment of any property right in or to oil, gas, or other mineral substance or water, if at the time of the act or omission causing such injury, destruction, loss, or impairment, said substance had not been reduced to physical possession above the surface of the earth, and for any loss or damage to any formation, strata, or reservoir beneath the surface of the earth.

14.7 Inspection of Materials Furnished by Operator: Contractor agrees to visually inspect all materials furnished by Operator before using same and to notify Operator of any apparent defects therein. Contractor shall not be liable for any loss or damage resulting from the use of materials furnished by Operator, and Operator shall release Contractor from, and shall protect, defend and indemnify Contractor from and against, any such liability.

14.8 Contractor's Indemnification of Operator: Contractor shall release Operator of any liability for, and shall protect, defend and indemnify Operator from and against all claims, demands, and causes of action of every kind and character, without limit and without regard to the cause or causes thereof or the negligence of any party or parties, arising in connection herewith in favor of Contractor's employees or Contractor's subcontractors of any tier (inclusive of any agent or consultant engaged by Contractor) or their employees, or Contractor's invitees, on account of bodily injury, death or damage to property. Contractor's indemnity under this Paragraph shall be without regard to and without any right to contribution from any insurance maintained by Operator pursuant to Paragraph 13. If it is judicially determined that the monetary limits of insurance required hereunder or of the indemnities voluntarily assumed under Subparagraph 14.8 (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation against the indemnitees, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such law.

14.9 Operator's Indemnification of Contractor: Operator shall release Contractor of any liability for, and shall protect, defend and indemnify Contractor from and against all claims, demands, and causes of action of every kind and character, without limit and without regard to the cause or causes thereof or the negligence of any party or parties, arising in connection herewith in favor of Operator's employees or Operator's contractors of any tier (inclusive of any agent, consultant or

ATTACHMENT TO DRILLING BID PROPOSAL
AND DAYWORK DRILLING CONTRACT

13. INSURANCE

During the life of this Contract, Contractor and Operator shall each at their own sole respective expense maintain, with an insurance company or companies authorized to do business in the state where the work is to be performed or through a self-insurance program, insurance coverages of the kind and in the amounts set forth in Exhibit "A", insuring themselves as well as all liabilities specifically assumed by Contractor and Operator in Paragraph 14 of this Contract. The parties shall, if requested to do so by the other party, procure from the company or companies writing said insurance a certificate or certificates that said insurance is in full force and effect and that the same shall not be canceled or materially changed without thirty (30) days prior written notice to the affected party. For liabilities assumed hereunder by each party, its respective insurance shall be endorsed to provide that the underwriters waive their right of subrogation against the other party. If requested, the party procuring such insurance shall promptly deliver complete and legible copies of all insurance policies, including all declarations, endorsements, and amendments thereto.

13.1 INSURANCE PROCUREMENT

The indemnity and indemnity-supporting obligations imposed by certain provisions of this Contract and other insurance procurement and maintenance obligations herein are distinct from, separate and apart from, and independent of each other. Fulfillment of the indemnity and indemnity-supporting insurance obligations required under certain provisions shall not satisfy insurance procurement obligations contained elsewhere, and vice versa.

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subcontractor engaged by Operator or their employees, or Operator's affiliates, other than those parties identified in Subparagraph 14.8 on account of bodily injury, death or damage to property. Operator's indemnity under this Paragraph shall be without regard to and without any right to contribution from any insurance maintained by Contractor pursuant to Paragraph 12. If it is judicially determined that the monetary limits of insurance required hereunder or of the indemnities voluntarily assumed under Subparagraph 14.9 (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation against the indemnities, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such law.

14.10 **Liability for Wild Wild:** Operator shall be liable for the cost of regaining control of any wild well, as well as for cost of removal of any debris and cost of property remediation and restoration, and Operator shall release, protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against any liability for such cost.

14.11 **Pollution or Contamination:** Notwithstanding anything to the contrary contained herein, except the provisions of Paragraphs 10 and 12, it is understood and agreed by and between Contractor and Operator that the responsibility for pollution or contamination shall be as follows:

(a) Contractor shall assume all responsibility for, including control and removal of, and shall protect, defend and indemnify Operator from and against all claims, demands and causes of action of every kind and character arising from pollution or contamination, which originates above the surface of the land or water from spills of fuels, lubricants, motor oils, pipe dope, paints, solvents, brine, slugs and garbage, except unavoidable pollution from reserve pits, wholly in Contractor's possession and control and directly associated with Contractor's equipment and facilities.

(b) Operator shall assume all responsibility for, including control and removal of, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against all claims, demands, and causes of action of every kind and character arising directly or indirectly from all other pollution or contamination which may occur during the conduct of operations hereunder, including, but not limited to, that which may result from fire, blowout, cratering, seepage or any other uncontrolled flow of oil, gas, water or other substance, as well as the use or disposition of all drilling fluids, including, but not limited to, oil muds, oil base or chemically treated drilling fluids, contaminated cuttings or coverings, lost circulation and fish recovery materials and fluids. Operator shall release Contractor and its suppliers, contractors and subcontractors of any tier of any liability for the foregoing.

(c) In the event a third party commits an act or omission which results in pollution or contamination for which either Contractor or Operator, for whom such party is performing work, is held to be legally liable, the responsibility therefor shall be considered, as between Contractor and Operator, to be the same as if the party for whom the work was performed had performed the same and all of the obligations respecting protection, defense, indemnity and limitation of responsibility and liability, as set forth in (a) and (b) above, shall be specifically applied.

14.12 **Consequential Damages:** Subject to and without affecting the provisions of this Contract regarding the payment rights and obligations of the parties or the risk of loss, release and indemnity rights and obligations of the parties, each party shall at all times be responsible for and hold harmless and indemnify the other party from and against its own special, indirect or consequential damages, and the parties agree that special, indirect or consequential damages shall be deemed to include, without limitation, the following: loss of profit or revenue; costs and expenses resulting from business interruptions; loss of or delay in production; loss of or damage to the leasehold; loss of or delay in drilling or operating rights; cost of or loss of use of property, equipment, materials and services, including without limitation those provided by contractors or subcontractors of every tier or by third parties. Operator shall at all times be responsible for and hold harmless and indemnify Contractor and its suppliers, contractors and subcontractors of any tier from and against all claims, demands and causes of action of every kind and character in connection with such special, indirect or consequential damages suffered by Operator's co-owners, co-venturers, co-lessees, farmers, farmers, partners and joint owners.

14.13 **Indemnity Obligation:** Except as otherwise expressly limited in this Contract, it is the intent of the parties hereto that all releases, indemnity obligations and liabilities assumed by such parties under terms of this Contract, including without limitation Subparagraphs 4.8 and 6.3(d), Paragraphs 4.9 and 4.10, and Subparagraphs 4.4 through 4.13, are to be without limit and without regard to the cause or causes thereof, including, but not limited to, pre-existing conditions, defects or wear of premises or equipment, strict liability, regulatory or statutory liability, product liability, liability resulting from fire, explosion, or war, (express or implied), breach of duty (whether statutory, contractual or otherwise), any theory of tort, breach of contract, fault, the negligence of any degree or character (regardless of whether such negligence is sole, joint or concurrent), active or passive negligence of any party or parties, including third parties seeking the benefit of the release or indemnity or assumption of liability, or any other theory of legal liability. The indemnities, releases and assumptions of liability extended by the parties hereto under the provisions of Subparagraphs 4.8 and 6.3 and Paragraphs 4.9, 4.10 and 4.13 shall inure to the benefit of such parties, their co-venturers, co-lessees, joint owners, their parents, holding and affiliated companies and their officers, directors, stockholders, partners, managers, representatives, employees, consultants, agents, servants and insurers of each. Except as otherwise provided herein, such indemnification and assumptions of liability shall not be deemed to create any rights or indemnification in any person or entity not a party to this Contract, whether as a third party beneficiary or by reason of any agreement of indemnity between one of the parties hereto and another person or entity not a party to this Contract.

15. AUDIT

If any payment provided for hereunder is made on the basis of Contractor's costs, Operator shall have the right to audit Contractor's books and records relating to such costs. Contractor agrees to maintain such books and records for a period of two (2) years from the date such costs were incurred and to make such books and records readily available to Operator at any reasonable time or times within the period.

16. NO WAIVER EXCEPT IN WRITING

It is fully understood and agreed that none of the requirements of this Contract shall be considered as waived by either party unless the same is done in writing, and then only by the persons executing this Contract, or other duly authorized agent or representative of the party.

17. FORCE MAJEURE

Except as provided in this Paragraph 17 and without prejudice to the risk of loss, release and indemnity obligations under this Contract, each party to this Contract shall be excused from complying with the terms of this Contract, except for the payment of monies when due, if and for so long as such compliance is hindered or prevented by a Force Majeure Event. As used in this Contract, "Force Majeure Event" includes: acts of God, action of the elements, wars (declared or undeclared), insurrection, revolution, rebellions or civil strife, piracy, civil war or hostile action, terrorist acts, riots, strikes, differences with workmen, acts of public enemies, federal or state laws, rules, regulations, dispositions or actions of any governmental authorities having jurisdiction in the premises or of any other group, organization or informal association (whether or not formally recognized as a government), inability to procure materials, equipment, fuel or necessary labor in the open market, acute and unusual labor or material, equipment or fuel shortages, or any other causes (except financial) beyond the control of either party. Neither Operator nor Contractor shall be required against its will to adjust any labor or similar disputes except in accordance with applicable law. In the event that either party hereto is rendered unable, wholly or in part, by any of these causes to carry out its obligation under this Contract, it is agreed that such party shall give notice and details of Force Majeure in writing to the other party as promptly as possible after its occurrence. In such cases, the obligations of the party giving the notice shall be suspended during the continuance of any inability so caused except that Operator shall be obligated to pay to Contractor the Force Majeure Rate provided for in Subparagraph 4.8 above.

18. GOVERNING LAW:

ATTACHMENT TO DRILLING BID PROPOSAL
AND DAYWORK DRILLING CONTRACT

14.13 Indemnity Obligation: EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, IT IS THE INTENT OF THE PARTIES HERETO THAT ALL INDEMNITY OBLIGATIONS, RELEASES AND ASSUMPTIONS OF LIABILITIES BY SUCH PARTIES UNDER THE TERMS OF THIS CONTRACT, INCLUDING, WITHOUT LIMITATIONS, PARAGRAPHS 14.1 THROUGH 14.13 HEREOF, BE WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (INCLUDING PREEXISTING CONDITIONS), THE UNSEAWORTHINESS OF ANY VESSEL OR VESSELS, BREACH OF EXPRESS OR IMPLIED WARRANTIES, GROSS NEGLIGENCE, STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES, WHETHER SUCH NEGLIGENCE OR FAULT BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE (INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE, BREACH OF EXPRESS OR IMPLIED WARRANTIES, GROSS NEGLIGENCE, OR STRICT LIABILITY OF THE INDEMNIFIED PARTY OR PARTIES). The indemnities, releases and assumptions of liability and reasonable legal expense extended by the parties hereto under the provisions of paragraphs 14.1 through 14.13 shall inure to the benefit of the party being indemnified, released or relieved of liability, its parent, holding and affiliated companies, non Operators and assigns, and their respective officers, directors, employees, agents and servants. This agreement shall create no right of action in any person not a party hereunder or specifically identified as an indemnitee hereto. If it is judicially determined that the monetary limits of insurance required hereunder or of the indemnities voluntarily assumed hereunder (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation against the indemnitees, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such law. TO THE EXTENT THIS PROVISION MAY CONFLICT OR IS PERCEIVED TO CONFLICT WITH ANY OTHER PROVISIONS OF THIS CONTRACT, THESE INDEMNITY PROVISIONS SHALL PREVAIL AND ANY RIGHTS OR REMEDIES OTHERWISE AVAILABLE FOR ANY CAUSES OF ACTION, INCLUDING WARRANTY-BASED CAUSES OF ACTION, ARE EXPRESSLY WAIVED AND RELEASED.

Operator: Axis Onshore, LP
By: Patrick S. O'Neal
Name: Patrick S. O'Neal
Title: COO

Contractor: Precision Drilling Company LP
By: [Signature]
Name: Kenn C. Burnett
Title: Sr. Manager, Contracts/Marketing

This Contract shall be construed, governed, interpreted, enforced and Disputed, and the relations between the parties determined in accordance with the laws of The State of Texas.

19. INFORMATION CONFIDENTIAL:

Upon written request by Operator, information obtained by Contractor in the conduct of drilling operations on this well, including, but not limited to, depth, formations penetrated, the results of coring, testing and surveying, shall be considered confidential and shall not be divulged by Contractor or its employees, to any person, firm, or corporation other than Operator's designated representatives.

20. SUBCONTRACTS:

Either party may employ other contractors to perform any of the operations or services to be provided or performed by (according to Exhibit "A").

21. ATTORNEY'S FEES

If this Contract is placed in the hands of an attorney for collection of any sums due hereunder, or suit is brought on same, or sums due hereunder are collected through bankruptcy or estimation proceedings, then the prevailing party shall be entitled to recover reasonable attorney's fees and costs.

22. CLAIMS AND LIENS:

Contractor agrees to pay all valid claims for labor, material, services, and supplies to be furnished by Contractor hereunder, and agrees to allow no lien by such third parties to be fixed upon the lease, the well, or other property of the Operator or the land upon which said well is located.

23. ASSIGNMENT:

Neither party may assign this Contract without the prior written consent of the other, and prompt notice of any such intent to assign shall be given to the other party. In the event of such assignment, the assigning party shall remain liable to the other party as a guarantor of the performance by the assignee of the terms of this Contract. If any assignment is made that materially alters Contractor's financial burden, Contractor's compensation shall be adjusted to give effect to any increase or decrease in Contractor's operating costs.

24. NOTICES AND PLACE OF PAYMENT:

Notices, reports, and other communications required or permitted by this Contract to be given or sent by one party to the other shall be delivered by hand, mailed, digitally transmitted or telecopied to the address heretobove shown. All sums payable hereunder to Contractor shall be payable at its address heretobove shown unless otherwise specified herein.

25. CONTINUING OBLIGATIONS:

Notwithstanding the termination of this Contract, the parties shall continue to be bound by the provisions of this Contract that reasonably require some action or forbearance after such termination.

26. ENTIRE AGREEMENT:

This Contract constitutes the full understanding of the parties, and a complete and exclusive statement of the terms of their agreement, and shall exclusively control and govern all work performed hereunder. All representations, offers, and undertakings of the parties made prior to the effective date hereof, whether oral or in writing, are merged herein, and no other contracts, agreements or work orders, executed prior to the execution of this Contract, shall in any way modify, amend, alter or change any of the terms or conditions set out herein.

27. SPECIAL PROVISIONS:

27.1 Operator to supply steam cleaner when oil base mud is in use.

27.2 Contractor can provide a sixth man for \$750.00 per day, if requested by Operator.

27.3 Operator agrees to comply with all Contractor's safety requirements.

27.4 ~~Lien - Operator Indemnification of Contractor: Operator hereby agrees that he shall protect, defend, indemnify, and hold harmless Contractor and Contractor's equipment from any and all liens or claims pre-existing this agreement which are attached to the drill site tract and/or the existing or prior oil, gas, and minerals lease; however, Operator further agrees that, in the event Contractor is prevented from removing his equipment from the location as a result of any pre-existing liens or claims, Operator will pay Contractor the applicable day rate under this agreement during the time Contractor is prevented from removing his equipment.~~

27.5 Notices and Place of Payment:

Financial Responsibility of Operator: Notwithstanding any undertakings herein stated, Contractor shall not be obligated in any manner to perform this contract until:

- (a) funds sufficient to satisfy any and all payments (including any liens on drill site or losses which may affect Contractor or Contractor's equipment) that may be due to Contractor under this contract have been placed in an escrow account at least three (3) weeks prior to the scheduled commencement of operations. The amount of funds deposited must be satisfactory to Contractor and made payable to Contractor upon satisfactory completion of Contractor's obligations hereunder; or
- (b) Contractor has been furnished satisfactory evidence of Operator's financial responsibility and ability to meet Operator's financial obligations to Contractor under this contract.

27.6 Operator agrees to reimburse Contractor for any Safety/Performance related bonus payments to Contractor's employees that have been requested in writing by Operator. The amount to be reimbursed to Contractor will be the gross amount, plus 30% for additional payroll tax and benefit cost (burden). Any net payment amounts requested by Operator will be grossed-up to determine actual gross amount of payments, plus 30% burden.

27.7 For all wells drilled in the State of Mississippi, the monthly invoice amount will be grossed up to include the Contractor's gross receipt tax.

27.8 Right of First Refusal: If, after termination of this Contract, but while the Subject rig remains stacked on location, Contractor should be approached by another concerning the securing of such rig, Operator shall have the right of first refusal to enter into a contract with Contractor for the securing of such rig upon such terms and conditions to be mutually agreed upon by Operator and Contractor.

27.9 Subsequent Operations: After reaching the Objective Depth, Operator shall have a period of twenty-one (21) days to evaluate the well through a drill stem test utilizing Contractor's drill stem or Operator's production string. After reaching the Objective Depth, but in no event later than twenty-one (21) days thereafter, Operator shall have the option to either (a) release the rig, (b) cause Contractor to free the well and conduct other incidental operations through the completion of the well or (c) cause Contractor to resume operations for the drilling of a lateral or horizontal leg through the existing well bore. In the event Operator elects to resume operations for the drilling of a lateral or horizontal leg, Operator shall commence such drilling operations under the instruction of Operator under the same terms and conditions of this contract.

27.10 Standby Rate for Drill Stem Test: Notwithstanding anything contained to the contrary in Paragraph 4 hereof, unless the rig is otherwise released by Operator, Contractor shall be paid a rate of \$8,000 dollars per twenty-four (24) hour period during the time in which the well is being tested as described in Paragraph 27.9 and the rig is not manned or being utilized.

27.11 Upon execution of contract and prior to rig move to the Graves #1 location, Axia Onshore, LP is to pay a deposit of \$440,000 (25 days @ \$13,000 = \$325,000, plus a mobilization fee of \$115,000) to Precision Drilling Company LP. Payment is to be submitted by wire transfer per wiring instructions from Precision.

20. ACCEPTANCE OF CONTRACT

Revised April, 2003

The foregoing Contract, including the provisions relating to indemnity, release of liability and allocation of risk of Subparagraphs 4.9 and 6.2(b), Paragraphs 10 and 12, and Subparagraphs 14.1 through 14.12, is acknowledged, agreed to and accepted by Operator this 16th day of August, 2009.

OPERATOR: Axis Onshore, LP

By: Patrick S. O'Neil

Title: COO

The foregoing Contract, including the provisions relating to indemnity, release of liability and allocation of risk of Subparagraphs 4.9, 6.2(c), Paragraphs 10 and 12, and Subparagraphs 14.1 through 14.12, is acknowledged, agreed to and accepted by Contractor this 16th day of August, 2009, which is the effective date of this Contract, subject to its availability, and subject to all of its terms and provisions, with the understanding that it will not be binding upon Operator until Operator has noted its acceptance, and with the further understanding that unless said Contract is thus executed by Operator within ten (10) days of the above date Contractor shall be in no manner bound by its signature thereto.

CONTRACTOR: Precision Drilling Company LP

By: Larry C. Burnett

Title: Sr. Manager, Contract Marketing

EXHIBIT "A"

Revised April, 2003

To Daywork Contract dated August 28th, 2009

Operator Axis Onshore, LP

Contractor Precision Drilling Company LP

Well Name and Number Graven #1

SPECIFICATIONS AND SPECIAL PROVISIONS

1. CASING PROGRAM (See Paragraph 7) As specified by Operator

	Hole Size	Casing Size	Weight	Grade	Approximate Belling Depth	Well on Cement Time
Conductor	in.	in.	lbs/ft.		ft.	hrs
Surface	in.	in.	lbs/ft.		ft.	hrs
Protection	in.	in.	lbs/ft.		ft.	hrs
	in.	in.	lbs/ft.		ft.	hrs
Production	in.	in.	lbs/ft.		ft.	hrs
Liner	in.	in.	lbs/ft.		ft.	hrs
	in.	in.	lbs/ft.		ft.	hrs

2. MUD CONTROL PROGRAM (See Subparagraph 6.2)

Depth Interval (ft)	As specified by Operator From To	Type Mud	Weight (lbs/gal.)	Viscosity (Secs)	Water Loss (cc)

Other mud specifications:

3. INSURANCE (See Paragraph 13)

- 3.1 Adequate Workers' Compensation Insurance complying with State Laws applicable or Employers' Liability Insurance with limits of \$ 1,000,000 covering all of Contractor's employees working under this Contract.
- 3.2 Commercial (or Comprehensive) General Liability Insurance, including contractual obligations as respects this Contract and proper coverage for all other obligations assumed in this Contract. The limit shall be \$ 1,000,000 combined single limit per occurrence for Bodily Injury and Property Damage.
- 3.3 Automobile Public Liability Insurance with limits of \$ 1,000,000 for the death or injury of each person and \$ 1,000,000 for each accident; and Automobile Public Liability Property Damage Insurance with limits of \$ 1,000,000 for each accident.
- 3.4 In the event operations are over water, Contractor shall carry in addition to the Statutory Workers' Compensation Insurance, underpayments covering liability under the Longshoremen's & Harbor Workers' Compensation Act and Maritime liability including maintenance and cure with limits of \$ NA for each death or injury to one person and \$ NA for any one accident.
- 3.5 Other Insurance: \$0.000.000 Excess Limit
\$1,000,000 combined single limit for Bodily Injury or Property Damage per occurrence and \$1,000,000 annual aggregate ROY RELIEF.

4. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY CONTRACTOR:

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the well location at the expense of Contractor unless otherwise noted by this Contract.

4.1 Drilling Rig

Complete drilling rig, designated by Contractor as Rig No. 102, the major items of equipment being:

Drawworks: Make and Model _____

Engines: Make, Model, and H.P. _____

No. on Rig _____

Pumps: No. 1 Make, Size, and Power _____

No. 2 Make, Size, and Power _____

Mud Mixing Pump: Make, Size, and Power _____

Boilers: Number, Make, H.P. and W.P. _____

Derrick or Mast: Make, Size, and Capacity _____

Substructure: Size and Capacity _____

Rotary Drive: Type _____

Drill Pipe: Size 4 1/2 in. 15,000 ft.; Size: _____ in. _____ ft.

Drill Collars: Number and Size 18 Pn. - 8" - 24 Pn. - 6-1/2"

Revised April, 2003

Size	Series or Test Pr.	Make & Model	Number
Per rig inventory			
B.O.P. Closing Unit			
B.O.P. Accumulator			

- 4.2 Drill bit.
- 4.3 Normal string of drill pipe and drill collars specified above.
- 4.4 Conventional drill indicator.
- 4.5 Circulating mud pits.
- 4.6 Necessary pipe racks and flagging up material.
- 4.7 Normal storage for mud and chemicals.
- 4.8 Shale Shaker.
- 4.9 Contractor to provide inspected drill collars as specified in 4.1 prior to assembly.
- 4.10
- 4.11
- 4.12
- 4.13
- 4.14
- 4.15
- 4.16
- 4.17

5. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY OPERATOR

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the well location at the expense of Operator unless otherwise noted by this Contract.

- 5.1 Permit and maintain adequate roadway and/or canal to location, right-of-way, including rights-of-way for fuel and water lines, river crossings, highway crossings, gates and cattle guards.
- 5.2 Stake location, clear and grade location, and provide turnaround, including surfacing when necessary.
- 5.3 Test tanks with pipe and fittings.
- 5.4 Mud storage tanks with pipe and fittings.
- 5.5 Separator with pipe and fittings.
- 5.6 Labor and materials to connect and disconnect mud tank, test tank, and mud gas separator.
- 5.7 Labor to disconnect and clean test tanks and mud gas separator.
- 5.8 Drilling mud, chemicals, lost circulation materials and other additives.
- 5.9 Pipe and connections for oil circulating lines.
- 5.10 Labor to lay, bury and recover oil circulating lines.
- 5.11 Drilling bits, reamers, reamer cutters, stabilizers and special tools.
- 5.12 Control testing tool services and tool rental.
- 5.13 Wire line core bits or heads, core barrels and wire line core catchers if required.
- 5.14 Conventional core bits, core catchers and core barrels.
- 5.15 Diamond core barrel with head.
- 5.16 Cement and cementing services.
- 5.17 Electrical wireline logging services.
- 5.18 Directional, caliper, or other special services.
- 5.19 Gun or jet perforating services.
- 5.20 Explosives and shooting devices.
- 5.21 Formation testing, hydraulic fracturing, acidizing and other related services.
- 5.22 Equipment for drill stem testing.
- 5.23 Mud logging services.
- 5.24 Sidewall coring services.
- 5.25 Welding service for welding bottom joints of casing, guide shoes, float shoes, float collar and in connection with installing of well head equipment if required.
- 5.26 Casing, tubing, liners, screens, float collars, guide and float shoes and associated equipment.
- 5.27 Casing scratchers and controllers.
- 5.28 Well head connections and all equipment to be installed in or on well or on the premises for use in connection with testing, completion and operation of well.
- 5.29 Special or added storage for mud and chemicals.
- 5.30 Casinghead, API series, to conform to that shown for the blowout preventer specified in Subparagraph 4.1 above.
- 5.31 Blowout preventer testing packoff and testing services.
- 5.32 Replacement of BOP rubbers, elements and seals, if required, after initial test.
- 5.33 Casing Thread Protectors and Casing Lubricants.
- 5.34 H₂S testing and equipment as necessary or as required by law.
- 5.35 Site safety systems.
- 5.36 Inspection and repair of drill collars is responsibility of Operator.
- 5.37 Inspection and repair of drill pipe is responsibility of Operator, normal wear and tear excluded.
- 5.38
- 5.39
- 5.40
- 5.41
- 5.42
- 5.43
- 5.44
- 5.45
- 5.46
- 5.47
- 5.48
- 5.49
- 5.50

9. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY DESIGNATED PARTY:

Printed April, 2003

The machinery, equipment, tools, materials, supplies, instruments, services, and labor listed as the following numbered items, including any transportation required for such items unless otherwise specified, shall be provided at the well location and at the expense of the party hereto as designated by an X mark in the appropriate column.

Item	To Be Provided By and At The Expense Of	
	Operator	Contractor
0.1 Cables and Runways	X	
0.2 Ditches and pumps	X	
0.3 Fuel (located at _____)	X	
0.4 Fuel Lines (length _____ on location only)		X
0.5 Water at source, including required permits	X	
0.6 Water well, including required permits	X	
0.7 Water lines, including required permits	X	
0.8 Water storage tanks _____ capacity per rig inventory		X
0.9 Potable water for crews	X	
0.10 Labor to operate water well or water pump		X
0.11 Maintenance of water well, if required	X	
0.12 Water Pump	X	
0.13 Fuel for water pump	X	
0.14 Mats for engines and boilers, or motors and mud pumps		X
0.15 Transportation of Contractor's property:		
Move in		X
Move out		X
0.16 Materials for "boxing in" rig and derrick		X
0.17 Special strings of drill pipe and drill collars as follows: Any drill pipe smaller or larger than 4 1/2" Any drill collars smaller or larger than 6 1/2" or 8" - nominal	X X	
0.18 Kelly joints, subs, elevators, lugs, slips and BOP rams for use with special drill pipe	X	
0.19 Drill pipe protectors for Kelly joint and each joint of drill pipe running inside of Surface Casing as required, for use with normal strings of drill pipe.	X	
0.20 Drill pipe protectors for Kelly joint and drill pipe running inside of Protection Casing	X	
0.21 Rate of penetration recording device M.D. Teton RDR		X
0.22 Extra labor for running and cementing casing (Casing crew)	X	
0.23 Casing loads	X	
0.24 Power casing lugs	X	
0.25 Laydown and pickup machine	X	
0.26 Tugging tools	X	
0.27 Power tugging log	X	
0.28 Crew Boats, Number NA	NA	NA
0.29 Service Barge	NA	NA
0.30 Service Tug Boat	NA	NA
0.31 Rat Hole	X	
0.32 Mouse Hole	X	
0.33 Recrease Pile	X	
0.34 Upper Kelly Cock		X
0.35 Lower Kelly Valve		X
0.36 Drill Pipe Safety Valve		X
0.37 Inside Blower/Preventer		X
0.38 Drilling hole for or driving for conductor pipe	X	
0.39 Charges, cost of bonds for public roads	X	
0.40 Portable Toilet	X	
0.41 Trash Receptacle	X	
0.42 Linear Motion Shale Shaker per rig inventory		X
0.43 Shale Shaker Screens	X	
0.44 Mud Cleaners	X	
0.45 Mud/Gas Separator per rig inventory		X
0.46 Desander per rig inventory		X
0.47 Desilter per rig inventory		X
0.48 Degasser per rig inventory		X
0.49 Centrifuge	X	
0.50 Rotating Head	X	
0.51 Rotating Head Rubbers	X	
0.52 Hydraulic Adjustable Choke	X	
0.53 Pit Volume Totalizer	X	
0.54 Communication, type _____ phone & fax machine for rig use only		X
0.55 Parking, capacity _____	X	
0.56 Corrosion Inhibitor for protecting drill string	X	
0.57 Replacement of B.O.P. rubbers & seals if required after initial test	X	
0.58 Sewer system for P.O. trailers (2)	X	
0.59 Collar covers	X	
0.60 Fuel for boilers and heaters (where applicable)	X	
0.61 Maintenance charge for boilers and heaters at \$20 per hour when in use (where applicable)	X	

Revised April, 2003

7. OTHER PROVISIONS:

EXHIBIT "B"

(See Subparagraph 8.8)

Revised April, 2003

The following clauses, when required by law, are incorporated in the Contract by reference as if fully set out:

- (1) The Equal Opportunity Clause prescribed in 41 CFR 60-1.4.
- (2) The Affirmative Action Clause prescribed in 41 CFR 60-250.4 regarding Veterans and veterans of the Vietnam era.
- (3) The Affirmative Action Clause for handicapped workers prescribed in 41 CFR 60-741.4.
- (4) The Certification of Compliance with Environmental Laws prescribed in 40 CFR 15.20.

EXHIBIT B

STATEMENT OF ACCOUNT AND INVOICES

See attached copies.

Jackson 5120498v2

485

Precision Drilling Company LP

Statement of Account

Axis Onshore LP

As of April 28, 2010

Date	Number	Amount	Current	30-60	60-90
2/15/2010	1128(Int Credit)	-4,208.98			
8/19/2009	AXIS DWPYMT	-440,000.00			
10/16/2009	AXIS DWPYMT	-100,000.00			
10/16/2009	AXIS DWPYMT	-75,000.00			
10/30/2009	AXIS DWPYMT	-200,000.00			
10/14/2009	484	381,397.50			
11/1/2009	483	59,692.00			
11/6/2009	542	418,926.60			
12/15/2009	778	409,058.73			
12/29/2009	878	75,141.00			
1/28/2010	1042	1,888.25			
Total		526,995.10	0.00	0.00	0.00

90+

-4,208.98
-440,000.00
-100,000.00
-75,000.00
-200,000.00
381,397.50
59,692.00
418,926.60
409,058.73
75,141.00
1,988.25
526,996.10



Precision Drilling Company, LP

Axis Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2881

INVOICE

INVOICE NO: 1042
INVOICE DATE: 28-Jan-2010
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE: 06-Dec-2009 06:00

Third Party Charges on the above referenced well as follows:

D. J. Fontenot, Inv. 0739 dated 10/02/09	As Per Attached	\$ 1,026.25
D. J. Fontenot, Inv. 0740 dated 10/02/09	As Per Attached	\$ 781.25
10% Handling Charge	1 As Per Contract	\$ 180.75
SUB-TOTAL		\$ 1,988.25
TOTAL INVOICE		\$ 1,988.25

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202896
Dallas, Texas 75320-2896

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-436-6100

Prepared By: Charlene Strickland



Precision Drilling Company, LP

Axis Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2881

INVOICE

INVOICE NO: 878
INVOICE DATE: 29-Dec-2009
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 08:00
RELEASE DATE: 06-Dec-2009 06:00

Charges on the above referenced well for Daywork and OBM for December 2009 as follows:

Daywork	132 Hour(s) @ \$13,000.00 per 24 hours (1 Day R/D billed on LS Invoice 484)	\$ 71,500.00
Oil Base Mud - Crew	55 Men @ \$20.00 per man per day	\$ 1,100.00
3.5% Mississippi Gross Receipts Tax	1 As per Contract	\$ 2,541.00
SUB-TOTAL		\$ 75,141.00
TOTAL INVOICE		\$ 75,141.00

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202895
Dallas, Texas 75320-2895

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Key Boudreaux



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 878
RIG NO: 102
JOB NO: 002

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
01-Dec-2009		24.00					24.00	
02-Dec-2009		24.00					24.00	
03-Dec-2009		24.00					24.00	
04-Dec-2009		24.00					24.00	
05-Dec-2009		24.00					24.00	
06-Dec-2009		12.00					12.00	RELEASED RIG @ 0800 HRS 12/06/09
Total	0.00	132.00	0.00	0.00	0.00	0.00	132.00	

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P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 878
RIG NO: 102
JOB NO: 002

Additional Charges

		Oil Base Mud - Crew
01-Dec-2009		11.00
02-Dec-2009		11.00
03-Dec-2009		11.00
04-Dec-2009		11.00
05-Dec-2009		11.00
Total		55.00

PLEASE REMIT PAYMENT TO:
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P.O. Box 202896
Dallas, Texas 75320-2896

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Axle Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
76248-2681

INVOICE

INVOICE NO: 778
INVOICE DATE: 15-Dec-2009
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE:

Charges on the above referenced well for Daywork and OBM for November 2009 as follows:

Daywork	717.5 Hour(s) @ \$13,000.00 per 24 hours	\$ 388,645.83
Oil Base Mud - Crew	329 Men @ \$20.00 per man per day	\$ 6,580.00
3.5% Mississippi Gross Receipts Tax	1 As Per Contract	\$ 13,832.90
	SUB-TOTAL	\$ 409,058.73
	TOTAL INVOICE	\$ 409,058.73

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202686
Dallas, Texas 75320-2696

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-438-6100

Prepared By: Robin Lyons



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 778
 RIG NO: 102
 JOB NO: 002

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
01-Nov-2009		25.00					25.00	TIME CHANGE
02-Nov-2009		24.00					24.00	
03-Nov-2009		24.00					24.00	
04-Nov-2009		16.50			4.00	3.50	24.00	MUD PUMP MODULE REPAIR
05-Nov-2009		24.00					24.00	
06-Nov-2009		24.00					24.00	
07-Nov-2009		24.00					24.00	
08-Nov-2009		24.00					24.00	
09-Nov-2009		24.00					24.00	
10-Nov-2009		24.00					24.00	
11-Nov-2009		24.00					24.00	
12-Nov-2009		24.00					24.00	
13-Nov-2009		24.00					24.00	
14-Nov-2009		24.00					24.00	
15-Nov-2009		24.00					24.00	
16-Nov-2009		24.00					24.00	
17-Nov-2009		24.00					24.00	
18-Nov-2009		24.00					24.00	
19-Nov-2009		24.00					24.00	
20-Nov-2009		24.00					24.00	
21-Nov-2009		24.00					24.00	
22-Nov-2009		24.00					24.00	
23-Nov-2009		24.00					24.00	
24-Nov-2009		24.00					24.00	
25-Nov-2009		24.00					24.00	
26-Nov-2009		24.00					24.00	

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 P.O. Box 202695
 Dallas, Texas 75320-2695

Precision Drilling Company, LP
 10370 Richmond Avenue, Suite 600
 Houston, Texas, 77042
 713-436-6100

Prepared By: Robin Lyons



Precision Drilling Company, LP

Axle Onshore LP

INVOICE NO: 778
RIG NO: 102
JOB NO: 002

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
27-Nov-2009		24.00					24.00	
28-Nov-2009		24.00					24.00	
29-Nov-2009		24.00					24.00	
30-Nov-2009		24.00					24.00	
Total	0.00	713.50	0.00	0.00	4.00	3.50	721.00	

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Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-8100

Prepared By: Robin Lyons



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 778
 RIG NO: 102
 JOB NO: 002

Additional Charges

		Oil Base Mud - Crew
01-Nov-2009		11.00
02-Nov-2009		11.00
03-Nov-2009		11.00
04-Nov-2009		11.00
05-Nov-2009		11.00
06-Nov-2009		11.00
07-Nov-2009		11.00
08-Nov-2009		11.00
09-Nov-2009		11.00
10-Nov-2009		11.00
11-Nov-2009		11.00
12-Nov-2009		11.00
13-Nov-2009		11.00
14-Nov-2009		11.00
15-Nov-2009		11.00
16-Nov-2009		11.00
17-Nov-2009		11.00
18-Nov-2009		11.00
19-Nov-2009		11.00
20-Nov-2009		11.00
21-Nov-2009		11.00

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 Dallas, Texas 75320-2695

Precision Drilling Company, LP
 10370 Richmond Avenue, Suite 600
 Houston, Texas, 77042
 713-436-6100

Prepared By: Robin Lyons



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 778
RIG NO: 102
JOB NO: 002

Additional Charges

		CZ Base Mud - Crew
22-Nov-2008		10.00
23-Nov-2009		11.00
24-Nov-2009		11.00
25-Nov-2009		11.00
26-Nov-2009		11.00
27-Nov-2009		11.00
28-Nov-2009		11.00
29-Nov-2009		11.00
30-Nov-2009		11.00
Total		329.00

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P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Robin Lyons



Precision Drilling Company, LP

Axis Onshore LP
16610 Dallas Parkway Suite 2600
Dallas, TX
75248-2681

INVOICE

INVOICE NO: 542
INVOICE DATE: 06-Nov-2009
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE:

Charges on the above referenced well for Daywork, OBM and the 3.5% Mississippi Gross Receipts Tax for October 2009 as follows:

Daywork	744 Hour(s) @ \$13,000.00 per 24 hours	\$ 403,000.00
Oil Base Mud - Crew	88 Men @ \$20.00 per man per day	\$ 1,760.00
3.5% Mississippi Gross Receipts Tax	1 As Per Contract	\$ 14,166.60
	SUB-TOTAL	\$ 418,926.60
	TOTAL INVOICE	\$ 418,926.60

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-436-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 542
 RIG NO: 102
 JOB NO: 002

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non-Billable	Total	Description
01-Oct-2009		24.00					24.00	
02-Oct-2009		24.00					24.00	
03-Oct-2009		24.00					24.00	
04-Oct-2009		24.00					24.00	
05-Oct-2009		24.00					24.00	
06-Oct-2009		24.00					24.00	
07-Oct-2009		24.00					24.00	
08-Oct-2009		24.00					24.00	
09-Oct-2009		24.00					24.00	
10-Oct-2009		24.00					24.00	
11-Oct-2009		24.00					24.00	
12-Oct-2009		24.00					24.00	
13-Oct-2009		24.00					24.00	
14-Oct-2009		24.00					24.00	
15-Oct-2009		24.00					24.00	
16-Oct-2009		24.00					24.00	
17-Oct-2009		24.00					24.00	
18-Oct-2009		24.00					24.00	
19-Oct-2009		24.00					24.00	
20-Oct-2009		24.00					24.00	
21-Oct-2009		23.00			1.00		24.00	TOP DRIVE - REPAIR
22-Oct-2009		24.00					24.00	
23-Oct-2009		24.00					24.00	
24-Oct-2009		24.00					24.00	
25-Oct-2009		24.00					24.00	
26-Oct-2009		24.00					24.00	

PLEASE REMIT PAYMENT TO:
 Precision Drilling Company, LP
 P.O. Box 202695
 Dallas, Texas 75320-2695

Precision Drilling Company, LP
 10370 Richmond Avenue, Suite 600
 Houston, Texas, 77042
 713-436-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 642
RIG NO: 102
JOB NO: 002

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non- Billable	Total	Description
27-Oct-2009		24.00					24.00	
28-Oct-2009		20.50			3.50		24.00	MP - POOH & C/O MODULE; TIH
29-Oct-2009		24.00					24.00	
30-Oct-2009		24.00					24.00	
31-Oct-2009		23.50			0.50		24.00	MP - WORK ON BOTH PUMPS W/WELDER
Total	0.00	739.00	0.00	0.00	5.00	0.00	744.00	

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202896
Dallas, Texas 75320-2895

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-8100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 542
RIG NO: 102
JOB NO: 002

Additional Charges

		Oil Base Mud - Crew
24-Oct-2009		11.00
25-Oct-2009		11.00
26-Oct-2009		11.00
27-Oct-2009		11.00
28-Oct-2009		11.00
29-Oct-2009		11.00
30-Oct-2009		11.00
31-Oct-2009		11.00
Total		88.00

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202695
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-436-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Axis Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2681

INVOICE

INVOICE NO: 483
INVOICE DATE: 01-Nov-2009
CONTRACT #:
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE:

Charges for the replacement cost for items lost in hole or damaged beyond repair in the drilling of the above referenced well (tax, surcharge on steel & freight included):

6-8" Drill Collars	As Per Attached	\$ 57,673.43
3.5 % Mississippi Gross Receipts Tax	1 As Per Contract	\$ 2,018.67
SUB-TOTAL		\$ 59,692.00
TOTAL INVOICE		\$ 59,692.00

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202686
Dallas, Texas 75320-2686

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-6100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Axds Onshore LP
16610 Dallas Parkway Suite 2500
Dallas, TX
75248-2681

INVOICE

INVOICE NO: 484
INVOICE DATE: 14-Oct-2009
CONTRACT #: 01094db1
RIG NO: 102
JOB NO: 002
WELL NAME: Graves #1

COUNTY: Wilkinson
LOCATION:
SPUD DATE: 11-Sep-2009 06:00
RELEASE DATE:

Charges on the above referenced well for Mobilization, Daywork and 3.5% Mississippi Gross Receipts Tax for September 2009 as follows:

Lump Sum Mobilization	1 As Per Contract (8-Days MI-RU)	\$ 115,000.00
Daywork	468 Hour(s) @ \$13,000.00 per 24 hours	\$ 253,500.00
3.5% Mississippi Gross Receipts Tax	1 As Per Contract	\$ 12,897.50
SUB-TOTAL		\$ 381,397.50
TOTAL INVOICE		\$ 381,397.50

PLEASE REMIT PAYMENT TO:
Precision Drilling Company, LP
P.O. Box 202895
Dallas, Texas 75320-2695

Precision Drilling Company, LP
10370 Richmond Avenue, Suite 600
Houston, Texas, 77042
713-435-8100

Prepared By: Kay Boudreaux



Precision Drilling Company, LP

Axis Onshore LP

INVOICE NO: 484
 RIG NO: 102
 JOB NO: 002

Daywork

Date	Move	Daywork	Turnkey	Other	Billable Repair	Non-Billable	Total	Description
11-Sep-2009		12.00					12.00	ON DAYWORK @ 0800 HOURS 8/11/09
12-Sep-2009		24.00					24.00	
13-Sep-2009		24.00					24.00	
14-Sep-2009		24.00					24.00	
15-Sep-2009		24.00					24.00	
16-Sep-2009		24.00					24.00	
17-Sep-2009		24.00					24.00	
18-Sep-2009		24.00					24.00	
19-Sep-2009		24.00					24.00	
20-Sep-2009		24.00					24.00	
21-Sep-2009		24.00					24.00	
22-Sep-2009		24.00					24.00	
23-Sep-2009		24.00			0.50		24.50	TOP DRIVE - C/O CYLINDER FOR LINK TILT
24-Sep-2009		23.50					23.50	
25-Sep-2009		23.50			0.50		24.00	SOR - T/S GEN; C/O BAD FUSES IN BREAKER
26-Sep-2009		24.00					24.00	
27-Sep-2009		24.00					24.00	
28-Sep-2009		24.00					24.00	
29-Sep-2009		24.00					24.00	
30-Sep-2009		24.00					24.00	
Total	0.00	497.00	0.00	0.00	1.00	0.00	498.00	

PLEASE REMIT PAYMENT TO:
 Precision Drilling Company, LP
 P.O. Box 202895
 Dallas, Texas 76320-2895

Precision Drilling Company, LP
 10370 Richmond Avenue, Suite 600
 Houston, Texas, 77042
 713-436-8100

Prepared By: Key Boudreaux

Page 2 of 2

WILKINSON COUNTY, MISSISSIPPI

I, certify that the foregoing instrument was filed for record and recorded in Construction Lien Book No. 2910 Page 426
 Thomas C. Tolliver, Jr., Chancery Clerk, By: [Signature] D.C.
 Central Office Supplies

Northern District of Texas Claims Register

10-33565-sgj11 TriDimension Energy, L.P.

Judge: Stacey G. Jernigan **Chapter:** 11

Office: Dallas **Last Date to file claims:** 07/28/2010

Trustee: **Last Date to file (Govt):**

<i>Creditor:</i> (13331510) Precision Drilling Company, LP CO William B. Finkelstein and Daniel I. K & L Gates LLP Dallas, TX 75201	Claim No: 34 <i>Original Filed</i> Date: 07/23/2010 <i>Original Entered</i> Date: 07/23/2010	<i>Status:</i> <i>Filed by:</i> CR <i>Entered by:</i> Morenoff, Daniel <i>Modified:</i>
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Secured claimed: \$526995.10

Total claimed: \$526995.10

History:

Details 34-1 07/23/2010 Claim #34 filed by Precision Drilling Company, LP, total amount claimed: \$526995.1 (Morenoff, Daniel)

Description:

Remarks:

Claims Register Summary

Case Name: TriDimension Energy, L.P.

Case Number: 10-33565-sgj11

Chapter: 11

Date Filed: 05/21/2010

Total Number Of Claims: 1

	Total Amount Claimed	Total Amount Allowed
Unsecured		
Secured	\$526995.10	
Priority		
Unknown		
Administrative		
Total	\$526995.10	\$0.00