NORTHERN DISTRICT OF TEXA

PROOF OF CLAIM

Name of Debtor: AXIS ONSHORE, LP

Case Number:

10-33569

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.

and the second s	
Name of Creditor (the person or other entity to whom the debtor owes money or property): PRECISION DRILLING COMPANY, LP	☐ Check this box to indicate that this claim amends a previously filed
Name and address where notices should be sent:	claim.
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	Court Claim Number:
Telephone Number: 214.939.5500	i ned on.
Name and address where payment should be sent (if different from above): JUL 2.7 2010 n/a	☐ 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.
Telephone number: RECEIVED	☐ Check this box if you are the debtor Or trustee in this case.
1. Amount of Claim as of Date Case Filed: (See Attachment)	5. Amount of Claim Entitled to
	Priority under 11 U.S.C. §507(a). If
If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete	any portion of your claim falls in
If all or part of your claim is entitled to priority, complete item 5.	one of the following categories, check the box and state the amount.
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.	Specify the priority of the claim.
	☐ Domestic support obligations under
2. Basis for Claim: (See Attachment)	11 U.S.C. §507(a)(1)(A) or (a)(1)(B).
(See instruction #2 on reverse side.)	
3. Last four digits of any number by which creditor identifies debtor: 4db1 JUL 2 / 2010	☐ Wages, salaries, or commissions (up to \$10,950*) earned within 180 days
3a. Debtor may have scheduled account as: BMC GROUP (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	before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11
property or a right of setoff and provide the requested information.	U.S.C. §507 (a)(4).
Nature of property or right of setoff: ⊠ Real Estate □ Motor Vehicle ⊠ Other	☐ Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5).
Describe:	
Value of Property: See Attachment Annual Interest Rate: (See Attachment) Amount of arrearage and other charges as of time case filed included in secured claim,	☐ 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).
if any: (See Attachment) Basis for perfection: Filings in Appropriate Real Property Records	a"
Amount of Secured Claim: (See Attachment) Amount Unsecured: The balance of the claim, to the extent the value of the Claimant's collateral is less than the full value of its claim.	Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8).
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.	☐ Other – Specify applicable paragraph
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.	of 11 U.S.C. §507 (a)().
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.)	Amount entitled to priority: \$
DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.	*Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after
If the documents are not available, please explain:	the date of adjustment.
Signature: The person filing this claim must sign it. Sign and print nam creditor or other person authorized to file this claim and state address and tele from the notice address above. Attach copy of power of attorney, if any	

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.

TriDimension

Attachment "1"

In re: AXIS ONSHORE, LP Case No. 10-33569

The claimant is Precision Drilling Company, LP (the "<u>Claimant</u>" or "<u>Precision</u>"). Heather Stickel, the Claimant's Manager, Credit & Collections, is authorized to make this proof of claim (the "<u>Proof of Claim</u>") 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[.]" 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 ("<u>TriDimension</u>"), 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 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. 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.
- 13. The Claimant performed its obligations under the Contract. Axis breached the Contract, by failing to pay the properly invoiced prices for the Services when due.
- 14. These breaches have not been cured.
- 15. As a direct and proximate result of Axis's breaches of the Contract, the Claimant suffered and sustained injury.

- 16. 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 as continues to accrue under the terms of the Contract on that balance; and (c) the Claimant's collection costs.
- 17. Accordingly, under the Contract, the Claimant is entitled to payment by Axis of no less than \$526,995.10, plus such interest as accrued pre-petition and as continues to accrue under the Contract post-petition, through the allowance and payment of the Claimant's claim, as well as the collection costs incurred related thereto.

C. <u>Liens Securing Precision's Claim</u>

18. Under Mississippi law, Precision's claims are secured by liens against: (a) Axis's and all non-operator's interests, if any, 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. <u>Notice of Perfection</u>

- 19. The Claimant incorporates and re-alleges the matters set forth in paragraphs 1 through 18.
- 20. Contemporaneously with the filing of this Proof of Claim, Precision filed a Notice of Perfection to further perfect (to the extent necessary) its interest in the collateral subject to its statutory liens, including the mineral estates underlying the Well. Pursuant to Bankruptcy Code § 546(b), the Notice of Perfection preserves

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

Precision's 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. Trust Funds

- 21. The Claimant incorporates and re-alleges the matters set forth in paragraphs 1 through 20.
- 22. Finally, in the alternative and without prejudice to either its assertion of claims against Axis or to its assertion of lien rights, the Claimant asserts that any and all funds received by Axis from non-operating Interest Holders in payment of joint-operating expenses or offset against such non-operating Interest Holders' production revenues from the Well constitutes "Trust Funds."
- 23. Any such funds are in the possession of Axis only for the earmarked purpose of paying service providers like the Claimant. They are held only for this purpose and should be applied to the payment of Precision's valid claims. Furthermore, to the extent that any working-interest owners owe Axis for services performed by the Claimant, those monies upon receipt by Axis will constitute trust funds payable to the Claimant.
- 24. Accordingly, Axis has or will have no equitable title to any such trust funds and the Claimant asks the Court to compel Axis to turnover to the Claimant its share of any such funds.

F. Conclusion

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

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.

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 disciplins any liability whatsoover 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.

Revised April, 2003



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

	Mr. Scott O'Nes PH: (713) 449-7						
	e submit bid on th	als drilling contract form for perfor	rming the work outline	d below, upon the terms and fo	r the consideration set fo	rth, with the understand	ing that
his in		slibute a Contract between us. Y	our bid should be mail	ed or delivered not later than	P.M. on		20
		THIS CONTRA	SE OF LIABILI	PROVISIONS RELAT IY, AND ALLOCATIONS 4.9, 6.3(c), 10, 12	N OF RISK -	IITY,	
This C	Contract is made	and entered into on the date he		* * *		and "Contractor.".	
	OPERATOR: Address:	Axis Onshore, LF 16610 Dallas Par) 				
		Dallas, Texas 75	249				
	CONTRACTOR: Address:	Precision Drilling 10370 Richmond	Avenue, Suite 6	00			
N CD	NSIDERATION	Houston, Texas of the mutual promises, conditi		erein contained and the specific	cations and special provis	sions set forth in Exhibit	t "A" and Exhibit
'B" et	tached hereto an	d made a part hereof (the "Con a Doywork Basis.					
Ear m	Imacac hamaf ti	he term "Daywork" or "Daywork	Rosis' means Contrac	tor shall fumish equipment, lab	or, and perform services	as herein provided, for	a specified sum
per di opera Vebili Vebili	ay, under the dir tions), When op ties stated here	ection, especiation and control erating on a Daywork Balsas ein. Except for such obligation puences of operations by both	of Operator (Inclusive , Contractor shall be ons and Habilities sp	o of any employee, agent, con o fully paid ot the applicable necifically assumed by Cont	sultant-or-subsontractor- rates of payment and ractor, Operator shall i	engaged-by-Operator- I essumes only the o be solely responsible	to direct drilling obligations and a and assumes
1.	LDCATION OF 1 Well Name and Number: G						
	Parish/ County: Wilkit		State: Mississip	pi Fleid Name:			
	Well location and					· · · · · · · · · · · · · · · · · · ·	
	1 1 Additional V	Vell Locations or Aress: NA		······································			<u>-</u>
		bove ere for well and Contract		Contractor assumes no liability	whatspever for a proper	survey or location state	te on Operator's
iease. 2.	COMMENCEME	INT DATE:					
or 1	ipon completio	es to use reasonable efforts to o n of current project or as soon or completion of current pro	as rig is avaliable. I	f Dperator or Contractor is n	20th day of ot ready to spud within renegotiation.		, 20_ <u>09,</u> shove
	DEPTH:						
forma	ition, whichever i	The well(s) shall be drilled to a a deeper, but the Contractor sha tor mutually agree to drill to a gr	ill not be required here		nt, or to the <u>NA</u> a maximum depth of _	13,000	feet, unless
4.	DAYWORK RA			ereunder.			
per di	ov This sum sho	n: Operator shall pay Contractor Il be due and payable in full of the s associated with the readines	ne time the rig is doge	d up or positioned at the well st	er a mobilization day te ready to spud. Mobiliza consibility of Operator a	ition shall include: movi	e in, rig up, & perator under
4.6 h	erein; including	cost for additional cranes, do	zers, and/or trucks n	ecessary to correct or overce	ome such delays.		
s N	Δ	tion: Operator shall pay Contrac per day, providi ion shall include:move off at	ed however that no de	mobilization fee shall be payab	le if the Contract is termin	nobilization day rate du nated due to the total to ot have another Custo	ss or destruction
to mo	ove to, or is not 4.3 Moving Rat	allowed to stack on location. e: Ouring the time the rig is in tr		ille, or between drill sites, com			perator shell pay
WR1		Day Rate: For work performed p		_	е (5) п	nan crew the operating (day rate shall be:
	From D	epth intervels To TD	s	Without Drill Pipe 13,000** per c	iay \$	With Orlll Pipe 13,000**	per day
_			= =	per c	lay 5		per day
Using	Operator's drill	pipe \$13,000**	\$ per day.	**This rate includes a top dr	· · · —		FU. 497
The	rate will begin wi	en the drilling unit is rigged up	at the drilling location,	er-positioned over the location	during-marine-work, and	ready-to-commonce-op	eratione; and will
Cont	ractor starts nij	opling up on Operator's condu	ctor pipe and will ce	ose when mud tanks ere clear	ned and the rig is releas	ed. ready to be moved	-metheael-extI-fie-

(U.S. Daywork Contract - Page 1)
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•								Revised April, 2003
if under the ab	ove column With Drill Pipe	no rates are spi	cliled, the rete per twe	nty-four I	nour day when	drill pipe is in use shal	the the applicable rai	to specified in the
column "Witho	ut Orili Pipe" plus compensa	ation for any drill p	lpe actually used at the	rates sp	ecified balow, o	computed on the basis	of the maximum drill	pipe in use et any
time during ea	ch twenty-four hour day.	•		DED 04	HOUDDAY			
			DRILL PIPE RATE	PER 24		anal or		
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• •	shall be considered in use r	•						
	in use, provided, however, ti							
	In use at all times when on							
	out such time shall be compu							
4.5 Rep	eir Time: in the event it	l is necessary to	shut down Contract	or's rlg	for repairs, ex	actuding routine dg s	ervicing, Contractor	shall be allowed
compensation	et the epplicable rate for suc	th shut down time	up to a maximum of	4	hours for	eny one rig repair Job, t	out not to exceed	24 hours
of such compe	nsation for eny calender mor	nth. Thereafter, Co	intractor shall be compe	ensated e	terate of \$ <u>0</u>	Р	er twenty-four (24) ho	ur day. Routine rig
servicing shall	Includa, but not be limite	d to, cuttling and	slipping drilling line, c	hanging	bnub ot away	el expendables, testing	BOP equipment, lu	bricating rig, and
changing exp	endable pump parts will no	ot be considered	downtime when two p	umps an	e used simulta	neously.		
4.6 Stan	dby Time Rate: \$ 13,00	per two	enty-four(24) day. Stand	by Uma s	hall be defined	to Include time when th	e rig is shut down aith	ough in readiness
-	ume operations but Contract							
4.7 Drill	ing Fluid Rates: When drill	ling fluids of a typ	e end characteristic tha	it increas	ses Contractor's	s cost of performance	hereunder, including,	but not limited to,
oli-based mud	or potassium chioride, ere in	use, Operator sh	all pay Contractor in add	lition to ti	ne operating ret	te specified above:		
. (b)	\$ NA per day	edditional operat	ractor's rig-site personning rate; and					
(c)						▼ not to exceed se	ven (7) davs	
	rce Majeure Rate: \$11.5		per twenty-four (24)					
	e to conditions of Force M							
	e rig in eccordance with Ope	-						
	imbursable Costs: Operate							
•	arein but which for convenien						ercent for such cost o	
-	request and with Contracts							
•	or purposes of the indemn							•
services. Any	subcontractors so hired	shall be deemed	to be Operator's con	riractor,	and Operator	shall not be relieved	of any of its liabilib	es in connection
therewith.							-4 AL1 1	16 th
	vision in Rates: The retes							
	ereinefter listed shall vary by-		persent from	ine cost	s thereof on the	e date of this Contract	or by the same percei	I SIEF DIE GEE DI
any revision pi	ursuant to this Subparagraph							
(a) (b)			actor's personnel;					
(c)	Contractor's cost of fuel, I	including all taxes	and fees; the cost per g	allon/MC	F being \$			
(d) (e)	If Operator requires Contr	ractor to increase	or decrease the number	of Contr	actor's personn	et;		
(1)	Contractor's cost of spare operating rate and that th	o-parts-and-supplic no parties-shall-use	s with the understanding the U.S. Bureau of Lai	g that ou oor Static	sh spare parts : :Uss Oil Fleld ar	and supplies constitute ad Gas Field Drilling Mi	ochloery Producer Pric	percent of the c-Index (Series-ID
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(g)	financial burden.	legislation or regi	nauptis til die elee m v	andi Coi	MUACUI IS WOIN	and or ones amoresees	i, unacuta count alet	amia compación d
5. TIME OF	FPAYMENT							
Paymen	t is due by Dperetor to Contr	actor as follows:						
5.1 Pay	ment for mobilization, drilling	g and other work	performed at applicable	la rates,	and all other a	applicable charges sha	ll be due, upon prese	antation of invoice
therefor, upon	completion of mobilization, o	demobilization, rig	release or at the end of	the mon	ith in which suc	h work was performed	or other charges are k	ncurred, whichever
shell first occu	ır. All involces may be maile	ed to Operator at t	he address hereinabove	shown,	unless Operate	or does hereby designa	te that such involces	shall be mailed as
follows:								
5.2 Disp	uted involces and Late Pay	yment: Operator s	hall pay ell invoices with	ıln	30 da	ays after receipt excep	ot that if Operator di	sputes an involce
	areof, Operator shall, within t					m disputed, specifying	the reason therefor, a	nd payment of the
•	may be withheld until settler							
	a disputed invoice) not paid						ercent or the max	
•	ess, per month from the due						, Contractor may susp	end operations or
	Contract as specified under							

6. TERM:

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 necessitate stepping operations hereunder.

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

8.1 Duration of Contract: This Contract shall remain in full torce and effect until drilling operations are completed on the well or wells specified in Paragraph

1 above, or for a term of ______NA ____ commanding on the date specified in Paragraph 2 above.

Revised April, 2003

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 relightures 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 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 4.6 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 expressive grees 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 perties arising out of any drilling commitments or obligations contained in any lesse, farmout agreement or other agreement, which may be affected by such susponsion of operations or termination of performance hereunder.

6.4 Early Termination Compensation:

on first well or any option wells

(a) Prior to Commencement: In the event Operator terminates this Contract prior to commencement of operations / hereunder, Operator shall pay Contractor as

Iquidated damages and not as a penalty a sum equal to the standby time rate (Subparagraph 4.6) for a period of five (6) days or a tump-our of suntil Contractor has another location available for the rig, whichever is sooner. Operator schrowledges, agrees and stipulates that, at the time this Contract is executed; (1) the damages Contractor may suffer in the event Operator berninates this Contract prior to the commencement of operators on first well or only 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 occurs after commencement of operators but prior to 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 Rata, less any unnecessary labor, from that date subsequent to termination upon which Contractor completes dismaniting its rig and equipment until the end-of-the-former 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 premeture termination plus a lump sum of \$ <u>NA</u> provided, however, if this Contract
is-for-a-term-of-more-than-one-well-or-for-a-period-of-time, Operator-shall-pay-Contrastor, in-addition-to-the-above, the-Force-Majoure-Rote-less-any-unnecessary
abor from the date of termination until the end of the term or <u>Contractor has another location available for the rig or thirty (30), days, whichever is scener.</u>

7. CASING PROGRAM

Operator shell have the right to designate the points at which casing will be set and the manner of setting, cementing and teating. 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 et 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 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 deniel 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 buildozers, 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 relimburse 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 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 a casing and camenting

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, caveme, bink 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 shiftling 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 Subparegraph 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

12. TERMINATION OF LOCATION LIABILITY:

When Contractor has concluded operations at the well location, Operator shall thereafter be lieble 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 roentry activity shall become applicable during such period.

13. INSURANCE (See Page 4A)

During-tho-life-of-this-Contract, Contractor-chall-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", insuring the liabilities specifically assumed by Contractor in Paragraph 44 of this Contract. Contractor shall procure from the company or companies writing-cald insurance and distributions and effect and that the came-chall not be canceled or materially-changed without ten (10)-days prior written notice to Operator For liabilities assumed hereunder by Contractor, its insurance chall be endersed to provide that the underwriten wave their right of cubrogation against Operator (Operator with as well, cause its insurance coverage as set forth in Exhibit "A" of the came kind and in the came amount as is required of Contractor, the statilities operator has easily assumed by Operator in Paragraph 14 of this Contract. Operator shall procure from the company or companies writing sald insurance a certificate that cald insurance is in full force and chall the same-shall not be canceled or materially changed without tan (10) days prior written notice to Contractor. Operator and Contractor shall cause their respective underwriters to name the other additionally insured but only to the extend of the Indomnification 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 relimburse 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 essume liability at all times for damage to or destruction of Contractor's equipment resulting from the presence of H₂S, CO₂ or other corresive elements that enter the drilling fluids from subsurface formations or the use of corresive 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, cosing, 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 flability for, and shall protect, defend and indemnify Contractor and its suppliers, contractors and subcontractors of any fier 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 all, 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 epparent 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 egainst, 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 Comtractor'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. It 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 evallable 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 autumatically 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, detend 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 negligance 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, andorsements, 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 safisfy 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, distrib or damage to property. Operator's indemnity under this Peragraph 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 14.9 (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation egainst the indemnities, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable kw, it is agreed that sald insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such low.

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 enything 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:

(e) 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 ection 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 chaims, 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 all, gas, water or other substance, as well as the use or disposition of all drilling fluids, including, but not limited to, all emulsion, all base or chemically treated drilling fluids, contaminated cuttings or cavings, lost circulation and fish recovery materials and fluids. Operator shall reloace Contractor and its suppliers, contractors and subcontractors of any lier 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 limitation in (e) 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 are 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 indemnity the other party from and against its own special, indirect or consequential damages, and the parties egree 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 of every tier or by third parties. Operator shall at all times be responsible for and hold harmless and indemnity 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, farmors, farmees, partners and joint owners.

14.13 Indemnity Obligation: Except as otherwise expressly limited in this Contract, it is the intent of parties hereto that all releases, indemnity obligations and/or flabilities assumed by such parties under terms of this Contract, including, without limitation, Subparagraphs 4.0 and 6.2(c), Paragraphs 4.0 and 4.2 and Subparagraphs 4.1.1 through 44.13 hereof, be without finit and without regard to the cause or causes thereof, including, but not limited to providing conditions, defect or rule of premises or equipment, strict liability, regulatory or statutory liability, products liability, breach of expressentation 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, industing the party seeking the benefit of the release indemnity or assumption of liability, or any other theory of logal liability. The indomnities, and releases and assumptions of liability extended by the parties hereto under the previsions of Subparagraphs 4.0 and 6.3 and Paragraphs 10, 12 and 44 chall intro-to-the benefit of such parties, their co-venturers, or lessoes, joint-owners, their parent, holding-and-affiliated companies and the officero, directors, stockholders, portners, monogera, representatives, employees, consultants, agents, servants and insurers of each. Except as otherwise provided herein, such indemnification and assumptions of liability chall not be deemed to orgate only rights to indemnification in any person or entity not a party to this Contract, other as a third party beneficiary or by reason of any agreement of Indemnity between one of the parties hereto and on their 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 data 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

18. GOVERNING LAW:

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, farrorist acts, riots, strikes, differences with workmen, acts of public enemies, federal or state lews, 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, 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 eny 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 or promptly as possible effer 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.

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 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 egainst 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 CAU

Operator:	Axis Onshore, LP
Ву:	Patrick S. Oped
Name:	Patrick S. O'Neal
Title:	Coo
Contracto	r: Precision Drilling Corposny LP
By:	Sal Bunt
Name	karp C. Burnett
	0
Title:	Sr. Manager, Contracts/Marketing

Revised April, 2003
This Contract shell be construed, governed, interpreted, enforced and illigated, 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.

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".

If this Contract is pleased 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 erbitration proceedings, then the provailing party shall be entitled to recover reasonable altomay's fees and costs.

22. CLAIMS AND LIENS:

Contractor egrees to pay all valid claims for labor, maleriel, 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 promot notice of any such intent to assign shell be given to the other party. In the event of such assignment, the essigning 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 afters 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.

28. 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, emend, after 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.
- Contractor can provide a sixth man for \$750.00 per day, if requested by Operator. 27.2
- 27.3 Operator agrees to comply with all Contractor's safety requirements.
- Liens Operators Indemnification of Contractor. Operator hereby agrees that he shell 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 provented from removing his equipment from the location as a result of any pre-existing liens or claim, Operator will pay Contractor the applicable day rate under this agreement during the time Contractor is prevented from removing his equipment. 27.4
- Notices and Place of Payment: 27.5

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 excrow 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 contractors under the contractor.
- obligations to Contractor under this contra
- Operator egrees to reimburse Contractor for any Sefety/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 emount, 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. 27.6
- For all wells drilled in the State of Mississippi, the monthly invoice amount will be grossed up to include the Contractor's gross receipts 27.7
- Right of First Refusal: If, after termination of this Contract, but while the Subject rig remains stacked on location, Contractor should be approached by enother 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. 27.8
- 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 therefrom, Operator shell 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 let, Operator shell commence such drilling operations under the instruction of Operator under the same terms and conditions of this contract. 27.9
- 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. 27.10
- Upon execution of contract end prior to rig move to the Graves #1 location, Axis Onshore, LP is to pay a deposit of \$440,000 (25 days @ \$13,000 = \$325,000, plus a mobilization rate of \$115,000) to Precision Ortiling Company LP. Payment is to be submitted by wire transfer per wiring instructions from Precision. 27.11

Revised April, 2003

28.	ACCEPTANCE OF CONTRACT:	
	The foregoing Contract, including the provisions relating to indemnity, release of liability and allocadon of risk of Subparagraphs 4.9 and 6.3(c),	
Para	grephs 10 and 12, and Subparagraphs 14.1 through 14.12, is acknowledged, agreed to and accepted by Operator this 1 day of 1/1/1/1/25 20 99	1
	OPERATOR: Axis Onshore, LP By: Shuck S. O Neel	I
	By: / Muck S. O/lest	
	The foregoing Contract, including the provisions relating to indemnity, release of flability and allocation of risk of Subparagraphs 4.8, 6.3(c), Peragraphs	
	nd 12, and Subparagraphs 14.1 through 14.12, is acknowledged, agreed to and accepted by Contractor thisd day of August, 20_09,	l
	h is the effective date of this Contract, subject to rig evaliability, and subject to all of its terms and provisions, with the understanding that it will not be	
b ind	ing upon Operator until Operator has noted its acceptance, and with the further understanding that unless said Contract is thus executed by Operator	
with	in <u>ten (10)</u> days of the above date Contractor shall be in no manner bound by its signature thereto.	
	CONTRACTOR: Precision Drilling Company (P)	١
	By: Larry C. Burnett / Jal / Musubu	١
	Title: Sr. Manager, Contracts Marketing	١

Ravised April, 2003

EXHIBIT "A"

6

To Daywork Contra	ct dated <u>August</u> :	20th 20 <u>09</u>				
Operator <u>Axis C</u>	nshore, LP		Con	tractor <u>Precisio</u>	on Drilling Company LP	
Well Name and Nu	mber Graves #1					
		SPE	CIFICATIONS AND SF	FCIAL PROVISION	s	
CACING BBOCK	RAM (See Paragraph 7)			200121110101010	-	
I. CASING PRUGI				Grade	Approximete	Walt on Cement
	Hole Size	Casing Size	Weight	Grade	Setting Depth	Time
Conductor	h	ın,	lbs/fL		π.	and
Surface	in.	In.	tbs/ft.		t.	hrs
Protection	in	in.	ibs/ft.		ft.	turs
	in	In.	ibs/ft.		R.	hrs
Production		tn.	lbs/ft.		R.	hrs
Liner	in	in.	lbs/ft.			hrs

	. PROGRAM (See Subp	aragraph 8.2)				
a	epth interval (fl)					
As spec	ified by Operator			Welght (lbs/gal.)	Viscosity (Secs)	Water Loss (cc)
From	То	Tyr	e Mud			
						
O						
Other mud specific	880ns:					
						
						•
covering and a covering other of the covering accident and s.A. In the liability under for each deas 3.5. Other 1-51,000,000	ng all of Contractor's emperical (or Comprehensi biligations essumed in the ty Damage. * obile Public Liability Insu of Automobile Public Liability Insu of Automobile Public Liability event operations are or the Longshoremen's & the or bijury to one person	illyees working under we) General Liability is Contract. The limit rence with limits of S. lilly Property Osmage over water, Contract Harbor Workers' Con and S. Excess Limit. for Bodily Injury or 1	r this Contract. Insurance, Including shall be \$1,000,000 1,000,000 Insurance with limits of or shall carry in addition pensation Act and Maringer any or one of the contract of the con	for the death or injunction to the Statutory time liability including one accident.	ry of each person and \$1.0	end proper coverage for ell courrence for Bodily Injury and 00.000 for each lent. ince, endorsements covering s of \$_NA
s. EQUIPMENT, N	ra i ERIALS AND SERV mrv. aguloment toole	materials, supplies	instruments. services	and labor harein	after listed, including any tran	sportation required for such
	vided at the well location					•
4.1 Drillin	g Rig					
Complete dr	illing rig, designated by C	Contractor es its Rig N	lo. <u>102</u>	, the major items	s of equipment being:	
Drewworks: Make	and Model					
Engines: Make, M	odel, and H.P.					
No. on Ri						
	ke, Size, and Power					
	ke, Size, and Power					
- :	: Make, Size, and Power					
	Wake, H.P. and W.P					
	lake, Size, and Cepacity					
	and Capacity					
Rotary Orive: Type						······································
				tu	т	
Drill Collars: Num!	ber and Size <u>18 Ea.</u>	- 6": 24 Ea 6-1/2"				

1

	Size	Series or Test Pr.	Make & Model	Number
Per rig inventory				
200	Marian 1 luik			
	Cosing Unit: ccumulator:			
	Demick timbers.	A ARIL Has an attendable a		
4.3		a and drill collars specified above.		
	Conventional drift indicate Circulating mud pits.	л.		
	Necessary pipe racks and	i ripolno uo material.		
	Normal storage for mud a			
4.8				
4.9		ie inspected drill collars as specified in 4.	prior to spudding.	
4.11 4.12				
4.13				
4.14				
4.15			· · · · · · · · · · · · · · · · · · ·	
4.16				
4.17				
6. EQUIPI	MENT, MATERIALS AND S	SERVICES TO BE FURNISHED BY OPERA	TOR:	
The	machinery, equipment, too	is, materials, supplies, instruments, services	and labor hereinafter listed, including any t	ransportation required for such items, shall
provided a	t the well tocation at the ex	pense of Operator unless otherwise noted by	this Contract.	
5.1	Fumish and maintain ade	quate roadway and/or canal to location, right-	of-way, including rights-of-way for fuel and v	water lines, river crossings, highway
	crossings, gates and cattle	e guards.		
	Stake to cation, clear and r Test tanks with pipe and r	grade location, and provide turnaround, inclu	ding surfacing when necessary.	
	Mud storage tanks with pi	•		
-	Separator with pipe and fi	-		
		nnect and disconnect mud tank, test tank, an	d mud gas separator.	
5.7	Labor to disconnect and c	lean lest tenks and mud gas separator.		
		est circulation materials and other additives.		
	Pipe and connections for a Labor to lay, bury and reca	· ·		
		mer cutters, stabilizers and special tools.		
	Contract fishing tool service	•		
5.13	Wire line core bits or head	ts, core barrels and wire line core catchers If	required.	
		re catchers and core barrels.		
	Olamond core barrel with			
	Cement and cementing se Electrical wireline logging			
	Directional, caliper, or other			
	Gun or jet perforating serv	•		
	Explosives and shooting d			
		Ic fracturing, acklizing and other related servi	ces.	
	Equipment for drill stem to Mud logging services.	isting.		
	Sidewall coring service.			
5,25	Welding service for welding	ng bottom joints of casing, guide shoe, float s		iling of well head equipment if required.
		een, float collars, guide and float shoes and a	ssociated equipment.	
	Casing scratchers and car Well head connections an	ntralizers. Id all equipment to be installed in or on well o	r on the premises for use in connection with	testing, completion and operation of well.
	Special or added storage			J. ,
	•	conform to that shown for the blowout preve	enters specified in Subparagraph 4.1 abova	
		packoff and testing services.	tal sans	
	•	pers, elements and seals, if required, after initiated	Jai 1851	
	Casing Thread Protectors H-S training and equipment	and Casing Lubricams. nt as necessary or as required by law.		
	Site septic systems.			
5.36	inspection and repai	ir of drill collars is responsibility of Operal		
6.37	Inspection and repai	r of drill pipe is responsibility of Operator		
				
5.42				
5.43				
5.45				
5.48				
5.60				

Rovised April, 2003

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

The machinery, equipment, tools, materials, supplies, instruments, services, and lebor listed as the following numbered librars, 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.

eteingon	column.		
		To Be Provided B	
	Item	At The Expense Operator	Of Contractor
6.1	Cellar and Runways	X	Comulación
6.2	Ditches and sumps	x	
6.3	Fuel (located et)	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	X
6.8 6.9	Weter storage tanks capacity per rig inventory		
6.10	Labor to operate water well or water pump		X
6.11	Maintenance of water well, If required		
6.12	Water Pump	×	
6.13	Fuel for water pump	X	
6.14	Mats 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 "boxing in" rig and demick		χ
6.17	Any drill pipe smaller or larger than 4 1/2"	x	
	Any drill collare smaller or larger then 6%" or 8" - nominal	X	
6.18	Kelly joints, subs, elevators, tongs, slips and BOP rams for use with special		·····
6.19	driii pipe protectors for Kelly Joint and each joint	x	
J. 13	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 penatration recording device M.D. Totco EDR		X
6.22	Extra labor for running and cementing casing (Casing crews)	X	
6.23	Cesing bools	<u> </u>	
6.24	Power casing tongs	x	
6.25	Laydown and pickup mechine	x	
6.26	Tubing tools	X	
6.27	Power tubing tong	X	
6.28	Crew Boats, Number NA	NA -	NA NA
6.29	Service Barge	NA -	NA NA
6.30	Service Tug Boat.	NA NA	NA NA
6.31	Rat Hota	x	
6.32	Mouse Hole	×	
6.33	Reserve Pits.		
6.34	Upper Kelly Cock.		X
6.35	Lower Kelly Velve		<u> </u>
6.36	Drill Pipe Safety Velve		X
6.37	Inside Blowout Preventer		X
6.38	Drilling hole for or driving for canductor pipe	X	
6.39 8.39	Charges, cost of bonds for public roads	· x	
6.40	Portable Total		
6.41	Trash Receptade		
6.42	Linear Motion Shale Sheker per rig inventory		×
6.43	Shale Shaker Screens	x	
6.44	Mud Cleaner		
6.45	Mud/Gas Separator per rig Inventory		X
6.46	Desander per rig inventory		<u> </u>
6.47	Desilter per rig inventory		<u>x</u>
6.48	Degasser per rig inventory		×
6.49	Centifuge	X	
6.50	Rotating Heed		
6.51	Rotating Head Rubbers	X	
6.52	Hydraulic Adjustable Choke	X	
6.53	Pit Volume Totalizer	x	
6.54	Communication, type phone & fax mechine for rig use only		X
6.55	Forklift, capacity	×	
	Corrosion inhibitor for protecting drill string		
6.56 6.57	Replecement of B.O.P. rubbers & seals if required after initial test	x -	
6.57 6.58	Sewer system for PO trailers (2)	^	
6.58 6.59	Sewer system for PO trailers (2) Cellar covers	x	
	Fuel for bollers and heaters (where applicable)		
6.60 6.61	Maintenance charge for boilers and heaters at \$25 per hour when in use		
	(where applicable)		

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 60-250.4 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.



Dallas, TX

75248-2681

Axis Onshore LP

16610 Dallas Parkway Suite 2500

Precision Drilling Company, LP

INVOICE

INVOICE NO:

1042

INVOICE DATE: CONTRACT#:

28-Jan-2010 01094db1

RIG NO: JOB NO: 102 002

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
D. J. Fontenot, Inv. 0740 dated 10/02/	09

10% Handling Charge

As Per Attached

As Per Attached

1 As Per Contract

SUB-TOTAL TOTAL INVOICE 1,026.25 781.25

180.75

1,988.25 1,988.25

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

EXHIBIT

В

Page 1 of 1



Dallas, TX

75248-2681

Axis Onshore LP

16610 Dallas Parkway Suite 2500

Precision Drilling Company, LP

INVOICE

INVOICE NO:

878

INVOICE DATE: CONTRACT #:

29-Dec-2009 01094db1

RIG NO:

102

JOB NO: WELL NAME: 002

.....

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



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	



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

Axis Onshore LP

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



Dallas, TX

75248-2681

Axis Onshore LP

16610 Dallas Parkway Suite 2500

Precision Drilling Company, LP

INVOICE

INVOICE NO:

778

INVOICE DATE: CONTRACT #:

15-Dec-2009 01094db1

RIG NO: JOB NO: 102

002

WELL NAME:

Graves #1

COUNTY:

Wilkinson

LOCATION: SPUD DATE:

RELEASE DATE:

11-Sep-2009 06:00

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

6,580.00

Oil Base Mud - Crew

329 Men @ \$20.00 per man per day

3.5% Mississippi Gross Receipts Tax

1 As Per Contract

13,832.90

SUB-TOTAL TOTAL INVOICE 409,058.73 409,058.73



INVOICE NO: 778 RIG NO: JOB NO:

102 002

Axis Onshore LP

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	



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	



Axis Onshore LP

INVOICE NO: RIG NO: JOB NO:

778 102

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

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



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

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



INVOICE

Axis Onshore LP 16610 Dallas Parkway Suite 2500 Dallas, TX 75248-2681 INVOICE NO:

542

INVOICE DATE: CONTRACT #: 06-Nov-2009 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 TOTAL INVOICE

\$ 418,926.60 \$ 418,926.60



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	



INVOICE NO: RIG NO: 542 102

JOB NO:

002

Axis Onshore LP

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
Tota!	0.00	739.00	0.00	0.00	5.00	0.00	744.00	



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

Axis Onshore LP

Additional Charges

	Oil Base Mud - Crew	
24-Oct-2009		11.00
25-Ocl-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



Dallas, TX

75248-2681

Axis Onshore LP

16610 Dallas Parkway Suite 2500

Precision Drilling Company, LP

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

\$ \$ 2,018.57

SUB-TOTAL **TOTAL INVOICE**

59,692.00 59,692.00



Dallas, TX

75248-2681

Axis Onshore LP

16610 Dallas Parkway Suite 2500

Precision Drilling Company, LP

INVOICE

INVOICE NO:

484

TOTAL INVOICE

INVOICE DATE: CONTRACT #:

14-Oct-2009 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:

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



INVOICE NO: RIG NO:

JOB NO:

484 102 002

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		1, 0000			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	

466

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 39158-6010 (601) 948-5711

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

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 <u>s</u>^{-7#} day of May, 2010.

PRECISION DRILLING COMPANY, LP

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 500 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.

NOTARY PUBLIC

My commission expires:

August 30,200

D KATHLEEN PAYNE
Notary Public, State of Texas
My Commission Expires
August 30, 2010

Date of Filing: May _____, 2010

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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 sale 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 counsol to ensure that their contract reflects the complete agreement of the parties and applicable law. The International Association of Orilling Contractors disclaims any liability whatsoever for ices or damages which may result from use of the form contract or portions or variations thereof. Computer generated form, reproduced under license from IADC.

Revised April, 2003



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

If the bid is eccepted by Uth's instrument will constitute a Contract between us. You to the following eddress: THIS CONTRAC' RELEAS SEE This Contract is mode and entered into an the date here OPERATOR: Address: Addr	CT CONTAINS PROVISIONS RELATING TO INDEMINITY, SE OF LIABILITY, AND ALLOCATION OF RISK — E PARAGRAPHS 4.9, 6.3(c), 10, 12, AND 14 relinatur set forth by and botwoon the parties herein designated as "Operator" and "Combractor.". (way, Suite 2500 249 Company LP Avenue, Suite 500
Please submit bid on this drilling contract form for perform if the bid is excepted by this instrument will constitute a Contract between us. You to the following address: THIS CONTRACT RELEAS SEE This Contract is made and antered into on the date here OPERATOR: Axis Onshore, LP Address: 16810 Dallas Parks Dallas, Texos 752. CONTRACTOR: Precision Drilling (Address: 10370 Richmond A Houston, Texas 7 IN CONSIDERATION of the mutual premises, condition "B" ettached herete and made o part hereof (the "Contractant of cit or gas on a Daywork Basis. For purposes hereof, the term "Daywork" or "Daywork Basis, inhabilities stated herete. Except for such obligation inbullibles stated herete. Except for such obligation inbullibles stated herete. Except for such obligation inbullibles stated herete. LOCATION OF WELL: Well Name of Payers # 1 Parksh/ County. Wilkinson Sec. 37 - T2N - R1E	CT CONTAINS PROVISIONS RELATING TO INDEMNITY, SE OF LIABILITY, AND ALLOCATION OF RISK — E PARAGRAPHS 4.9, 6.3(e), 10, 12, AND 14 reliabler set forth by and between the parties horein designated as "Operator" and "Contractor." CWay, Suite 2500 249 Company LP Avenue, Suite 500 77042 ans and agreements herein contained and the specifications and special provisions and forth in Exhibit "A" and Exhibit tract"), Operator engages Contractor as an independent contractor to drill the hereinotter designated well or wells in act"), Operator designated well or wells in contractor shall be unly paid of the applicable rates of payment and assumes only the abiligations and installities specifically assumed by Contractor, Operator shall be solely responsible and assumes a parties while on a Doywork Bosis, including results and all other risks or Ushliftles Incurred in or includent to
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4 4 4 3 1111 - 1 181 1 1 1 1 1 1 1 1 1 1 1 1 1	
1.1 Additional Well Locations or Areas: NA	
Locations described above are for well and Contract Ide	dentification only and Contractor assumes no liability whoiscover for a proper survey or location stake on Operator's
loaso	
2. COMMENCEMENT DATE:	mmence operations for the drilling of the well by the 20th day of August ,20 09 ,
Contractor agrees to use reasonable ellors to con	nmence operations for the drilling of the well by the <u>20th</u> day of <u>August</u> , 20 <u>09</u> , and the shore of the above
commencement date or completion of current project	ect, then the operating day rate will be subject to renegotiation.
3. DEPTH:	
3.1 Woll Dopth: The well(s) shall be drilled to a de	depth of approximately foet, or to the
formolion, whichever is deeper, but the Contractor shall	B not be required horsunder to drill said well(s) below a maximum depth of
Contractor and Operator mutually agree to drill to a great	saler dopin.
 DAYWORK RATES: Contractor shall be paid at the following rates for t 	ribe under nedermad hereundet
4.1 Mobilization: Operator shall pay Contractor a per dev. This sum shall be due and payable in full at the	on time the do to doned up or positioned at the wat site ready to soud. Mobilization shall include: move in, rig up, &
rig down. Any dolays associated with the readiness	is of location, weather, or services will be the responsibility of Operator and will be borne by Operator onder
	zors, and/or trucks poesssary to correct or evercome such delays.
4.2 Demoblization: Operator shall pay Contracts	tor a demobilization foe of \$ "60,000" or a demobilization day rate during lear down of ed however that no demobilization as shall be payable if the Contract is terminated due to the total loss or destruction
s NA per day, provides	ed nowever that no demonitization are salable payable if the Contract is infinitely used the Contract of Contract of the Research of Contract of the Contract
to move to, or is not allowed to stack on location.	
4.3 Moving Rete: Ouring the time the rig is in tran	ansit to or from e drill site, or between drill sites, commencing on NA , Operator shall pay
Contractor a sum of 9 NA per twee	errly-four (24) hour day.
4.4 Operating Day Rate: For work performed per	or twenty-four (24) hour day with five (5) man craw the operating day rate shell be
Depth Intervols	Without Drill Pipe With Orill Pipe
From To TD	s 13,000** perday s 13,000** perday
	s perday s perday
	5per day Sper day
40.000	
Using Operator's drill pipe \$ 13,000** pr	por day. "This rate includes a top drive.

(U.S. Daywork Contract - Page 1)
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6.3 Early Termination:

(e) 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,

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

Revised Auril, 2003 work to be performed by Contractor hereunder of 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 edjudicated 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 egainst 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 wilth 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 horserf, or (2) suspend operations until payment is made by Operator in which event the standby time rate contained in Subparagraph 4.6 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 egainst 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 heraunder.

6.4 Early Termination Compensation:

(e) Prior to Commencement in the event Operator terminates this Contract prior to commencement of operations / hereunder, Operator shall pay Contractor as

liquidated damages and not as a penalty a sum equal to the standby time rate (Subparagraph 4.6) for a period of five (5) days or e-timp-cum-of-\$
until Contractor has another location available for the rig, whichever is sooner. Operator acknowledges, agraes and stipulates that, of the time the executed: (1) the damages contractor may suffer in the event Operations of first will or executed: (1) the damages contractor operations on first will or executed: (1) the stipulated emount of liquidated damages for such early termination to a reasonable estimate of the harm that would result to Contractor from such a termination.

(b) Prior to Spudding: If such termination occurs efter 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 expensos; 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 dismanile its do and equipment envided, 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 Majeura Rate, less any unnecessary labor, from that date subsequent to termination upon which Contractor completes dismaniling its do and equipment until the end-officernor <u>Contractor has another location available</u> for the dispersion of the contractor has another location available.

(c)	Subsequ	ent to s	pudding: (I	í such te	mination	OCCURS	ofter th	a spuddi	ng of U	he well,	Operat	or chall	pay (Contract	or (1) 1	tho a	mount	for oll	opplicable
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Operator shall have the right to designate the points at which casing will be set and the manner of setting, comenting and testing. Operator may modify the casting 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 egreement 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 lines 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 to of a type and have characteristics and be maintained by Contractor in accordance with the specifications shown in Exhibit "A".
- 8.3 Each perty 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 entsing 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, seld provision shall be deemed to be modified to the extent required to comply with said jaw, 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 on 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.
- 8.6 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 dealed free access to the location for any reason not reasonably within Contractor's control, any time test 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 read and tocotion In such a condition that will allow free access and movement to and from the drilling site in an ordinarity equipped highway typo vehicle. If Contractor is required to use buildozors, 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 demaged as a result of improperly maintained access roads or location will be charged to Operator, Operator shall relimburse Contractor for ell amounts reasonably expended by Contractor for repairs and/or reinforcement of mads, 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 de because of location settling.

10. SOUND LOCATION:

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

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program adequate to prevent soil and subsoil wash out. It is recognized that Operator has superior knowledge of the location and access mutes to the location, and must advise Contractor of any subsurface conditions, or obstructions (including, but not limited to, mines, caverns, that holes, streams, pipelines, power lines and communication lines) which Contractor might encounter while on mute to the location or during operations hereundor. In the event subsurface conditions couse o 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 domage to the rig or its associated equipment results therefrom, Operator shall, without regard to other provisions of this Contract, including Subparagraph 14.1 hereof, relimburse Contractor for all such loss or damage including removal of dobris 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

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 at 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 rearry activity shall become applicable during such period.

13. INSURANCE (See Page 4A)

During-Inte-fit - Gentrate. Contractar-chall-al- Contractor-cupenso-maintain, with an-insurance-company or companies-authorized-to-do-business-in-tho-where-the-work-fe-fo-be-performed-or-through-o-cell-insurance-program, insurance-coverages-of-the-kind-and-in-the-amount-sel-forth-in-Exhibit-N-, insuring-tho liabilities-specificative assumed-by-deritade-in-Paragraph-44-of-this-Contract-Contractor-chall-procure-from-the-companies-writing-cald-insurance-certificate or-certificate-thal-cald-meanance-te-in-full-force-and-effect-and-bal-the-came-shall-no-be-canceled-or-maled-ally-changed-without-ten-(10)-days-prior-writien-notice-te-in-full-force-and-effect-and-bal-the-came-shall-no-independent-without-who-the-right-fo-subrigation-against-Contractor-for-tibblity-in-assumes-and-chall-maintain-at-Operator-express-or-chall-cell-insurance-cell-insurance-cell-for-ins

14. RESPONSIBILITY FOR LOSS OR DAMAGE, INDEWNITY, 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 demage 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 ogreement 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 bottor 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 essume liability at all times for damage to or destruction of Contractor's equipment resulting from the presence of H₂S, CO₂ or other corresive elements that enter the drilling fluids from subsurface formations or the use of corresive, destructive or abrasive eleditives in the drilling fluids.
- 14.4 Operator's Equipment: Operator shall assume Dabling at all times for damage to or destruction of Operator's or its co-ventures', co-lessees' or joint owners' equipment, including, but not limited to, easing, tabing, 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 easing 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 indemnity 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.
- 14.8 Underground Damage: Operator shall release Contractor and its suppliers, contractors and subcontractors of any tier of any lier of any and all chims, liability, and expense resulting from operations under this Contract on account of injury to, destruction of, or loss or impalment of any property right in or to all, gas, or other mineral substance or water, if at the time of the act or omission causing such injury, destruction, loss, or impalment, said substance had not been reduced to physical possession above the surface of the earth.
- 14.7 Inspection of Materials Familished 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 indemnity 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, defand and indemnify Operator from and against all claims, demands, and causes of action of every kind and character, without limitend without regard to the cause or causes thereof or the negligence of any party or parties, orising in connection betwith 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 lighty, death or damage to properly. Contractor's indemnify under this Pangraph shall be without regard to and without ony right to contribution from any insurance maintained by Operator pursuant to Pargraph 1.1. It is judically determined that the monotary limits of insurance required hereunder or of the indemnities voluntarily assumed under Subpargraph 14.0 (which Contractor and Operator hereby agree will be supported either by ovaliable fability insurance, under which the insurer has no right of subregation against the indemnities, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under explicable law, it is agreed that said insurance requirements or indemnities shall outcomatically be amended to conform to the maximum monotary limits permitted under such law.
- 14.9 Operators Indemnification of Contractor: Operator shall release Contractor of any Dability 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 fier (inclusive of ony ogent, consultant or

(U.S. Daywork Contract - Page 4)
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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 affect and that the same shall not be canceled or materially changed without thirty (30) days prior written notice to the affected party. For Ilabilities 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 therato.

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 14.5 on occount of bodily injury, distail or damage to properly. Operator's indumity under this Persgraph shall be without regard to and without any right to contribution from any insurance maintained by Contractor pursuant to Paragraph 13. If it is judically determined that the monetary limits of insurance required hereunder or of the indemnities voluntarily essumed under Subparagraph 14.9 (which Contractor and Operator hereby ogree will be supported either by available liability insurance, under which the insurer has no right of subrogation ogainst the indemnities, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under opplicable low, it is agreed that said insurance requirements or indemnities shall unternatically be emended to conform to the maximum monetary limits permitted under auch low.

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 Ger from and analyst any liability for such cost.

14.11 Pollution or Contamination: Nowithstanding enything 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 indemnity Operator from and against all chaims, 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, fubricants, 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 easume oil responsibility for, including control and removal of, and shall protect, defend and indemnity Contractor and its suppliers, contractors and subcontractors of any tier from and against all claims, domainds, 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 all, gas, water or other substance, as well as the use or disposition of all drilling fluids, including, but not finited to, all emulsion, oil base or chemically treated drilling fluids, contaminated critings or cavings, lost circulation and fish recovery materials and fluids. Operator shall release Contractor and its suppliers, contractors and subcentractors 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 indemnity 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 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 end hold harmless and indomnity Contractor and its suppliers, contractors and subcontractors of every tier from and against all chains, 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, farmors, farmees, partners and Joint owners.

[See Page 5A]

14.13 Indemnity Obligation: Exceptions of the parties of the without provision of the partners of the partner

14.13 Indemnity Obligation: Except as otherwise-expressly-limited-in-this-Contract, this-tho-Intent-of-parties-hereto-that-all-releases-Indemnity-obligations and/ar-liabilities-assumed-by-such parties-under-terms-of-this-Contract, Insteading, without-limitation, Subparagrapho-4.0 and 6.3(c), Paragrapho-4.0 and 4.2, and Subparagrapho-4.0 and 4.3 hereof, be-without-limit-and-without-limitation, Subparagrapho-4.0 and 6.3(c), Paragrapho-4.0 and 4.2, and Subparagrapho-4.4.1 through-44.4.3 hereof, be-without-limit-and-without-regard-to-the-cause-or-causes-thorach, Insteading-but-not-limited-to-pre-existing conditions, defect-op-ruin-of-premises-or-equipmont-strict-liability-regulatory-or-caturatory-liability-produces-liability-breach-of-expression-or-parameter-or-equipmont-or-disease-or-equipmont-or-disease-or-equipmont-or-disease-or-equipmont-or-disease-or-equipmont-or-disease-or-equipmont-or-disease-or-equipmont-or-disease-or-equipmont-or-equipmont-or-disease-or-equipmont-or-equipmo

15. AUDIT

If any payment provided for hereunder is made on the basts of Contractor's costs, Operator shall have the right to each 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 data 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 walved by either party unless the same is done in writing, and then only by the persons executing this Contract, or other duty authorized agent or representative of the party.

17. FORCE MAJEURE

Except as provided in this Poragraph 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 mortes when due, if and for so long as such compliance to 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 hastile action, forcet acts, riots, strikes, differences with workman, acts of public onemice, 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), theblify to procure material, equipment, foul or necessary lobor in the open market, acuts and unusual labor or material, equipment or fuel shortages, or any other causes (except financial) beyond the cantrol of either party. Neither Operator nor Contractor shall be required against its will to adjust ony lobor a similar disputes except in accordance with applicable law. In the event that officer party herato is rendered anable, wholly or in part, by enough of these causes to carry out its obligation under this Contract, it is agreed that such party shall give notice and details of Force Majeura in writing to the other party apromptly as possible efter 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 Majeura Rale provided for in Subparagraph 4.8 above.

18. GOVERNING LAW:

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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 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 releved of liability, its parent, holding and affiliated companies, non Operators and assigns, and their respective officers, directors, employees, agents and assumptions of indemnities voluntarily assumed hereunder (which 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 indemnities, or voluntarily self-insured, in part or whole) exceed the meximum limits permitted under applicable law, it is agreed that seld insurance requirements or Indemnities shall automatically be emended 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 RELE

Operator:	Axis Onshore, LP
Ву:	Patrick S. Oped
Name:	Patrick S. O'Neal
Title:	C00 .
Contractor	: Precision Drilling Corposny LP
By:	Na Chaunett
Name	tarry C, Burnett
Title:	Sr. Manager, Contracts/Marketing

Rowland Audi, 2003
This Contract shall be construed, governed, interpreted, enforced and @igated, and the relations between the parties determined in accordance with the laws

of The State of Texas

18. 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 parson, 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".

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 elitomay's tess and costs.

22. CLAIMS AND LIENS:

Contractor agrees to pay all valid claims for labor, malarial, services, and supplies to be furnished by Contractor hereunder, and agrees to allow no lien by auch 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 essigning party shall remain liable to the other party as a quaranter of the performance by the assigned of the terms of this Contract. If any assignment is made that materially allors 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, malled, digitally transmitted or telecopied to the eddress hereinabove shown. All sums payable hereunder to Contractor shall be payable at its address hereinabove shown uniess alberwise specified berein.

25. CONTINUING OBLIGATIONS:

Notwithstanding the lemination 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 lengination.

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 marged herein, and no other contracts, agreements or work orders, executed prior to the execution of this Contract, shall in any way modify, emend, after or change any of the terms or conditions set out herein.

27. SPECIAL PROVISIONS:

- Operator to supply steam cleaner when oil base mud is in use.
- Contractor can provide a sixth man for \$750.00 per day, if requested by Operator. 27.2
- Operator agrees to comply with all Contractor's safety requirem 27.3
- 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 pro-existing this agreement which are attached to the drill allow tract and/or the existing or prior oil; gas; and minerals lease; theron-r Operator further agrees that; in the event Contractor is provented from removing his equipment from the location as a result of any pro-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 A

Notices and Place of Payment: 27.5

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

- (a) funds sufficient to satisfy any and all payments (including any liens on drill sits or lease which may affect Contractor or Contractor's equipment) that may be due to Contractor under this contract have been placed in an excrew account of 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 fundished satisfactory evidence of Operator's financial responsibility and ability to meet Operator's financial obligations to Contractor under this contract.
- Operator agrees to relimburse Contractor for any Safety/Performance related bonus payments to Contractor's employees that have been requested in writing by Operator. The emount to be relimbursed 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 27.B
- For all wells drilled in the Sizte of Mississippi, the monthly invoice amount will be grossed up to include the Contractor's gross receipts 27.7
- Right of First Refusal: If, efter termination of this Contract, but while the Subject rig remains stacked on location, Contractor should be approached by enother 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 multiply agreed upon by Operator and Contractor. 27.8
- Subsequent Operations: After reaching the Objective Depth, Operator shell have a period of twenty-one (21) days to evaluate the well through a drill stam test utilizing Contractor's drill stam or Operator's production esting. After reaching the Objective Depth, but in no event later than twenty-one (21) days therefrom, Operator shell have the option to either (a) release the fig. (b) cause Contractor to face the well and conduct other incidental operations through the completion of the well or (c) cause Ortector to resume operations for the drilling of a lateral or horizontal leg through the oxisting well bere. In the event Operator elects to resume operations for the drilling of a lateral or horizontal leg. Operator shell commence such drilling operations under the instruction of Operator under the same terms and conditions of this contract. 27.9
- Standby Rate for Orill Stem Test: Notwithstanding envilling contained to the contrary in Paragraph 4 hereof, unless the rig is otherwise released by Operator, Contractor shall be paid a rate of \$5,000 dollars per twenty-four (24) hour period during the time in which the well is being tested as described in Paragraph 27.8 and the rig is not manned or being utilized. 27.10
- Upon execution of contract and prior to fig move to the Graves #1 location, Axis Onshore, LP is to pay a deposit of \$440,000 (25 days @ \$15,000 = \$325,000, 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. 27.11

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Revised April, 2003

28. ACCEPTANCE OF CONTRACT:

The foregoing Contract, including the provisions releding to indemnity, release of liability and ellocation of risk of Subparagraphs 4.9 and 6.3(c)	,
The foregoing Contract, including the provisions relating to indemnity, release of liability and allocation of risk of Subparagraphs 4.9 and 6.3(c) Paragraphs 10 and 12, and Subparagraphs 14.1 through 14.12, is acknowledged, agreed to and accepted by Operator this 1 day of 14.14(14.14) 20 09	•

OPERATOR: Axis Onshore, LP

By: Stuck S. O (Nex)

Title: C G O

CONTRACTOR: Precision Drilling Company

By: Larry C. Burnett

Title: Sr. Manager, Contracts Marketin

Revised April, 2003

EXHIBIT "A"

To Daywork Contra	dated <u>August</u>	20th 20 <u>09</u>				
Operator <u>Axis O</u>	nshore, LP		Co	ntractor <u>Precisio</u>	n Drilling Company LP	
Well Name end Nur	mber <u>Graves #1</u>					
		. SPI	ECIFICATIONS AND S	PECIAL PROVISIONS	3	
1. CASING PROGR	IAM (See Peragraph 7) As specified b	y Operator			
	Hole Size	Casing Size	Weight	Grade	Approximate Satting Depth	Walt on Cement Timo
Conductor	tn	h.	lbs/ft.		r	tue
Surface	in.	ln.	Ds/R		ft.	hro
Protection	ln	in.	lbs/ft.		n	hrs
	in	in.	ibs/R.		R	tres
Production	ln	tn.	lbs/it.			hrs
Liner	in		fbs/ft.		n	hrs
	In	ln.	tbs/ft.		n	hrs
2. MUD CONTROL	PROGRAM (See Sub	paragraph 8.2)				
ס	pth interval (fi)				•	
	114	•		Weight	Viscosity	Water Loss
, As spec From	ified by Operator To	7∨	pe Mud	(lbs/gaL)	(Secs)	(cc)
,,,,,,		19.	po 11120			
			<u> </u>			
						
 						
Other mud specifica	illons:					
	·					
					· · · · · · · · · · · · · · · · · · ·	
J. INSURANCE (Se	e Paragraph 13)					
3.1 Adequa	te Workers' Compens	ition insurance compl	ying with State Lawe or	plicable or Employers'	Liability insurance with limits of	\$
,	g all of Contractor's em			•		
						and proper coverage for all
	-	his Contract. The limit	shall be S1,000,00	<u>. </u>	combined single limit per	occurrence for Bodily Injury and
	y Camage. •	warmen with flustic of F	4 000 000	far the death or letter	of each names and S 4 i	100,000 for each
	bile Public Liability Inst		: Insurance with limits o		of each person end \$1. for each acc	
						ance, endomements covering
					maintenance and cure with itm	
	n or Injury to one perso			one accident.		
					a vec elependos leunna daŭ.o	
* S1,000,000	compined single limi	Tor booky injury or	propany damaga per	occutance eua 21.un	n'onn aumnai badiadaig bat i	Olicy.
A COURSEST M	ATERIALS AND SER	ACES TO BE ELIPHI	SHED BY CONTRACT	or:		
					fler listed, including any tra	nsportation required for such
			ontractor unless otherw			•
4.1 Drilling		• • • • • • • • • • • • • • • • • • • •		•		
		Contractor es ils Rig f	Yo. 102	the major items	of equipment being:	
Drawworks: Make a						
Engines: Make, Mo	del, and H.P.					
No. on Rig	l					
-	e, Size, and Power					
	e, Size, and Power					
	Make, Size, and Powe	r				
	ake, H.P. and W.P				 	
Denick or Mast Ma	ike, Size, and Cepach	<u>'</u>				
Substructure: Size	and Capacity					
Rotary Orive: Type						
Orill Pipe: Size	4 1 <i>1</i> 72 In.	15.000	ft.; Sizo:	bn	n	
Orill Collars: Numb	er and Size <u>18 E</u> n,	- 8": 24 Ea 8-1/2"				

(U.S. Daywork Contract - "Exhibit A" - Page 1) Copyright © 2003 international Association of Drilling Contractors Form provided by Forms On-A-Disk (214) 340-9429 • FormsOnADisk.com

5.45 5.46 5.47 5.48 5.49 5.50

Ravisad April, 2003

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

The machinery, equipment, tools, meterials, 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.

		To Be Provide	
	llem	At The Expe	nse Of Contractor
6.1	Cellar and Runways	X	Compactor
6.2	Dilches and sumps	×	
6.3	Fuel (located et)	x	
6.4	Fuel Lines (length on location only)		X
6.5	Water at source, including required permits	x	
8.8	Water well, including required permits	x	
6.7	Weter lines, including required permits	x	
6.8	Water storage tanks capacity per rig inventory		x
6.9	Polable 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 6.13	Weter Pump	x	
8.14	Fuel for water pump	x	
8.15	Mais for engines and boilers, or motors and mud pumps		x
0.10	Transportation of Contractor's property:	•	-
	Move out		X
6.16	Materials for "boding in" rig and derrick		<u>x</u>
6.17	Special strings of drill pipe and drill collars as follows:		x
	Any drill pipe smaller or lorger than 4 1/2*	x	
•	Any drill collars smaller or larger than 6%" or 8" - nominal	X	
6.18	Kally labels rubs almostors tones alleged and page		
0.10	Kelly John's, subs, elevators, tonge, slips and BOP rams for use with special drift pipe		
6.19	Onli pipe protectors for Kelly loint and each joint	x	
	of drill pipe running inside of Surface Casing as required.		
6.20	for use with normal strings of drill pipe	x	
6.20	Orlil pips protectors for Kelly joint and drill pipe running inside of Protection Casing		
6.21	Rate of penetration recording device M.D. Total EDR	x	
6.22			X
6.23	Extra labor for running and cementing casing (Casing crews)	X	
•	Casing tools	x	
6.24	Power casing tongs	x	
6.25	Laydown end pickup mechine	x	
6.26	Tubing tools	x	
6. 2 7	Power tubing long	x	
6.28	Crew Boats, NumberNA	NA NA	NA NA
6.29	Service Berge	NA NA	NA
6.30	Service Tug Book	NA	NA
6.31	Rat Hote	x	
6.32	Mouse Hole	x	
6.33	Reserve Pib	X	
5.34_	_Upper,Kelly,Cock		x
6.35	Lower Kelly Velve		X
6.36	Drill Pipa Salety Valve.	·	
6.37	Insida Blawout Preventer		X
6.38	Drilling hole for or driving for conductor pipe		x
6.39		x	
6.40	Charges, cost of bonds for public roads	· ×	
6.41	Portable Tollet	x	
	Trash Receptacle	x	
6.42	Unear Molion 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
8.46	Desander per rig inventory		x
6.47	Desilier per rig inventory		х
6.ÅB	Degasser per rig inventory		x
6.49	Centrifuge	x	
6.50	Rotating Head	X	
6.61	Rotoling Head Rubbers	×	
6.52	Hydraulic Adjustable Choke	x	
6.53	Pit Volume Totalizer	×	
6,54	Communication, type phone & fax mechine for rig use only		x
8.65	Forklift, capacity		
6.55		<u>x</u>	
6.57	Corresion inhibitor for protecting drill string.	<u>x</u>	···
	Replacement of B.O.P. rubbers & seals if required after initial test	X	· · · · · · · · · · · · · · · · · · ·
6.58	Sewer system for PD trailers (2)	X	
6.59	Cellar covers	<u> </u>	
5.60 c.c4	Fuel for bollers and heaters (where applicable)	X	
6.61	Maintanance charge for bollars and heaters at \$25 per hour when in use (where applicable)	x	
			

Ravised April, 2003

7. OTHER PROVISIONS:

(U.S. Daywork Contract - "Exhibit A" - Page 4)
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Ravised 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 60-250.4 regarding veterans and veterans of the Vietnam era.
- (3) The Allimative Action Clause for handicapped workers prescribed in 41 CFR 60-741.4.
- The Certification of Compliance with Environmental Laws prescribed in 40 CFR 15.20.

(U.S. Daywork Contract - "Exhibit 8" - Page 2) Copyright © 2003 International Association of Drilling Contractors

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EXHIBIT B STATEMENT OF ACCOUNT AND INVOICES

See attached copies.

Jackson 5120498v2

Precision Drilling Company LP Statement of Account

Axis Onshore LP

As of April 28, 2010

Date	Number		Amount	Current	30-60	60-90
2/15/20	10 1128(Int Credit)		-4,208.98			
8/19/20	09 AXIS DWNPYMT		-440,000.00			
10/16/20	09 AXIS DWNPYMT		-100,000.00			
10/16/20	09 AXIS DWNPYMT		-75,000.00			
10/30/20	09 AXIS DWNPYMT		-200,000.00			
10/14/20	009	484	381,397.50			
11/1/20	009	483	59,692.00			
11/6/20	009	542	418,926.60			
12/15/20	009	778	409,058.73			
12/29/20	009	878	75,141.00			
1/28/20)10	1042	1,988.25			
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 1,988.25 526,995.10



INVOICE

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

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

COUNTY: LOCATION: Wilkinson

SPUD DATE: RELEASE DATE: 06-Dec-2009 06:00

11-Sep-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-TOTA	AL \$	1,988.25
•	TOTAL IN	VOICE \$	1,988.25



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: V

Wilkinson

LOCATION: SPUD DATE:

11-Sep-2009 06:00

RELEASE DATE: 06-D

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 TOTAL INVOICE
 \$ 75,141.00





INVOICE NO: RIG NO:

878 102

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	





INVOICE NO: RIG NO:

878 102

JOB NO:

002

Axis Onshore LP

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: 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



Dallas, TX

75248-2681

Axis Onshore LP

16610 Dallas Parkway Suite 2500

Precision Drilling Company, LP

INVOICE

INVOICE NO: INVOICE DATE:

778

CONTRACT #:

15-Dec-2009 01094db1

RIG NO: JOB NO: 102 002

WELL NAME:

Graves #1

COUNTY: LOCATION: Wilkinson

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 \$ 400.058.73

SUB-TOTAL TOTAL INVOICE

\$ 409,058.73 **\$ 409,058.73**





INVOICE NO: RIG NO:

778 102

JOB NO:

002

Axis Onshore LP

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		and the Second			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	





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	





Axis Onshore LP

INVOICE NO:

778 102

RIG NO: JOB NO:

002

Additional Charges

	Oli Base Mud - Спем	
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	
05-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 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





Axis Onshore LP

INVOICE NO: RIG NO:

778 102

JOB NO:

002

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
28-Nov-2009	11.09
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



INVOICE

Axis Onshore LP 16610 Dallas Parkway Suite 2500

Dallas, TX 75248-2681 **INVOICE NO:**

542

INVOICE DATE: CONTRACT #:

06-Nov-2009 01094db1

RIG NO: JOB NO: 102

WELL NAME:

002 Graves #1

COUNTY: LOCATION: Wilkinson

SPUD DATE:

RELEASE DATE:

11-Sep-2009 06:00

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 TOTAL INVOICE

418,926.60 418,926.60



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				Mark 100 (100 (100 (100 (100 (100 (100 (100	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 713-435-6100

Prepared By: Kay Boudreaux





INVOICE NO: RIG NO:

542 102

JOB NO:

002

Axis Onshore LP

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	





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

Axis Onshore LP

Additional Charges

	Oil Base Mud - Crew	
24-Oct-2009		11.00
25-Ocl-2009		11.00
26-Oct-2009		11.00
27-Oct-2009		11.00
2B-Oct-2009		11.00
29-Oci-2009		11.00
30-Oci-2009		11.00
31-Oct-2009		11.00
Total		88.00





Dallas, TX

75248-2681

Axis Onshore LP

16610 Dallas Parkway Suite 2500

Precision Drilling Company, LP

INVOICE

INVOICE NO: **INVOICE DATE:** 483

01-Nov-2009

CONTRACT#: RIG NO:

102

JOB NO: **WELL NAME:** 002 Graves #1

COUNTY: LOCATION: Wilkinson

SPUD DATE: **RELEASE DATE:** 11-Sep-2009 06:00

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 **TOTAL INVOICE** 59,692.00 59,692.00



INVOICE

Axis Onshore LP 16610 Dallas Parkway Suite 2500 Dallas, TX 75248-2681 INVOICE NO: INVOICE DATE: CONTRACT #: RIG NO: 484 14-Oct-2009 01094db1

102 002

JOB NO: 002
WELL NAME: Graves #1

COUNTY: LOCATION: Wilkinson

LOCATION: SPUD DATE:

4 4 H/(1113011

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 TOTAL INVOICE

\$ 381,397.50 \$ **381,397.50**



Axis Onshore LP

INVOICE NO: RIG NO:

484 102

JOB NO:

002

<u>Dayw</u>ork

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

Page 2 of 2

WILKINSON COUNTY MISSISSIPPI

I, certify that the foregoing instrument was filed for real and recorded W Milmuran &

Thomas C. Tolliver, Jr., Chancery Clerk, By: Contral Office Supplies

K&L GATES

K&L Gates LLP 1717 Main Street Suite 2800 Dallas, TX 75201-7342

т 214.939.5500

www.klgates.com

July 23, 2010

Daniel I. Morenoff D 214.939.5645 F 214.939.5849 dan.morenoff@klgates.com

VIA FEDERAL EXPRESS

Ms. Tinamarie Feil BMC Group, Inc. 600 1st Avenue, Suite 300 Seattle, WA 98104

Re:

In re TriDimension Energy, L.P.; Case No. 10-33565 In re Axis Onshore, LP; Case No. 10-33569

Dear Ms. Feil:

Please find enclosed an original and two copies of the Proofs of Claim to be filed on behalf of Precision Drilling Company, LP in each of the above-referenced cases. Please return the extra file-stamped copies to me in the enclosed FedEx envelope.

Please do not hesitate to contact me if you have any questions concerning the enclosures. Thank you for your assistance in this matter.

Very truly yours,

Daniel I. Morenoff

DIM/rac Enclosures

cc: Heather Stickel (w/o enclosure)