



American Energies
Corporation

155 N. Market, Suite 710, Wichita, KS 67202
316-263-5785, 316-263-1851 fax

**DRILLING AND COMPLETION REPORT
SCHWARTZ-STUART 1-21**

LOCATION: Approx. C NW NE NE SW
Section 21-27S-7W
COUNTY: Kingman
API: 15-095-22252
CONTRACTOR: Landmark Drilling, Rig #6
GEOLOGIST: David Goldak
NOTIFY: American Energies Corp.
Dianne Y. DeGood Family Trust,
Debbie Schmitt, LLC,
Pickreil Drilling, R & T Investments
Buffalo Creek Oil and Gas, LLC

SURFACE CASING: 8-5/8", 24# set at 309'
PRODUCTION CASING: 5-1/2" 15.5# Used set at 4240'
ANTICIPATED RTD: 4300'
RTD: 4247'
G.L.: 1575' **K.B.:** 1587'
SPUD DATE: 5/1/12
COMPLETION DATE: 5/11/12
REFERENCE WELLS:
#1 Kathol's: #1 Wooldridge - SW NW NE 21-27S-7W
#2 Blubaugh's: #1 Schwartz OWWO - C SW SE 21-27S-7W

FORMATION:	SAMPLE LOG: Comparison:			ELECTRIC LOG TOPS: Comparison:					
				#1	#2	#1	#2		
Onaga Sh	2038	(-451)		-14	-1	2030	-443	-6	+7
Indian Cave Sand	2052	(-465)		-15	-3	2042	-455	-5	+6
Wabaunsee	2084	(-497)		-13	+6	2076	-489	-5	+14
Heebner	2992	(-1405)		-14	+5	2986	-1399	-8	+11
Lansing	3196	(-1609)		-6	+18	3198	-1611	-8	+16
Stark Sh	3548	(-1961)		-11	+9	3544	-1957	-7	+13
Cherokee	3785	(-2198)		-12	+8	3778	-2191	-5	+15
Miss Chert	3880	(-2293)		+3	+13	3878	-2291	+5	+15
Kinderhook	4085	(-2498)		+1	+8	4080	-2493	+6	+13
Viola	4224	(-2637)		-4	+24	4216	-2629	+4	+32
Total Depth	4247	(-2663)				4240	-2653		

4-30-12 Landmark Drilling, Rig #6 - MIRT, RURT

5-01-12 Spud well, drilled 12-1/4" surface hole, set 7 jts of 8-5/8" 24# New Surface Casing. Set at 309'. Cemented with 200 sx 60/40 Poz with 3% CC and 2% Gel. Plug down at 4:30 a.m. Cementing by Allied.

5-02-12 At 311' WOC.

5-03-12 At 1141' and repairing pump.

5-04-12 At 1897' and drilling ahead.

5-04-12 Geolograph malfunction, 140 Unit Gas Kick, Good show gas bubbles and distilments in sample.

5-04-12 140 unit gas kick and sample show of gas in the Indian Cave Sand.

DST #1 (Indian Cave) 2037'-2070'

30"-30"-30"-30"

IF: Weak blow building to 4 in.

ISI: No blow back

FF: Weak blow building to 3 in.

FSI: No blow back

RECOVERY: 130' WM (40% W, 60% M)

SIP: 712-678

FP: 17-46, 57-95

HP: 959-946

BHT: 93

5-05-12 At 2360' and drilling ahead.

5-06-12 At 3045' and drilling ahead.

5-07-12 At 3515' and drilling ahead.

**DRILLING AND COMPLETION REPORT
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5-08-12 At 3902' and TOOH for DST #2: (Miss Chert) 3887-3902'
Good show oil and gas in Miss Chert. 460 to 800 units total gas over 35 units background.

5-08-12 DST #2 (Miss Chert) 3887'-3902'
30"-60"-30"-60"
IF: Gas To Surface 3", gauged with 1/2 in. orifice:

	<u>1st Open</u>	<u>2nd Open</u>
10 Min.	255 MCF/D	334 MCF/D
20 Min.	300 MCF/D	363 MCF/D
30 Min.	312 MCF/D	363 MCF/D

ISI: No blow back FSI: No blow back

RECOVERY: 317' Total Fluid

	<u>Gas%</u>	<u>Water%</u>	<u>Mud%</u>
Breakdown: 77' GCM	10%	20%	70%
178' MCW	0%	70%	30%
62' MW	0%	95%	5%

Chlorides: 90,000 PPM; Mud: 15,000 PPM
ISIP: 1262# FSIP: 1256#
IFP: 137-155# FFP: 145-172#
IHP: 1971# FHP: 1910#
Bottom Hole Temperature: 117

5-09-12 At 4100' and drilling ahead.

5-10-12 Reached TD at 1:30 a.m., circulated hole clean. Trip out of hole. Rigged up Loggers. LTD 4240', RTD 4243'.

5-10-12 8:00a.m. Currently logging well. Will be running production casing.

5-11-12 Ran **95 joints 5-1/2" 15.5# ST&C Used, Drifted & Tested Production Casing & 1-12' Shoe joint to 4240'**. Cement circulated one hour & hooked up Allied cementing & cemented with 150 sx. Bump plug to 1500# at 10:55 p.m., & held. Allied cement ticket #054100. Centralizers at 4238, 4227, 4010, 3920, 3831 & 3786'.

5-15-12 MIRU - American Energies Workover Rig #2. RU Log Tech of Kansas and ran bond log. **Top of cement was located at 3340'**. Went in with gun and **perforated from 3878 - 3883' with 4 SPF. Ran in 2 3/8" tubing and packer to 3863'** (used tubing from Greenleaf yard 111 jts used, 18 jts new). Hooked up and started swabbing. Made 4 pulls and well kicked off.

1st pull - Waited 45 minutes - made 3 bbls, backside on vacuum. Well kicked off flowing. SION

5-16-12 Opening pressures: SITP - 1050#, SICP: 0# - due to packer in hole.

Will change out completion head and install full bore orbit valve.

Hooked gas well up to portable meter trailer and separator. Pumped 15 bbls down tubing and killed tubing. Hooked up production head and started flowing again. Hooked up to swab tank. Flowed 2 1/2 bbls and died. Went in with swab and tagged fluid at 1400' down. Pulled twice and started flowing again. Flowed back 15 bbls saltwater and hooked up gas trailer. Started flowing at 11:30 a.m., by 4:00 p.m., well has dried up and has been flowing a steady 180 MCF/D with no water, TP: 1050#, CP: 0#. We will open up choke and let flow over night. Will test for two days.

5/17/12 Well froze off during the night. Got well thawed at 6:30 a.m. Opened up choke - flowing at 240 - 250 MCF/D with TP: 550#. Will flow test to clean up well. Will shut-in over weekend and conduct a 4 point test on Monday 5/21/12.

**DRILLING AND COMPLETION REPORT
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5/29/12 Results of 4 point test:

SIPTB: 800#

Orifice Size	Opening Time	Tubing Pressure	Flow Rate
1 ¼	1 st	660#	150 MCF
1 ¼	2 nd	580#	336 MCF
1 ¼	3 rd	520#	470 MCF
1 ¼	4 th	500#	480 MCF

NOTE: Made 16 bbl fluid during 4 pt. test.

Gas flow pressure stabilized at 500#.

Currently laying water and gas lines, setting gas separator, connecting well.

Should be on-line in a few days.

Pumper – Richard McDonald . Well will dispose into Wooldridge C SWD, gas purchaser will be AEPL in the Northeast Kingman Gas Gathering System to be sold to West Wichita, thru Kramer Compressor Station.

The following equipment was set on this well:

1 – 225# Gas Separator

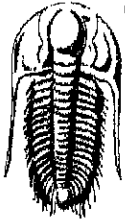
1 – Gas Meter Run

Tubing - 2 3/8" and packer set @ 3863'

No Pumping unit – free flowing gas well

5/30/12 Started well at 11:00 a.m. – making 120 MCFPD

	MCFPD	Tubing Pressure:	NOTES:
5/31/12	40	290#	Made adjustments – opened choke to 6/64 th , 3 hours later – selling 100 MCFPD
6/01/12	50	600#	Well Freezing off
6/02/12	50	600#	Problems with choke
6/03/12	50	600#	
6/04/12	50	600#	Hooking up methanol pump, production will increase.
6/05/12	260	500#	After installation of methanol pump – well is flowing great.
6/06/12	260	490#	
6/07/12	260	460#	



TRILOBITE TESTING, INC.

DRILL STEM TEST REPORT

American Energies Corp

21-27s-7w

155 N Market STE 710
Wichita KS 67202

Schwartz-Stuart#1-21

Job Ticket: 47738

DST#: 1

ATTN: Karen Houseberg/Dave

Test Start: 2012.05.04 @ 15:52:20

GENERAL INFORMATION:

Formation: **Indian cave**

Deviated: No Whipstock: ft (KB)

Time Tool Opened: 18:08:05

Time Test Ended: 21:36:05

Test Type: Conventional Bottom Hole (Initial)

Tester: Chris Staats

Unit No: 47

Interval: **2037.00 ft (KB) To 2070.00 ft (KB) (TVD)**

Total Depth: 2070.00 ft (KB) (TVD)

Hole Diameter: 7.88 inches Hole Condition: Fair

Reference Elevations: 1587.00 ft (KB)

1577.00 ft (CF)

KB to GR/CF: 10.00 ft

Serial #: 6755 Outside

Press@RunDepth: 95.12 psig @ 2037.00 ft (KB)

Start Date: 2012.05.04

End Date: 2012.05.04

Capacity: 8000.00 psig

Last Calib.: 2012.05.04

Start Time: 15:52:25

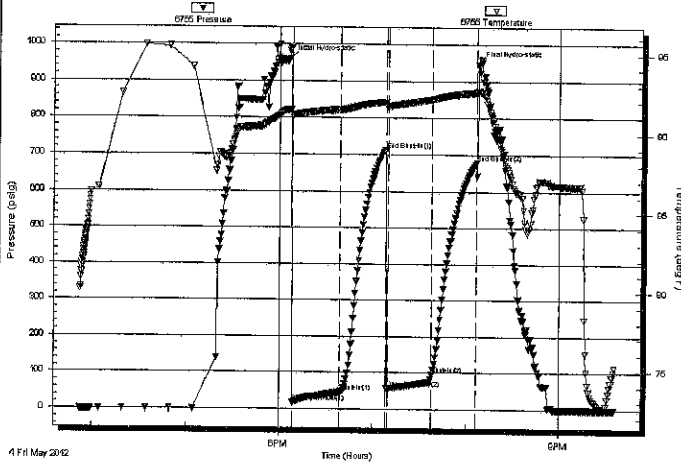
End Time: 21:36:04

Time On Btm: 2012.05.04 @ 18:06:20

Time Off Btm: 2012.05.04 @ 20:08:05

TEST COMMENT: IF: Weak blow 4"
IS: No blow back
FF: Weak blow 3"
FSI: No blow back

Pressure vs. Time



PRESSURE SUMMARY

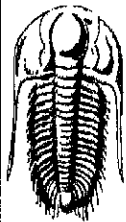
Time (Min.)	Pressure (psig)	Temp (deg F)	Annotation
0	959.39	91.52	Initial Hydro-static
2	17.27	91.18	Open To Flow (1)
33	46.74	91.53	Shut-In(1)
62	712.63	92.01	End Shut-In(1)
64	57.08	91.76	Open To Flow (2)
92	95.12	92.20	Shut-In(2)
121	678.00	92.62	End Shut-In(2)
122	946.50	92.71	Final Hydro-static

Recovery

Length (ft)	Description	Volume (bbl)
130.00	W,M 40% water 60% mud	0.64

Gas Rates

Choke (Inches)	Pressure (psig)	Gas Rate (Mcf/d)



**TRILOBITE
TESTING, INC.**

DRILL STEM TEST REPORT

FLUID SUMMARY

American Energies Corp

21-27s-7w

155 N Market STE 710
Wichita KS 67202

Schwartz-Stuart#1-21

Job Ticket: 47738

DST#: 1

ATTN: Karen Houseberg/Dave

Test Start: 2012.05.04 @ 15:52:20

Mud and Cushion Information

Mud Type: Gel Chem

Cushion Type:

Oil API:

deg API

Mud Weight: 10.00 lb/gal

Cushion Length:

ft

Water Salinity:

ppm

Viscosity: 28.00 sec/qt

Cushion Volume:

bbbl

Water Loss: in³

Gas Cushion Type:

Resistivity: 0.00 ohm.m

Gas Cushion Pressure:

psig

Salinity: 72000.00 ppm

Filter Cake: 0.02 inches

Recovery Information

Recovery Table

Length ft	Description	Volume bbbl
130.00	W,M 40% water 60% mud	0.639

Total Length: 130.00 ft

Total Volume: 0.639 bbl

Num Fluid Samples: 0

Num Gas Bombs: 0

Serial #:

Laboratory Name:

Laboratory Location:

Recovery Comments:

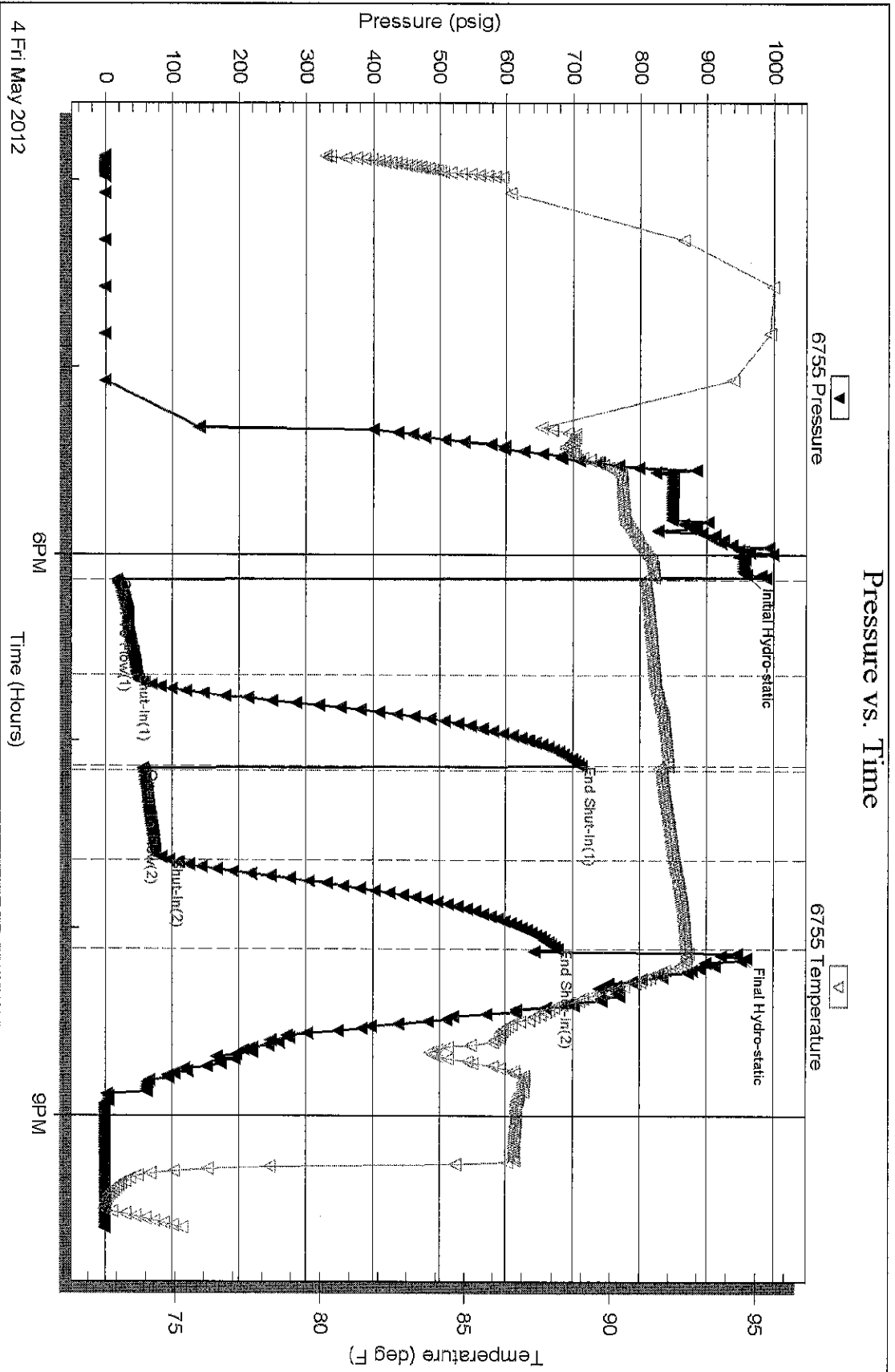
Serial #: 6755

Outside American Energies Corp

Schwartz-Stuart#1-21

DST Test Number: 1

Pressure vs. Time



Triobite Testing, Inc

Ref. No: 47738

Printed: 2012.05.05 @ 20:08:12

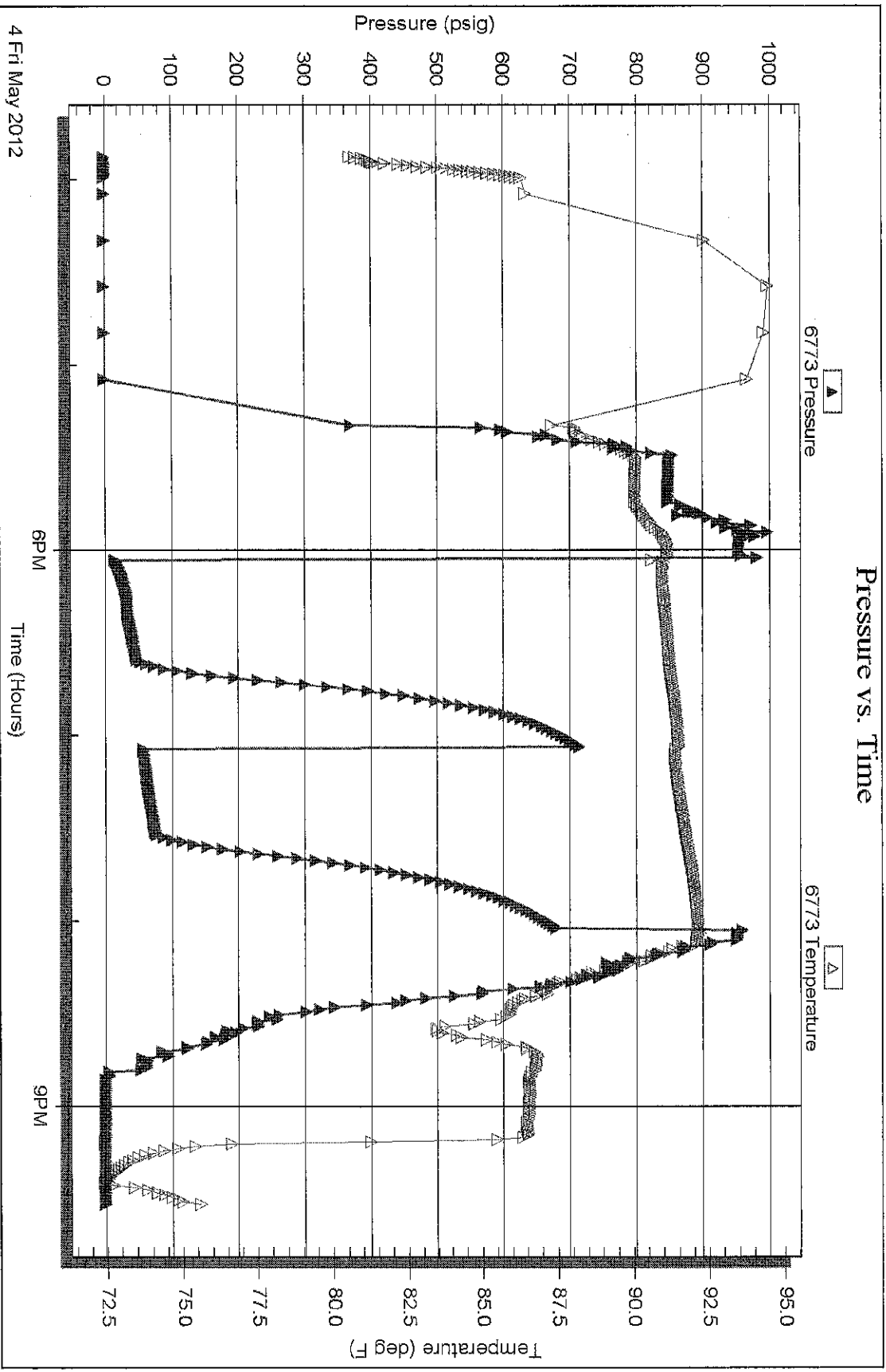
Serial #: 6773

Inside

American Energies Corp

Schwartz-Stuart#1-21

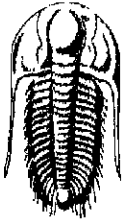
DST Test Number: 1



Trilobite Testing, Inc

Ref. No: 47738

Printed: 2012.05.05 @ 20:08:13



TRILOBITE TESTING, INC

DRILL STEM TEST REPORT

American Energies Corp
 155 N Market STE 710
 Wichita KS 67202
 ATTN: Karen Houseberg/Dave

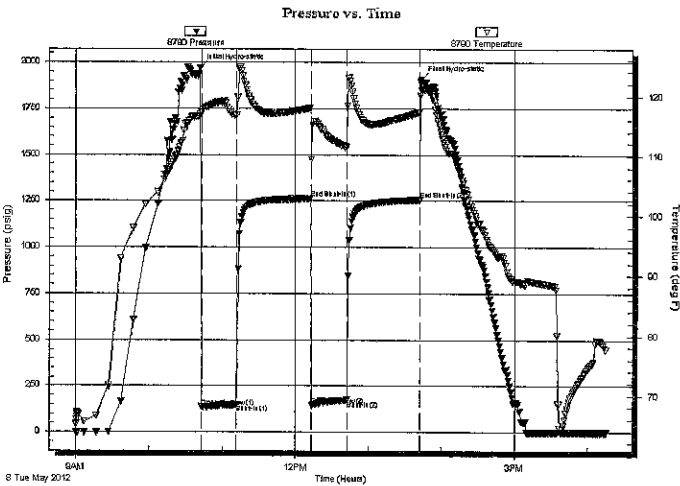
Schwartz-Stuart #1-21
21-27s-7w Kingman, KS
 Job Ticket: 46854 DST#: 2
 Test Start: 2012.05.08 @ 09:00:22

GENERAL INFORMATION:

Formation: **Mississippi**
 Deviated: No Whipstock: ft (KB)
 Test Type: Conventional Bottom Hole (Reset)
 Time Tool Opened: 10:42:52 Tester: Leal Cason
 Time Test Ended: 16:14:52 Unit No: Rickets 04
 Interval: **3887.00 ft (KB) To 3902.00 ft (KB) (TVD)** Reference Elevations: 1587.00 ft (KB)
 Total Depth: 3902.00 ft (KB) (TVD) 1577.00 ft (CF)
 Hole Diameter: 7.88 inches Hole Condition: Good KB to GR/CF: 10.00 ft

Serial #: 8790 Inside
 Press@RunDepth: 172.39 psig @ 3888.00 ft (KB) Capacity: 8000.00 psig
 Start Date: 2012.05.08 End Date: 2012.05.08 Last Calib.: 2012.05.08
 Start Time: 09:00:27 End Time: 16:14:51 Time On Btm: 2012.05.08 @ 10:41:52
 Time Off Btm: 2012.05.08 @ 13:43:22

TEST COMMENT: IF: Strong Blow, BOB in 20 sec, GTS in 3 min, Caught Sample, Gauged Gas (Merla)
 IS: No Blow Back
 FF: Strong Blow, BOB & GTS Immediate, Gauged Gas (Merla)
 FSI: No Blow Back

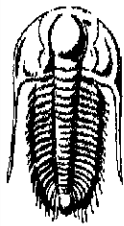


PRESSURE SUMMARY			
Time (Min.)	Pressure (psig)	Temp (deg F)	Annotation
0	1971.08	116.86	Initial Hydro-static
1	136.62	117.19	Open To Flow (1)
30	150.56	116.78	Shut-in(1)
91	1262.39	118.01	End Shut-In(1)
91	145.36	109.32	Open To Flow (2)
120	172.39	111.44	Shut-in(2)
180	1256.09	117.21	End Shut-In(2)
182	1910.08	121.10	Final Hydro-static

Recovery		
Length (ft)	Description	Volume (bbl)
0.00	3560 GIP	0.00
62.00	MCW 5%M 95%W	0.30
178.00	MCW 30%M 70%W	1.15
77.00	GWCM 10%G 20%W 70%M	1.08

Gas Rates			
	Choke (inches)	Pressure (psig)	Gas Rate (Mcf/d)

* Recovery from multiple tests



**TRILOBITE
TESTING, INC**

DRILL STEM TEST REPORT

FLUID SUMMARY

American Energies Corp

Schwartz-Stuart #1-21

155 N Market STE 710
Wichita KS 67202

21-27s-7w Kingman, KS

Job Ticket: 46854

DST#: 2

ATTN: Karen Houseberg/Dave

Test Start: 2012.05.08 @ 09:00:22

Mud and Cushion Information

Mud Type: Gel Chem

Cushion Type:

Oil API:

deg API

Mud Weight: 9.00 lb/gal

Cushion Length:

ft

Water Salinity:

95000 ppm

Viscosity: 48.00 sec/qt

Cushion Volume:

bbbl

Water Loss: 9.59 in³

Gas Cushion Type:

Resistivity: 0.00 ohm.m

Gas Cushion Pressure:

psig

Salinity: 6500.00 ppm

Filter Cake: 0.02 inches

Recovery Information

Recovery Table

Length ft	Description	Volume bbl
0.00	3560 GIP	0.000
62.00	MCW 5%M 95%W	0.305
178.00	MCW 30%M 70%W	1.149
77.00	GWCM 10%G 20%W 70%M	1.080

Total Length: 317.00 ft Total Volume: 2.534 bbl

Num Fluid Samples: 0

Num Gas Bombs: 0

Serial #:

Laboratory Name:

Laboratory Location:

Recovery Comments: RW was .07@75 degrees 95000

Serial #: 8790

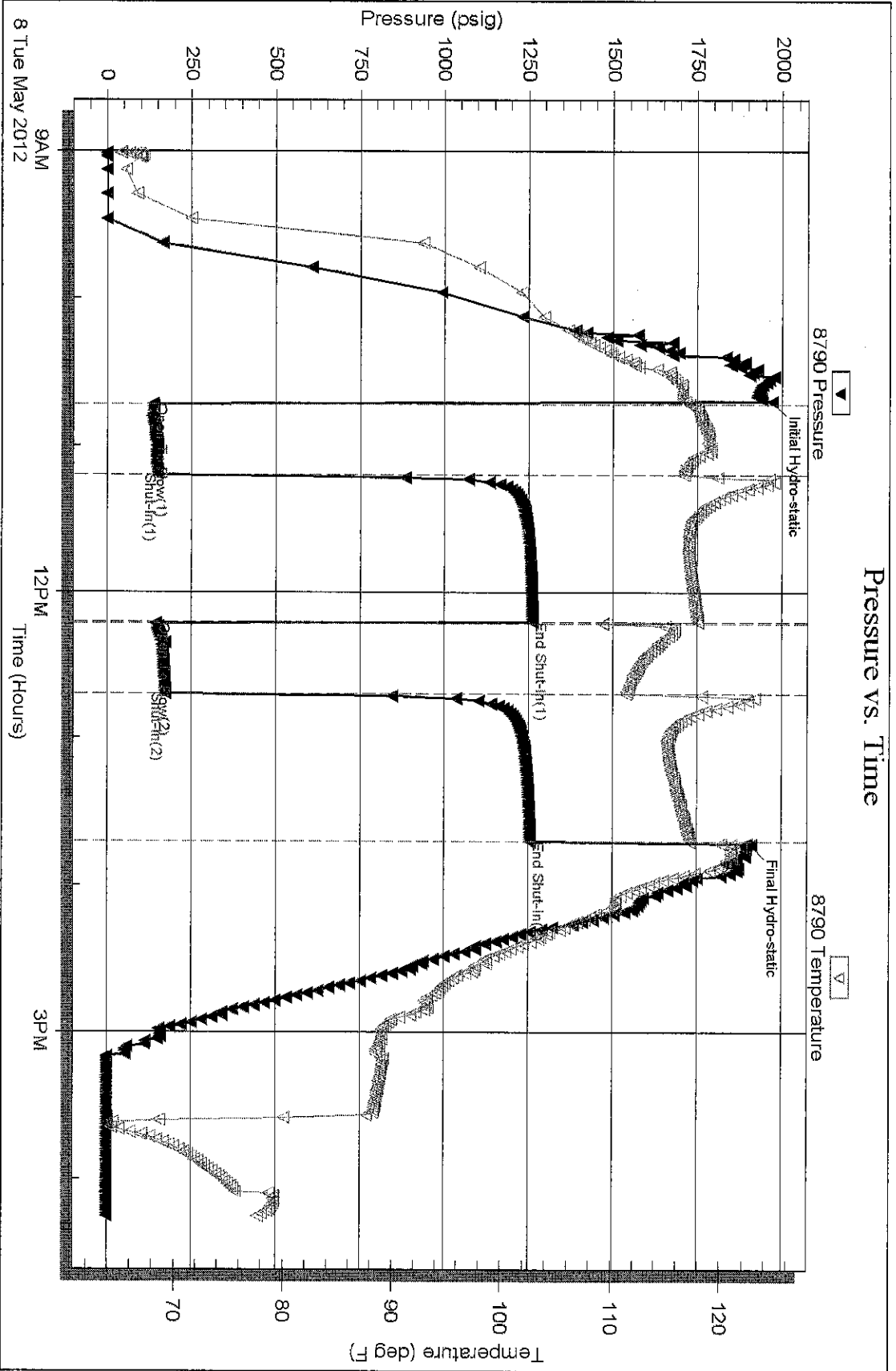
Inside

American Energies Corp

21-27's-7w Kingman, KS

DST Test Number: 2

Pressure vs. Time



ALLIED OIL & GAS SERVICES, LLC 054100

Federal Tax I.D.# 20-5975804

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

SERVICE POINT:
Medicine Lodge KS

DATE <i>05/10/2012</i>	SEC <i>21</i>	TWP <i>27s</i>	RANGE <i>7W</i>	CALLED OUT	ON LOCATION	JOB START	JOB FINISH
LEASE <i>Schwartz-Smart</i>	WELL# <i>1-21</i>	LOCATION <i>Kingman KS turn North at Suburg</i>			COUNTY <i>Kingman</i>	STATE <i>KS</i>	
OLD OR (NEW) (Circle one)			<i>2 miles, 3/4 East, North into</i>				

CONTRACTOR *Landmark #6* OWNER *Amer Energies*

TYPE OF JOB <i>Production</i>	HOLE SIZE <i>7 7/8</i>	ID. <i>4242</i>
CASING SIZE <i>5 1/2</i>	DEPTH <i>4222</i>	
TUBING SIZE	DEPTH	
DRILL PIPE	DEPTH	
TOOL	DEPTH	
PRES. MAX <i>1600</i>	MINIMUM	
MEAS. LINE	SHOE JOINT <i>12</i>	
CEMENT LEFT IN CSG. <i>12</i>		
PERFS.		
DISPLACEMENT <i>100%</i>		

CEMENT
AMOUNT ORDERED *40 or 60:40:40:4% Coal, 150 or Class A ASC + 5# Kalseal + .5% FI-160, 500 gal ASF*

EQUIPMENT

PUMP TRUCK # <i>471/312</i>	CEMENTER <i>Jason Thimesch</i>
BULK TRUCK # <i>311/250</i>	HELPER <i>Ron Gully</i>
BULK TRUCK #	DRIVER <i>Genet</i>
BULK TRUCK #	DRIVER

COMMON Class A	<i>X24.0 @ 16.25</i>	<i>390</i>
POZMIX	<i>16.0 @ 8.50</i>	<i>136</i>
GEL	<i>2.0 @ 21.25</i>	<i>42.50</i>
CHLORIDE	@	
ASC Class A	<i>150.0 @ 19.00</i>	<i>2850</i>
ASF	<i>500 gal @ 1.27</i>	<i>635</i>
Kalseal	<i>15.0 @ .89</i>	<i>13.35</i>
FI-160	<i>2.0 @ 17.20</i>	<i>24.40</i>
	@	
	@	
	@	
	@	
HANDLING	<i>2.11 @ 2.25</i>	<i>474.75</i>
MILEAGE	<i>211 x 55 x .11</i>	<i>1276.55</i>
TOTAL		<i>5852.55</i>

REMARKS:

Plug held

Thank you

SERVICE

DEPTH OF JOB <i>4222</i>		
PUMP TRUCK CHARGE		<i>2,405</i>
EXTRA FOOTAGE	<i>55 @</i>	
MILEAGE	<i>55 @ 7</i>	<i>385</i>
MANIFOLD <i>stands + valve</i>	<i>@</i>	<i>200</i>
LV	<i>55 @ 4</i>	<i>220</i>
	@	

TOTAL *3210*

CHARGE TO: *American Energies*

STREET _____

CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

<i>5 1/2</i>		
Centralizers	<i>5 @ 49</i>	<i>245</i>
bucket	<i>1 @ 337</i>	<i>337</i>
AFU float shoe	<i>1 @ 349</i>	<i>349</i>
Latch down plug	<i>1 @ 277</i>	<i>277</i>
	@	

TOTAL *1208*

To: Allied Oil & Gas Services, LLC.
You are hereby requested to rent cementing equipment and furnish cementer and helper(s) to assist owner or contractor to do work as is listed. The above work was done to satisfaction and supervision of owner agent or contractor. I have read and understand the "GENERAL TERMS AND CONDITIONS" listed on the reverse side.

SALES TAX (If Any) _____

TOTAL CHARGES *10270.55*

DISCOUNT _____ IF PAID IN 30 DAYS

PRINTED NAME *Thad Starr*

SIGNATURE *Thad Starr*