

KANSAS CORPORATION COMMISSION
OIL & GAS DIVISION

3380 PSL: 3304 PSL-144
COPY
Form ACO-1
September 1999
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Operator: License # 5399
Name: American Energies Corporation
Address: 155 North Market, Suite 710
City/State/Zip: Wichita, KS 67202
Purchaser: Coffeyville Resources
Operator Contact Person: Alan L. DeGood
Phone: (316) (316) 263-5785
Contractor: Name: Warren Drilling
License: 33724
Wellsite Geologist: Doug Davis

Designate Type of Completion:

☒ New Well ☐ Re-Entry ☐ Workover
☒ Oil ☐ SWD ☐ SIOW ☐ Temp. Abd
☐ Gas ☐ ENHR ☐ SIGW
☐ Dry ☐ Other (Core, WSW, Expl., Cathodic, etc)

If Workover/Re-entry: Old Well Info as follows:

Operator: _____

Well Name: _____

Original Comp. Date: _____ Original Total Depth: _____

☐ Deepening ☐ Re-perf. ☐ Conv. To Enhr/SWD

☐ Plug Back ☐ Plug Back Total Depth

☐ Commingled ☐ Docket No. _____

☐ Dual Completion ☐ Docket No. _____

☐ Other (SWD or Enhr.?) ☐ Docket No. _____

12/1/2006 12/11/06 12/26/06
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API NO. 15 - 15- 051-25595-0000

County: Ellis

90'N C - SE - NW Sec. 5 S. R. 11-18W ☐ East ☒ West

1890 3360 feet from S / N (circle one) Line of Section

4980 3360 feet from E / W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:

(circle one) NE SE NW SW

Lease Name: Saline River Grazing Well #: R-2

Field Name: Richards

Producing Formation: Lansing/Kansas City

Elevation: Ground: 2070' Kelly Bushing: 2076'

Total Depth: 3750' Plug Back Total Depth: 3750'

Amount of Surface Pipe Set and Cemented at 8 5/8" 23# set @ 212 Feet

Multiple Stage Cementing Collar Used? ☐ Yes ☒ No

If yes, show depth set _____ Feet

If Alternate II completion, cement circulated from _____

feet depth to _____ w/ _____ sx cmt.

Drilling Fluid Management Plan

(Data must be collected from the Reserve Pit)

Chloride content 4400 ppm Fluid volume 950 bbls

Dewatering method used: Evaporation and Backfill

Location of fluid disposal if hauled offsite: _____

Operator Name: _____

Lease Name: _____ License No.: _____

Quarter _____ Sec _____ Twp _____ S. R. _____ ☐ East ☐ West

County: _____ Docket No.: _____

INSTRUCTIONS: An original and two copies of this form shall be filed with Kansas Corporation Commission, 130 S. Market - Room 2078, Wichita, Kansas 67202, within 120 days of the spud date, recompletion, workover or conversion of a well. Rule 82-3-130, 82-3-106 and 82-3-107 apply. Information of side two of this form will be held confidential for a period of 12 months if requested in writing and submitted with the form (see rule 82-3-107 for confidentiality in excess of 12 months). One copy of all wireline logs and geologist well report shall be attached with this form. ALL CEMENTING TICKETS MUST BE ATTACHED. Submit CP-4 form with all plugged wells. Submit CP-111 form with all temporarily abandoned wells.

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

Signature: Alan L. DeGood

Title: Alan L. DeGood, President Date: 2/13/07

Subscribed and sworn to before me this 12th day of February,

2007

Notary Public: Melinda S. Wooten

Date Commission Expires: Melinda S. Wooten, Notary Exp. 3/12/08

KCC Office Use ONLY

N Letter of Confidentiality Attached

If Denied, Yes ☐ No ☐ Date: _____

☐ Wireline Log Received

☐ UIC Distribution

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WICHITA, KS**

MELINDA S. WOOTEN
Notary Public - State of Kansas
My Appt. Expires 3-12-08

Operator Name: American Energies Corporation Lease Name: Saline River Grazing Well: R-2
 Sec. 5 Twp. 11S S. R. 18W ☐ ☒ Vest County: Ellis

INSTRUCTIONS: Show important tops and bas of formations penetrated. Detail all cores. Report all final copies of drill stem tests giving interval test, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static level hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface test, along with final charts(s). Attach extra sheet if more space is needed. Attach copy of all Electric Wireline logs surveyed. Attach final geological well site report.

Drill Stem Tests Taken Yes No ☒ Yes ☐ No
 (Attach Additional Sheets)
 Samples Sent to Geological Survey ☒ Yes ☐ No
 Cores Taken ☐ Yes ☒ No
 Electric Log Run Yes No ☒ Yes ☐ No
 (Submit Copy)

List All E. Logs Run:

Gamma Ray Correlation Log, Dual Induction
 Compensated Neutron Density Log

☒ Log Formation (Top), Depth and Datum ☒ Sample
 Name Top Datum
 See attached Drilling Report

CASING RECORD ☒ New ☐ Used

Report all strings set-conductor, surface, intermediate, production, etc.

Purpose of String	Size Hole Drilled	Size Casing Set (In O.D.)	Weight Lbs. / Ft.	Setting Depth	Type of Cement	# Sacks Used	Type and Percent Additives
Surface	12 1/4"	8 5/8"	23#	212'	Common	150	3% CaCl, 2% gel
Production Bottom Stg	7 7/8"	4 1/2"	9.5#	3745'	Class A	150 sx	10% salt
Production - Top Stg	7 7/8"	4 1/2"	9.5#	3745'	60/40 poz	300 sx	

ADDITIONAL CEMENTING / SQUEEZE RECORD

Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
☐ Perforate				
☐ Protect Casing				
☐ Plug Back TD				
☐ Plug Off Zone				

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record (Amount and Kind of Material Used)	Depth
2 SPF	3460-3466	3500 gallons 15% NE	3298'
2 SPF	3510-3512, 3486-3488, 3471, 3449-3451		
2 SPF	3372-3374, 3351-3353, 3320-3322		

TUBING RECORD	Size	Set At	Packer At	Liner Run
	2 3/8"	3560'	3520'	☐ Yes ☒ No

Date of First, Resumed Production, SWD or Enhr.	Producing Method	Estimated Production Per 24 Hours	Oil Bbls	Gas Mcf	Water Bbls	Gas-Oil Ratio	Gravity
1/22/07	☐ Flowing ☒ Pumping ☐ Gas Lift ☐ Other (Explain)		4	0	70		

Disposition of Gas ☐ Vented ☐ ☐ ☐
 (If vented, Sumit ACO-18.)

☒ Open Hole ☐ ☐
☐ Other Specify

Production Interval

☐ Dually Comp. ☐ Summing

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American Energies
Corporation

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

DRILLING & COMPLETION REPORT Saline River Grazing R-2

LOCATION: 90°N of C SE NW Sec. 5-T11S-R18W
COUNTY: Ellis
API: 115-051-25595-0000
CONTRACTOR: Warren Drilling
GEOLOGIST: Doug Davis

SURFACE CASING: 8 5/8" 23# set @ 212'
PRODUCTION CASING: 4.5# 3745'
PROJECTED RTD: 3575'
G.L.: 2070' **K.B.:** 2076'
SPUD DATE: 12/1/06

NOTIFY: American Energies Corp.,
Alan L. DeGood Family Trust,
Dianne Y. DeGood Family Trust,
J. Daniel Denbow, Denbow Oil & Gas,
Mohican Petroleum, Inc., Graves Leases, LLC,
American Hawaiian Petroleum Co.,
Harvest, LLC, Hyde Resources, Inc.

COMPLETION DATE:
REFERENCE WELLS:
#1: Saline River Grazing #2: C SE NW 5-11S-18W
#2: NCRA's #1 Cleve: SE NW NW 5-11-18W

FORMATION:	ELECTRIC LOG TOPS:		COMPARISON:	
			#1	#2
Topeka	3055	-979	-5	+3
Oread	3222	-1146	-5	+2
Heebner	3278	-1202	-7	Flat
Toronto	3292	-1216	-4	+4
Lansing	3318	-1242	-5	+4
Lansing "D"	3369	-1293	-5	+4
Lansing "H"	3446	-1370	-6	+4
Lansing "I"	3470	-1394	-5	+4
Lansing "J"	3484	-1408	-4	+5
Lansing "K"	3509	-1433	-6	+5
Lansing "L"	3529	-1453	-4	+6
Base/Kansas City	3552	-1476	-4	+5
Simpson	3638	-1562		+5
Arbuckle	3645	-1580		+27
RTD	3750			
LTD	3750			

11/30/06 MIRT, RURT

12/1/06 Spud. Drilled 12 1/4" hole. Ran 5 jts 8 5/8" 23# 202', set @ 212' with 150 sx common cement, 3% CaCl, 2% gel. Cement did circulate. Cementing by Allied. Plug down 9:00 p.m.

12/2/06 At 315' and drilling ahead.

12/3/06 At 1402' and drilling ahead.

12/4/06 At 1799' rig broke down, waiting on parts.

12/5/06 At 2064' and drilling ahead.

12/6/06 At 2622' and drilling ahead.

12/7/06 At 3059' and drilling ahead

12/8/06 At 3265' Shut down, repairing mud pump, should return to drilling later this afternoon.

12/9/06 At 3432' and drilling ahead. CFS @ 3660'.

12/10/06 Running DST #1: 3646-3660. Times: 30-30-30-30. Recovered 270' of clean gassy oil. IHP: 1834#, IFP: 17-84#, ISIP: 1112#, FFP: 86-129#, FSIP: 1077#, FHP: 1748#, BHT: 105 degrees. Circulating for samples @ 3660'.

12/11/06 Laid down drill pipe. Ran 4 1/2", 9.5# casing to 3745'. Centralizers at 3724', 3684', 3581', 3461', 3341', 3259', 1488'. Cement basket @ 1447'. DV tool @ 1405'. Circulated for 45 minutes. Cemented bottom stage with 150 sx Class A, 10% Salt. Plug on bottom @ 8:00 p.m. 12/11/06. Allied Cement ticket # 33225.

Ran DV tool in - circulated for 30 minutes. Cemented top stage with 300 sx 60/40 poz. Cement to surface, plug down at 9:30 p.m. Allied ticket #33224.

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FINAL DRILLING REPORT - COMPLETION REPORT TO FOLLOW

COMPLETION REPORT

- 12/26/06 Moved in Chito's Well Service, mud pump and swivel. Ran hole with bit, 4 drill collars and 40 joints of 2-3/8" tubing. Hit cement at 1401'. Hooked up pump & swivel, started drilling drill 2' cement, hit DV Tool, made 3'. Hit something hard, drilled a total of 7'. SION.
- 12/27/06 Continued drilling on DV Tool, broke thru at 2 P.M. Tripped to bottom of hole. Started coming out laying out tubing and bit. SION
- 12/28/06 Finished tripping out with tubing and bit. Rigged up ELI Wireline, **perforated from 3460-66'** 2 SPF. Went in hole with **2-3/8 tubing to 3648'**. Went in with swab and hit fluid 2600' down. Came out with 100' of oil on top. Swabbed for 1 hour and fluid down to 3300'. Swabbed 15 bbls fluid – 2% oil.
- 12/29/06 Had 1800' fillup, with top 200' oil. Started swabbing down, oil cut increased to 10%. Swab line broke, leaving 2000' of line and swab mandrel in 2-3/8" tubing. Shut-in due to rain till Tuesday to pull tubing to get line and mandrel out of hole.
- 1/2/07 Repaired rig – installed new swab line on rig. Pulled tubing and found swab line in 35th jt. Pulled on swab line and freed up. Hooked up block and tackle. Shut-In until we are able to get a back hoe.
- 1/3/07 Pulled swab line out of tubing. Ran tubing back in and set packer @ 3646' and started swabbing. Hit fluid 600' down from top. After 2 hours – made 2 swabs – getting 180 – 190' per pull – all oil. Fluid is at 980' on fluid kick after pull. After 3rd hour – got 1160' down – all oil. Total recovered – 560' – all oil.
- Received analysis of swab sample from Champion Technologies:
 89% Hydrocarbon – 11% BS & W
 API Gravity is 11 @ 60 degrees
 Actual Measurement was 15 degrees @ 100 degree temperature
 Initial Lab test shows 90+% Asphaltenes
 Pour Point of sample is at 40 degrees F.
- 1/4/07 Went in with swab and tagged fluid at 925'. Had 235' fill overnight

<u>Pull</u>	<u>Fluid Level From Surface</u>	<u>Pulled From</u>	<u>Oil Cut</u>
1	925'	1100'	100%
2	975'	1200'	80%
3	1200'	1390'	70%
4	1350'	1470'	60%
5	1425'	1570'	50%
6	1375'	1950'	10%
7	1975'	2600'	10%
8	2650'	3400'	8%
9	3650'	3640'	10%

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Started 1 hour test, Fluid 3400' from surface, after 2nd swab oil is 60%. Five total swabs was in 1 hour, fluid level at 3450'. Kicking 200' a swab, 60% oil, Total swabbed was 6.68 barrels in an hour under packer. Release packer and started swabbing out 3000' of fluid on backside. Swabbed hole to 3250' and set packer. SION

- 1/5/07 Went in with swab and tagged fluid at 1150' down. Overnight fill up is 2100'. Swab is falling slow again. At 1:30 swabbed down to 2700' – still 100% oil. Pulled tubing and packer. Started in with CIBP on wire line @ 3:15 and set bridge plug at 5:10. SION
- 1/8/07 Rigged up L-K Wireline and went in and perforated **3510-3512, 3486-3488, 3471 and 3449-51 @ 2 SPF. Ran tubing and packer to 3600'. CIBP @ 3630'**. Hooked up swab line and started swabbing. Fluid on wireline shows fluid 2550' after perforating. 1st run with swab – line shows fluid @ 2340'. Pulled 200' a pull and got fluid down to 2700'. Recovered 3.5 bbls – all oil. SION
- 1/9/07 Went in with swab and tagged fluid @ 2650' down. Made 2 swabs in 1 ½ hours – fluid 3000' down. Pulled 6 jts and set packer @ 3432'. Went in and tagged fluid @ 2950'. Swabbed dry. Conducted ½ hour test and no fluid. Hooked up L-K Acid and started treating well with 2000 gallons 15% NE acid. Loaded hole and pressured to 500#, then 750#. At 850# - started treating well @ 1 ¼ BPM, dropped 8 balls at that point. After 5 bbls, pressure @ 400#, took to 2 ½ BPM @ 750#, after 13 bbls – 3 ½ BPM. At 750# - dropped 8 more balls. 1st set of balls hit and took to 850# @ 1 ½ BPM. After 24 bbls, back to 3 ¼ BPM @ 750#. Dropped 8 more balls, after 25 bbls back to 2 BPM @ 800#. After 30 barrels – 3 BPM @ 750#. After 36 bbls – pressured up to 2000#. All perms balled up. Have 11 bbls acid in tubing. Let pressure off and let sit for 5 minutes, pressured up to 2000# again.

COMPLETION REPORT

- 1/9/07 Pressure off and let sit for 20 minutes and pressured up to 2000# again. Let pressure off and ran two jts of tubing to knock balls off. Came out with the 2 jts and sat packer – flushed with KCL water – got 200# of pressure after 12 bbls and flushed with 4 bbls @ 200#. Went in with swab and tagged fluid @ 2000' down – need to swab 70 bbls to get load back. 1st hour – swabbed 12 bbls fluid and had fluid down to 3350'. Released packer and started swabbing. Tagged fluid @ 3200'. 2nd hour – recovered 4 bbls and after 3rd swab – started getting heavy oil off backside. SION
- 1/10/07 Went in and tagged fluid @ 3050' down. Swab falling slow again. Came out and reset packer so we are swabbing Kansas City zones only. Tagged fluid @ 3050' and started swabbing. After 1 ½ hours – made 2 ½ bbls. Tagging fluid @ 3000' – only getting 100' a pull. Ran different swab cups – still the same results. Moved packer. Packed off wellhead and put baggy on tubing head and made 3 swabs. Starting to get blow on casing. Made 1 additional pull and tagged fluid @ 3000' and came out with only 40' fluid and blow on backside. Rigged over and pulled tubing for leak. Painted tubing and did not find leak. Will test in the morning. Total recovered fluid for the day was 3 ½ bbls. SION
- 1/11/07 Tested tubing, changed out 3 joints of tubing. Rigged up L-K Wireline, perforated 3372-74', 3351-53', 3320-22' 2spf, total 15 holes. Fluid on wireline 3250' from surface. Went in with plug, packer & tubing to 3520'. Rigged up swab. Tagged fluid at 3300'. Started swabbing. Swabbed well down to 3520' recovered 3 bbls.

<u>Pull</u>	<u>Fluid Level From Surface</u>	<u>Fluid</u>	<u>Oil Cut</u>
1	3490'	30'	100%.
2	3495'	25'	100%

SION.

- 1/12/07 Went in and tagged fluid @ 3300' – came out with swab. Pulled tubing @ 3409' and set plug. Pulled 1 more joint and spotted 2 bbls acid on perfs. Pulled packer up to 3298' and set it there. Started treating with 1500 gallons 15% NE acid after 500 gallons, dropped 7 balls – hole loaded and started treating:
1 BPM at 500#, after 6 bbls – treating @ 2 BPM @ 450#
After 10 bbls – 3 BPM @ 400#. 1st set of balls – hit treating @ 2 ½ BPM @ 700#.
Dropped 2 sets (7 balls) after 1000 gallons acid.
After 18 bbls acid – treating @ 3 BPM @ 400#.
After 24 bbls acid – 2nd set of balls hit treating @ 2 ½ BPM @ 850#.
After 29 bbls acid – 3 BPM @ 500# - treating there. ISIP: 200# - over flushed with 4 bbls.
Total of 54 bbls on treatment. Let set for 25 minutes and went in and tagged fluid @ 3100' down. Made 2 runs and dried up. Released packer to get acid off backside. Made a run – no fluid. Took packer down to 3390'. Made swab and came out with 90' fluid. Went back in and had 30' of fluid. After ½ hour test – went in and had 20' fluid. Went down and got plug and came out with tubing, packer and plug. SION.
- 1/15/07 Had rig problems – rig froze up. Ran 119 jts 2 3/8" tubing. Set SN @ 3560'. Ran 140 jts ¾" rods, no subs. 12" polish rod. Should install pumping unit on Wednesday.
- 1/17/07 MI Pumping Unit. Laying lead lines and electrical lines.
- 1/18/07 Installed CH114 Century pumping unit – set @ 54" stroke @ 8 SPM.
- 1/22/07 BBL test - 85.75 bbls TF – 6% oil = 5.14 BO
- 1/23/07 BBL test – 79.00 bbls TF – 6% oil = 4.74 BO
- 1/24/07 BBL test – 70.00 bbls TF – 7% oil = 4.90 BO

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