For KCC Use: Effective Date:_ District #__ SGA? XYes No

Kansas Corporation Commission OIL & GAS CONSERVATION DIVISION

RECEIVED

December 2002

AUG 0 8 2005 Form must be Typed Form must be Signed

NOTICE OF INTENT TO DRILL

DEFRATOR: Licenses 3399 Name: American Energies Corporation Address: 155 North Market, Suite 710 Sec. 155 North Market, Suite 710 Sec. 156 North Market, Suite 710 Sec. 156 North Market, Suite 710 Sec. 157 North Market, Suite 710 Contract Person, Karen Houseberg Read of Market States Person Reviews as the Section Pet on reverse side. Contract Person McMarket Spaced Field? Target Formation(s): "Wartawa Coage Is this a Prorated Spaced Field? Target Formation(s): "Wartawa Coage Is this a Prorated Spaced Field? Target Formation(s): "Wartawa Coage Is the a Prorated Spaced Field? Target Formation(s): "Wartawa Coage Is this a Prorated Spaced Field? Target Formation(s): "Wartawa Coage Is this a Prorated Spaced Field? Target Formation(s): "Wartawa Coage Is the well information as follows: Under Spaced Field? Target Formation(s): "Wartawa Coage Is the well within one-quarter mile: "Yes Prorated Market Spaced Field? Target Formation(s): "Wartawa Coage Is the well within one-quarter mile: "Yes Prorated Market Spaced Field? Target Formation(s): "Wartawa Coage Is the well will in one-quarter mile: "Y		(5) days prior to commencing with CC WICHITA must be	rillea
OPERATOR: Licenses 5399 Name 155 North Market Suler 7 Agents 1	Expected Spud Date August 30, 2005		East
Section Sect	month day year		West
Name: Address 15 North Market, Suite 710 ClityState/Ip, Wichita, KS 67202 Clotted Person. Karen Houseberg Phone: 316-263-6785 CONTRACTOR: Licensee 32701 Name: C & G Drilling Company Well Drilled For: Well Class: View Wild Class: View Wild Class: View Well Class: View Wild View Wild Class: View Wild View Wild Class: View Wild View Wild View Wild View Wild View Wild View Wild View View View View Wild View View View View View View View View	OPERATOR: License# 5399	lect from the first of Section	
County McPerson County McP	Name: American Energies Corporation	feet from E / W Line of Section	'n
Country, McPherson Country McMcCore Country McMcCore Country McMcCore Country McMcCore Country, McPherson Country, McPhe	Address: 155 North Market, Suite 710	Is SECTION Regular Irregular?	
Lease Name: GRABERA Well #:1	City/State/Zip: Wichita, KS 67202	(Note: Locate well on the Section Plat on reverse side)	
Field Name: Same	Contact Person: Karen Houseberg		
CONTRACTOR: Leensex 32/01 Name: C & C Diffling Company Well Orlided For: Well Class: Type Equipment: Oil	Phone: 316-263-5785	Lease Name: GRABER A Well #: 1	
Name. C. & G. Drilling Company Well Orlider For: Well Class: Type Equipment: Oil	32701	Field Name:	
Well Drillad For: Well Class: Type Equipment: Sarest Lases or unit boundary: 660	C & G Drilling Company	Is this a Prorated / Spaced Field?	No
Wall Seas Storage Pool Ext. Wall of Rotary Wildcat Gable Word Rotary Wildcat Gable Depth to bottom of usable water. Public water supply well within one mile: Yes No Depth to bottom of usable water. Yes Yes No Depth to bottom of usable water. Yes Yes No Depth to bottom of usable water. Yes Yes No Depth to bottom of usable water. Yes Yes No Depth to bottom of usable water. Yes	Name: O & O Drining Company	- ,	,
Ground Surface Elevation: 1466 estimated Ground Surface Elevatio	Well Drilled For: Well Class: Type Equipment:	Nearest Lease or unit boundary: 660'	
Gas Storage Pool Ext. Air Rotary Water well within one-quarter mile: Yes No Public water supply well within one-quarter mile: Yes No Public water supply well within one-mile: Yes Yes No Public water supply well within one-mile: Yes No Public water supply well within one-mile: Yes Yes No Public water supply well within one-mile: Yes		Ground Surface Elevation: 1468' estimated feet	MSL
Selsmic: # of Holes Other Cable Depth to bottom of tresh water: 190 Depth to bottom of the set 190 Depth to be set 190 Depth to bottom of the set		Water well within one-quarter mile:	No
Selsmic:# of Holes Other		Public water supply well within one mile:	✓ No
Other			
Surface Pipe by Atternate: 1 2 Length of Surface Pipe Pipanned to be set: 205 Operator: Well Name: Original Completion Date: Original Total Depth: Projected Total Depth: 3200' Directional, Deviated or Horizontal wellbore? Yes No If Yes, true vertical depth: Water Source for Drilling Operations: Well Farm Pond Other Directional, Deviated or Horizontal wellbore? Yes No If Yes, true vertical depth: Water Source for Drilling Operations: Well Farm Pond Other DWR Permit #: Whater Source for Drilling Operations: Well Farm Pond Other DWR Permit #: (Note: Apply for Permit with DWR) Will Cores be taken? Yes No If Yes, proposed zone: **AFFIDAVIT** The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq. It is agreed that the following minimum requirements will be met: Notify the appropriate district office prior to spudding of well; 2. A copy of the approved notice of intent to drill shall be posted on each drilling rig; 3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 20 feet into the underlying formation. 4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary prior to plugging; 5. The appropriate district office will be notified before well is either plugged or production casing is cemented in; 6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementin must be completed within 30 days of the spud date or the well shall be plugged. In all cases, NOTIFY district office prior to any cementing. For KCC Use ONLY		Depth to bottom of usable water:	
Operator: Well Name: Original Completion Date: Original Total Depth: Well Name: Original Completion Date: Original Total Depth: Water Source for Drilling Operations: (Note: Apply for Permit with DWR) Will Cores be taken? If Yes, proposed zone: AFFIDAVIT The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq. It is agreed that the following minimum requirements will be met: 1. Notify the appropriate district office prior to spudding of well; 2. A copy of the approved notice of intent to drill shall be posted on each drilling rig; 3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 20 feet into the underlying formation. 4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary prior to plugging; 5. The appropriate district office will be notified before well is either plugged or production casing is cemented in; 6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementin must be completed within 30 days of the spud date or the well shall be plugged. In all cases, NOTIFY district office prior to any cementing. I hereby certify that the statements made herein are true and to the best of my Knowledge and belief. P		2051	
Well Name: Original Completion Date: Original Conductors Original Completion Date: Original Completion Date: Original Conductors Original Completion Date: Original Conductor Date: Original Conductors Original Completion Date: Original Conductors Original Con	If OWWO: old well information as follows:	cengin of ourface ripe riamined to be set.	
Original Completion Date: Original Total Depth: Water Source for Drilling Operations: Water Source Source: Water Source Source Source: Water Source Source Source: Water Source Source Source: Water Source Sour	Operator:		
Directional, Deviated or Horizontal wellbore?	Well Name:		
For KCC Use ONLY Approved by:	Original Completion Date:Original Total Depth:	,	
Bottom Hole Location: DWR Permit #: (Note: Apply for Permit with DWR)	Directional Deviated or Harizontal wallbora?	Water Source for Drilling Operations:	
Bottom Hole Location: (Note: Apply for Permit with DWR) KCC DKT #: Will Cores be taken? If Yes, proposed zone: Yes Note AFFIDAVIT The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq. It is agreed that the following minimum requirements will be met: 1. Notify the appropriate district office prior to spudding of well; 2. A copy of the approved notice of intent to drill shall be posted on each drilling rig; 3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 20 feet into the underlying formation. 4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary prior to plugging; 5. The appropriate district office will be notified before well is either plugged or production casing is cemented in; 6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementin must be completed within 30 days of the spud date or the well shall be plugged. In all cases, NOTIFY district office prior to any cementing. I hereby certify that the statements made herein are true and to the best of my Knowledge and belief. Date: 8/1/05			
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For KCC Use ONLY API # 15 - 1/3 - 2/297-00 CX Conductor pipe required NONE feet Minimum surface pipe required 200 feet per Alt. 1 4 Approved by: RSP 10 - 4-05 This authorization expires: 4-4-06 (This authorization void if drilling not started within 6 months of effective date.) Remember to: File Drill Pit Application (form CDP-1) with Intent to Drill; File Completion Form ACO-1 within 120 days of spud date; File acreage attribution plat according to field proration orders; Notify appropriate district office 48 hours prior to workover or re-entry; Submit plugging report (CP-4) after plugging is completed; Obtain written approval before disposing or injecting salt water. If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.	 A copy of the approved notice of intent to drill shall be posted on ea The minimum amount of surface pipe as specified below shall be so through all unconsolidated materials plus a minimum of 20 feet into the second of the secon	et by circulating cement to the top; in all cases surface pipe shall be set the underlying formation. district office on plug length and placement is necessary prior to plugging good or production casing is cemented in; ted from below any usable water to surface within 120 days of spud date #133,891-C, which applies to the KCC District 3 area, alternate II cemes be plugged. In all cases, NOTIFY district office prior to any cementing	i ng; e. enting
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Men not brined - Fernit Expired	(This authorization void if drilling not started within 6 months of effective date.)		,
Spud date: Agent: Signature of Operator or Agent:	Snud date: Agent		
Date:	7,90111.		(2)

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

RECEIVED AUG 0 8 2005

If the Intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a place fully complete this side of the form. If the intended well is in a place fully field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

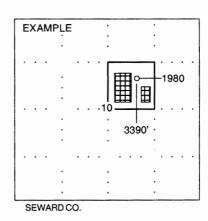
API No. 15		Location of Well: County: McPherson
Operator: American Energies Corporation		660'fsl feet from N / V S Line of Section
Lease: GRABER A		feet from N / S Line of Section 1980' fwl feet from E / W Line of Section
Well Number: 1		Sec. 34 Twp. 21 S. R. 2 East West
Field:		
Number of Acres attributable to well:		Is Section: Regular or Irregular
QTR / QTR / QTR of acreage: SESW	If Section is Irregular, locate well from nearest corner boundary. Section corner used: NE NW SE SW	

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

(Show footage to the nearest lease or unit boundary line.)

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		660)':	:	:



NOTE: In all cases locate the spot of the proposed drilling locaton.

In plotting the proposed location of the well, you must show:

- 1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
- 2. The distance of the proposed drilling location from the section's south / north and east / west.
- 3. The distance to the nearest lease or unit boundary line.
- 4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

October 4, 2005

Ms. Karen Houseberg American Energies Corporation 155 N. Market Ste 710 Wichita, KS 67202

Re: Drilling Pit Application

Graber A Lease Well No. 1 SW/4 Sec. 34-21S-02W McPherson County, Kansas

Dear Ms. Houseberg:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed <u>without slots</u>, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased.

If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 630-4000 when the fluids have been removed. Please file form CDP-5, Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,

Kathy Haynes

Environmental Protection and Remediation Department

cc: Doug Louis