

For KCC Use:
 Effective Date: 1-1-07
 District #: 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

Form C-1
 December 2002
Form must be Typed
Form must be Signed
All blanks must be Filled

Must be approved by KCC five (5) days prior to commencing well

Expected Spud Date January 15, 2007
 month day year

OPERATOR: License# 5399
 Name: American Energies Corporation
 Address: 155 North Market, Suite 710
 City/State/Zip: Wichita, KS 67202
 Contact Person: Karen Houseberg
 Phone: 316-263-5785

CONTRACTOR: License# 5123
 Name: Pickrell Drilling

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other		<input type="checkbox"/> Air Rotary
		<input type="checkbox"/> Cable

If OWWO: old well information as follows:
 Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____
 Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: _____
 Bottom Hole Location: _____
 KCC DKT #: _____

Spot East
NE - SE - NW Sec. 2 Twp. 27 S. R. 11 West
1650 fml _____ feet from N / S Line of Section
2310 fwl _____ feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)
 County: Pratt
 Lease Name: Key Well #: 1-2
 Field Name: _____
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Mississippian
 Nearest Lease or unit boundary: 330'
 Ground Surface Elevation: 1800' estimated _____ feet MSL
 Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No
 Depth to bottom of fresh water: 180
 Depth to bottom of usable water: 200
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 300'
 Length of Conductor Pipe required: None
 Projected Total Depth: 4500'
 Formation at Total Depth: Mississippian
 Water Source for Drilling Operations:
 Well Farm Pond Other 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:

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 cementing 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: 12/21/06 Signature of Operator or Agent: Karen Houseberg Title: Tech. Asst.

For KCC Use ONLY
 API # 15 - 151-22256-00-00
 Conductor pipe required NONE feet
 Minimum surface pipe required 220 feet per Alt. (1) X
 Approved by: WTHM 12-27-06
 This authorization expires: 6-27-07
 (This authorization void if drilling not started within 6 months of effective date.)
 Spud date: _____ Agent: _____

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.
 Well Not Drilled - Permit Expired
 Signature of Operator or Agent: _____ **RECEIVED**
 Date: _____

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202 2 2 2006

CONSERVATION DIVISION
 WICHITA, KS

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27
W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

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 prorated or spaced 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 - 151-22256-00-00
Operator: American Energies Corporation
Lease: Key
Well Number: 1-2
Field: _____

Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: NE - SE - NW

Location of Well: County: Pratt
1650 fml feet from N / S Line of Section
2310 fwl feet from E / W Line of Section
Sec. 2 Twp. 27 S. R. 11 East West

Is Section: Regular or Irregular

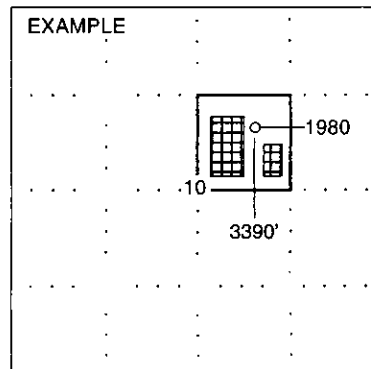
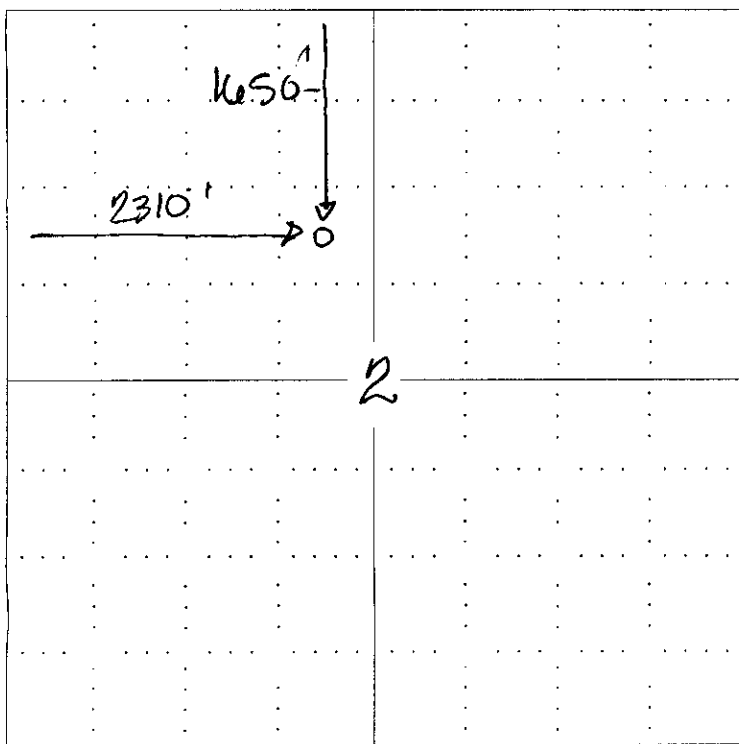
If Section is Irregular, locate well from nearest corner boundary.

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.)



SEWARD CO.

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

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: (CO-7 for oil wells; CG-8 for gas wells).

RECEIVED
 KANSAS CORPORATION COMMISSION
 DEC 22 2006
 CONSERVATION DIVISION
 WICHITA, KS

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
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MICHAEL C. MOFFET, COMMISSIONER

December 27, 2006

Karen Houseberg
American Energies Corporation
155 North Market, Ste 710
Wichita KS 67202

Re: Drilling Pit Application
Key Lease Well No. 1-2
NW/4 02-27S-11W
Pratt County, Kansas

Dear Ms. Houseberg:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at this location. Steel pits are to be used. Please inform the Commission in writing as to which disposal well you utilized to dispose of the contents in the steel pits and the amount of fluid that was disposed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal.

Should a haul-off pit be necessary please file form CDP-1 (April 2004), Application for Surface Pit. This location will have to be inspected prior to approval of the haul-off pit application. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms/

Sincerely,



Jonelle Rains, Supervisor
Environmental Protection and Remediation Department

Cc: Steve Durrant
File

15-151-22256-00-02