

EFFECTIVE DATE: 2-3-2001
DISTRICT # A
SGA? Yes / No

State of Kansas
NOTICE OF INTENTION TO DRILL

FORM MUST BE TYPED
FORM MUST BE SIGNED
ALL BLANKS MUST BE FILLED

Must be approved by the K.C.C. five (5) days prior to commencing well.

Expected Spud Date February 28th 2001 E/2 Spot Approx SW - NW Sec 20 Twp 9 S, Rg 20 East X West

OPERATOR: License # 5399
Name: American Energies Corporation
Address: 155 North Market, Suite 710
City/State/Zip: Wichita, Kansas 67202
Contact Person: Alan L. DeGood
Phone: 316-263-5785

2275 / 1180 feet from South / North line of Section
feet from East / West line of Section
IS SECTION _____ REGULAR _____ IRREGULAR?

(NOTE: Locate well on the Section Plat on Reverse Side)

CONTRACTOR: License #: 31548
Name: Discovery Drilling Co., Inc.

County: Rooks
Lease Name: Neil Well #: 1
Field Name: Wildcat PALCO TOWNSITE

Is this a Prorated/Spaced Field? yes X no
Target Formation(s): Arbuckle

Nearest lease or unit boundary: 365'
Ground Surface Elevation: (Topo?) 2257 est. feet MSL

Water well within one-quarter mile: yes X no
Public water supply well within one mile: yes X no

Depth to bottom of fresh water: 180'
Depth to bottom of usable water: 700' (60 B/DAKOTA)

Surface Pipe by Alternate: 1 X 2
Length of Surface Pipe Planned to be set: 250'
Length of Conductor pipe required: None

Projected Total Depth: 3920'
Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:
... well X farm pond ... other

Well Drilled For: Well Class: Type Equipment:
X Oil ... Enh Rec X Infield ... X Mud Rotary
... Gas ... Storage ... Pool Ext. ... Air Rotary
... OWWO ... Disposal X Wildcat ... Cable
... Seismic; ... # of Holes ... Other
... Other

If OWWO: old well information as follows:
Operator: _____
Well Name: _____
Comp. Date: _____ Old Total Depth _____

Directional, Deviated or Horizontal wellbore? yes X no
If yes, true vertical depth: _____
Bottom Hole Location: _____

Will Cores Be Taken?: yes X 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. 55-101, 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. 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: 1-25-01 Signature of Operator or Agent: Alan L. DeGood Title: President

FOR KCC USE:
API # 15- 163-23315-0000
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt. X(2)
Approved by: AK 1-29-2001
This authorization expires: 7-29-2001
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

RECEIVED
KANSAS CORPORATION COMMISSION
1/26/01
JAN 26 2001

CONSERVATION DIVISION
WICHITA, KS

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.

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

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201

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 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- _____
 OPERATOR American Energies corporation
 LEASE Neil #1
 WELL NUMBER 1
 FIELD Wildcat

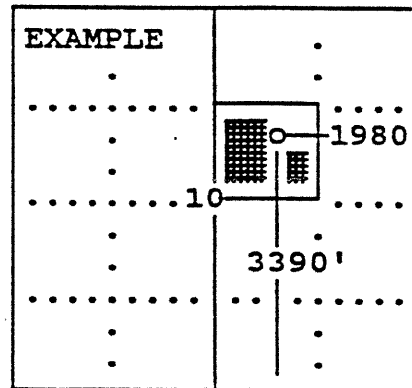
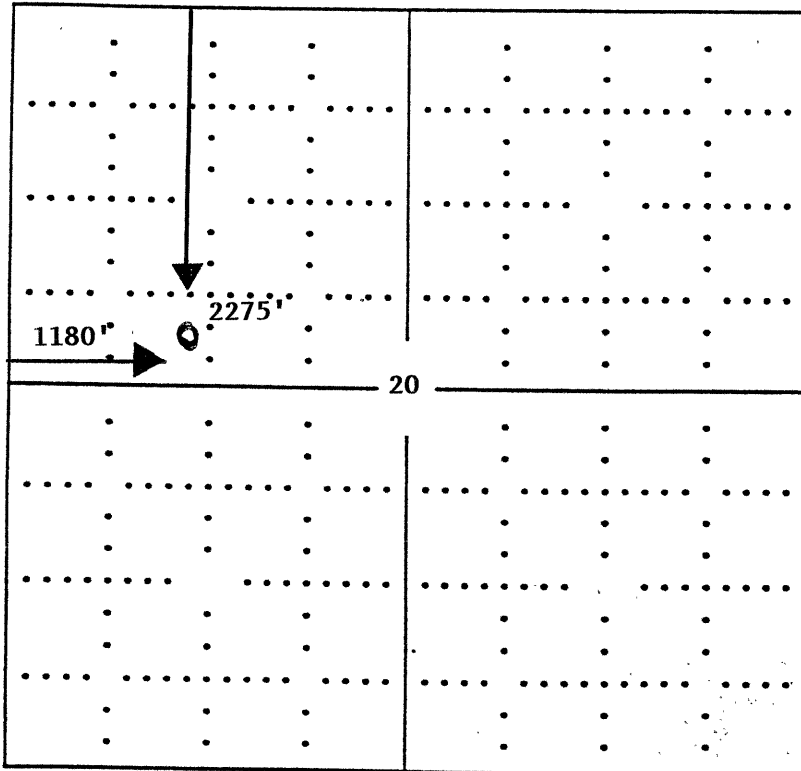
LOCATION OF WELL: COUNTY Rooks
2275 feet from south (north) line of section
1180 feet from east (west) line of section
 SECTION 20 TWP 9S RG 20W

NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
 QTR/QTR/QTR OF ACREAGE E/2 SE - SW NW

IS SECTION X 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.

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; and
- 3) the distance to the nearest lease or unit boundary line.