

STATE OF KANSAS
STATE CORPORATION COMMISSION
CONSERVATION DIVISION
130 S. Market, Room 2078
Wichita, Kansas 67202

FORM CP-1
Rev. 03/92

RECEIVED
KCC DISTRICT #2
MAY 25 2007
WICHITA, KS

WELL PLUGGING APPLICATION FORM
(PLEASE TYPE FORM and File ONE Copy)

API #: 15-113-20870-0000 (Identifier number of this well). This must be listed for wells drilled since 1967; if no API# was issued,

Indicate spud or completion date 4/15/81

WELL OPERATOR: American Energies Corporation KCC LICENSE # 5399
(owner/company name) (operator's)

ADDRESS: 155 North Market CITY: Wichita

STATE: Kansas ZIP CODE 67202 CONTACT PHONE: 316-263-5785

LEASE: Anderson WELL#: B4 Section 31 Township 18S Range 2W

SE NW NE SAMPLE SPOT LOCATION COUNTY: McPherson

430 FEET (in exact footage) FROM South LINE OF SECTION (NOT Lease Line)

1279 FEET (in exact footage) FROM East LINE OF SECTION (NOT Lease Line)

Check One: Oil Well Gas Well _____ D&A _____ SWD/ENHR WELL _____ Docket # _____

CONDUCTOR CASING SIZE _____ SET AT _____ CEMENTED WITH _____ SACKS

SURFACE CASING SIZE 8 5/8" SET AT 130' CEMENTED WITH _____ 100 SACKS

PRODUCTION CASING SIZE 4 1/2" SET AT 2380' CEMENTED WITH _____ 75 SACKS

LIST (ALL) PERFORATIONS and BRIDGEPLUG SETS: Lansing/Kansas City - 2314-2320

ELEVATION _____ G.L. _____ 1560 K.B. T.D. 2390' PBDT 2390' Anhydrite Depth _____

(Stone Corral Formation)

CONDITION OF WELL: GOOD POOR _____ CASING LEAK _____ JUNK IN HOLE _____

PROPOSED METHOD OF PLUGGING:

Place 50' sand plug over perms. Fill hole with mud and set a 35 sx plug @ 450' and fill to surface with cement.

IS WELL LOG ATTACHED TO THIS APPLICATION AS REQUIRED? No (YES,NO) IS ACO-1 FILED? Yes (YES,NO)

If not explain why? Currently on file with state

PLUGGING OF THIS WELL WILL BE DONE IN ACCORDANCE WITH K.S.A. 55-101 et. seq. AND THE RULES AND REGULATIONS OF THE STATE CORPORATION COMMISSION.

LIST NAME OF COMPANY REPRESENTATIVE AUTHORIZED TO BE IN CHARGE OF PLUGGING OPERATIONS:

Name: Doug Ward Phone#: (620)628-4424

Address: P.O. Box 516, 136 N. Main City: Canton State: Kansas

PLUGGING CONTRACTOR: American Energies Corporation KCC LICENSE #: 5399

(company name) (contractor's)

Address: P.O. Box 516, 136 N. Main City: Canton State: Kansas Zip 67428

PROPOSED DATE AND HOUR OF PLUGGING (If Known?) _____ As soon as possible

PAYMENT OF THE PLUGGING FEE (K.A.R. 82-3-118) WILL BE GUARANTEED BY: Operator Agent _____

DATE: 05/24/07 AUTHORIZED OPERATOR OR AGENT: _____

(signature) Alan L. DeGood, President

RECEIVED
KANSAS CORPORATION COMMISSION

JUN 01 2007

CONSERVATION DIVISION
WICHITA, KS



American Energies
Corporation

RECEIVED
KCC DISTRICT #2
MAY 25 2007
WICHITA, KS

155 N. Market, Suite 710, Wichita, KS 67202

May 24, 2007

Mr. Virgil Clothier
Kansas Corporation Commission
District #2
3450 N. Rock Road, Bldg. 600
Suite 601
Wichita, KS 67226

RECEIVED
KANSAS CORPORATION COMMISSION

JUN 01 2007

CONSERVATION DIVISION
WICHITA, KS

RE: Anderson B4
API #15-113-20870-0000
~~SE NW NE~~ Section 31-T18S-R2W, McPherson Co.
SE NW NE

Dear Mr. Clothier:

This letter is in response to your Notice of Violation on the above referenced well. Please find enclosed the Well Plugging Application Form for this well. Please be aware, American Energies Corporation intends to plug the above referenced well as soon as weather conditions permit. I have also sent a T1 Change of operator to Mr. Hal Krehbiel.

Thank you for your help and consideration in this matter.

Sincerely,

Mindy Wooten
Production Manager

MSW/tbm
Enclosure
Cc



CORPORATION COMMISSION

Kathleen Sebelius, Governor Brian J. Moline, Chair Robert E. Krehbiel, Commissioner Michael C. Moffet, Commissioner

NOTICE OF VIOLATION

May 21, 2007

KCC Lic.-5399

AMERICAN ENERGIES CORPORATION
155 N. MARKET, STE 710
WICHITA KS 67202

COPY

RE: API Well No. 15-113-20870-00-00
ANDERSON B 4
31-18S-2W, SENWNE
MCPHERSON County, Kansas

RECEIVED
KCC DISTRICT #2

MAY 25 2007

Dear Operator:

WICHITA, KS

During a lease inspection conducted on May 21, 2007, on the above-referenced well, a KCC representative documented the following probable regulatory violation:

K.A.R. 82-3-111, Temporary Abandonment; penalty; plugging.

Within 90 days after operations cease on a well, the operator must either return the well to service, plug the well, or obtain approval for temporary abandonment status from the District Office.

Please contact me at the number listed below if you have information showing that this violation did not occur or to discuss how to cure the violation. If you do not correct this violation and contact me by JUNE 11, 2007, I will refer this matter to our legal department with a recommendation that the Commission take formal enforcement action including a monetary penalty for the violation and an order for you to plug the well.

Very truly yours,

Virgil Clothier
KCC District # 2

RECEIVED
KANSAS CORPORATION COMMISSION

JUN 01 2007

CONSERVATION DIVISION
WICHITA, KS

KANSAS

CORPORATION COMMISSION

Kathleen Sebelius, Governor Brian J. Moline, Chair Robert E. Krehbiel, Commissioner Michael C. Moffet, Commissioner

May 21, 2007

Hal Gene Krehbiel
Krehbiel, Hal Gene and Alice dba K-Bar Oil
1219 Turkey Creek Drive
McPherson, KS 67460

rec'd
T-1
6/16/07

COPY

RE: Transfer of Operations at the ANDERSON B lease, located in Section 31, Township 18S, Range 2W, MCPHERSON County, Kansas

Dear Hal Gene Krehbiel:

On May 21, 2007, a temporary abandonment application (CP-111) was received, which indicated to Staff that American Energies Corporation is the current operator of the ANDERSON B lease. However, Conservation Division records indicate you have not filed a Request for Change of Operator; Transfer of Injection or Surface Pit Permit (Conservation Division Form "T-1") transferring operator responsibility to American Energies Corporation for the ANDERSON B lease. Krehbiel, Hal Gene and Alice dba K-Bar Oil therefore remains the Commission's operator of record and party responsible for the proper care and control of the ANDERSON B lease.

K.A.R. 82-3-136(a) provides that if operator responsibility is transferred, the past operator shall report the transfer to the Conservation Division within 30 days of the change upon a form prescribed by the Commission (the T-1); and/or K.A.R. 82-3-410(a) provides that authority to operate an injection well shall not be transferred from one operator to another without the approval of the Conservation Division. Furthermore, the transferring operator shall in writing notify the Conservation Division of its intent to transfer the injection authority, on a form prescribed by the Commission, the T-1, and in compliance with K.A.R. 82-3-136.

Staff will provide you with 28 days from this letter's date to bring the ANDERSON B lease into compliance with K.A.R. 82-3-136 and/or K.A.R. 82-3-410(a). As such, you have until June 18, 2007, to bring the ANDERSON B lease into compliance. To bring your operations into compliance, you need to file a T-1 with the Conservation Division for the ANDERSON B lease. A blank T-1 is enclosed with this letter. The T-1 is also available on the Conservation Division's website, at <http://www.kcc.state.ks.us/conservation/forms/index.htm>, or upon request in the Conservation Division's central office in Wichita or any of the Conservation Division's district offices. If Krehbiel, Hal Gene and Alice dba K-Bar Oil believes it is still the operator of the ANDERSON B lease, you need to contact Jonelle Rains, the Conservation Division's Supervisor of Environmental Protection and Remediation, immediately to address the situation. Jonelle Rains may be reached at the Conservation Division's central office in Wichita, at the contact information listed on the bottom of this page.

If by June 18, 2007, the Conservation Division has not received the T-1 requested, or you have not contacted Jonelle Rains and resolved this situation, Staff may refer the matter to Conservation Division legal staff with a recommendation for an administrative penalty or penalties. Violations of K.A.R. 82-3-136(a) and K.A.R. 82-3-410(a) are punishable by up to a \$1,000 fine for the first violation, \$2,000 for a second violation, and \$3,000 and operator license review for a third violation. In addition, Staff may ask the Commission to shut in your current operations until compliance is achieved.

Please contact the Conservation Division immediately, or provide the requested information within 28 days of this letter's date, to remedy the above possible violations(s) and avoid further compliance action by the Commission. Please include a copy of this letter with the completed T-1 form upon filing with the Conservation Division.

Yours truly,
KCC Conservation Division Staff

cc: Alan DeGood
American Energies Corporation
155 N. Market, Ste 710
Wichita, KS 67202

RECEIVED
KANSAS CORPORATION COMMISSION

JUN 01 2007

CONSERVATION DIVISION
WICHITA, KS

CONSERVATION DIVISION
Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
(316) 337-6200 • Fax (316) 337-6211 • <http://kcc.ks.gov/>

KANSAS

CORPORATION COMMISSION

Kathleen Sebelius, Governor Brian J. Moline, Chair Robert E. Krehbiel, Commissioner Michael C. Moffet, Commissioner

NOTICE OF RECEIPT OF WELL PLUGGING APPLICATION (CP-1)

• AMERICAN ENERGIES CORPORATION
155 N. MARKET, STE 710
WICHITA, KS 67202

June 08, 2007

Re: ANDERSON B #4
API 15-113-20870-00-00
31-18S-2W, 4301 FSL 1279 FEL
MCPHERSON COUNTY, KANSAS

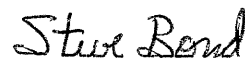
Dear Operator:

The purpose of this letter is twofold. First, this letter is to notify you that the Conservation Division has received your plugging proposal, form CP-1, for the above well and has reviewed the proposal for completeness. The central office will now forward your CP-1 to the district office listed below for review of the proposed plugging method. **Please contact the district office for approval of your proposed plugging method at least five (5) days before plugging the well, pursuant to K.A.R. 82-3-113(b). If a workover pit will be used during the plugging of the well it must be permitted. A CDP-1 form must be filed and approved prior to the use of the pit in accordance with K.A.R. 82-3-600.**

This letter is also to notify you that during the central office's review of your CP-1 for license number verification, staff has discovered that you are not the current operator of record of the above well on file with the Conservation Division. **Central office staff is therefore requesting that you verify that you are the operator of record of the above well. The proper procedure for verifying operator authority is by filing a Conservation Division form T-1 (Request for Change of Operator; Transfer of Injection or Surface Pit Permit).** If a T-1 has already been filed with the Conservation Division reflecting the transfer of operator authority, please disregard this paragraph. If a T-1 has not been filed reflecting the transfer, please see the attached letter, which explains the T-1 filing process.

The Conservation Division's review of form CP-1, either in the central or district office, does not include an inquiry into well ownership or the filing operator's legal right to plug the well. Furthermore, this notice in no way constitutes authorization to plug the above well by persons not having legal rights of ownership or interest in the well. **This notice is void after 180 days from its date. The CP-1 filing does not bring the above well into compliance with K.A.R. 82-3-111 with regard to the Commission's temporary abandonment requirements.**

Sincerely,



Steve Bond
Production Department Supervisor

District: #2
3450 N. Rock Road, Suite 601
Wichita, KS 67226
(316) 630-4000