

MAY 18 2007

ORIGINAL

CONSERVATION DIVISION
WICHITA, KS

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: _____
Operator Contact Person: Alan L. DeGood
Phone: (316) (316) 263-5785
Contractor: Name: Pickrell Drilling
License: 5123
Wellsite Geologist: Douglas Davis

Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SLOW 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. _____

3/20/2007 3/28/07 4/10/07
Spud Date or Date Reached TD Completion Date or
Recompletion Date Recompletion Date

API NO. 15 - 15-095-22095-00-00

County: Kingman

NE SE NE - Sec. 22 S. R. 28-6w East West

1650' feet from S / (N) (circle one) Line of Section

330' feet from (E) W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:

(circle one) (NE) SE NW SW

Lease Name: Blank Well #: 1-22

Field Name: _____

Producing Formation: Mississippian

Elevation: Ground: 1440' Kelly Bushing: 1445'

Total Depth: 3900' Plug Back Total Depth: 3900'

Amount of Surface Pipe Set and Cemented at 8 5/8" 23# @ 220' 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 ALT I W M W
(Data must be collected from the Reserve Pit) 12-11-07

NO SURFACE POND WAS USED - STEEL PITS - ALL FLUIDS WERE HAULE

Chloride content N/A ppm Fluid volume 7,600 bbls

Dewatering method used Steel pits were used, water was hauled

Location of fluid disposal if hauled offsite: _____

Operator Name: American Energies Corporation

Lease Name: Freisen License No.: 5399

Quarter NW Sec 13 Twp 28 S. R. 6W East West

County: Kingman Docket No.: None

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: 5/15/07

Subscribed and sworn to before me this 15th day of May, 2007

Notary Public: Melinda S. Wooten

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

KCC Office Use ONLY
 Letter of Confidentiality Attached
If Denied, Yes Date: _____
 Wireline Log Received
 UIC Distribution

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

Operator Name: American Energies Corporation Lease Name: Blank Well: 1-22
 Sec. 22 Twp. 28S S. R. 6W West County: Kingman

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:
 Dual Induction, Compensated Neutron/Density PE
 Sonic Cement Bond Log

Log Formation (Top), Depth and Datum Sample Datum
 Name Top Datum

See attached Drilling Report

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WICHITA, KS

CASING RECORD <input checked="" type="checkbox"/> New <input type="checkbox"/> 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#	220'	60/40 poz	250 sx	2% gel, 3% CC
Production		4 1/2"	10.5#	3902'	AFC	120 sx	.05% FL - 160

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
<input type="checkbox"/> Perforate				
<input type="checkbox"/> Protect Casing				
<input type="checkbox"/> Plug Back TD				
<input type="checkbox"/> 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	Mississippian - 3831-3836	500 gallons 15% FE	3833'
8	Mississippian - 3831-3836	750 gallons 15% FE	2900'
		75 gallons 15% FE	3817'
		21,500# Frac Sand	3830'
		Squeezed perms - 100 sx cement	3831-36

TUBING RECORD	Size	Set At	Packer At	Liner Run
	2 3/8"	3830'		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Date of First, Resumed Production, SWD or Enhr.	Producing Method
Waiting on Pipeline	<input checked="" type="checkbox"/> Flowing <input type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)

Estimated Production Per 24 Hours	Oil Bbls	Gas Mcf est.	Water Bbls	Gas-Oil Ratio	Gravity
	0	200 MCF	50 BWPD		

Disposition of Gas Vented Sold Used on Lease Open Hole Perf Dually Comp. Commingled

METHOD OF COMPLETION Other Specify _____

Production Interval _____

(if vented, Sumit ACO-18.)



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WICHITA, KS

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

**DRILLING AND COMPLETION REPORT
BLANK #1-22**

LOCATION: NE SE NE Sec. 22-T28S-R6W
COUNTY: Kingman
API: 15-095-22095
CONTRACTOR: Pickrell Drilling
GEOLOGIST: Doug Davis

SURFACE CASING: 8 5/8" 23# set @ 220'
PRODUCTION CASING: 4-1/2" 10.5# 3902'
PROJECTED RTD: 3950'
G.L.: 1440' **K.B.:** 1445'
SPUD DATE: 3/20/07
COMPLETION DATE:
REFERENCE WELLS:
#1: Blank #1 – N/2 NE SE 22-T28S-R6W
#2: Blank #2 – SW SW NE 22-T28S-R6W

NOTIFY: American Energies Corp
Graves Leases, LLC
Lario Oil and Gas Company
Gar Oil Corporation,
Dianne Y. DeGood Family Trust
Fredrick W. Stump Rev. Trust
R & B Oil and Gas, Hyde Resources
W. Mike Adams Marital Trust

FORMATION:	SAMPLE LOG:				ELECTRIC LOG TOPS:			
			COMPARISON:				COMPARISON:	
			#1	#2			#1	#2
Heebner Shale	2814	-1369	+13	+12	2817	-1372	+10	+9
Douglas	2845	-1400	+14	+13	2848	-1403	+11	+10
Lansing	3057	-1612	+16	+21	3060	-1615	+13	+18
Stark Shale	3446	-2001	+15	+16	3449	-2004	+12	+13
Swope	3450	-2005	+17	+17	3453	-2008	+14	+14
Hertha	3499	-2054	+16	+10	3500	-2055	+15	+9
Marmaton	3586	-2140	+14	+19	3687	-2141	+13	+18
Cherokee	3701	-2256	+6	+13	3700	-2255	+7	+16
Mississippian	3830	-2385	+8	+33	3826	-2381	+12	+34
RTD:	3900							
LTD:	3903							

3/19/07 MIRT and RURT

3/20/07 At 6:30 a.m. Finished RURT. Drilling rathole. Spud well 8:45 a.m. Drilled 12-1/4" surface hole to 225' KB. SHT @ 225' = 1°. Ran 5 jts of New 8-5/8" 23" surface casing, set @ 220' (213' tally). Cemented with 250 sx 60/40 poz, 2% gel, 3% CC with 1% Ammonia Chloride. Plug down 11:15 p.m. CDC. Allied Ticket #24954.

3/21/07 Waiting on Cement. Preparing to drill out from under surface.

3/22/07 Drilling ahead at 918'. SHT @ 727' = 1/2°

3/23/07 Drilling ahead at 1620'. SHT @ 1234' = 1/2°

3/24/07 Drilling ahead @ 2264'.

3/25/07 Drilling ahead @ 2900'. Geologist on location. Circulating for samples @ 3460'.

3/26/07 Drilling ahead @ 3460'.

3/27/07 Running short trip for DST #1: 3833-3850 (Mississippian). Took samples – 18' of chert, 2' lime. Drilling time, 14' @ 1 minute/ft. or less, 6' @ 1 1/2 - 2 minutes/ft. or less. Bottom- 12% fresh chert, 68% weathered, 20% tripolitic. Brown-black stain, slight odor, no free oil, poor fluorescence, poor cut, 2600 unit gas kick.

3/28/07 RTD 3900' Coming out of hole for E-logs. Results of DST #1: 3833-3850 (Mississippian). Times: 30-60-30-60. 1st Opening – Recovered 25 building to 33 MCF, GTS in 14 minutes. 2nd opening – Recovered 36 MCF building to 45 MCF. Recovered 61' GCM – 8% G, 92% M. IHP: 1893, IFP: 20-46, ISIP: 1338, FFP: 31-54, FSIP: 1323, FHP: 1877. Temperature 117 degrees. Will run pie unless log shows low porosity.

3/29/07 RTD 3900'. Ran E-Logs. LTD: 3903'. Ran 93 jts of new 4 1/2" 10.5# production casing set @ 3902'. Cemented with 120 sx AFC w 5# KC/sx, w .05% FL-160. 15 sx in RH, 5 SX in MH. PD @ 1:40 a.m. on 3/29/07. Allied Cementing Ticket #23854. Released rig, but too wet to move it.

COMPLETION INFORMATION

- 4/10/07 Rigged up Log Tech. Ran Bond log. **Perforated from 3831-3836 @ 2 SPF (Mississippi).** SION
- 4/11/07 RU AEC workover rig. **Ran 2 3/8" tubing, set @ 3830'.** SION
- 4/12/07 Spotted tubing @ 3833' and hooked up Jet Star Acid. Circulated acid on bottom and started treating with 500 gallons 15% FE. Took to 500# for 10 minutes, took to 750# down to 600# in 10 minutes. Took to 1000# - down to 900# in 5 minutes. Released pressure and circulated ½ barrel of fresh acid on bottom. Took to 750# - down to 500# in 2 minutes. Started treating at ½ BPM at 500#, after 6 barrels, took to ¾ BPM @ 600# - treated there. ISIP: 480#, after 5 minutes - 415#, after 10 minutes - 390#. Unhooked Jet Star and let sit for 20 minutes - still 300# pressure. Released pressure and started swabbing - total load = 58 barrels.
1st hour swabbed 15 barrels fluid - 1300' down
2nd hour swabbed 7 barrels fluid - 2300' down
3rd hour swabbed 13 barrels fluid - 1200' down
4th hour swabbed 14 barrels fluid - 600' down
5th hour swabbed 8 barrels fluid - 150' down
Total load recovered = 57 barrels
- 4/13/07 Opening Casing Pressure - 40#, Opening Tubing Pressure - 10#. SI for weather.
- 4/16/07 Opening CP: 40#, Opening TP: 10#. Went in and tagged fluid @ 2900' down. Came out and pulled 14' of tubing subs. Hooked up Jet Star Acid and treated with 750 gallons of 15% FE and 15 balls. Started at ¾ BPM @ 500#
After 2 bbls - took to 1 BPM @ 600#
After 2 bbls - took to 1 ¾ BPM @ 800#
After 1 bbl - took to 2 ½ BPM @ 1000#
After 6 bbls - took to 3 BPM @ 1100# - started seeing some ball action - took to 3.3 BPM @ 1300#. ISIP: 400#.
After 5 minutes - 300#
After 10 minutes - 300#
After 20 minutes - 280#
After 1 hour - 220#. Released pressure and started swabbing.
1st hour - swabbed 19 bbls fluid - fluid @ 1600'
2nd hour - swabbed 17 bbls fluid - fluid @ 2400'
3rd hour - swabbed 14 bbls fluid - fluid @ 3100'
4th hour - swabbed 14 bbls fluid - fluid @ 3650'.
Total load recovered - 64 bbls for day
Total load to recover - 75 bbls. SION
- 4/17/07 Opening CP: 40#, Opening TP: 5#. Went in and tagged fluid @ 3350' down. Swabbed for 1 hour and got fluid down to 3750' with no fluid kick. Came out with tubing. Ran packer and tubing to 3800'. SION.
- 4/18/07 Ran packer to 3846' and set. Hooked up Jet Star to tubing and tested tubing to 1500# and did not hold. Had trouble releasing packer. Got packer released and ran 14' of 2 3/8" subs down and tried to reset packer. Could not get it to set, so pulled sub and 1 joint and could not get it to set. Pulled 5 more joints and could not get it to set. Came out with tubing and packer. Packer was sheared. Ran in model R packer to 3863' and pressured up to 2000# and held. **Pulled packer to 3671' and set it.** Pressured up casing to 500# and held. Started cementing with 100 sx of Class A cement. Started flush - 150# - pumped 15 bbls flush to clear packer, pressure at 1000#. Started down and washed up. Let cement sit 20 minutes, took to 1500# and bled off to 1000#. Let sit 15 minutes, took to 1500#. Let pressure off and circulated out. Pulled 10 joints, set packer and pressured up to 1500#. SION Will have 130' cement in casing. Will drill out on Friday.
- 4/20/07 Came out of hole with tubing and packer. TIH with bit & tubing, tagged cement at 3684'. Hooked up pump & swivel, started drilling. Drilled 80' and started falling threv. SION.
- 4/21/07 Drilled down, tagged bottom. Circulated ½ hour, tested casing to 500# for 5 min, held. Came out with tubing & bit. Rigged up Log-Tech, ran Cement Bond Log, show no change in Mississippian zone. Ran in perf 3831-36' w/8spf. TOH, ran in gas gun, Perf 3831-35'. Started in hole with packer and tubing ran 16 joints. SION

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COMPLETION INFORMATION

- 4/23/07 Ran tubing and packer to 3817', set packer. TIH w/swab, hit fluid 400' from surface. Swabbed down to S.N., let set for 10 min. started getting blow on tubing. After 20 min., went in with swab, pulled 75', good blow after swab. Hook up Jet Star Acid, treated w/75 gal. 15% Fe Acid.
Started 500#, bleed to 100#,
Back to 600# bleed down to 300#,
Back to 800#, bled to 300#, ¼ bbl acid in
Back to 900#, bleed to 500#
Back to 750#, started treating ¼ bpm at 750#,
Back to 900# at ¼ bpm, 3 bbls acid in. Shut down for 5 minutes.
Started up at 400#, ¼ bpm
Back to 850#, started dropping to 700#, took to ½ bpm
Back to 800# dropped to 780#,
Took to 1 bpm – 800#.
After 14bbls in, took to 2 bpm at 450#.
ISIP 0#, Total load 35 bbls., Unhooked Jet Star, started swabbing
1st hour: Swabbed back 28 bbls, getting acid gas, FL from surface: 2500'
2nd hour: Swabbed back 7.5 bbls, rec. mostly good gas & good blow, FL from surface: 3600'
- 4/24/07 Released packer & packed off head, started swabbing again. Fluid off back was 37 bbls, started swabbing and FL from surface: 1300'
1st hour: Swabbed back 14 bbls fluid, FL from surface: 2700'
2nd hour: Swabbed back 15 bbls fluid, FL from surface: 3400'
Total recovery: 29 bbls fluid
Good show gas after swab
- 4/25/07 SICP: 750#; SITP: 440#. Blow pressure off tubing, TIH, FL from surface 2000', swabbed 3 times. Well kicked off & flowed back 12 bbls. Put on ¼ choke started flow test. Started at 220 mcf in hour, 44 mcf in 1 hour 10 min. 0#
- | | | | |
|---------------------------|----------|----------|---------|
| | CP: 460# | TP: 150# | 220 mcf |
| 1 st hr | CP: 300# | TP: 30# | 44 mcf |
| 1 st hr 10 min | CP: 220# | TP: 0# | 0 mcf |
- Total recovery: 12 bbls fluid
Went in with swab. FL from surface 3500'. Came out, went in FL from 3700' down, recovered 1-1/2 bbls fluid. Let gas flow through ¼" valve. Gas bleed in 15 min. CP 160#. TIH w/swab FL from surface 3700'. TOH, gas blow for 15 min. TIH w/swab FL from surface 3750'. TOH w/swab. TIH w/tubing & pkr, after 30 min CP: 200#, TP:105#. Blow down tubing and casing. TOH w/tbg & pkr. Will frac tomorrow.
- 4/26/07 CP: 700#. Hook up Jet Star to frac well. Used 21,500# sand frac – average pressure was 900# at 19 BPM. Total treatment 460 bbl.
- 4/27/07 Ran sand pump in. Tagged sand @ 3830'. Went in with sand pump 4 times – made very little hole. Decided to try and circulate sand out. Went in with seating nipple and tubing. Hooked up to circulate. Started circulating – circulated 80 bbl SW – very little returns. Formation took approximately 70 bbl fluid. Stopped circulating. Went down and tagged sand with tubing @ 3840'. Came up hole and set seating nipple at 3831' and started swabbing. Swabbed back approximately 70 bbls fluid for the day. SIOWE
- 4/30/07 Opening CP: 300#, TP: 300#. Seating nipple at 3830'. Went in with swab and tagged fluid @ 650'. Swabbed 2 hours got fluid to 1400'. Total fluid recovered 52 bbls. Well kicked off at 11:30 a.m. Casing pressure at 320#:
After 1 hour – recovered 22 bbls fluid, CP: 350#
After 2 hours – recovered 20 bbls fluid, CP: 380#
After 3 hours – recovered 26 bbls fluid – CP: 420#
After 4 hours – recovered 24 bbls fluid – CP: 450#
After 5th hour – recovered 13 bbls fluid – CP: 520#
After 6th hour – recovered 16 bbls fluid – CP – 585# SION

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5/1/07 Opening CP: 1180, Opening TP: 1150. Opened valve to get fluid off, hooked up choke and set @ 12/64, CP: 1100, TP: 980. After ½ hour – started producing some fluid.

	Casing Pressure	Tubing Pressure	Fluid	MCF Gas
1 st hour	1060	400	5 ½ bbls	320
2 nd hour	1060	400	5 ½ bbls	320
3 rd hour	1060	400	4 ½ bbls	320
4 th hour	1060	400	4 ½ bbls	320
5 th hour	1060	400	4 ½ bbls	320

SION

Will start setting production equipment.

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ALLIED CEMENTING CO., INC.

23854

Federal Tax I.D.#

REMIT TO P.O. BOX 31
RUSSELL, KANSAS 67665

SERVICE POINT:
Medicine Lodge

DATE <i>3-28-07</i>	SEC <i>22</i>	TWP <i>28s</i>	RANGE <i>06W</i>	CALLED OUT <i>4:30 pm</i>	ON LOCATION <i>6:00 pm</i>	JOB START <i>1:00 AM</i>	JOB FINISH <i>1:40 AM</i>
LEASE <i>Bank</i>	WELL # <i>1-22</i>	LOCATION <i>Murdock, KS. 2 1/4 W,</i>		COUNTY <i>Hugman</i>	STATE <i>Kansas</i>		
OLD OR <u>NEW</u> (Circle one)		<i>3/4 south</i>					

CONTRACTOR *Pickrell #10*

TYPE OF JOB *production*

HOLE SIZE *4 1/2 x 10.5* T.D. *3903'*

CASING SIZE *4 1/2 x 10.5* DEPTH *3902'*

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX *1000* MINIMUM _____

MEAS. LINE _____ SHOE JOINT *8'*

CEMENT LEFT IN CSG. _____

PERFS. _____

OWNER *American Energies*

CEMENT

AMOUNT ORDERED *500 Gals ASF 6 gals Clapro*

140 sx ASC + 5" Kolseal + .5% FT-160

+ .7% Gas Block + Defoamer

DISPLACEMENT *63 Bbls 2% KCL*

EQUIPMENT

PUMP TRUCK CEMENTER *Carl Balding*

414-302 HELPER *Dennis Cushmanbery*

BULK TRUCK DRIVER *Robert Hettington*

389 DRIVER _____

BULK TRUCK DRIVER _____

COMMON	@		
POZMIX	@		
GEL	@		
CHLORIDE	@		
ASC <i>140 sx</i>	@	<i>13.10</i>	<i>1183.40</i>
<i>Kolseal 700 #</i>	@	<i>.70</i>	<i>490.00</i>
<i>FT-160 66 #</i>	@	<i>10.65</i>	<i>702.90</i>
<i>Gas Block 92 #</i>	@	<i>8.90</i>	<i>818.80</i>
<i>Defoamer 20</i>	@	<i>7.20</i>	<i>144.00</i>
<i>ASF 500 gals</i>	@	<i>1.00</i>	<i>500.00</i>
<i>Clapro 6 gals</i>	@	<i>25.00</i>	<i>150.00</i>
HANDLING <i>185</i>	@	<i>1.90</i>	<i>351.50</i>
MILEAGE <i>185 / 0.9 / 10</i>			<i>666.00</i>
		TOTAL	<i>5657.20</i>

REMARKS:

*Run 3902' 4 1/2" Csg Drop ball
to Break Circulation - Pump 500 Gals
ASF plug Bot Hole with 15 sx Cement
MIX + Pump 125 sx ASC + Additives
wash pump + Lines + Release plug
Displace with 63 Bbls 2% KCL Water
Land plug + Float held*

SERVICE

DEPTH OF JOB <i>3902'</i>		
PUMP TRUCK CHARGE		<i>1610.00</i>
EXTRA FOOTAGE	@	
MILEAGE <i>40</i>	@	<i>6.00 240.00</i>
MANIFOLD	@	
<i>Head Rental</i>	@	<i>100.00</i>
<i>8" 4 1/2" Csg</i>	@	<i>10.50 84.00</i>
		TOTAL <i>2234.00</i>

CHARGE TO: *American Energies*

STREET _____

CITY _____

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4 1/2" PLUG & FLOAT EQUIPMENT

<i>1- Reg Guide shoe</i>	@	<i>125.00</i>	<i>125.00</i>
<i>1- AFU Insert</i>	@	<i>215.00</i>	<i>215.00</i>
<i>4- Centralizer S (turbo)</i>	@	<i>55.00</i>	<i>220.00</i>
<i>1- Top Rubber plug</i>	@	<i>55.00</i>	<i>55.00</i>

To Allied Cementing Co., Inc.
You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as is listed. The above work was done to satisfaction and supervision of owner agent or contractor. I have read & understand the "TERMS AND CONDITIONS" listed on the reverse side.

ANY APPLICABLE TAX WILL BE CHARGED UPON INVOICING

TOTAL CHARGE ~~5657.20~~

DISCOUNT ~~10%~~ IF PAID IN 30 DAYS

SIGNATURE *Thod Stann*

Thod Stann
PRINTED NAME

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Allied" shall mean Allied Cementing Co., Inc., and "Customer" shall refer to the party identified by that term on the front of this contract. As applicable, "Job" relates to the services described on the front side of this contract, "merchandise" refers to the material described on the front of this contract and to any other materials, products, or supplies used, sold, or furnished under the requirements of this contract.

—TERMS: Unless satisfactory credit has been established, "CUSTOMER" must tender full cash payment to "ALLIED" before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, "CUSTOMER" agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing, in no event shall this Contract provide for interest exceeding the maximum rate of interest that "CUSTOMER" may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the "CUSTOMER" or at the option of "ALLIED," refunded directly to "CUSTOMER." For purposes of this paragraph, ALLIED and CUSTOMER agree that KANSAS law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

—ATTORNEY FEES: In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the terms of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and for attorney's fees.

—PRICES AND TAXES: All merchandise listed in "ALLIED'S" current price schedule are F.O.B. ALLIED'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by ALLIED shall be added to the quoted prices charged to CUSTOMER.

—TOWING CHARGES: ALLIED will make a reasonable attempt to get to and from each job site using its own equipment. Should ALLIED be unable to do so, because of poor or inadequate road conditions, and should it become necessary to employ a tractor or other pulling equipment to get to or from the job site, the tractor or pulling equipment will be supplied by CUSTOMER or, if furnished by ALLIED, will be charged to and paid by CUSTOMER.

—PREPARATION CHARGES: If a job and/or merchandise is ordered and CUSTOMER cancels the order after preparation of a chemical solution or other material, CUSTOMER will pay ALLIED for the expenses incurred by ALLIED as a result of the cancellation.

—DEADHAUL, CHARGES: Unless otherwise specified on the front of this Contract, a deadhaul charge as set forth in ALLIED'S current price book will be charged each way for each service unit which is ordered by CUSTOMER but not used.

—SERVICE CONDITIONS AND LIABILITIES: 1. ALLIED carries public liability and property damage insurance, but since there are so many uncertain and unknown conditions beyond ALLIED'S control, ALLIED shall not be liable for injuries to property or persons or for loss or damage arising from the performance of the job or delivery of the merchandise. Customer shall be responsible for and indemnify, defend, and hold harmless ALLIED, its officers, agents and employees, from and against any and all claims or suits for:

(A) Damage to property or for bodily injury, sickness, disease, or death, brought by any person, including CUSTOMER and/or the well owner, and;

(B) Oil spills, pollution, surface or sub-surface damage, injury to the well, reservoir loss, or damage arising from a well blowout arising out of or in connection with ALLIED'S performance of the job or furnishing of merchandise in accordance with this contract, unless such loss or damage is caused by the willful misconduct or gross negligence of ALLIED or its employees.

2. With respect to any of ALLIED'S tools, equipment, or instruments which are lost in the well or damaged when performing or attempting to perform the job or, in the case of marine operations, are lost or damaged at any time after delivery to the landing for CUSTOMER and before return to ALLIED at the landing, CUSTOMER shall either recover the lost item without cost to ALLIED or reimburse ALLIED the current replacement cost of the item unless the loss or damage results from the sole negligence of ALLIED or its employees.

3. ALLIED does not assume any liability or responsibility for damages or conditions resulting from chemical action in cements caused by contamination of water or other fluids.

WARRANTIES: 1. ALLIED warrants all merchandise manufactured or furnished by it to be free from defects in material and workmanship under normal use and service when installed, and used, and/or serviced in the manner provided and intended. ALLIED'S obligation under this warranty is expressly limited to repair, replacement, or allowance for credit, at its option, for any merchandise which is determined by ALLIED to be defective. THIS IS THE SOLE WARRANTY OF ALLIED AND NO OTHER WARRANTY IS APPLICABLE, EITHER EXPRESS OR OTHERWISE IMPLIED, IN FACT OR IN LAW, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE, CUSTOMER'S sole and only remedy with regard to any defective merchandise shall be the repair or replacement thereof or allowance for credit as herein provided, and ALLIED shall not be liable for any consequential, special, incidental, or punitive damages resulting from or caused by defective materials, products or supplies.

2. More specifically:

(A) Nothing in this contract shall be construed as a warranty by ALLIED of the success or the effectiveness of the result of any work done or merchandise used, sold, or furnished under this contract.

(B) Nothing in this contract shall be construed as a warranty of the accuracy or correctness of any facts, information, or data furnished by ALLIED or any interpretation of tests, meter readings, chart information, analysis of research, or recommendations made by ALLIED, unless the inaccuracy or incorrectness is caused by the wilful misconduct or gross negligence of ALLIED or its employees in the preparation or furnishing of such facts, information or data.

(C) Work done by ALLIED shall be under the direct supervision and control of the CUSTOMER or his agent and ALLIED will accomplish the job as an independent contractor and not as an employee or agent of the CUSTOMER.

ALLIED CEMENTING CO., INC. 24954

Federal Tax I.D.# _____

REMIT TO P.O. BOX 31
RUSSELL, KANSAS 67665

SERVICE POINT:
MEDICINE LODGE

DATE <u>3-20-07</u>	SEC. <u>22</u>	TWP. <u>28S</u>	RANGE <u>6W</u>	CALLED OUT <u>4:30 pm</u>	ON LOCATION <u>6:30 pm</u>	JOB START <u>10:40 pm</u>	JOB FINISH <u>11:20 pm</u>
LEASE <u>BLANK</u>		WELL # <u>1-22</u>		LOCATION <u>MURDOCK, KS, 2 1/4 W, 3/4 S, T0</u>		COUNTY <u>KINGMAN</u>	STATE <u>KS</u>
OLD OR <u>NEW</u> (Circle one)		32nd ST SIGN, 3/4 E, N/INTO					

CONTRACTOR PICKRELL #10

TYPE OF JOB SURFACE CASING

HOLE SIZE 12 1/4" T.D. 225'

CASING SIZE 8 3/8" DEPTH 223'

TUBING SIZE _____ DEPTH _____

DRILL PIPE 4 1/2" DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX 260 MINIMUM 50

MEAS. LINE _____ SHOE JOINT 15'

CEMENT LEFT IN CSG. 15'

PERFS. _____

DISPLACEMENT 13 1/4 bbl. FRESH WATER

OWNER AMERICAN ENERGIES

CEMENT

AMOUNT ORDERED 250 sx 60:40:2+3% cc + 1% AM CHLORIDE, 78# SUGAR

EQUIPMENT

PUMP TRUCK CEMENTER BILL M.

360 HELPER THOMAS D.

BULK TRUCK # 364 DRIVER RAYMOND R.

BULK TRUCK # _____ DRIVER _____

COMMON	<u>150 A</u>	@	<u>10.65</u>	<u>1597.50</u>
POZMIX	<u>100</u>	@	<u>5.80</u>	<u>580.00</u>
GEL	<u>4</u>	@	<u>16.65</u>	<u>66.60</u>
CHLORIDE	<u>8</u>	@	<u>46.60</u>	<u>372.80</u>
ASC		@		
	<u>Sugar 78#</u>	@	<u>1.00</u>	<u>78.00</u>
	<u>Ammonium Chloride 4</u>	@	<u>40.30</u>	<u>161.20</u>
		@		
		@		
		@		
		@		
HANDLING	<u>266</u>	@	<u>1.90</u>	<u>505.40</u>
MILEAGE	<u>40 x 266</u>	x	<u>.09</u>	<u>957.60</u>
				TOTAL <u>4319.10</u>

REMARKS:

PIPE ON BOTTOM, BREAK CIRCULATION,
PUMP PRE-FLUSH, PUMP 250 SX 60:40:2
+ 3% CC + 1% AM CHLORIDE, STOP PUMPS,
RELEASE PLUG, START DISPLACEMENT,
DISPLACE WITH 13 1/4 bbl. FRESH WATER,
STOP PUMPS, SHUT-IN, CIRCULATE
CEMENT.

SERVICE

DEPTH OF JOB	<u>223'</u>		
PUMP TRUCK CHARGE			<u>815.00</u>
EXTRA FOOTAGE		@	
MILEAGE	<u>40</u>	@	<u>6.00</u> <u>240.00</u>
MANIFOLD HEAD RENT		@	<u>100.00</u> <u>100.00</u>
		@	
		@	
TOTAL <u>1155.00</u>			

CHARGE TO: AMERICAN ENERGIES

STREET _____

CITY _____ STATE _____ ZIP _____

RECEIVED
KANSAS CORPORATION COMMISSION

MAY 18 2007

CONSERVATION DIVISION
WICHITA, KS

PLUG & FLOAT EQUIPMENT

<u>8 3/8" WOODEN PLUG 1</u>	@	<u>60.00</u>	<u>60.00</u>
	@		
	@		
	@		

**ANY APPLICABLE TAX
WILL BE CHARGED
UPON INVOICING**

TOTAL 60.00

TAX _____

TOTAL CHARGE ~~5333.70~~

DISCOUNT ~~5333.70~~ IF PAID IN 30 DAYS

To Allied Cementing Co., Inc.
You are hereby requested to rent cementing equipment and furnish cementer and helper to assist owner or contractor to do work as is listed. The above work was done to satisfaction and supervision of owner agent or contractor. I have read & understand the "TERMS AND CONDITIONS" listed on the reverse side.

Mike Kern

SIGNATURE _____

MIKE KERN

PRINTED NAME

GENERAL TERMS AND CONDITIONS

DEFINITIONS: In these terms and conditions, "Allied" shall mean Allied Cementing Co., Inc., and "Customer" shall refer to the party identified by that term on the front of this contract. As applicable, "Job" relates to the services described on the front side of this contract, "merchandise" refers to the material described on the front of this contract and to any other materials, products, supplies used, sold, or furnished under the requirements of this contract.

TERMS: Unless satisfactory credit has been established, "CUSTOMER" must tender full cash payment to "ALLIED" before the job is undertaken or merchandise is delivered. If satisfactory credit has been established, the terms of payment for the job and/or merchandise, including bulk cement, are net cash, payable in 30 days from the completion of the job and/or delivery of the merchandise. For all past due invoices, "CUSTOMER" agrees to pay interest on amounts invoiced at a rate of 18 percent per annum until paid. Notwithstanding the foregoing, in no event shall this Contract provide for interest exceeding the maximum rate of interest that "CUSTOMER" may agree to pay under applicable law. If any such interest should be provided for, it shall be and hereby is deemed to be a mistake, and this contract shall be automatically reformed to lower the rate of interest to the maximum legal contract rate, any amounts previously paid as excess interest shall be deducted from the amounts owing from the "CUSTOMER" or at the option of "ALLIED," refunded directly to "CUSTOMER." For purposes of this paragraph, ALLIED and CUSTOMER agree that KANSAS law shall apply. Any discounts granted with this contract are null and void if the charges are not paid when due.

ATTORNEY FEES: In any legal action or proceeding between the parties to enforce any of the terms of this Service Contract, or in any way pertaining to the terms of this Contract, the prevailing party shall be entitled to recover all expenses, including, but not limited to, a reasonable sum as and for attorney's fees.

PRICES AND TAXES: All merchandise listed in "ALLIED'S" current price schedule are F.O.B. ALLIED'S local station and are subject to change without notice. All prices are exclusive of any federal, state, local, or special taxes for the sale or use of the merchandise or services listed. The amount of taxes required to be paid by ALLIED shall be added to the quoted prices charged to CUSTOMER.

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