

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 SIOW 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. _____

<u>4/18/2006</u>	<u>4/25/06</u>	<u>5/1/06</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

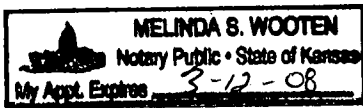
API NO. 15 - 095-22-027-00-00
 County: Kingman
 NW SE - NW - Sec. 6 S. R. 28-6 East West
1650' feet from S / N (circle one) Line of Section
1650' feet from E / W (circle one) Line of Section
 Footages Calculated from Nearest Outside Section Corner:
 (circle one) NE SE NW SW
 Lease Name: Lakin Well #: 2-6
 Field Name: Georgia Spur
 Producing Formation: Mississippian
 Elevation: Ground: 1541 Kelly Bushing: 1546
 Total Depth: 3990' Plug Back Total Depth: _____
 Amount of Surface Pipe Set and Cemented at 8 5/8" 23# set @ 234 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.
Alt I - Dlg - 11-6-08
Drilling Fluid Management Plan
(Data must be collected from the Reserve Pit)
 Chloride content 34,000 ppm Fluid volume 1,100 bbls
 Dewatering method used Evaporation
 Location of fluid disposal if hauled offsite: _____
 Operator Name: _____
 Lease Name: _____ License No.: _____
 Quarter _____ Sec _____ Twp _____ S. R. _____ East West
 County: _____ Docket No.: _____

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: 6/21/06
 Subscribed and sworn to before me this 21st day of June,
2006
 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 No Date: _____
 Wireline Log Received
 UIC Distribution



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Operator Name: American Energies Corporation Lease Name: Lakin Well: 2-6
 Sec. 6 Twp. 28S S. R. 6 Vest 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

Log Formation (Top), Depth and Datum Sample Datum
 Name Top
 See attached Drilling Report

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#	234'	60/40 poz	175	2% gel, 3% CC
Production	7 7/8"	4 1/2"	9.5#	3880'	ASC Cement	125 sx	5# KC/sx

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
	Open hole completion - no perfs	Acidized well with 500 gallons 15% NE	3882
		Fraced well with 17,000# sand	

TUBING RECORD	Size	Set At	Packer At	Liner Run
	2 3/8"	3878'		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Date of First, Resumed Production, SWD or Enhr. 5/17/06
 Producing Method Flowing Pumping Gas Lift Other (Explain)

Estimated Production Per 24 Hours
 Oil Bbls _____ Gas Mcf 150 Water Bbls 50 Gas-Oil Ratio _____ Gravity _____

Disposition of Gas Vented _____
 METHOD OF COMPLETION Open Hole Dually Comp. Commingled _____
 (If vented, Sumit ACO-18.) Other Specify _____

AMERICAN ENERGIES CORPORATION DRILLING AND COMPLETION REPORT

Lakin #2-6

LOCATION: NW SE NW Section 6-28S-6W API: 15-095-22,027-00-00 COUNTY: Kingman County, Kansas CONTRACTOR: Pickrell Drilling, Rig #10 (620-793-2317) GEOLOGIST: Doug Davis NOTIFY: American Energies Corp., Alan L. DeGood Family Trust, Debbie Schmitt, LLC, Gar Oil Corp., Graves Leases, LLC, Jean Poindexter, Spring Creek Resources, LLC, Stange Properties, LLC, Thomas C. Hyde, Fredrick W. Stump Revocable Trust	SURFACE CASING: 8 5/8" 23# @ 234' PRODUCTION CASING: 4 1/2" 10.5# PROJECTED RTD: 3,850' RTD: 3990' G.L.: 1541 K.B.: 1546 SPUD DATE: 4/18/06 COMPLETION DATE: 5/1/06 REFERENCE WELLS: #1: Lakin 1-6 (AEC) NW SE NW Sec. 6-28-6W #2: Young #1 (ingling) C SW SW Sec. 31-27-6W
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FORMATION:	SAMPLE LOG:	ELECTRIC LOG TOPS:	COMPARISON:	
			#1: Lakin 1-6	#2: Young #1
Onaga Shale	1947' -397'	1940 -390	+ 13	+ 18
Indian Cave	1960' -410'	1960 -410	N/A	+ 5
Wabaunsee	1994 -444	1987 -437	+11	+18
Heebner	2891 -1341	2886 -1336	+9	+16
Douglas	2922 -1372	2914 -1364	+16	+17
Lansing	3158 -1608	3147 -1597	+12	+19
Stark Shale	3526 -1976	3518 -1968	+9	+9
Swope	3530 -1980	3522 -1972	+8	+10
Hushpuckney	3564 -2014	3555 -2005	+7	+8
Cherokee	3768 -2218	3758 -2208	+9	+14
Mississippi Chert	3880 -2330	3871 -2321	+13	+23
RTD	3990 -2340			
LTD	3880 -2330 (Logging TD 10' high)			

4/17/06 MIRU & RURT. Called for surface pipe. Preparing to spud.

4/18/06 Spud 12:15 AM. Drilled 12-1/4" hole to 239' KB. SHT @ 239' 3/4° deviation. RIH with 5 jts 23# surface casing set at 234'KB, cmt with 175 sxs cmt 60-40 poz, 3% CC. Cmt circulated. Plug down at 8:00 a.m. Allied Ticket #23366 W.O.C. approx. 8 hrs.

4/19/06 Drlg ahead @ 1135'. SHT @ 778' = 1°.

4/20/06 Circulated for samples at 1965 & 1977'. SHT @ 1977' = 1°. TOH for DST.

DST #1 1902-1977' 30"-60"-30"-60".

1st open: Strong blow off bottom after 11 min. No GTS.

2nd open: Strong blow off bottom after 25 min. No GTS.

Continuing to test

4/20/06 2nd report - Recovered 440' Mud, IHP: 974#, IFP: 23-172#, ISIP: 727#, FFP: 161-222#, FSIP: 724#
FHP: 907#, BHT: 90 degrees.

4/21/06 Drlg ahead @ 2755'. SHT @ 2451' = 1 1/4°.

4/22/06 Drlg ahead @ 2880'

4/23/06 Drlg ahead @ 3770'

4/24/06 Testing @ 3535'. DST #3: 3876-3890 (Mississippi Chert) Miss run due to packer failure.

DST #4: 3882-3890 (Mississippi Chert). Times: 30-60-30-60. Recovered: 80' SLGCM (no water)

1st opening: Strong blow - Gas to surface in 11", 85 MCF, 2nd opening - gauged 134 MCF and stabilized.

IHP: 1979#, IFP: 14-55# - plugging throughout, ISIP: 1259#, FFP: 40-67# - plugging throughout, FSIP:

1255#, FHP: 1923#, BHT: 118 degrees. Results DST #2: 3520-3535 (Swope). Times: 30-60-30-60.

Recovered 30' mud. IHP: 1677#, IFP: 14-18#, ISIP: 122# and building, FFP: 17-23#, FSIP: 1152# and building, FHP: 1714#.

4/25/06 Ran 91 jts new 4 1/2" J-55 9.5# casing set at 3880' with 125 sx ASC cement w/5# KC /sx, 15 sx in RH. Allied ticket #23357. Set packer shoe @ 3882'. Set port collar @ 2029 and cement basket @ 2114'. Plugged down @ 1:00 a.m. 4/25/06 **COMPLETION INFORMATION TO FOLLOW**

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LAKIN #2-6
COMPLETION INFORMATION
 Page – Two

5/1/06 Rigged up Shawnee Well Service, power swivel and mud pump. Tripped in hole with 3 ¼" bit on 2 3/8" tubing, hit cement @ 3867', drilled 3' – hit cement insert and drilled up. Drilled 13' of cement and hit packer shoe @ 3882', drilled ½'. SION

5/2/06 Drilling packer shoe, got through and cleaned out 6' of open hole. Came out and removed bit and ran in 3' perf sub, seating nipple and tubing to 3882'. Started swabbing fluid 700' down. Having trouble swabbing, coming out with paraffin.

1st hour – Recovered 17 bbls fluid 1600' down (need 56 bbls to recover all fluid).

Swabbed another ½ hour and recovered 7 bbls fluid at 1800' down. SION

5/3/06 Opening pressures: CP; 150#, TP: 25#. Went down and tagged fluid @ 1300' down. Hooked up to be acidized. Treating with 500 gallons 15% FE. Circulated hole with fluid and spotted acid @ 3882' and started treating. Started @ ¼ BPM @ 150# - 5 bbls in, went to ½ BPM @ 250#. Treated there – through treatment, ISIP: @ 125# - vacuum in 5 minutes. Went in with swab and hit fluid @ 200' down.

1st hour – recovered 16 bbls

2nd hour – recovered 20 bbls

3rd hour – recovered 20 bbls – 150# CP

4th hour – recovered 7 bbls – total recovery – 63 bbls (load is 58 bbls) – 175# CP – good blow after swab.

Last swab – 400' fluid – very gassy. SION

5/4/06 SICP: 1150#, SITP: 650#, Hooked up flow line and choke, 16/64th. Flowed well for 5 minutes, unloaded 2 ½ bbls fluid, SI – changed to 12/64th choke to flow test. Test results as follows:

TIME:	CHOKES:	CASING PRESSURE:	TUBING PRESSURE:	RATE:	FLUID:
5"	12/64th	880	660	480 MCF	Trace
30"	12/64th	580	400	320 MCF	Dry
45"	12/64th	440	300	240 MCF	Dry
1 hour	12/64th	420	225	180 MCF	Dry
1 ½ hours	12/64th	415	200	160 MCF	Dry

Flow had stabilized after 1 ½ hours. Total fluid recovered – 3 bbls for the day.

Will shut-in over weekend. Will flow test Monday and Frac Tuesday with 20,000# sand.

5/8/06 Setting frac tank and filling with fresh water.

Opening CP: 1150#, Opening TP: 850#. Choke set @ 16/64th, fluid to surface in 6". 1 ½ hour test beginning at 9:00 a.m.: Results as follows:

TIME:	CHOKES:	CASING PRESSURE:	TUBING PRESSURE:	RATE:	FLUID:
9:15	16/64th	940	600	904 MCF	Trace
9:30	16/64th	740	520	766 MCF	Trace
9:45	16/64th	530	350	536 MCF	Trace
10:00	16/64th	440	235	368 MCF	Trace
10:15	16/64th	330	165	265 MCF	Trace

½ hour test – Results as follows:

10:45	16/64th	320	110	184 MCF	Trace
11:45	16/64th	330	95	162 MCF	Trace

Produced 2 Barrels fluid throughout test, ½ hour SICP: 540, SITP: 260. Blew well down after test – pulled tubing to get ready to frac.

5/9/06 Opening CP: 1050. Hooked up Jet Star to frac well. Started frac hole and loaded with 52 bbls. Starting pressure was 969#, ending pressure was 1560#. After 1 ½ hours after beginning frac – went in with sand pump and found 9' of sand. Sand pump hole to bottom. Sand pump started sticking, so SION

MTP: 1750#

ATP: 1220#

ATR: 10 BPM

ISIP: 1560#, 15#, 965#

Frac'd with 17,000# sand. Total load – 416 bbls of fluid.

5/10/06 Will check sand fill up and run tubing.

5/11/06 No pressure on casing. Ran sand pump to bottom and came out with 2 cups of sand and formation solids. Ran in tubing to bottom 3888' and pulled 1 joint and swabbed in to 3872', 10' inside casing and started Swabbing:

1st hour 25 bbls recovered 1100' down to fluid

2nd hour 36 bbls recovered 600' down to fluid

3rd hour Started to flow. Recovered 47 bbls.

Backside on vacuum. SION Swab tank full, pits full. Will try to get water hauled off tonight.

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Applied Cementing Co., Inc
P.O. Box 31

Russell, KS 67665

*
* I N V O I C E *
*

Invoice Number: 101910

Invoice Date: 04/19/06

Sold American Energies Corp.
To: 155 N. Market #710
Wichita, KS
67202

7024

Cust I.D.....: Am Eng
P.O. Number...: Lakin 2-2
P.O. Date.....: 04/19/06

Due Date.: 05/19/06
Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	105.00	SKS	9.6000	1008.00	T
Pozmix	70.00	SKS	5.2000	364.00	T
Gel	3.00	SKS	15.0000	45.00	T
Chloride	6.00	SKS	42.0000	252.00	T
Handling	184.00	SKS	1.7000	312.80	E
Mileage	40.00	MILE	12.8800	515.20	E
184 sks @.07 per sk per mi					
Surface	1.00	JOB	735.0000	735.00	E
Mileage pmp trk	40.00	MILE	5.0000	200.00	E
Head Rental	1.00	PER	100.0000	100.00	E
Wooden Plug	1.00	EACH	55.0000	55.00	T

All Prices Are Net, Payable 30 Days Following
Date of Invoice. 1 1/2% Charged Thereafter.
If Account CURRENT take Discount of \$ 358.70
ONLY if paid within 30 days from Invoice Date

Subtotal: 3587.00
Tax.....: 91.37
Payments: 0.00
Total....: 3678.37

- 358.70

3319.67

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ENT'D APR 28 ENT'D

... Co., Inc
 ...ell, KS 67665

 * I N V O I C E *

Invoice Number: 102036

Invoice Date: 04/26/06

Sold American Energies Corp.
 To: 155 N. Market #710
 Wichita, KS
 67202

omit prod case

Cust I.D.....: Am Eng
 P.O. Number...: Lakin 2-*EE*
 P.O. Date.....: 04/26/06

Due Date.: 05/26/06
 Terms.....: Net 30

Item I.D./Desc.	Qty. Used	Unit	Price	Net	TX
Common	15.00	SKS	9.6000	144.00	T
Pozmix	10.00	SKS	5.2000	52.00	T
Gel	1.00	SKS	15.0000	15.00	T
ASC	125.00	SKS	11.8000	1475.00	T
KolSeal	625.00	LBS	0.6500	406.25	T
ASF	500.00	GAL	1.0000	500.00	T
ClaPro	6.00	GAL	25.0000	150.00	T
Handling	186.00	SKS	1.7000	316.20	E
Mileage	40.00	MILE	13.0200	520.80	E
186 sks @.07 per sk per mi					
Prod. Casing	1.00	JOB	1450.0000	1450.00	E
Mileage pmp trk	40.00	MILE	5.0000	200.00	E
Head Rental	1.00	PER	100.0000	100.00	E
Packer Shoe	1.00	EACH	1325.0000	1325.00	T
Latch Down	1.00	EACH	300.0000	300.00	T
Port Collar	1.00	EACH	1600.0000	1600.00	T
Basket	1.00	EACH	116.0000	116.00	T
Centralizers	6.00	EACH	45.0000	270.00	T

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All Prices Are Net, Payable 30 Days Following
 Date of Invoice. 1 1/2% Charged Thereafter.
 If Account CURRENT take Discount of \$ 894.02
 ONLY if paid within 30 days from Invoice Date

Subtotal: 8940.25
 Tax.....: 336.72
 Payments: 0.00
 Total....: 9276.97

pay by 10/24

894.02

8382.95

ALLIED CEMENTING CO., INC.

23366

Federal Tax I.D

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

SERVICE POINT: Medford

DATE <u>4-18-06</u>	SEC. <u>6</u>	TWP. <u>28</u>	RANGE <u>6</u>	CALLED OUT <u>3:00am</u>	ON LOCATION <u>6:00am</u>	JOB START <u>7:30am</u>	JOB FINISH <u>8:00am</u>
LEASE <u>Levin</u>	WELL # <u>2-26</u>	LOCATION <u>54+14 1st 1s 6E</u>	COUNTY <u>Kingman</u>	STATE <u>KS</u>			
OLD OR <input checked="" type="checkbox"/> NEW (Circle one)		<u>In 1/2 w spirits</u>					

CONTRACTOR Pickrell

TYPE OF JOB Surface

HOLE SIZE 12 1/4 T.D. 239

CASING SIZE 8 5/8 DEPTH 238

TUBING SIZE _____ DEPTH _____

DRILL PIPE _____ DEPTH _____

TOOL _____ DEPTH _____

PRES. MAX 200 MINIMUM 100

MEAS. LINE _____ SHOE JOINT _____

CEMENT LEFT IN CSG. 15ft

PERFS. _____

DISPLACEMENT 14 bbls water

OWNER American Energies

CEMENT AMOUNT ORDERED 175 cu ft 60/40-3+2

COMMON	<u>105 A</u>	@	<u>9.60</u>	<u>1008.00</u>
POZMIX	<u>70</u>	@	<u>5.20</u>	<u>364.00</u>
GEL	<u>3</u>	@	<u>15.00</u>	<u>45.00</u>
CHLORIDE	<u>6</u>	@	<u>42.00</u>	<u>252.00</u>
ASC		@		

EQUIPMENT

PUMP TRUCK # 343 CEMENTER Mark HELPER Steve

BULK TRUCK # 364 DRIVER Jason

BULK TRUCK # _____ DRIVER _____

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HANDLING	<u>184</u>	@	<u>1.70</u>	<u>312.80</u>
MILEAGE	<u>40 x 184 x .07</u>			<u>515.20</u>
TOTAL				<u>2497.00</u>

REMARKS:
Pipe on bottom, break circulation
pump 175 cu cement, Shut down
pump, release plug + start
displacement, pump 14 bbls
+ shut in. Cement did
circulate +
Thank you!

SERVICE

DEPTH OF JOB	<u>238'</u>			
PUMP TRUCK CHARGE				<u>735.00</u>
EXTRA FOOTAGE		@		
MILEAGE	<u>40</u>	@	<u>5.00</u>	<u>200.00</u>
MANIFOLD		@		
<u>Head Rental</u>		@	<u>100.00</u>	<u>100.00</u>
TOTAL				<u>1035.00</u>

CHARGE TO: American Energies

STREET _____

CITY _____ STATE _____ ZIP _____

PLUG & FLOAT EQUIPMENT

<u>8 5/8 - wooden plug</u>	@	<u>55.00</u>	<u>55.00</u>
	@		
	@		
	@		

ANY APPLICABLE TAX WILL BE CHARGED UPON INVOICING

TOTAL 55.00

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.

TAX _____

TOTAL CHARGE [scribble]

DISCOUNT [scribble] IF PAID IN 30 DAYS

SIGNATURE Mike Kern

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.

—**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 willful 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.

23357

Federal Tax I.D.

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

SERVICE POINT:
Med Lodge

DATE	SEC.	TWP.	RANGE	CALLED OUT	ON LOCATION	JOB START	JOB FINISH
4-24-06	06	28	06W	3:00pm	6:00pm	12:40pm	1:00am
LEASE	WELL #	LOCATION	COUNTY	STATE			
<i>Takin</i>	2-2	54+14 pt 1s 6E 1n	Reagen	KS			
OLD OR NEW (Circle one)							
<input checked="" type="radio"/> NEW			1/2 W 5 into				

CONTRACTOR *Picprell*
 TYPE OF JOB *Prod Cog - Unit*
 HOLE SIZE *7 7/8* T.D. *3980*
 CASING SIZE *4 1/2* DEPTH *3891*
 TUBING SIZE _____ DEPTH _____
 DRILL PIPE _____ DEPTH _____
 TOOL _____ DEPTH _____
 PRES. MAX *1300* MINIMUM *200*
 MEAS. LINE _____ SHOE JOINT *15*
 CEMENT LEFT IN CSG. *15ft*
 PERFS. _____
 DISPLACEMENT *63 bbls 28 kcal*

OWNER *American Energies*
 CEMENT
 AMOUNT ORDERED *125 Asc + 5 #kol seal, 250 60/40/4, 500 gal ASF + 6 gal clapper*

COMMON	<i>15</i>	@	<i>9.60</i>	<i>144.00</i>
POZMIX	<i>10</i>	@	<i>5.20</i>	<i>52.00</i>
GEL	<i>1</i>	@	<i>15.00</i>	<i>15.00</i>
CHLORIDE		@		
ASC	<i>125</i>	@	<i>11.80</i>	<i>1475.00</i>
<i>Kol seal</i>	<i>625</i>	@	<i>.65</i>	<i>406.25</i>
<i>ASF</i>	<i>500 gal.</i>	@	<i>1.00</i>	<i>500.00</i>
<i>cla pro</i>	<i>6 gal</i>	@	<i>25.00</i>	<i>150.00</i>
		@		
		@		
		@		
		@		
KCC WICHITA	<i>186</i>	@	<i>1.70</i>	<i>316.20</i>
MILEAGE	<i>40 x 186 x .07</i>			<i>520.80</i>
TOTAL				<i>3579.25</i>

EQUIPMENT
 PUMP TRUCK CEMENTER *Mike B*
372 HELPER *Mike*
 BULK TRUCK # *364* DRIVER *Thomas*
 BULK TRUCK # _____ DRIVER _____

RECEIVED
 JUN 23 2006

REMARKS:

Pipe on bottom, break circulation pump 500 gal ASF, plug Port + mouse, pump 125 Asc, shut down pump, release plug + wash pump + line, stand displacement, bump plug at 63 bbls + 700 psi float chd hold

CHARGE TO: *American Energies*
 STREET _____
 CITY _____ STATE _____ ZIP _____

SERVICE

DEPTH OF JOB	<i>3891'</i>		
PUMP TRUCK CHARGE			<i>1450.00</i>
EXTRA FOOTAGE		@	
MILEAGE	<i>40</i>	@	<i>5.00 200.00</i>
MANIFOLD		@	
<i>Head Rental</i>		@	<i>100.00 100.00</i>
TOTAL <i>1750.00</i>			

PLUG & FLOAT EQUIPMENT

<i>4 1/2</i>			
<i>Packet shoe</i>	@	<i>1325.00</i>	<i>1325.00</i>
<i>1-Latch down plug</i>	@	<i>300.00</i>	<i>300.00</i>
<i>1-Port Collar</i>	@	<i>1600.00</i>	<i>1600.00</i>
<i>1-Basket</i>	@	<i>116.00</i>	<i>116.00</i>
<i>6-Centrals</i>	@	<i>45.00</i>	<i>270.00</i>

ANY APPLICABLE TAX WILL BE CHARGED UPON INVOICING
 TOTAL *3611.00*

TAX _____
 TOTAL CHARGE _____
 DISCOUNT _____ 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.

SIGNATURE *Thomas*
Thank you Thad

SIGNATURE *Thad Starr*
 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.

—**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 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 cement 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.

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(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.

LAKIN #2-6
COMPLETION INFORMATION
Page - Three

5/12/06 Opening pressures: 945# C.P., 1150# T.P. Hooked up choke to 64/64, 3/4 choke. Fluid to surface in 10 min. After 1/2 hour flowed back 30 bbls. 945#C.P. 300#T.P. Shut in 3 minutes to gauge tank. Reset choke on 32/64, 965#C.P., 400#T.P. Flowing mostly fluid. After 30 min. recovered another 24 bbls. Reset choke on 16/64, 970#C.P., 600#T.P. After 30 min. flowed 22 bbls. After 1 hour: choke 16/64 or 1/4 open flowed 10 bbls recovered, with 1010#C.P., 700#T.P. After 2nd hour: 1010#C.P., 700#T.P., 10 bbls fluid recovered After 3rd hour: 1010#C.P., 700#T.P., 9 bbls fluid recovered After 4.5th hour: 1010#C.P., 700#T.P., 13bbs fluid recovered. Total frac water recovered 216bbls (Total load 417bbls). Making 1,050 MCF with 1010#C.P., 700#T.P. Prepare pad to set production equipment and to hook up gas and water lines.

5/13/06 State 4 point test:

SICP 1150#; SITP 1150#, 72 hours Shut-In Time.

	Choke	Min.	C.P.	T.P.	Rate MCF/Day
1 pt.	1/8"	30"	1100#	800#	282
2 pt.	1/4"	30"	1060#	650#	533
3 pt.	3/8"	30"	1020#	625#	2,159
4 pt.	7/16"	30"	960#	500#	2,648

Total fluid during test 32 barrels.

Shut-in waiting on pipeline connection.

5/15/06 Built surface pad for Meters and Gas Separator, will trench gas and water line today.

5/16/06 Laid gas line to gathering line. Tapped gathering line, set gas separator. Started plumbing in equipment: From Stock: 2'x10' Horizontal Gas separator, 2-3/8x 3878' Used tubing, 2-3/8" orbit valve.

5/17/06 SICP 1150#, SITP 1150#. Finished plumbing in surface equipment. Non-heated Gas separator and High-pressured chemical injection pump. Started well flowing at 3:00 P.M. on 5/17/06. Flowing on 1/8" choke with 1150# CP and 1120# TP, estimate flow 200 MCF/D. Still need to lay a 1/2 mile salt water line to salt water system.

5/18/06 Flowed 250MCF/D, 1100# CP and 960# TP. Making 50 Bbl water/day. Finished laying salt water line and connected into water gathering system.

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Mud-Co / Service Mud Inc.

Operator American Energies Corp. County Kingman State Kansas Pump 6 x 14 x 8.22 SPM Casing Program 8 5/8" @ 234 ft.
 Well #2-6 Lakin Location _____ GPM _____ BPM _____" @ _____ ft.
 Contractor Pickrell Drilling Sec 6 TWP 28 RNG 6W D.P. 4.5 in. 65.2 FT/MIN R.A. _____" @ _____ ft.
 Stockpoint Pratt, Ks. Date 4/17/2006 Engineer Aaron Rush Collar 6.25 in. 495 ft. 76.3 FT/MIN R.A. Total Depth 3890' ft.

DATE	DEPTH	WEIGHT	VISCOSITY			GELS	pH	FILTRATION/FILTRATION ANALYSIS					SAND	RETORT			L.C.M.	Pump	CUMULATIVE	REMARKS AND TREATMENT
			Sec API	PV	Yp			10 sec /	Strip	ml	Cake	Pres.		Cl	Ca	%				
	feet	lb/gal	@_F	@_F		10 min.	Meter	API	32nds	#/BBL	ppm	ppm	%	%	%		Press.	COST		
4/17																				RURT
4/18	239						7.0	N/C			100	100						1,181		WOC
4/20	1977	9.2	29				7.0	N/C			72m	Hvy		2.1	97.9			2,991		DST#1 dst#1 @ 1977
4/22	3535	9.1	45	7	24	10/35	9.5	13.6	1		5,000	40		5.4	94.6			5,767		TOH/DST#2
4/23	3783	9.3	44	7	13	11/40	9.0	13.6	1		7,000	60		6.7	93.3			5,865		Drilling
4/24	3890																	5,978		Logging
4/25	3890																	6,025		Final: 4 DST's. dst#3 @ 3990' misrun LTD - 3880'. dst#4 @ 3890' Run pipe.
																			Reserve Pit: 34,000 ppm. Chloride 1100 bbls. Volume	

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 KCC WICHITA

MUD-CO / SERVICE MUD INC.

 100 S. Main Suite #310
 Wichita, Ks. 67202
 316/264-2814 Fax: 316/264-5024

DRILLING MUD RECAP

Materials	Sacks	Amount	Materials	Sacks	Amount		Amount
C/S HULLS	60	705.00					
CAUSTIC SODA	12	606.12					
DRILL PAK	2	610.00					
LIME	2	16.50					
PREMIUM GEL	350	3587.50					
SODA ASH 50#	14	267.40					
SUPER LIG	11	232.10					
						Total Mud Cost	6024.62
						Trucking Cost	868.90
						Trucking Surcharge	130.34
						Taxes	
						TOTAL COST	7023.86