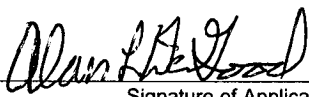


**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: American Energies Corporation		License Number: 5399
Operator Address: 155 North Market, Suite 710, Wichita, KS 67202		
Contact Person: Alan L. DeGood, President		Phone Number: (316) 263 - 5785
Lease Name & Well No.: Lagree 1		Pit Location (QQQQ): C - NW - NW -
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input checked="" type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small> 15-113-19199	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 80 (bbls)	Sec. 31 Twp. 19S R. 1W <input type="checkbox"/> East <input checked="" type="checkbox"/> West 4629 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 4549 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section McPherson County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used?
Pit dimensions (all but working pits): 6 Length (feet) 10 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 4 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. Natural Clays in soil.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit 1869 feet Depth of water well N/A ⁴⁶ feet		Depth to shallowest fresh water N/A ²⁰ feet. Source of information: _____ measured _____ well owner _____ electric log 6 KDWR
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Drilling mud and cuttings Number of working pits to be utilized: 1 Abandonment procedure: Allow pits to dry and backfill. _____ Drill pits must be closed within 365 days of spud date.
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.		
11/12/08 Date	 Signature of Applicant or Agent	RECEIVED KANSAS CORPORATION COMMISSION NOV 13 2008 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: 11/13/08 Permit Number: 15-113-19199-0000 Permit Date: 11/14/08 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

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



*Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner*

November 14, 2008

American Energies Corporation
155 N. Market Ste 710
Wichita, KS 67202

Re: Workover Pit Application
Lagree Lease Well No. 1
NW/4 Sec. 31-19S-01W
McPherson County, Kansas

Dear Sir or Madam:

District staff has reviewed the above referenced location and has determined the pit must **be lined and fluids removed after completion**. A plastic liner with the minimum thickness of **6 mil** is to be used. Integrity of the liner must be maintained at all times.

The fluids must be removed from the pit within 72 hours after workover operations have ceased. The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 630-4000 when the fluids have been removed. Please file form CDP-5 (April 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site: www.kcc.state.ks.us/conservation/forms.

If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,

A handwritten signature in black ink that reads "Kathy Haynes".

Kathy Haynes
Department of Environmental Protection and Remediation

Cc: district