



KANSAS CORPORATION COMMISSION 1035513
OIL & GAS CONSERVATION DIVISION

Form CDP-1
April 2004
Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: American Energies Corporation		License Number: 5399	
Operator Address: 155 N MARKET STE 710		WICHITA KS 67202	
Contact Person: Karen Houseberg		Phone Number: 316-263-5785	
Lease Name & Well No.: Gonzales OWWO 1-33		Pit Location (QQQQ): SE SW 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 type="checkbox"/> Workover Pit <input checked="" type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing If Existing, date constructed: 11/09/2009 Pit capacity: 800 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
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? Natural clay in soil, chemical mud			
Pit dimensions (all but working pits): _____ Length (feet) _____ Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) _____ No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit _____ feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input checked="" type="checkbox"/> 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: Chemical mud Number of working pits to be utilized: 3 Abandonment procedure: Evaporation, return surface to original condition Drill pits must be closed within 365 days of spud date.	
Submitted Electronically			

KCC OFFICE USE ONLY

Steel Pit RFAC RFAS

Date Received: 03/01/2010 Permit Number: 15-095-22169-00-01 Permit Date: 03/02/2010 Lease Inspection: Yes 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

HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
 - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate I requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
 - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
 - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
 - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
 - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
 - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
 - (2) a \$2,500 penalty for the second violation; and
 - (3) a \$5,000 penalty and an operator license review for the third violation.

Complete and return with Haul-Off Pit Application, Form CDP1(2004)

Haul-off pit will be located in an on-site disposal area: Yes No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:
 Yes No If yes, written permission from the landowner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator: Yes No If yes, written permission from the landowner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.

63U (Rev. 1993)

OIL AND GAS LEASE

Recorder No. 09-116



KS. Stat. Title 26, Ch. 26, Sec. 26-201-270

AGREEMENT, Made and entered into the 1st day of January 2008

by and between Giles J. Thissen and Pat Thissen also known as Patricia Thissen, his wife

whose mailing address is 2742 East Highway 54 Kingman, Kansas 67068 hereinafter called Lessor (whether one or more), and Debra D. Fitzgerald hereinafter called Lessee:

Lessor, in consideration of Ten & More Dollars (\$10.00 & More) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting, drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, boring oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of KINGMAN State of KANSAS described as follows to-wit:

TOWNSHIP 27 SOUTH, RANGE 7 WEST: Section 27: S/2 S/2 NE/4 Less the East 116 rods of the S/2 S/2 S/2 NE/4, 25.5 acres more or less. Section 27: N/2 N/2 N/2 SE/4 Less East 116 rods thereof, 5.5 acres more or less. Section 27: West 2 rods of the East 118 rods of that part of the balance of SE/4 lying North of the 54 Highway Right of Way, 1.02 acres more or less. Section 27: S/2 S/2 NW/4, 40 acres more or less. Section 27: N/2 N/2 SW/4 Less East 538' of S/2 N/2 N/2 SW/4, 36 acres more or less.

In Section 27 Township 27 South Range 7 West and containing 108.02 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees: 1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises. 2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor. When requested by lessor, lessee shall bury lessor's pipe lines below plow depth. No well shall be drilled nearer than 300 feet to the house or barn now on said premises without written consent of lessor. Lessee shall pay for damages caused by lessor's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to each portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessor's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, each pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

Lessee or its assigns will consult with Lessor regarding routes of ingress and egress, prior to commencing any operations.



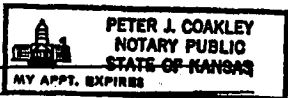
STATE OF KANSAS, KINGMAN COUNTY, AS: THIS INSTRUMENT WAS FILED FOR RECORD ON THE 26 DAY OF March A.D. 2008 AT 10:25 O'CLOCK A.M. AND DULY RECORDED IN BOOK 0-25 PAGE 9 FEES \$2.00 [Signature] RECORDER OF DEEDS

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written. Witness: Pat Thissen, Giles J. Thissen

STATE OF KANSAS ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
COUNTY OF KINGMAN
The foregoing instrument was acknowledged before me this 24th day of March 2008
by Giles J. Thissen and Pat Thissen also known as Patricia Thissen, his wife

My commission expires November 12, 2010

Peter J. Coakley
Notary Public
Peter J. Coakley



STATE OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____
by _____ and _____

My commission expires _____
Notary Public

STATE OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____
by _____ and _____

My commission expires _____
Notary Public

STATE OF _____ ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)
COUNTY OF _____
The foregoing instrument was acknowledged before me this _____ day of _____
by _____ and _____

My commission expires _____
Notary Public

OIL AND GAS LEASE

No. _____
FROM _____
_____ of Acres _____ Twp. _____ Rge. _____
_____ of Acres _____ Term _____ County _____
DATE OF _____
_____ County _____
This instrument was filed for record on the _____
_____ day of _____
_____ M., and duly recorded
in Book _____ Page _____ of
records of this office.
Register of Deeds
_____ when recorded, return to _____

My commission expires _____
Notary Public



*Mark Parkinson, Governor
Thomas E. Wright, Chairman
Joseph F. Harkins, Commissioner*

March 02, 2010

Karen Houseberg
American Energies Corporation
155 N MARKET STE 710
WICHITA, KS 67202-1821

Re: Drilling Pit Application
Gonzales OWWO 1-33
Sec.27-27S-07W
Kingman County, Kansas

Dear Karen Houseberg:

District staff has inspected the above referenced location and has determined that the Haul-Off pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the Haul-Off pit within 96 hours of completion of drilling operations.

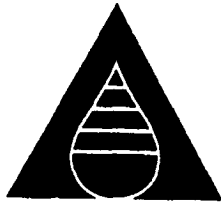
NO completion fluids or non-exempt wastes shall be placed in the Haul-Off pit.

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 (August 2008), Exploration and Production Waste Transfer, through SOLAR within 30 days of fluid removal.

If you have any questions or concerns please feel free to contact the District Office at (316) 630-4000.

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/>



American Energies
Corporation

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

February 19, 2010

Mr. Giles J. Thissen
2742 E. Hwy 54
Kingman, Kansas 67068

Re: Gonzales # 1-33 SWD Well
Approx C NE SE SEC 33-27S-7W
Kingman County, Kansas

Dear Mr. Thissen:

In connection with our verbal agreement with regard to the cuttings from the washdown of the Gonzales # 1-33, enclosed please find our company check numbered # 063787 in the agreed upon sum of \$ 1,000.00.

Please signify receipt of the enclosed check by signing, dating and returning one copy of this letter in the enclosed return envelope.

Thank you for your cooperation understanding and if you have any questions, please feel free to call me at 316 201-1396.

Best regards,


Peter J. Coakley
Land Manager

PJC/tbm
Enclosure

Accepted and received this 22 day of February, 2010, American Energies Corporation check # 063787.


Giles J. Thissen