

For KCC Use:
Effective Date: 4-19-2011
District #: 3
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form C-1
March 2010
Form must be Typed
Form must be Signed
All blanks must be Filled

NOTICE OF INTENT TO DRILL

Must be approved by KCC five (5) days prior to commencing well

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: 4-18-2011
month day year

OPERATOR: License# 34113
Name: American Energy Resources, LLC
Address 1: 311 N Kansas
Address 2:
City: Chanute State: KS Zip: 66720
Contact Person: Andy Cockrell
Phone: 602-486-6757

CONTRACTOR: License# 5831
Name: Don Thornton, Mokat Drilling

Well Drilled For: Oil Gas Seismic Other
Well Class: Enh Rec Storage Disposal Wildcat Other
Type Equipment: Mud Rotary Air Rotary Cable
If OWWO: old well information as follows:

Operator:
Well Name:
Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

Spot Description:
SE SE NW NE Sec. 25 Twp. 27 S. R. 16
1,093 feet from N S Line of Section
1,235 feet from E W Line of Section

Is SECTION: Regular Irregular?

Note: Locate well on the Section Plat on reverse side

County: Wilson
Lease Name: Olson Lease Well #: 2011-1
Field Name: Buffalo-Villas

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Squirrel

Nearest Lease or unit boundary line (in footage): 1093

Ground Surface Elevation: 53 + 1031 feet MSL

Water well within one-quarter mile: Yes No

Public water supply well within one mile: Yes No

Depth to bottom of fresh water: 50

Depth to bottom of usable water: 150

Surface Pipe by Alternate: II

Length of Surface Pipe Planned to be set: 40ft

Length of Conductor Pipe (if any):

Projected Total Depth: 950

Formation at Total Depth: Squirrel

Water Source for Drilling Operations: Well Farm Pond Other: air

DWR Permit #:
Note: Apply for Permit with DWR

Will Cores be taken? Yes No

If Yes, proposed zone:

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

- 1. Notify the appropriate district office prior to spudding of well;
2. A copy of the approved notice of intent to drill shall be posted on each drilling rig;
3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary prior to plugging;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 DAYS of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. In all cases, NOTIFY district office prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 4-11-2011 Signature of Operator or Agent: Title: Manager

For KCC Use ONLY
API # 15 - 207-27819-0000
Conductor pipe required None feet
Minimum surface pipe required 20 feet per ALT.
Approved by: 4-14-2011
This authorization expires: 4-14-2012
Spud date: Agent:

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well will not be drilled or Permit Expired Date:
Signature of Operator or Agent:

RECEIVED

APR 14 2011

KCC WICHITA

25 27 16

For KCC Use ONLY

API # 15 - 207-27819-0000

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator: American Energy Resources, LLC
Lease: Olson Lease
Well Number: 2011-1
Field: Buffalo-Villas

Location of Well: County: Wilson
1,093 feet from N / S Line of Section
1,235 feet from E / W Line of Section
Sec. 25 Twp. 27 S. R. 16 E W

Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: SE - SE - NW - NE

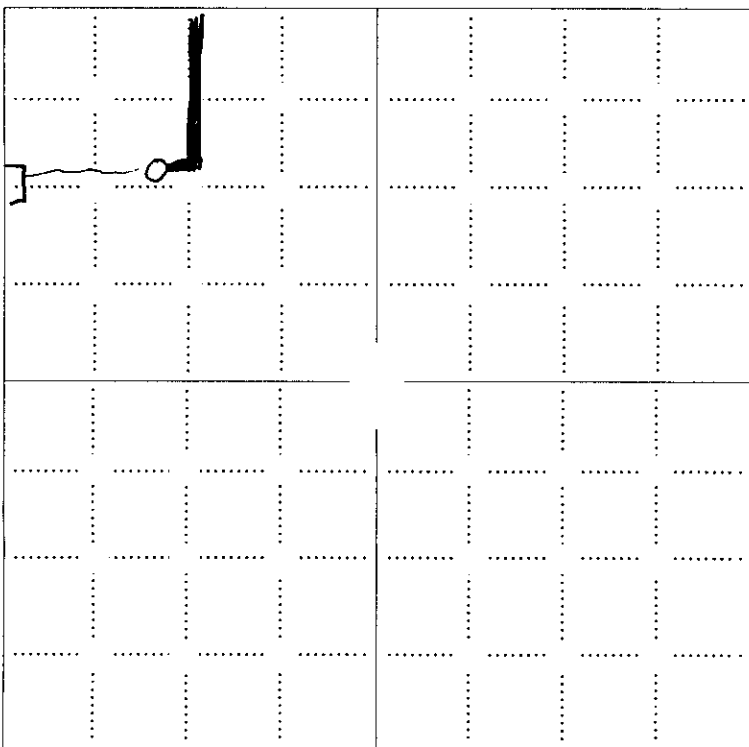
Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

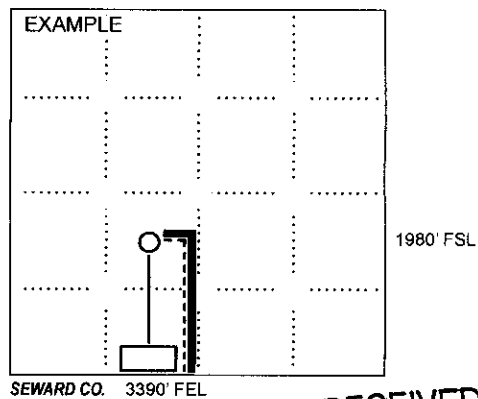
PLAT

Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.



LEGEND

- Well Location
- Tank Battery Location
- Pipeline Location
- Electric Line Location
- Lease Road Location



NOTE: In all cases locate the spot of the proposed drilling location.

In plotting the proposed location of the well, you must show:

1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (CO-7 for oil wells; CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

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15-207-27819-0000

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
July 2010
Form Must Be Typed
Form must be Signed
All blanks must be Filled

**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: C-1 (Intent) CB-1 (Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application)

OPERATOR: License # 34113
Name: American Energy Resources, LLC
Address 1: 311 N Kansas
Address 2: _____
City: Chanute State: KS Zip: 66720 + _____
Contact Person: Andy Cockrell
Phone: (602) 486-6757 Fax: (_____) _____
Email Address: _____

Well Location:
SE SE NW NE Sec. 25 Twp. 27 S. R. 16 East West
County: Wilson
Lease Name: Olson Lease Well #: 2011-1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: Mrs. Olson
Address 1: 20106 Scott Rd
Address 2: _____
City: Buffalo State: KS Zip: 66717 + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: 4-11-2011 Signature of Operator or Agent: _____ Title: Manager

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KCC WICHITA

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

Form CDP-1
May 2010
Form must be Typed

Submit in Duplicate

Operator Name: American Energy Resources, LLC		License Number: 34113
Operator Address: 311 N Kansas		Chanute KS 66720
Contact Person: Andy Cockrell		Phone Number: 602-486-6757
Lease Name & Well No.: Olson Lease 2011-1		Pit Location (QQQQ): SE SE NW NW
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	Sec. <u>25</u> Twp. <u>27</u> R. <u>16</u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u>1,093</u> Feet from <input type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>1,255</u> Feet from <input type="checkbox"/> East / <input type="checkbox"/> West Line of Section Wilson _____ County
Is the pit located in a Sensitive Ground Water Area? <input 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? <u>Native clay</u>
Pit dimensions (all but working pits): <u>30</u> Length (feet) <u>15</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (feet) <input type="checkbox"/> 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: <u>5131</u> feet Depth of water well <u>13</u> feet		Depth to shallowest fresh water <u>11</u> feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input 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: <u>A.R.R.I.G</u> Number of working pits to be utilized: <u>1</u> Abandonment procedure: <u>Backfill</u> 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. <u>4-11-2011</u> Date		RECEIVED APR 14 2011 KCC WICHITA
_____ <i>Signature of Applicant or Agent</i>		

15-207-27819-00700

KCC OFFICE USE ONLY			
Date Received: <u>4-14-11</u>	Permit Number: _____	Permit Date: <u>4-14-11</u>	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Liner <input type="checkbox"/> Steel Pit <input checked="" type="checkbox"/> RFAC <input type="checkbox"/> RFAS			

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

Conservation Division
Finney State Office Building
130 S. Market, Rm. 2078
Wichita, KS 67202-3802



phone: 316-337-6200
fax: 316-337-6211
<http://kcc.ks.gov/>

Thomas E. Wright, Chairman
Ward Loyd, Commissioner

Corporation Commission

Sam Brownback, Governor

April 14, 2011

American Energy Resources, LLC
311 N Kansas
Chanute, KS 66720

RE: Drilling Pit Application
Olson Lease Well No. 2011-1
NW/4 Sec. 25-27S-16E
Wilson County, Kansas

Dear Sir or Madam:

District staff has inspected the above referenced location and has determined that the reserve 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 reserve pit immediately after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 432-2300 when the fluids have been removed. Please file form CDP-5 (August 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.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill.

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, appearing to read "Kathy Haynes".

Kathy Haynes
Environmental Protection and Remediation Department

cc: File