

FOR KCC USE:

EFFECTIVE DATE: 4-27-96

DISTRICT # _____
SEAL: Yes No

State of Kansas

NOTICE OF INTENTION TO DRILL

Must be approved by the K.C.C. five (5) days prior to commencing well

FORM C-1 7/91
FORM MUST BE TYPED
FORM MUST BE SIGNED
ALL BLANKS MUST BE FILLED

Expected Spud Date April 22 1996
month day year

Spot NW NW SE Sec 28 Twp 16S S. Rg 21W East West

OPERATOR: License # 5399
Name: American Energies Corporation
Address: 155 North Market, Suite 710
City/State/Zip: Wichita, Kansas 67202
Contact Person: Alan L. DeGood
Phone: 316-263-5785

2310 feet from South North line of Section
2310 feet from East West line of Section
IS SECTION REGULAR IRREGULAR?
(NOTE: Locate well on the Section Plat on Reverse Side)

CONTRACTOR: License #: 4958
Name: Mallard JV, Inc.

County: NESS
Lease Name: Stephens Well #: I
Field Name: Chaff SW
Is this a Prorated/Spaced Field? yes no
Target Formation(s): Cherokee Conglomerate

Well Drilled For: Well Class: Type Equipment:
 Oil ... Enh Rec ... Infield ... Mud Rotary
 Gas ... Storage Pool Ext. ... Air Rotary
 OWWO ... Disposal ... Wildcat ... Cable
 Seismic; ... # of Holes ... Other
 Other

Nearest lease or unit boundary: 330'
Ground Surface Elevation: 2265' 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: 200'
Depth to bottom of usable water: 900-680'

If OWWO: old well information as follows:
Operator: _____
Well Name: _____
Comp. Date: _____ Old Total Depth _____

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 220'
Length of Conductor pipe required: N.A.
Projected Total Depth: 4400'
Formation at Total Depth: Mississippi

Directional, Deviated or Horizontal wellbore? yes no
If yes, true vertical depth: _____
Bottom Hole Location: _____

Water Source for Drilling Operations: well farm pond other
DWR Permit #: _____
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. 55-101, 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. 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: 4-8-96 Signature of Operator or Agent: Alan L. DeGood Title: President

FOR KCC USE:
 API # 15- 135-239300000
 Conductor pipe required NONE feet
 Minimum surface pipe required 230 feet per Alt. (2)
 Approved by: AK 4-27-96
 This authorization expires: 10-27-96
 (This authorization void if drilling not started within 6 months of effective date.)
 Spud date: _____ Agent: _____

04-09-1996
KANSAS CORP COMM
RECEIVED
APR 9 1996
A 11:48

28
16
2100

REMEMBER TO:

- 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;
- Obtain written approval before disposing or injecting salt water.

Mail to: Conservation Division, 200 Colorado Derby Building, 202 W. First St., Wichita, Kansas 67202-1286.

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW
PLAT OF ACREAGE ATTRIBUTABLE TO A WELL IN A PRORATED OR SPACED FIELD

If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells within 1 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API NO. 15- _____
 OPERATOR American Energies Corporation
 LEASE Stephen "B" #1
 WELL NUMBER 1
 FIELD Chaff Southwest

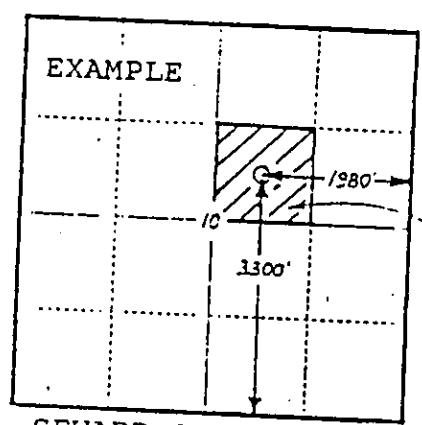
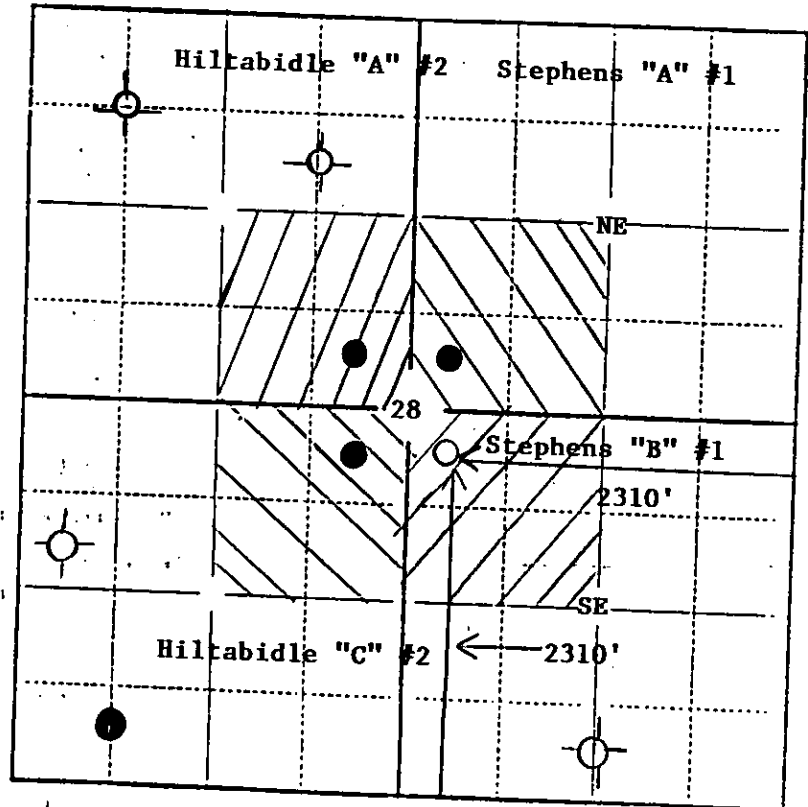
LOCATION OF WELL: COUNTY Ness
2310 feet from south/north line of section
2310 feet from east/west line of section
 SECTION 28 TWP 16S RG 21W

NUMBER OF ACRES ATTRIBUTABLE TO WELL 40
 QTR/QTR/QTR OF ACREAGE _____ - NW - SE

IS SECTION X REGULAR or _____ IRREGULAR
IF SECTION IS IRREGULAR, LOCATE WELL FROM NEAREST CORNER BOUNDARY.
 Section corner used: _____ NE _____ NW X SE _____ SW

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)
 (Show footage to the nearest lease or unit boundary line.)



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 section's south/north and east/west lines; and
- 3) the distance to the nearest lease or unit boundary line.