

FOR KCC USE:

FORM C-1 7/91

EFFECTIVE DATE: 3-25-2001

FORM MUST BE TYPED

DISTRICT # 1

State of Kansas

FORM MUST BE SIGNED

SEA7 Yes No

NOTICE OF INTENTION TO DRILL APP NE NE SW

ALL BLANKS MUST BE FILLED

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

Expected Spud Date March 27th 2001
month day year

* Spot 2310' PSL & 2440' PWT East
..... Sec 17 Twp 31 S, Rg 11 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, President
Phone: 316-263-5785

2310' feet from South North line of Section
2440' 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: Barber

Lease Name: Watkins Well #: C-3

Field Name: IIA

Is this a Prorated/Spaced Field? yes no

Target Formation(s): Mississippian, Douglas

Nearest lease or unit boundary: 330'

Ground Surface Elevation: 1690' Estimated MSL

Water well within one-quarter mile: yes no

Public water supply well within one mile: yes no

Depth to bottom of fresh water: 60'

Depth to bottom of usable water: 180'

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 250'

Length of Conductor pipe required: N/A

Projected Total Depth: 4400'

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:
... well farm pond other

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

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

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

Will Cores Be Taken?: yes no
If yes, proposed zone:

* SPOT LOCATION = QTR QTR CALL

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: 3-20-01 Signature of Operator or Agent: Alan L. DeGood Title: President

FOR KCC USE:
API # 15- 007-22645-0000
Conductor pipe required NONE feet
Minimum surface pipe required 200 feet per Alt.
Approved by: JK 3-20-2001

This authorization expires: 9-20-2001
(This authorization void if drilling not started within 6 months of effective date.)

Spud date: _____ Agent: _____

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 20 2001

3-20-01
CONSERVATION DIVISION
WICHITA, KS

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

17
31
11W

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 Watkins
 WELL NUMBER C-3
 FIELD Ils

LOCATION OF WELL: COUNTY Barber
2310 feet from south/north line of section
2440 feet from east/west line of section
 SECTION 17 TWP 31S RG 11W

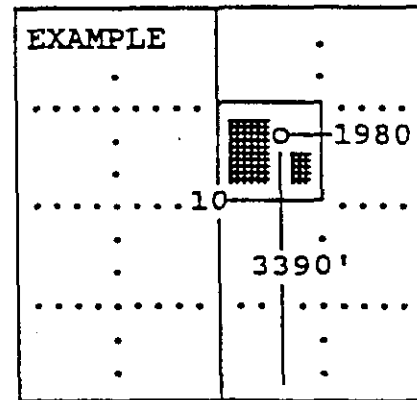
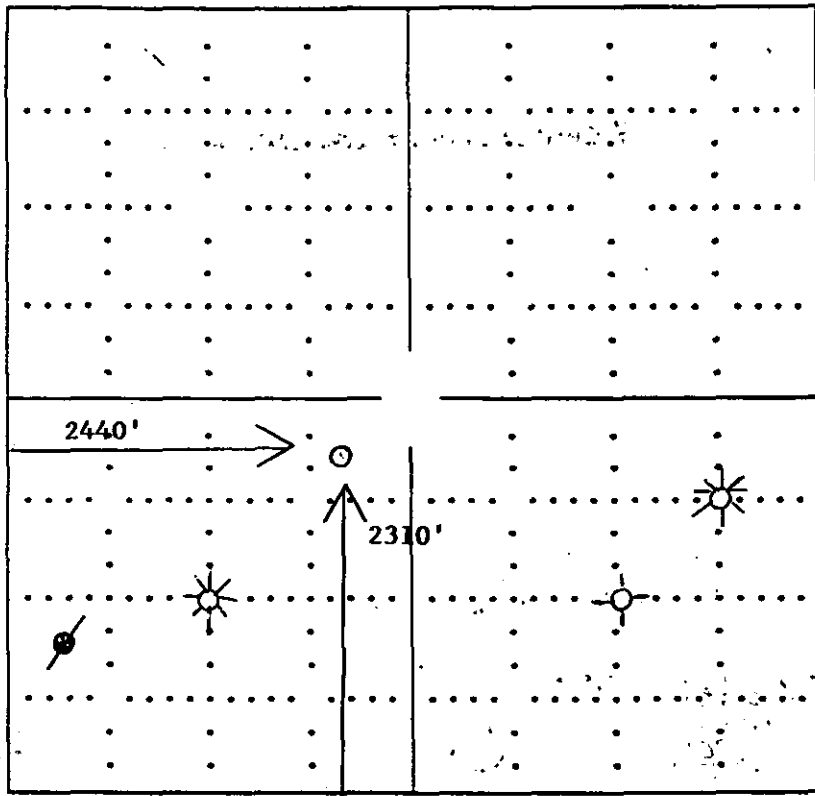
NUMBER OF ACRES ATTRIBUTABLE TO WELL _____
 QTR/QTR/QTR OF ACREAGE _____

IS SECTION X 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 and shade attributable acreage for prorated or spaced wells.)
 (Show footage to the nearest lease or unit boundary line.)



SEWARD CO.

When 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; and
- 3) the distance to the nearest lease or unit boundary line.