For KCC Use:

| Effective D | Date: |
|-------------|-------|
|-------------|-------|

| District | # |  |
|----------|---|--|
|----------|---|--|

| Yes | 1   | ١   |
|-----|-----|-----|
|     | Yes | Yes |

## KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 October 2007 Form must be Typed Form must be Signed

All blanks must be Filled

1034727

## NOTICE OF INTENT TO DRILL

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

| Expected Spud Date:  |                                   |     |        | Spot Description:   |                        |
|--|-----------------------------------|-----|--------|---|------------------------|
|  | month                             | day | year   | (a/a/a/a) Sec Twp S. F  |                        |
| OPERATOR: License#   |                                   |     |        | feet from N /   | S Line of Section      |
| Name:  |                                   |     |        | feet from E / _   | W Line of Section      |
| Address 1:   |                                   |     |        | Is SECTION: Regular Irregular?  |                        |
| Address 2:   |                                   |     |        | (Note: Locate well on the Section Plat on rever   | se side)               |
| City:  |                                   |     |        | County:   |                        |
| Contact Person:  |                                   |     |        | Lease Name:   | Well #:                |
| Phone:   |                                   |     |        | Field Name:   |                        |
| CONTRACTOR: License#_  |                                   |     |        | Is this a Prorated / Spaced Field?  | Yes No                 |
| Name:  |                                   |     |        | Target Formation(s):  |                        |
| Well Drilled For:         Oil       Enh Re         Gas       Storag         Dispos         Seismic ;       # of         Other: | e Pool<br>al Wildc<br>Holes Other | d   |        | Nearest Lease or unit boundary line (in footage):         Ground Surface Elevation:         Water well within one-quarter mile:         Public water supply well within one mile:         Depth to bottom of fresh water:         Depth to bottom of usable water:         Surface Pipe by Alternate:         I         Length of Surface Pipe Planned to be set:         Length of Conductor Pipe (if any):         Projected Total Depth:         Formation at Total Depth: | feet MSL Yes No Yes No |
| 5 5 × 1 × 1  |                                   | 5   |        | Water Source for Drilling Operations:   |                        |
| Directional, Deviated or Hori  | zontal wellbore?                  |     | Yes No | Well Farm Pond Other:   |                        |
| If Yes, true vertical depth:   |                                   |     |        | DWR Permit #:   |                        |
| Bottom Hole Location:  |                                   |     |        | (Note: Apply for Permit with DWR )  |                        |
| KCC DKT #:   |                                   |     |        | 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.

### Submitted Electronically

|   | Remember to:   |
|---|--|
| For KCC Use ONLY  | - File Drill Pit Application (form CDP-1) with Intent to Drill;  |
| API # 15  | <ul> <li>File Completion Form ACO-1 within 120 days of spud date;</li> </ul>   |
| Conductor pipe required feet  | <ul> <li>File acreage attribution plat according to field proration orders;</li> <li>Notify appropriate district office 48 hours prior to workover or re-entry;</li> </ul> |
| Minimum surface pipe requiredfeet per ALT. I II                                     | - Submit plugging report (CP-4) after plugging is completed (within 60 days);  |
| Approved by:  | - Obtain written approval before disposing or injecting salt water.  |
| This authorization expires:   | - If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.   |
| (This autionization void if drining not started within 12 months of approval date.) | Well Not Drilled - Permit Expired Date:  |
| Spud date: Agent:   | Signature of Operator or Agent:  |
| opud duto /igont  | <  |



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#### IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Side Two

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 and 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells and within 1/2 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 gas wells acreage attribution unit for gas wells acreage a

| API No. 15   |  |
|--|--|
| Operator:  | Location of Well: County:  |
| Lease:   | feet from N / S Line of Section  |
| Well Number:   | feet from E / W Line of Section  |
| Field:   | Sec Twp S. R E W   |
| Number of Acres attributable to well:<br>QTR/QTR/QTR/QTR of acreage: | Is Section: Regular or Irregular   |
|  | If Section is Irregular, locate well from nearest corner boundary.<br>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.)

|       |   | • |                  |       |                       | •          |          |       | SEWAR | D CO.        |           |                  |
|-------|---|---|------------------|-------|-----------------------|------------|----------|-------|-------|--------------|-----------|------------------|
| ••••• |   |   |                  | ••••• |                       |            |          |       |       |              |           | •<br>•<br>•<br>• |
|       |   |   |                  |       |                       |            | <u> </u> | - 165 | ft.   |              | 3390'<br> |                  |
|       |   | • | •<br>•<br>•<br>• |       |                       | •          |          | 10-   |       | :<br>1(<br>: |           | :                |
|       |   |   |                  |       |                       |            |          |       | ••••• |              | o         | 1980             |
|       | : | : | <u> </u>         | 8 —   | •                     | :          | :        | -     | EXAMP | LE           |           |                  |
| ••••• |   |   |                  | ••••  |                       |            |          |       |       |              |           |                  |
|       |   | • | •                |       | •<br>•<br>•<br>•<br>• |            | •        |       |       |              |           |                  |
| ••••• |   |   |                  | ••••• |                       |            |          |       |       |              |           |                  |
| ••••• | : | : | :                | ••••• | :                     | :<br><br>: | :        |       |       |              |           |                  |
|       | • |   |                  |       |                       | :          | :        |       |       |              |           |                  |

1320 ft.

#### 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: (C0-7 for oil wells; CG-8 for gas wells).

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

1034727

Form CDP-1 April 2004 Form must be Typed

## **APPLICATION FOR SURFACE PIT**

Submit in Duplicate

| Operator Name:   |   |                 | License Number:   |                    |  |  |  |
|--|---|-----------------|---|--------------------|--|--|--|
| Operator Address:  |   |                 |   |                    |  |  |  |
| Contact Person:  |   |                 | Phone Number:   |                    |  |  |  |
| Lease Name & Well No.:   |   |                 | Pit Location (QQQQ):  |                    |  |  |  |
| Type of Pit:   | Pit is:   | Existing        | ·   |                    |  |  |  |
| Emergency Pit Burn Pit   | If Existing, date c                                     |                 | SecTwpR East West   |                    |  |  |  |
| Workover Pit Haul-Off Pit  |   |                 | Feet from North / South Line of Section                                     |                    |  |  |  |
| (If WP Supply API No. or Year Drilled)   | Pit capacity:   |                 | Feet from East / West Line of Section                                       |                    |  |  |  |
|  |   | (bbls)          |   | County             |  |  |  |
| Is the pit located in a Sensitive Ground Water   | Area? Yes   | No              | Chloride concentration: mg/l<br>(For Emergency Pits and Settling Pits only) |                    |  |  |  |
| Is the bottom below ground level?  | Artificial Liner?                                       | No              | How is the pit lined if a plastic liner is not used?                        |                    |  |  |  |
| Pit dimensions (all but working pits):   | Length (fe  | eet)            | Width (feet)N/A: Steel Pits   |                    |  |  |  |
| Depth fr   | om ground level to d                                    | eepest point:   | (feet) No Pit   |                    |  |  |  |
| Distance to nearest water well within one-mile of pit       Depth to shallowest fresh waterfeet. |   |                 |   |                    |  |  |  |
| feet Depth of water well   | feet  | Source of infor | sured well owner electric log KDWR  |                    |  |  |  |
| Emergency, Settling and Burn Pits ONLY:  |   | Drilling, Work  | over and Haul-Off Pits ONLY:  |                    |  |  |  |
| Producing Formation:   |   | Type of materia | al utilized in drilling/workover:   |                    |  |  |  |
| Number of producing wells on lease:  |   | Number of wor   | umber of working pits to be utilized:                                       |                    |  |  |  |
| Barrels of fluid produced daily:   | Abandonment procedure:                                  |                 |   |                    |  |  |  |
| Does the slope from the tank battery allow all flow into the pit? Yes No                         | Drill pits must be closed within 365 days of spud date. |                 |   |                    |  |  |  |
| Submitted Electronically   |   |                 |   |                    |  |  |  |
|  | KCC   | OFFICE USE OI   | NLY Steel Pit   | RFAC RFAS          |  |  |  |
| Date Received: Permit Num  | ber:  | Perm            | t Date: Lease   | Inspection: Yes No |  |  |  |

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



Mark Parkinson, Governor Thomas E. Wright, Chairman Michael C. Moffet, Commissioner Joseph F. Harkins, Commissioner

January 25, 2010

Kenneth Laymon Laymon Oil II, LLC 1998 SQUIRREL RD NEOSHO FALLS, KS 66758-7124

Re: Drilling Pit Application Kee 19-10 SE/4 Sec.18-25S-16E Woodson County, Kansas

Dear Kenneth Laymon:

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 as soon as practical 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 2008), Exploration and Production Waste Transfer, through SOLAR within 30 days of fluid removal.

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 District Office at (620) 432-2300.