For KCC Use:

| Eff | e | ct | iv | е | Date |
|------------|---|----|----|---|------|
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| District | ± | |
|----------|------|--|
| DISTINCT | TT . | |

| SGA? | Yes | No |
|------|-----|----|
| | | |

KANSAS CORPORATION COMMISSION **OIL & GAS CONSERVATION DIVISION**

March 2010 Form must be Typed Form must be Signed All blanks must be Filled

Form C-1

1059955

NOTICE OF INTENT TO DRILL

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

| Form KSONA-1, Certification of Com | pliance with | the Kansas | Surface C | Owner Notification Act, | MUST be submitted with this form |
|------------------------------------|--------------|------------|-----------|-------------------------|----------------------------------|

| Expected Spud Date: | Spot Description: |
|--|---|
| month day year OPERATOR: License# | |
| Name: | |
| Address 1: | Is SECTION: Regular Irregular? |
| Address 2: | (Note: Locate well on the Section Plat on reverse side) |
| City: State: Zip: + | County: |
| Contact Person: | Lease Name: Well #: |
| Phone: | Field Name: |
| CONTRACTOR: License# | Is this a Prorated / Spaced Field? |
| Name: | Target Formation(s): |
| Well Drilled For: Well Class: Type Equipment: Oil Enh Rec Infield Mud Rotary Gas Storage Pool Ext. Air Rotary Disposal Wildcat Cable Seismic ; # of Holes Other Other: | Nearest Lease or unit boundary line (in footage): |
| Directional, Deviated or Horizontal wellbore? | 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? |
| | 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 Electro | onically |
|-------------------|----------|
|-------------------|----------|

| For KCC Use ONLY | |
|-------------------------------|---------------|
| API # 15 | |
| Conductor pipe required | feet |
| Minimum surface pipe required | feet per ALT. |
| Approved by: | |
| This authorization expires: | |
| 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:

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



For KCC Use ONLY

API # 15 - .

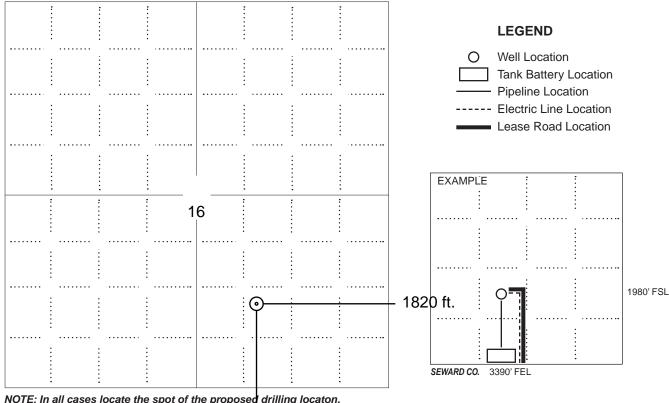
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

| Operator: | 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: | 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.



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

1150 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).
- 5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.

Side Two



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION 1059955

Form CDP-1 May 2010 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

| Operator Address: Contact Person: Lease Name & Well No.: Type of Pit: Pit is: Emergency Pit Burn Pit Proposed Existing Sec. Twp. R. | | | | |
|--|---|--|--|--|
| Lease Name & Well No.: Pit Location (QQQQ): Type of Pit: Pit is: | | | | |
| Type of Pit: Pit is: | | | | |
| | | | | |
| Emergency Pit Burn Pit Proposed Existing Sec. Twp. R. East We | | | | |
| | st | | | |
| Settling Pit Drilling Pit If Existing, date constructed:Feet from North / South Line of Se | tion | | | |
| Workover Pit Haul-Off Pit Feet from East / West Line of Se | Feet from East / West Line of Section | | | |
| (If WP Supply API No. or Year Drilled) Pit capacity: | nty | | | |
| Is the pit located in a Sensitive Ground Water Area? Yes No (For Emergency Pits and Settling Pits only) | ng/l | | | |
| Is the bottom below ground level? Artificial Liner? How is the pit lined if a plastic liner is not used? Yes No Yes No | | | | |
| Pit dimensions (all but working pits):Length (feet)Width (feet)Width (feet) | | | | |
| 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: Depth to shallowest fresh water feet. Source of information: | | | | |
| feet Depth of water wellfeet measured well owner electric log KDWR | | | | |
| Emergency, Settling and Burn Pits ONLY: Drilling, Workover and Haul-Off Pits ONLY: | | | | |
| Producing Formation: Type of material utilized in drilling/workover: | Type of material utilized in drilling/workover: | | | |
| Number of producing wells on lease: | Number of working pits to be utilized: | | | |
| Barrels of fluid produced daily: Abandonment procedure: | | | | |
| Does the slope from the tank battery allow all spilled fluids to flow into the pit? Yes No Drill pits must be closed within 365 days of spud date. | Drill pits must be closed within 365 days of spud date. | | | |
| Submitted Electronically | | | | |
| KCC OFFICE USE ONLY | | | | |
| Date Received: Permit Number: Permit Date: Lease Inspection: Yes | No | | | |

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



KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT Form KSONA-1 July 2010 Form Must Be Typed Form must be Signed All blanks must be Filled

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 # | Well Location: | | |
|--|--|--|--|
| Name: | | | |
| Address 1: | County: | | |
| Address 2: | Lease Name: Well #: | | |
| City: Zip: Contact Person: | If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below: | | |
| Phone: () Fax: () Email Address: | | | |
| Surface Owner Information: | | | |
| Name: | When filing a Form T-1 involving multiple surface owners, attach an additional | | |
| Address 1: | 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 | | |
| Address 2: | county, and in the real estate property tax records of the county treasurer. | | |
| City: State: Zip:+ | | | |

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.

Submitted Electronically

I

I

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 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 oil wells.

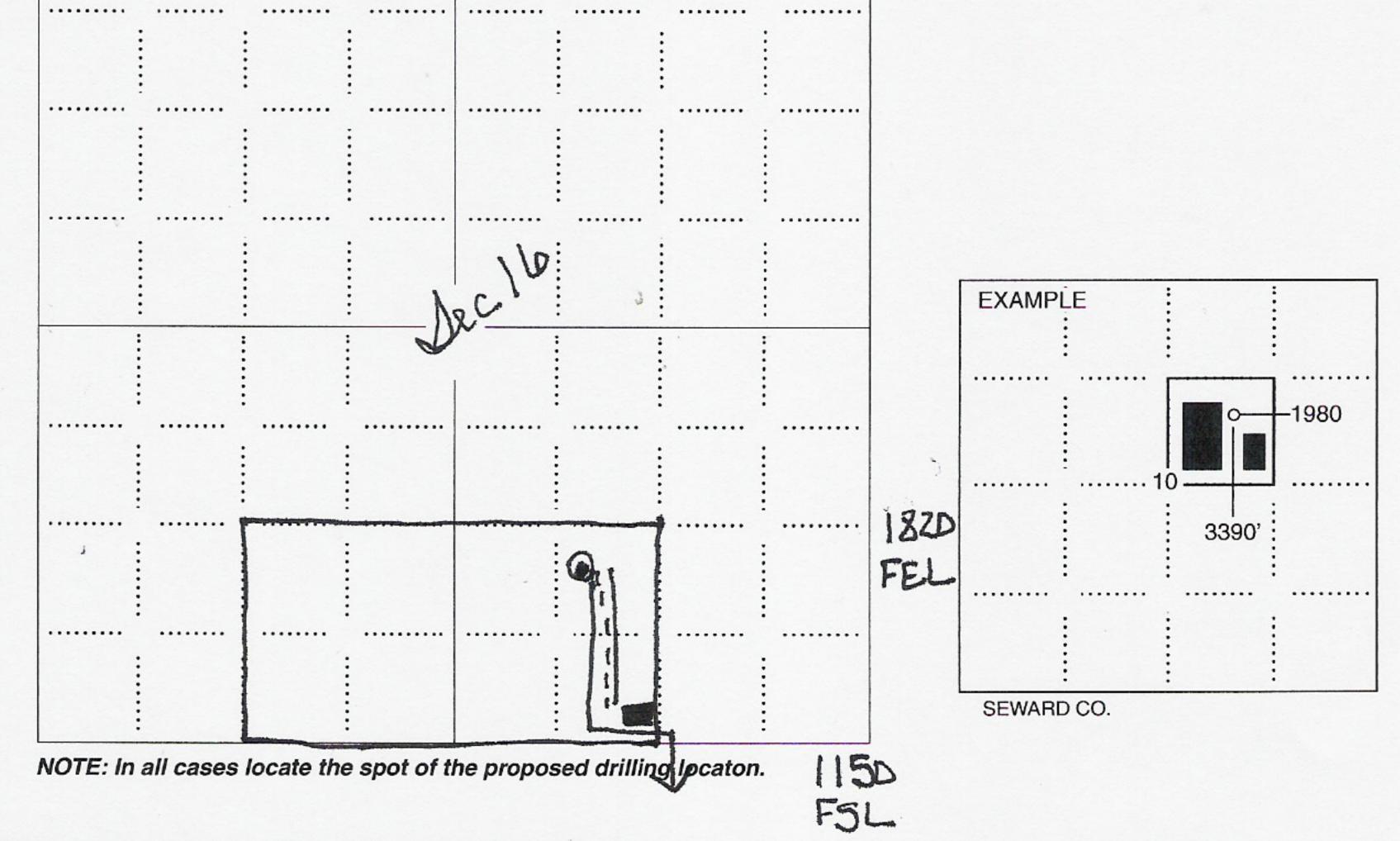
| API No. 15 | |
|---|--|
| Operator: Laymon Oil II LLC | Location of Well: County: Woodson |
| Lease: Marion Jones | |
| Well Number: 22-11 | 1,150feet fromNXSLine of Section1,820feet fromXEWLine of Section |
| Field: Vernon | 1,820 feet from X E / W Line of Section Sec. 16 Twp. 24 S. R. 16 X E |
| Number of Acres attributable to well: | Is Section: Regular or Irregular |
| QTR/QTR/QTR of acreage: <u>NW</u> _ <u>NE</u> _ <u>SW</u> _ <u>SE</u> | |
| | 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.)

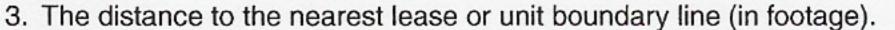
(Show footage to the nearest lease or unit boundary line.)

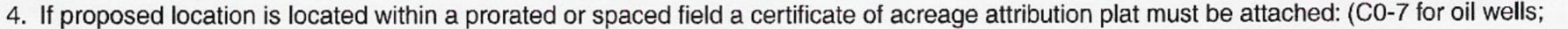
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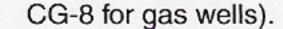


In plotting the proposed location of the well, you must show:

- 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.







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/

Mark Sievers, Chairman Ward Loyd, Commissioner Thomas E. Wright, Commissioner Sam Brownback, Governor

July 21, 2011

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

Re: Drilling Pit Application Marion Jones 22-11 SE/4 Sec.16-24S-16E Woodson County, Kansas

Dear Michael 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 KOLAR 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.