For KCC Use:

| Eff | e | ct | iv | е | Date | |
|-----|---|----|----|---|------|--|
| | | | | | | |

| District | # | |
|----------|---|--|
| DISTINCT | Ħ | |

Yes No SGA?

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

1139159

| NOTICE O | F INTENT | TO DRILL |
|----------|----------|-----------------|
|----------|----------|-----------------|

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

| Form KSONA-1, Certificati | ion of Compliance with | the Kansas | Surface Owne | r Notification Act, MUS1 | be submitted with this form |
|---------------------------|------------------------|------------|--------------|--------------------------|-----------------------------|

| Expected Spud Date: | Spot Description: |
|---|---|
| month day year | |
| OPERATOR: License# | feet from N / S Line of Section |
| Name: | feet from L E / W Line of Section |
| 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: | Nearest Lease or unit boundary line (in footage): |
| Oil Enh Rec Infield Mud Rotary | Ground Surface Elevation:feet MSL |
| Gas Storage Pool Ext. Air Rotary | Water well within one-quarter mile: |
| Disposal Wildcat Cable | Public water supply well within one mile: |
| Seismic ; # of Holes Other | Depth to bottom of fresh water: |
| Other: | Depth to bottom of usable water: |
| | Surface Pipe by Alternate: |
| If OWWO: old well information as follows: | Length of Surface Pipe Planned to be set: |
| Operator: | Length of Conductor Pipe (if any): |
| | Projected Total Depth: |
| Original Completion Date: Original Total Depth: | Formation at Total Depth: |
| | Water Source for Drilling Operations: |
| 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 E | Electronically |
|-------------|----------------|
|-------------|----------------|

| For KCC Use ONLY | |
|-------------------------------|---|
| API # 15 | |
| Conductor pipe required | feet |
| Minimum surface pipe required | feet per ALT. IIIII |
| Approved by: | |
| This authorization expires: | arted within 12 months of approval date.) |
| Spud date: Ag | ent: |

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:

| . |
|-------|
| |

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



For KCC Use ONLY

API # 15 - ____

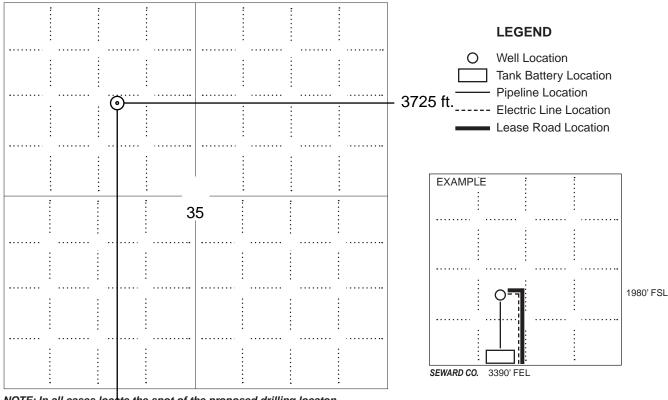
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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: QTR/QTR/QTR/QTR of acreage: | 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.

3905 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 1139159

Form CDP-1 May 2010 Form must be Typed

APPLICATION FOR SURFACE PIT

Submit in Duplicate

| Operator Name: | | ionni în Duplicat | License Number: | |
|---|------------------------|--|---|--|
| Operator Address: | | | | |
| Contact Person: | | | Phone Number: | |
| Lease Name & Well No.: | | | Pit Location (QQQQ): | |
| Type of Pit: | Pit is: | | · | |
| Emergency Pit Burn Pit | Proposed | Existing | SecTwpR East West | |
| Settling Pit Drilling Pit | If Existing, date co | nstructed: | Feet from North / South Line of Section | |
| Workover Pit Haul-Off Pit (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 A | rea? | No | Chloride concentration: mg/l (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 | et) | Width (feet)N/A: Steel Pits | |
| Depth fro | om ground level to dee | epest point: | (feet) No Pit | |
| Distance to nearest water well within one-mile of pit: Depth to shallowest fresh water feet. Source of information: | | | | |
| feet Depth of water well | feet | measured well owner electric log KDWR Drilling, Workover and Haul-Off Pits ONLY: | | |
| Emergency, Settling and Burn Pits ONLY: Producing Formation: | | 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 s flow into the pit?Yes No | pilled fluids to | Drill pits must be closed within 365 days of spud date. | | |
| Submitted Electronically | | | | |
| KCC OFFICE USE ONLY | | | | |
| Date Received: Permit Numl | ber: | Permi | t Date: Lease Inspection: Yes No | |

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

| OIL & GAS CONS CERTIFICATION OF C | ATION COMMISSION 1139159 ERVATION DIVISION Form Must Be Typed OMPLIANCE WITH THE NER NOTIFICATION ACT |
|--|---|
| T-1 (Request for Change of Operator Transfer of Injection | f Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); or Surface Pit Permit); and CP-1 (Well Plugging Application). mpanying Form KSONA-1 will be returned. Cathodic Protection Borehole Intent) T-1 (Transfer) CP-1 (Plugging Application) |
| OPERATOR: License # | Well Location: |
| Surface Owner Information: Name: Address 1: Address 2: City: | 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.

Submitted Electronically

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Т

Side Two

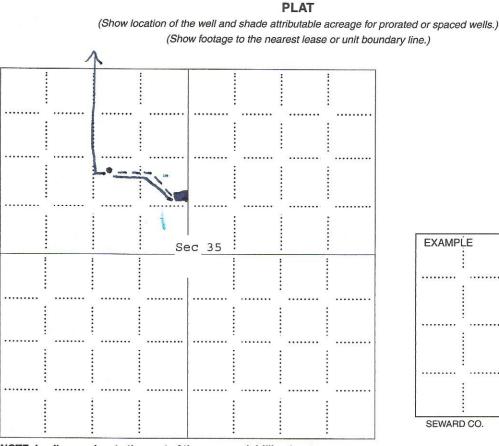
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

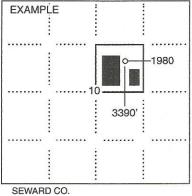
Plat of acreage attributable to a well in a prorated or spaced field

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 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 attrib

| API No. 15 | |
|---------------------------------------|--|
| Operator: Laymon Oll II LLC | Location of Well: County: Woodson |
| Lease: Section 35 | 3,905 feet from N / X S Line of Section |
| Well Number: 101-13 | 3,725 feet from X E / W Line of Section |
| Field: Vernon | Sec. 35 Twp. 23 S. R. 16 X E W |
| Number of Acres attributable to well: | Is Section: X Regular or Irregular |
| QTR/QTR/QTR of acreage:NWNWSENW | is Section: Alegular or Inregular |
| | If Section is Irregular, locate well from nearest corner boundary. |

Section corner used:





NE NW SE SW

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

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).
- 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).

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 Thomas E. Wright, Commissioner Shari Feist Albrecht, Commissioner Sam Brownback, Governor

May 13, 2013

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

Re: Drilling Pit Application Section 35 101-13 NW/4 Sec.35-23S-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.