

10/23/09

CONFIDENTIAL

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form ACO-1
September 1999
Form Must Be Typed

ORIGINAL

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Operator: License # 33365
Name: Layne Energy Operating, LLC
Address: 1900 Shawnee Mission Parkway
City/State/Zip: Mission Woods, KS 66205
Purchaser: _____
Operator Contact Person: Timothy H. Wright
Phone: (913) 748-3960
Contractor: Name: McPherson Drilling
License: 5675
Wellsite Geologist: _____

Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SIOW Temp. Abd.
 Gas ENHR SIGW
 Dry Other (Core, WSW, Expl., Cathodic, etc)

If Workover/Re-entry: Old Well Info as follows:
Operator: _____
Well Name: _____

Original Comp. Date: _____ Original Total Depth: _____
 Deepening Re-perf. Conv. to Enhr./SWD
 Plug Back Plug Back Total Depth
 Commingled Docket No. _____
 Dual Completion Docket No. _____
 Other (SWD or Enhr.?) Docket No. _____

<u>7/12/2007</u>	<u>7/13/2007</u>	<u>8/30/2007</u>
Spud Date or Recompletion Date	Date Reached TD	Completion Date or Recompletion Date

API No. 15 - 125-31397-00-00
County: Montgomery
____ NW SW Sec. 23 Twp. 31 S. R. 16 East West
2239 feet from N (circle one) Line of Section
499 feet from E / W (circle one) Line of Section

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW SW
Lease Name: Eastep Well #: 12-23
Field Name: Cherokee Basin Coal Area
Producing Formation: Cherokee Coals

Elevation: Ground: 874' Kelly Bushing: _____
Total Depth: 1155' Plug Back Total Depth: 1147'
Amount of Surface Pipe Set and Cemented at 19 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set _____ Feet
If Alternate II completion, cement circulated from 1147
feet depth to Surface w/ 120 sx cmt.

Drilling Fluid Management Plan AKHINS 3-11-09
(Data must be collected from the Reserve Pit)
Chloride content N/A ppm Fluid volume _____ bbls
Dewatering method used N/A - Air Drilled
Location of fluid disposal if hauled offsite: _____
Operator Name: _____
Lease Name: _____ License No.: _____
Quarter _____ Sec. _____ Twp. _____ S. R. _____ East West
County: _____ Docket No.: _____

INSTRUCTIONS: An original and two copies of this form shall be filed with the Kansas Corporation Commission, 130 S. Market - Room 2078, Wichita, Kansas 67202, within 120 days of the spud date, recompletion, workover or conversion of a well. Rule 82-3-130, 82-3-106 and 82-3-107 apply. Information of side two of this form will be held confidential for a period of 12 months if requested in writing and submitted with the form (see rule 82-3-107 for confidentiality in excess of 12 months). One copy of all wireline logs and geologist well report shall be attached with this form. ALL CEMENTING TICKETS MUST BE ATTACHED. Submit CP-4 form with all plugged wells. Submit CP-111 form with all temporarily abandoned wells.

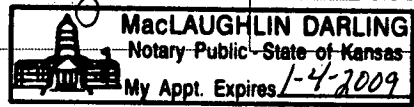
All requirements of the statutes, rules and regulations promulgated to regulate the oil and gas industry have been fully complied with and the statements herein are complete and correct to the best of my knowledge.

Signature: _____
Title: Agent Date: 10-22-07
Subscribed and sworn to before me this 22 day of October
07
Notary Public: MacLaughlin Darling
Date Commission Expires: 1-4-2009

KCC Office Use ONLY

Letter of Confidentiality Attached
 If Denied, Yes No Date: _____
 Wireline Log Received
 Geologist Report Received
 UIC Distribution

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CONSERVATION DIVISION
WICHITA, KS



Operator Name: Layne Energy Operating, LLC Lease Name: Eastep Well #: 12-23
 Sec. 23 Twp. 31 S. R. 16 East West County: Montgomery

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all final copies of drill stems tests giving interval tested, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static level, hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface test, along with final chart(s). Attach extra sheet if more space is needed. Attach copy of all Electric Wireline Logs surveyed. Attach final geological well site report.

Drill Stem Tests Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>(Attach Additional Sheets)</i> Samples Sent to Geological Survey <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Cores Taken <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Electric Log Run <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>(Submit Copy)</i> List All E. Logs Run: Compensated Density Neutron Dual Induction	<input checked="" type="checkbox"/> Log Formation (Top), Depth and Datum <input type="checkbox"/> Sample <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">Name</td> <td style="width:20%;">Top</td> <td style="width:20%;">Datum</td> </tr> <tr> <td>Pawnee Lime</td> <td>552 GL</td> <td>322</td> </tr> <tr> <td>Excello Shale</td> <td>701 GL</td> <td>173</td> </tr> <tr> <td>V Shale</td> <td>753 GL</td> <td>121</td> </tr> <tr> <td>Mineral Coal</td> <td>796 GL</td> <td>78</td> </tr> <tr> <td>Mississippian</td> <td>1085 GL</td> <td>-211</td> </tr> </table>	Name	Top	Datum	Pawnee Lime	552 GL	322	Excello Shale	701 GL	173	V Shale	753 GL	121	Mineral Coal	796 GL	78	Mississippian	1085 GL	-211
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CASING RECORD <input checked="" type="checkbox"/> New <input type="checkbox"/> Used							
Report all strings set-conductor, surface, intermediate, production, etc.							
Purpose of String	Size Hole Drilled	Size Casing Set (In O.D.)	Weight Lbs. / Ft.	Setting Depth	Type of Cement	# Sacjs Used	Type and Percent Additives
Surface	11"	8.625"	24	19'	Class A	4	Type 1 cement
Casing	6.75"	4.5"	10.5	1147'	Thick Set	120	#10 KOL seal @ sx

ADDITIONAL CEMENTING / SQUEEZE RECORD				
Purpose:	Depth Top Bottom	Type of Cement	#Sacks Used	Type and Percent Additives
<input type="checkbox"/> Perforate <input type="checkbox"/> Protect Casing <input type="checkbox"/> Plug Back TD <input type="checkbox"/> Plug Off Zone				

Shots Per Foot	PERFORATION RECORD - Bridge Plugs Set/Type Specify Footage of Each Interval Perforated	Acid, Fracture, Shot, Cement Squeeze Record <i>(Amount and Kind of Material Used)</i>
	See Attached Page	
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		CONSERVATION DIVISION WICHITA, KS

TUBING RECORD	Size <u>2-3/8"</u>	Set At <u>1071'</u>	Packer At	Liner Run <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date of First, Resumerd Production, SWD or Enhr. <u>9/13/2007</u>		Producing Method <input type="checkbox"/> Flowing <input checked="" type="checkbox"/> Pumping <input type="checkbox"/> Gas Lift <input type="checkbox"/> Other (Explain)		
Estimated Production Per 24 Hours	Oil Bbls. <u>0</u>	Gas Mcf <u>8</u>	Water Bbls. <u>13</u>	Gas-Oil Ratio Gravity

Disposition of Gas Vented Sold Used on Lease *(If vented, Submit ACO-18.)*

METHOD OF COMPLETION

Production Interval Open Hole Perf. Dually Comp. Commingled Other (Specify) _____

Operator Name:	Layne Energy Operating, LLC.		
Lease Name:	Eastep 12-23		
	Sec. 23 Twp. 31S Rng. 16E, Montgomery County		
API:	15-125-31397-00-00		
Shots per Foot	Perforation Record	Acid, Fracture, Shot, Cement Squeeze Record	Depth
Initial Perforations			
4	Neutral 1028' - 1029.5' Rowe 1019' - 1021'	4600 lbs 20/40 sand 382 bbls water 415 gals 15% HCl acid	1019' - 1029.5'
4	Weir 906.5' - 908.5' Mineral 796' - 797.5'	5000 lbs 20/40 sand 385 bbls water 415 gals 15% HCl acid	796' - 908.5'
4	V-Shale 754.5' - 757' Iron Post 730' - 732' Mulky 702' - 707.5' Summit 676' - 680'	14000 lbs 20/40 sand 887 bbls water 1050 gals 15% HCl acid	676' - 757'

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GEOLOGIC REPORT

LAYNE ENERGY
Eastepp 12-23
NW SW, 2239 FSL, 499 FWL
Section 23-T31S-R16E
Montgomery County, KS

Spud Date: 7/12/2007
Drilling Completed: 7/13/2007
Logged: 7/13/2007
A.P.I. #: 15125313970000
Ground Elevation: 874'
Depth Driller: 1155'
Depth Logger: 1155'
Surface Casing: 8.625 inches at 21'
Production Casing: 4.5 inches at 1147'
Cemented Job: Consolidated
Open Hole Logs: Dual Induction SFL/GR, High Resolution
Compensated Density/Neutron

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Formation

	Tops	
	(below ground)	(subsea)
	Surface (Noxie	
Kansas City Group	Sandstone)	874
Pawnee Limestone	552	322
Excello Shale	701	173
"V" Shale	753	121
Mineral Coal	796	78
Mississippian	1,085	-211

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CONSOLIDATED OIL WELL SERVICES, INC.
P.O. BOX 884, CHANUTE, KS 66720
620-431-9210 OR 800-487-8676

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TICKET NUMBER 12119
LOCATION Edgem
FOREMAN Rick Leonard

TREATMENT REPORT & FIELD TICKET
CEMENT

DATE	CUSTOMER #	WELL NAME & NUMBER	SECTION	TOWNSHIP	RANGE	COUNTY
7-16-07	4258	Estep 12-23				MG
CUSTOMER <u>Layne Energy</u>			Gus Jones			
MAILING ADDRESS <u>P.O. Box 160</u>			TRUCK #	DRIVER	TRUCK #	DRIVER
CITY <u>Sycamore</u>			<u>463</u>	<u>Kyle</u>		
STATE <u>KS</u>	ZIP CODE		<u>515</u>	<u>Jarrid</u>		
			<u>436</u>	<u>Jim</u>		

JOB TYPE longstring HOLE SIZE 6 7/8" HOLE DEPTH 1155' CASING SIZE & WEIGHT 4 1/2" 16.5"
 CASING DEPTH 1147' DRILL PIPE _____ TUBING _____ OTHER _____
 SLURRY WEIGHT 13.2" SLURRY VOL 37 Bbl WATER gal/sk 8.0 CEMENT LEFT in CASING 0'
 DISPLACEMENT 18 1/4 Bbl DISPLACEMENT PSI 500 ~~800~~ PSI 1000 RATE _____

REMARKS: Safety meeting - Rig up to 4 1/2" casing. Break circulation w/ 25 Bbl fresh water. Pump 8 sks gel-flush w/ hulls, 5 Bbl water spacer. 20 Bbl metasilicate pre-flush, 9 Bbl dye water. Mixed 120 sks thickset cement w/ 10" Kel-seal @ 13.2" gal. Washout pump & lines shut down, release plug. Displace w/ 18 1/4 Bbl fresh water. Final pump pressure 500 PSI. Pump plug to 1000 PSI, wait 2 minutes, release pressure, float held. Good cement returns to surface = 7 Bbl slurry to pit. Job complete. Rig down.

"Thank You"

ACCOUNT CODE	QUANTITY or UNITS	DESCRIPTION of SERVICES or PRODUCT	UNIT PRICE	TOTAL
5401	1	PUMP CHARGE	840.00	840.00
5406	1	MILEAGE 2nd well	0	0
1126A	120 sks	thickset cement	15.40	1848.00
1110A	1200 #	Kel-seal 10" @ 13.2" gal	.38	456.00
1118A	400 #	gel-flush	.15	60.00
1105	50 #	hulls	.36	18.00
1102	90 #	cable	.67	53.60
1111A	100 #	metasilicate pre-flush	1.65	165.00
5407A	6.6	tan-milky bulk trk	1.10	290.40
5502C	3 hrs	80 Bbl uac. trk	98.00	276.00
1123	3000 gals	city water	12.80 / 1000	38.40
4404	1	4 1/2" top abber plug	40.00	40.00
		Subtotal		4079.40
		SALES TAX 5.38		141.99
		ESTIMATED TOTAL		4221.39

AUTHORIZATION Called by Migger TITLE Co. Ep. DATE _____

Daily Well Work Report

EASTEP 12-23
7/13/2007

Well Location:
MONTGOMERY KS
31S-16E-23 NW SW
2239FSL / 499FWL

Cost Center C01031300200
Lease Number C010313
Property Code KSCV31S16E2312
API Number 15-125-31397

Spud Date	RDMO Date	First Compl	First Prod	EFM Install	CygnnetID
7/12/2007	7/13/2007	8/30/2007	9/13/2007	9/12/2007	EASTEP_12_23

TD	PBTD	Sf Csg Depth	Pr Csg Depth	Tbg Size	Csg Size
1155	1147	19	1147	0	0

Reported By krd	Rig Number	Date 7/12/2007
Taken By krd		Down Time
Present Operation Drill Out from under Surface		Contractor McPherson

Narrative

Miru McPherson Drilling, drilled 11" hole, 19' deep, rih w/ 1 jt 8-5/8" surface casing, mxd 4 sxs type 1 cmt, dumped dn the backside, sdfn.
DWC: \$ 2,880

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