

For KCC Use:
 Effective Date: 7-4-2010
 District #: 3
 SGA? Yes No

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

NOTICE OF INTENT TO DRILL

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

Expected Spud Date: July 5, 2010
month day year

OPERATOR: License# 33365 ✓
 Name: Layne Energy Operating, LLC
 Address 1: 1900 Shawnee Mission Parkway
 Address 2: _____
 City: Mission Woods State: KS Zip: 66205 + 2001
 Contact Person: Victory H. Dyal
 Phone: 913-748-3960

CONTRACTOR: License# 33606 ✓
 Name: Thornton Air Rotary, LLC

Well Drilled For: Oil ✓ Gas
 Enh Rec Storage Disposal
 Seismic; # of Holes _____
 Other: _____
 If OWWO: old well information as follows:

Well Class: Infield Pool Ext. ✓
 Wildcat Other

Type Equipment: Mud Rotary
 Air Rotary ✓
 Cable

Operator: _____
 Well Name: _____
 Original Completion Date: _____ Original Total Depth: _____

Directional, Deviated or Horizontal wellbore? Yes No
 If Yes, true vertical depth: _____
 Bottom Hole Location: RECEIVED KANSAS CORPORATION COMMISSION
 KCC DKT #: JUN 29 2010

Spot Description: _____
 NE SW SW NE Sec. 34 Twp. 30 S. R. 14 E W
(a.o.a.)
2,145 feet from N / S Line of Section
2,145 feet from E / W Line of Section

Is SECTION: Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: Wilson
 Lease Name: Metzger Well #: 7L-34
 Field Name: Lafontaine

Is this a Prorated / Spaced Field? Yes No ✓

Target Formation(s): Cattleman Sands ✓
 Nearest Lease or unit boundary line (in footage): 495' ✓
 Ground Surface Elevation: 914' feet MSL

Water well within one-quarter mile: Yes No ✓
 Public water supply well within one mile: Yes No ✓

Depth to bottom of fresh water: 150'
 Depth to bottom of usable water: 200'

Surface Pipe by Alternate: I II ✓
 Length of Surface Pipe Planned to be set: 40'

Length of Conductor Pipe (if any): None
 Projected Total Depth: 1300'

Formation at Total Depth: Mississippian
 Water Source for Drilling Operations: Well Farm Pond Other: _____

DWR Permit #: _____
 (Note: Apply for Permit with DWR) _____

Will Cores be taken? Yes No ✓
 If Yes, proposed zone: _____

CONSERVATION DIVISION
 WICHITA, KS

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.

I hereby certify that the statements made herein are true and correct to the best of my knowledge and belief.

Date: June 28, 2010 Signature of Operator or Agent: [Signature] Title: Manager of Engineering

For KCC Use ONLY
 API # 15 - 205-27856-00-00
 Conductor pipe required None feet
 Minimum surface pipe required 40 feet per ALT. I II ✓
 Approved by: [Signature] 6-29-2010
 This authorization expires: 6-29-2011
(This authorization void if drilling not started within 12 months of approval date.)
 Spud date: _____ Agent: _____

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 (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If this permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well Not Drilled - Permit Expired Date: _____
 Signature of Operator or Agent: _____

34
30
14
 E
 W

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 oil wells.

API No. 15 - 205-27856-0000
Operator: Layne Energy Operating, LLC
Lease: Metzger
Well Number: 7L-34
Field: Lafontaine

Number of Acres attributable to well: _____
QTR/QTR/QTR/QTR of acreage: NE - SW - SW - NE

Location of Well: County: Wilson
2,145 feet from N / S Line of Section
2,145 feet from E / W Line of Section
Sec. 34 Twp. 30 S. R. 14 E W

Is Section: Regular or Irregular

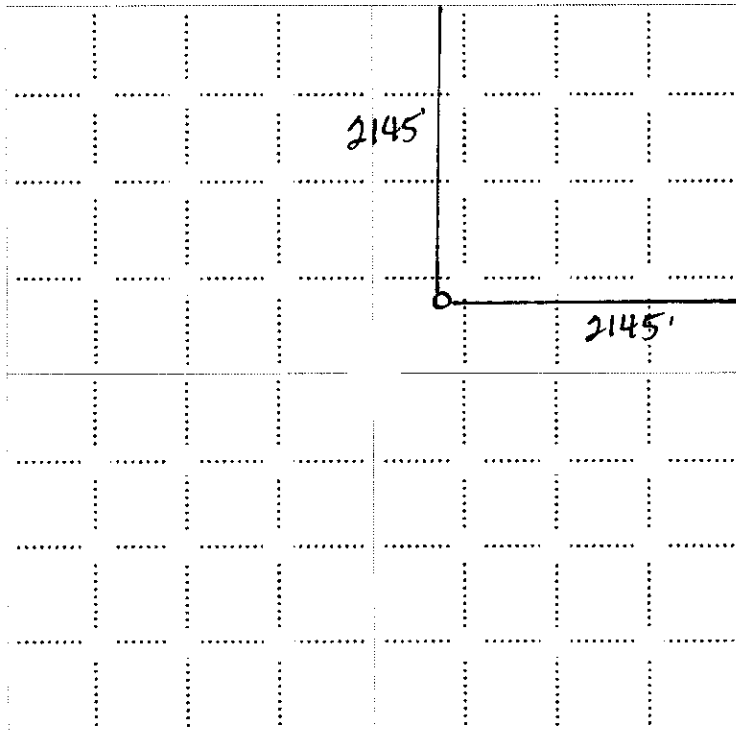
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

PLAT

(Show location of the well and shade attributable acreage for prorated or spaced wells.)

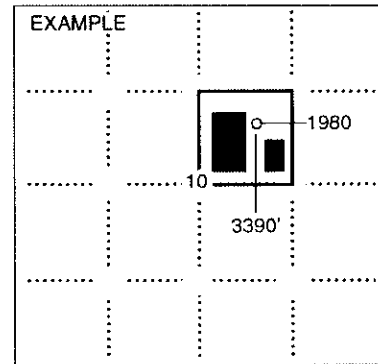
(Show footage to the nearest lease or unit boundary line.)



RECEIVED
KANSAS CORPORATION COMMISSION

JUN 29 2010

CONSERVATION DIVISION
WICHITA, KS



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

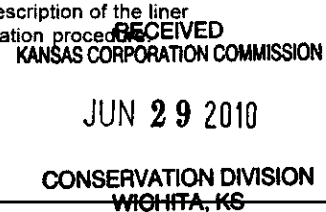
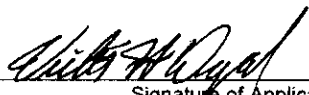
In plotting the proposed location of the well, you must show:

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

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Layne Energy Operating, LLC		License Number: 33365	
Operator Address: 1900 Shawnee Mission Parkway		Mission Woods KS 66205	
Contact Person: Victory H. Dyal		Phone Number: 913-748-3960	
Lease Name & Well No.: Metzger 7L-34		Pit Location (QQQQ): NE SW SW NE	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>		Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>	
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
How is the pit lined if a plastic liner is not used? made of clay			
Pit dimensions (all but working pits): <u>30</u> Length (feet) <u>20</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>3</u> (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure. <div style="text-align: center;">  </div>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: <u>none</u> feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: <u>fresh water mud</u> Number of working pits to be utilized: <u>2</u> Abandonment procedure: <u>Let evaporate until dry, then backfill and restore</u> Drill pits must be closed within 365 days of spud date.	
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.			
June 28, 2010 Date		 Signature of Applicant or Agent	
KCC OFFICE USE ONLY Steel Pit <input type="checkbox"/> RFAC <input checked="" type="checkbox"/> RFAS <input type="checkbox"/>			
Date Received: <u>6-29-10</u> Permit Number: _____ Permit Date: <u>6-29-10</u> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

15-205-27856-0000

June 29, 2010

Layne Energy Operating, LLC
1900 Shawnee Mission Parkway
Mission Woods, KS 66205-2001

RE: Drilling Pit Application
Metzger Lease Well No. 7L-34
NE/4 Sec. 34-30S-14E
Wilson County, Kansas

Dear Sir or Madam:

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.

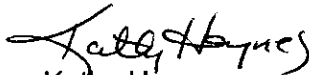
If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

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 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site:
www.kcc.state.ks.us/conservation/forms.

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 undersigned at the above address.

Sincerely,



Kathy Haynes
Environmental Protection and Remediation Department

cc: File