

CONFIDENTIAL

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

ORIGINAL

Form ACO-1
September 1999
Form Must Be Typed

WELL COMPLETION FORM
WELL HISTORY - DESCRIPTION OF WELL & LEASE

Handwritten initials and date: 7/21/08

Handwritten date: 7/21/10

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: Thornton Air Rotary
License: 33606
Wellsite Geologist: _____

API No. 15 - 125-31543-00-00
County: Montgomery
SW NE NE Sec. 36 Twp. 31 S. R. 15 East West
914 feet from S / (circle one) Line of Section
982 feet from (circle one) W Line of Section

Designate Type of Completion:
 New Well Re-Entry Workover
 Oil SWD SLOW Temp. Abd.
 Gas ENHR SIGW
 Dry Other (Core, ~~NSW~~ Exp, Cathodic, etc)

Footages Calculated from Nearest Outside Section Corner:
(circle one) NE SE NW SW
Lease Name: McCarty Well #: 1-36
Field Name: Cherokee Basin Coal Area

If Workover/Re-entry: Old Well Info as follows:
JUL 21 2008

Producing Formation: Cherokee Coals
Elevation: Ground: 825' Kelly Bushing: _____
Total Depth: 1129' Plug Back Total Depth: 1126'
Amount of Surface Pipe Set and Cemented at 21 Feet
Multiple Stage Cementing Collar Used? Yes No
If yes, show depth set _____ Feet
If Alternate II completion, cement circulated from 1126
feet depth to Surface w/ 160 sx cmt.

Operator: _____
Well Name: KCC
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. _____

Drilling Fluid Management Plan Air II NH 8-1308
(Data must be collected from the Reserve Pit)

4/8/2008 4/9/2008 4/18/2008
Spud Date or Date Reached TD Completion Date or Recompletion Date

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: [Signature]
Title: Agent Date: 7-21-08
Subscribed and sworn to before me this 21 day of July, 2008.
Notary Public: MacLaughlin Darling
Date Commission Expires: 1-4-2009

MacLAUGHLIN DARLING
Notary Public - State of Kansas
My Appt. Expires 1-4-2009

KCC Office Use ONLY

Letter of Confidentiality Attached
 If Denied, Yes Date: _____
 Wireline Log Received
 Geologist Report Received
 IC Distribution

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CONSERVATION DIVISION
WICHITA, KS

Operator Name: Layne Energy Operating, LLC Lease Name: McCarty Well #: 1-36
 Sec. 36 Twp. 31 S. R. 15 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:70%;">Name</td> <td style="width:15%;">Top</td> <td style="width:15%;">Datum</td> </tr> <tr> <td>Pawnee Lime</td> <td>581 GL</td> <td>244</td> </tr> <tr> <td>Excello Shale</td> <td>735 GL</td> <td>90</td> </tr> <tr> <td>V-Shale</td> <td>784 GL</td> <td>41</td> </tr> <tr> <td>Mineral Coal</td> <td>822 GL</td> <td>3</td> </tr> <tr> <td>Mississippian</td> <td>1126 GL</td> <td>-301</td> </tr> </table>	Name	Top	Datum	Pawnee Lime	581 GL	244	Excello Shale	735 GL	90	V-Shale	784 GL	41	Mineral Coal	822 GL	3	Mississippian	1126 GL	-301
Name	Top	Datum																	
Pawnee Lime	581 GL	244																	
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Mineral Coal	822 GL	3																	
Mississippian	1126 GL	-301																	

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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	21'	Class A	4	Type 1 cement
Casing	6.75"	4.5"	10.5	1126'	Thick Set	160	50/50 posmix w/2% gel

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 (Amount and Kind of Material Used)	Depth
	See Attached Page		
			RECEIVED KANSAS CORPORATION COMMISSION JUL 22 2008 CONSERVATION DIVISION WICHITA, KS

TUBING RECORD		Size	Set At	Packer At	Liner Run	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		2-3/8"	1101'			
Date of First, Resumerd Production, SWD or Enhr.			Producing Method			
4/24/2008			<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.	Gas Mcf	Water Bbls.	Gas-Oil Ratio	Gravity	
	0	10	1			

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

METHOD OF COMPLETION Open Hole Perf. Dually Comp. Commingled

Production Interval Other (Specify) _____

Operator Name:	Layne Energy Operating, LLC.		
Lease Name:	McCarty 1-36		
	Sec. 36 Twp. 31S Rng. 15E, Montgomery County		
API:	15-125-31542-00-00		
Shots per Foot	Perforation Record	Acid, Fracture, Shot, Cement Squeeze Record	Depth
Initial Perforations (April 2008)			
4	Riverton 1106' - 1108.5'	2500 lbs 20/40 sand 573 bbls water 440 gals 15% HCl acid	1106' - 1108.5'
4	Mineral 822' - 823.5' Croweburg 785' - 787.5'	6100 lbs 20/40 sand 331 bbls water 500 gals 15% HCl acid	785' - 823.5'
4	Mulky 735.5' - 741'	6100 lbs 20/40 sand 357 bbls water 600 gals 15% HCl acid	735.5' - 741'

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WICHITA, KS

GEOLOGIC REPORT

LAYNE ENERGY
McCarty 1-36
NE NE, 914 FNL, 982 FEL
Section 36-T31S-R15E
Montgomery County, KS

Spud Date: 4/8/2008
Drilling Completed: 4/9/2008
Logged: 4/9/2008
A.P.I. #: 15125315420000
Ground Elevation: 825'
Depth Driller: 1129'
Depth Logger: 1129'
Surface Casing: 8.625 inches at 21'
Production Casing: 4.5 inches at 1126'
Cemented Job: Consolidated
Open Hole Logs: Dual Induction SFL/GR, Litho Density /
Neutron Logs

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Formation JUL 21 2008

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Formation	Tops	
	(below ground)	(subsea)
Surface (Cottage Grove Sandstone)		825
Kansas City Group		
Pawnee Limestone	581	244
Excello Shale	735	90
"V" Shale	784	41
Mineral Coal	822	3
Mississippian	1,126	-301

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CONSERVATION DIVISION
WICHITA, KS

Daily Well Work Report

MCCARTY 1-36

4/9/2008

Well Location:
MONTGOMERY KS
31S-15E-36 SW NE NE
914FNL / 982FEL

Cost Center G01025000100
Lease Number G010250
Property Code KSCV31S15E3601
API Number 15-125-31542

Spud Date	RDMO Date	First Compl	First Prod	EFM Install	CygnnetID
4/8/2008	4/9/2008	4/18/2008	4/24/2008	4/24/2008	MCCARTY_1_36

TD	PBTD	Sf Csg Depth	Pr Csg Depth	Tbg Size	Csg Size
1129	1126	21	1126		

Reported By KRD	Rig Number	Date 4/8/2008
Taken By KRD	Down Time	
Present Operation DRILL OUT SURFACE	Contractor THORNTON ROTARY	

Narrative

MIRU THORNTON, DRILLED 11" HOLE, 21' DEEP, RIH W/ 1 JT 8 5/8" SURFACE CASING,
MIXED 4 SX TYPE 1 CEMENT, DUMPED DOWN THE BACKSIDE. SDFN.
DWC:\$2880

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WICHITA, KS

CONSOLIDATED OIL WELL SERVICES, LLC
 P.O. BOX 884, CHANUTE, KS 66720
 620-431-9210 OR 800-467-8676

TICKET NUMBER 13859

LOCATION EUREKA

FOREMAN Kevin McCoy

TREATMENT REPORT & FIELD TICKET
 CEMENT

DATE	CUSTOMER #	WELL NAME & NUMBER	SECTION	TOWNSHIP	RANGE	COUNTY
4-10-08	4758	McCarty 1-36				MC
CUSTOMER <u>Layne Energy</u>		Gus Jones Rig 2	TRUCK #	DRIVER	TRUCK #	DRIVER
MAILING ADDRESS <u>P.O. Box 160</u>			445	SHANNON		
CITY <u>Sycamore</u>	STATE <u>Ks</u>		502	Phillip		
ZIP CODE						

JOB TYPE Longstring HOLE SIZE 6 3/4 HOLE DEPTH 1129' CASING SIZE & WEIGHT 4 1/2 10.5# NEW
 CASING DEPTH 1136' DRILL PIPE _____ TUBING _____ OTHER _____
 SLURRY WEIGHT 13.9* SLURRY VOL 40 BBL WATER gal/sk 6.1 CEMENT LEFT in CASING 0'
 DISPLACEMENT 18 BBL DISPLACEMENT PSI 600 MAX PSI 1100 Bump Plug RATE _____

REMARKS: Safety Meeting: Rig up to 4 1/2 casing. BREAK Circulation w/ 25 BBL Fresh water.
Pump 6 sks Gel flush w/ Hulls, 10 BBL Fresh water Spacer, 5 BBL Dye water. Mixed 160 sks
50/50 Pozmix Cement w/ 2% Gel, 2% Cacle, 4" Kol-Seal, 3" CAL-Seal, 1/4" Flocele, 1/2" CFL-110,
1/4% CAF-38 @ 13.9*/gal, yield 1.40. Wash out Pump & Lines. Shut down. Release Plug.
Displace w/ 18 BBL Fresh water. FINAL Pumping Pressure 600 PSI. Bump Plug to 1100 PSI.
Wait 2 minutes. Release Pressure. Float Hold. Good Cement Returns to Surface = 7 BBL
Slurry (28 sks) to Pit. Job Complete. Rig down.

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ACCOUNT CODE	QUANTITY or UNITS	DESCRIPTION of SERVICES or PRODUCT	UNIT PRICE	TOTAL
5401	1	PUMP CHARGE		
5406	40	MILEAGE 1 st Well of 2	875.00	875.00
			3.45	138.00
1124	160 sks	50/50 Pozmix Cement		
1118 A	270 *	Gel 2%	9.30	1488.00
1102	270 *	Cacle 2%	.16 *	43.20
1110 A	640 *	Kol-Seal 4"/sk	.70 *	189.00
1101	480 *	CAL-Seal 3"/sk	.40 *	256.00
1107	40 *	Flocele 1/4"/sk	.35 *	168.00
1135	67 *	CFL-110 1/2"	1.98 *	79.20
1146	34 *	CAF-38 1/4%	7.15	479.05
			7.30	248.20
1118 A	300 *	Gel Flush		
1105	50 *	Hulls	.16 *	48.00
5407 A	6.72 Tons	40 miles Bulk Truck	.37 *	18.50
4404	1	4 1/2 Top Rubber Plug	1.14	366.43
			42.00	42.00
		Sub Total		4378.58
		SALES TAX 5.3%		162.13
		ESTIMATED TOTAL		4540.71

THANK YOU

221179

AUTHORIZATION Witnessed By Jacob

TITLE Layne Co. Rep.

DATE _____