



November 1, 2017

## **Layne Christensen and the Texas General Land Office Enter Groundwater Lease Agreement to Provide Water for Delaware Basin Energy Producers**

### **New Agreement Significantly Expands Acreage of Layne's Water Midstream Business**

THE WOODLANDS, Texas, Nov. 1, 2017 /PRNewswire/ -- Layne Christensen Company, (NASDAQ: LAYN) ("Layne" or the "Company"), the largest water well drilling company in the United States and a leading provider of water infrastructure solutions, and the Texas General Land Office ("GLO") today announced a long-term agreement that provides Layne with the exclusive right to develop GLO non-potable water resources for use in oil and gas drilling and completion activities on approximately 88,000 acres interspersed across Reeves and Culberson counties, in the heart of the prolific Delaware Basin oil and gas producing region.

Michael J. Caliel, President and Chief Executive Officer of Layne, commented, "We are honored to partner with the Texas General Land Office and are proud to utilize Layne's 135-years of experience in water sourcing, drilling and treatment to create significant revenue streams from the GLO's expansive land position and water resources in the Delaware Basin. This agreement becomes part of our growing water midstream business and further expands our capabilities and geographic footprint to better serve the ongoing demands for water in the energy sector."

Under the five-year agreement that contains multiple renewal options, Layne will develop, construct, own and operate water infrastructure to produce and sell non-potable water to oil and gas exploration and production companies in the Delaware Basin. Layne's water infrastructure assets on and around GLO lands are expected to include water wells, storage ponds, pump stations, treatment facilities, pipelines and delivery points. Layne will also utilize existing GLO water asset infrastructure in the region to assist in conducting operations and selling non-potable water. Revenues from water sales will be shared between Layne and the Permanent School Fund, the land and mineral assets of which are managed by the GLO.

Layne will immediately begin marketing non-potable water from these GLO lands to producers in the region and serve as the GLO's sales and marketing resource for water produced from land under the lease agreement. Although Layne's evaluation of the full extent of existing GLO assets and water marketing opportunities is still in the early stages, Layne currently expects that it will begin construction of water infrastructure assets under the agreement during its fourth fiscal quarter beginning on November 1, 2017 and generate revenues under the agreement beginning in early 2018.

J. Michael Anderson, Chief Financial Officer and President of Layne Water Midstream, stated, "We intend to responsibly develop GLO water resources to create a long-term revenue stream for the State of Texas, while remaining committed to the preservation of the fresh water San Solomon Springs as GLO acreage that could impact the springs have been excluded from this lease. Further, we will develop and produce only non-potable water from the GLO lands for energy use. We believe that Layne is expertly positioned to develop, construct and manage water infrastructure assets, and create long-term, sustainable income streams for both Layne and the GLO."

The GLO acreage within the Delaware Basin accesses some of the most prolific and active energy producing areas in the United States. Layne estimates that there are currently 58 oil and gas drilling rigs operating within three miles of the GLO's Reeves and Culberson acreage, virtually all of which represent potential water sales opportunities. The 58 operating rigs total nearly 15% of all operating drilling rigs in the Permian Basin and represent a potential water demand market for fracking operations approaching 500 million barrels per year.

#### **About Layne**

Layne is a global water management, infrastructure services and drilling company, providing responsible solutions to the world of essential natural resources — water, minerals and energy. We offer innovative, sustainable products and services with an enduring commitment to safety, excellence, and integrity.

#### **About the Texas General Land Office**

The GLO manages state oil and gas leases and oversees over 13 million acres of land and mineral rights in Texas. The money earned by the GLO is deposited into the Permanent School Fund, which is constitutionally dedicated to the support

of public education in Texas. The GLO also operates veterans' homes and has been tasked by the Legislature with other important duties.

## **Forward-Looking Statements**

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act of 1934. Such statements may include, but are not limited to, statements of plans and objectives, statements of future economic performance and statements of assumptions underlying such statements, and statements of management's intentions, hopes, beliefs, expectations or predictions of the future. Forward-looking statements can often be identified by the use of forward-looking terminology, such as "should," "intended," "continue," "believe," "may," "hope," "anticipate," "goal," "forecast," "plan," "estimate" and similar words or phrases. Such statements are based on current expectations and are subject to certain risks, uncertainties and assumptions, including but not limited to: estimates and assumptions regarding Layne's strategic direction and business strategy, the timely and effective execution of Layne's strategy for Water Resources, the extent and timing of a recovery in the mining industry, prevailing prices for various commodities, the timing and extent of future oil and gas drilling and production in the Delaware Basin, longer term weather patterns, unanticipated slowdowns in Layne's major markets, the availability of credit, the risks and uncertainties normally incident to Layne's industries of operation, the impact of competition, the availability of equity or debt capital needed for the business, including the refinancing of Layne's existing indebtedness as it matures or accelerates, worldwide economic and political conditions and foreign currency fluctuations that may affect Layne's results of operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially and adversely from those anticipated, estimated or projected. These forward-looking statements are made as of the date of this filing, and Layne assumes no obligation to update such forward-looking statements or to update the reasons why actual results could differ materially from those anticipated in such forward-looking statements.

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