

For KCC Use: Effective Date: 4-11-05 District # 3 SGA? Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION NOTICE OF INTENT TO DRILL

Form C-1 September 1999 Form must be Typed Form must be Signed All blanks must be Filled

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

Expected Spud Date April 10 2005 month day year

OPERATOR: License# 33365 Name: Layne Energy Operating, LLC Address: 1900 Shawnee Mission Parkway C.ty/State/Zip: Mission Woods, KS 66205 Contact Person: Vic Dyal Phone: 913-748-3987

CONTRACTOR: License# 5675 Name: McPherson

Well Drilled For: Oil Gas QWO Seismic; Other Well Class: Enh Rec Storage Disposal # of Holes Infield Pool Ext Wildcat Other Type Equipment: Mud Rotary Air Rotary Cable

If OWWO: old well information as follows: Operator: Well Name: Original Completion Date: Original Total Depth:

Direction: i, Deviated or Horizontal wellbore? If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

WAS: GORTON 16-1 IS: GORTON 16-1 SWD

Spot S/2 SE SE Sec. 1 Twp. 31S S. R. 14E 369' 563' feet from S/N (circle one) Line of Section feet from E/W (circle one) Line of Section Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side) County: Montgomery Lease Name: Gorton Well #: 16-1 SWD Field Name: Cherokee Basin Coal Area Is this a Prorated / Spaced Field? Target Formation(s): Arbuckle Nearest Lease or unit boundary: 369 Ground Surface Elevation: 941 feet MSL Water well within one-quarter mile: Public water supply well within one mile: Depth to bottom of fresh water: 100 Depth to bottom of usable water: 200 Surface Pipe by Alternate: 1 X 2 Length of Surface Pipe Planned to be set: 20' minimum Length of Conductor Pipe required: None Projected Total Depth: 2000 Feet Formation at Total Depth: Arbuckle Water Source for Drilling Operations: Well Farm Pond X Other DWR Permit #: Will Cores be taken? If Yes, proposed zone:

RECEIVED KANSAS CORPORATION COMMISSION APR 11 2005 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. 55-101, 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. In all cases, NOTIFY district office prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief. Date: April 5, 2005 Signature of Operator or Agent: Title: Agent

For KCC Use ONLY API # 15 - 125-30728-00-00 Conductor pipe required NONE feet Minimum surface pipe required 20 feet per Alt. +2 Approved by: RJP 4.6.05/RJP 5.16.05 This authorization expires: 10-6-05 (This authorization void if drilling not started within 6 months of effective 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; - Obtain written approval before disposing or injecting salt water.

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APR 11 2005

CONSERVATION DIVISION
WICHITA, KS

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 - 125-30728-00-00

Operator: Layne Energy Operating LLC.

Lease: Gorton

Well Number: 16-1 SWD

Field: Cherokee Basin Coal area

Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: S/2 - SE - SE

Location of Well: County: Montgomery

369' feet from S / N (circle one) Line of Section

563' feet from E / W (circle one) Line of Section

Sec. 1 Twp. 31S S. R. 14E East West

Is Section Regular or Irregular

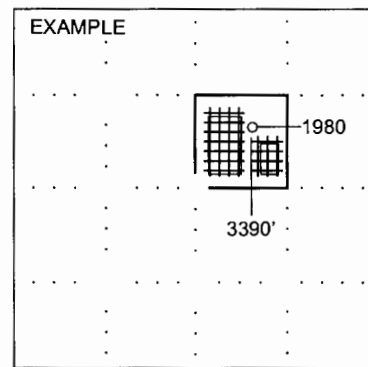
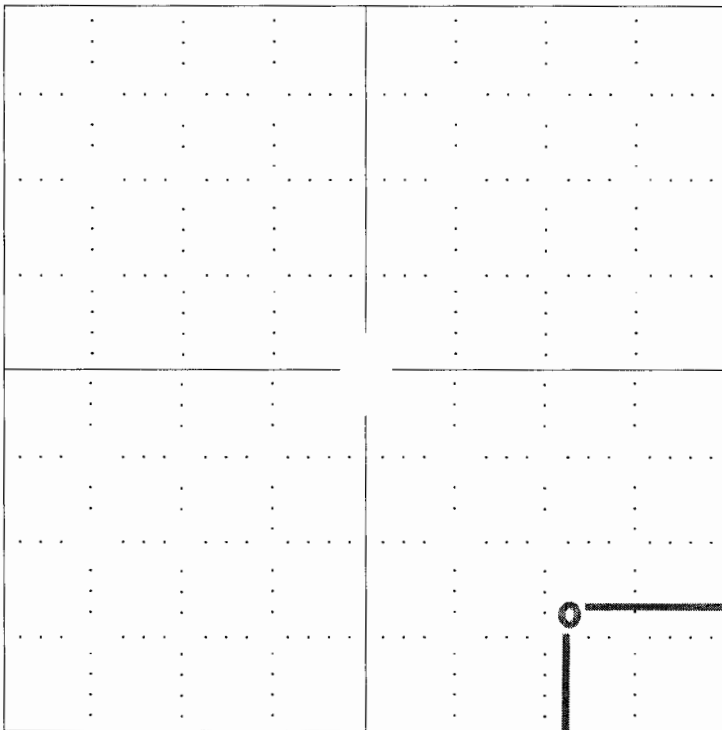
If Section is Irregular, locate well from nearest corner boundary.

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.)



SEWARD CO.

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 section's south / north and east / west.
3. The distance to the nearest lease or unit boundary line.
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).