

For KCC Use: 5-11-05
 Effective Date: _____
 District #: 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 September 1999
 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 May 10 2005
month day year

Spot SW NE Sec. 36 Twp. 30S S. R. 14E East West

OPERATOR: License# 33365
 Name: Layne Energy Operating, LLC
 Address: 1900 Shawnee Mission Parkway
 City/State/Zip: Mission Woods, KS 66205
 Contact Person: M. Brent Natrass
 Phone: 913-748-3987

2000 feet from S / (N) (circle one) Line of Section
2000 feet from (E) / W (circle one) Line of Section
 Is SECTION Regular Irregular?

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

CONTRACTOR: License# 5675
 Name: McPherson

County: Wilson
 Lease Name: Gorton Well #: 7-36
 Field Name: Cherokee Basin Coal Area

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Cherokee Coals

Well Drilled For:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Mud Rotary
<input checked="" type="checkbox"/> Gas	<input checked="" type="checkbox"/> Infield	<input checked="" type="checkbox"/> Air Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Pool Ext.	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic;	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Other	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Other
	# of Holes	

Nearest Lease or unit boundary: 330
 Ground Surface Elevation: 933 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: 1 X 2
 Length of Surface Pipe Planned to be set: 40' Min

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

Length of Conductor Pipe required: None
 Projected Total Depth: 1200 Feet

Formation at Total Depth: Mississippian
 Water Source for Drilling Operations:

Directional, Deviated or Horizontal wellbore? Yes No

Well _____ Farm Pond _____ Other X

If Yes, true vertical depth: _____

DWR Permit #: _____

Bottom Hole Location: _____

(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No

KCC DKT #: _____

If Yes, proposed zone: _____

AFFIDAVIT

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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:

MAY 06 2005

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 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.

CONSERVATION DIVISION
 WICHITA, KS

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

Date: May 5, 2005 Signature of Operator or Agent: M. Brent Natrass Title: Agent

For KCC Use ONLY
 API # 15 - 205-26074-0000
 Conductor pipe required NONE feet
 Minimum surface pipe required 40 feet per Alt. + 2
 Approved by: MBN 5-6-05
 This authorization expires: 11-6-05
 (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.

36
 30
 14E

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

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 - _____
Operator: Layne Energy Operating, LLC
Lease: Gorton
Well Number: 7-36
Field: Cherokee Basin Coal Area
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: _____ - SW - NE

Location of Well: County: Wilson
_____ feet from S (N) (circle one) Line of Section
_____ feet from (E) / W (circle one) Line of Section
Sec. 36 Twp. 30S S. R. 14E East West

Is Section Regular or _____ Irregular

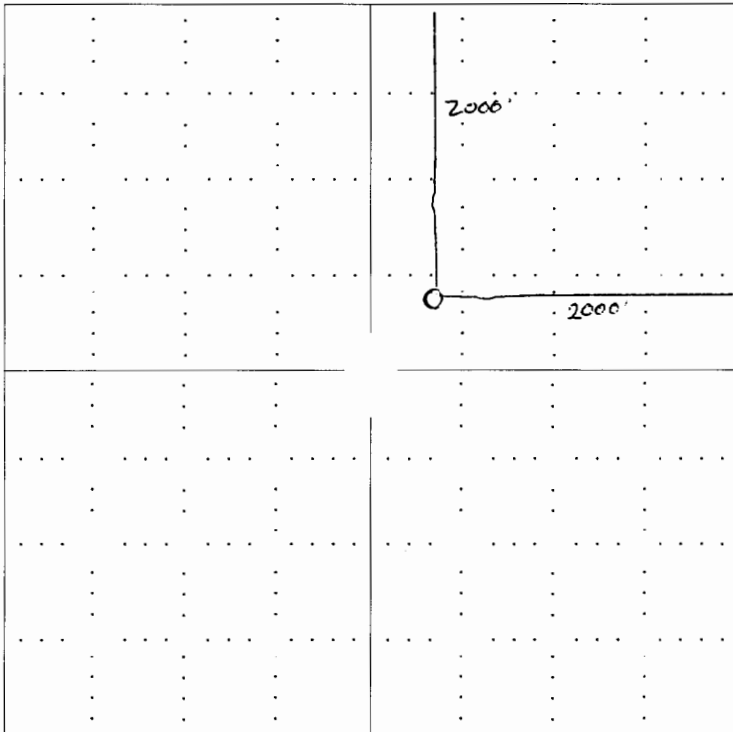
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: ___ NE ___ NW ___ SE ___ SW

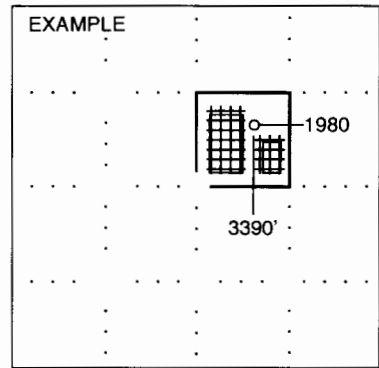
PLAT

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

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



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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 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: (C0-7 for oil wells; CG-8 for gas wells).