

For KCC Use: 9.3-06
Effective Date: _____
District # 3
SGA? Yes No

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

CORRECTED Form C-1
December 2002
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 August 31 2005
month day year

Spot SE - SE - SE Sec. 32 Twp. 33 S. R. 16 East West
330 feet from N / S Line of Section
330 feet from E / W Line of Section
Is SECTION Regular Irregular?

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

RECEIVED
KANSAS CORPORATION COMMISSION

(Note: Locate well on the Section Plat on reverse side)
County: Montgomery
Lease Name: Elias Well #: 16-32
Field Name: Coffeyville-Cherryvale

CONTRACTOR: License# 33606
Name: Thorton Air

CONSERVATION DIVISION
WICHITA, KS

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

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

Nearest Lease or unit boundary: 330
Ground Surface Elevation: 826 feet MSL

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

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

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

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: _____
Bottom Hole Location: _____
KCC DKT #: _____

Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 20'

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

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: _____

INTENT EXPIRATION DATE
WAS: 6 MONTHS FROM EFFECTIVE DATE 3-3-2006
IS: 6 MONTHS FROM APPROVAL DATE 2-28-2006

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 to the best of my knowledge and belief.
Date: August 26, 2005 Signature of Operator or Agent: M. Brent Natrass Title: Agent

For KCC Use ONLY
API # 15 - 125-30838-00-00
Conductor pipe required None feet
Minimum surface pipe required 20 feet per Alt. 1 (2)
Approved by RJP 8.29.05 / RSP 9.21.05
This authorization expires: 3-3-06 2.28.06
(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.
- 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
Signature of Operator or Agent: _____
Date: _____

32
33
16E