

For KCC Use: Effective Date: 3-15-06 District # 3 SGA? Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

Form C-1 December 2002

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 March 13, 2006 month day year

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

CONTRACTOR: License# 33606 Name: Thorton Air

Well Drilled For: Oil Gas OWD Seismic; # of Holes Other Well Class: Enh Rec Storage Disposal Other 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:

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

Spot NE NE Sec. 3 Twp. 33 S. R. 16 East West 660 feet from N / S Line of Section 660 feet from E / W Line of Section Is SECTION Regular Irregular?

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

County: Montgomery Lease Name: Mitchell Well #: 1-3 Field Name: Coffeyville-Cherryvale

Is this a Prorated / Spaced Field? Yes No Target Formation(s): Cherokee Coals Nearest Lease or unit boundary: 660'

Ground Surface Elevation: 764' 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 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:

AFFIDAVIT

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MAR 08 2006

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: March 7, 2006 Signature of Operator or Agent: M B Natrass Title: Agent

For KCC Use ONLY API # 15 - 125-31002-00-00 Conductor pipe required NONE feet Minimum surface pipe required 20' feet per Alt. Approved by: DPW 3-10-06 This authorization expires: 9-10-06 (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:

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

3 33 165

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: Mitchell
Well Number: 1-3
Field: Coffeyville-Cherryvale
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: _____ - NE - NE

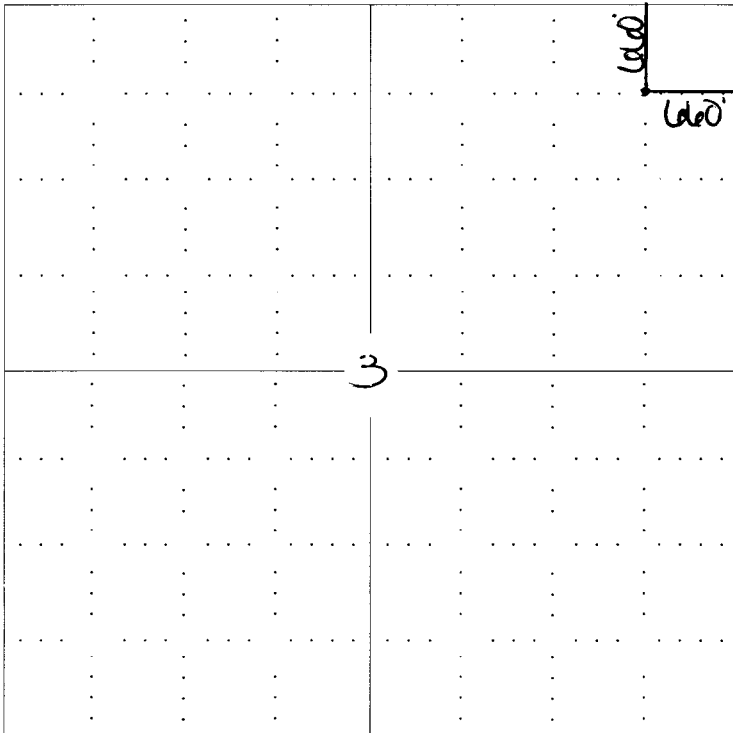
Location of Well: County: Montgomery
660 _____ feet from N / S Line of Section
660 _____ feet from E / W Line of Section
Sec. 3 Twp. 33 S. R. 16 East West

Is Section: Regular or Irregular

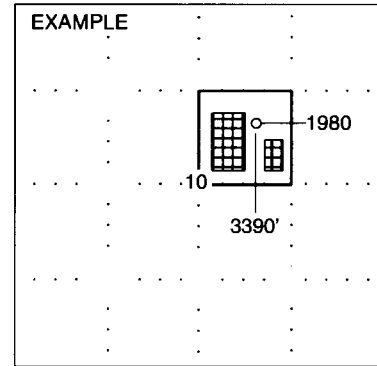
If Section is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

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