

For KCC Use:
 Effective Date: 3-8-06
 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 7, 2006
 month day year AP-NE 5W N2
 OPERATOR: License# 33365
 Name: Layne Energy Operating, LLC
 Address: 1900 Shawnee Mission Parkway
Mission Woods, KS 66205
 City/State/Zip:
 Contact Person: M. B. Natrass
 Phone: 913-748-3987
 CONTRACTOR: License# 33606
 Name: Thornton Air

Spot NE
 Sec. 19 Twp. 31 S. R. 17 East West
2045 feet from N / S Line of Section
3035 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: Schultz Well #: 7a-19
 Field Name: Coffeyville - Cherryvale
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Cherokee Coals
 Nearest Lease or unit boundary: 580'
 Ground Surface Elevation: 862' 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 CONSERVATION DIVISION WICHITA, KS
 DWR Permit #: _____

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

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 #: _____

(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No
 If Yes, proposed zone: _____

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: March 1, 2006 Signature of Operator or Agent: MBS Natrass Title: Agent

For KCC Use ONLY
 API # 15 - 125-30994-00-00
 Conductor pipe required NONE feet
 Minimum surface pipe required 20' feet per Alt. X(2)
 Approved by: DPW 3-8-06
 This authorization expires: 9-8-06
 (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 prorator 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: MBS Natrass
 Date: 3/7/06

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

RECEIVED
 KANSAS CORPORATION COMMISSION

MAR 08 2006

RECEIVED
 KANSAS CORPORATION COMMISSION

MAR 02 2006

CONSERVATION DIVISION
 WICHITA, KS

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