

CORRECTED

RECEIVED KANSAS CORPORATION COMMISSION

CORRECTED

For KCC Use: Effective Date: 4-9-06 District #: 3 SGA? Yes No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION

MAY 23 2006

Form C-1 December 2002

NOTICE OF INTENT TO DRILL CONSERVATION DIVISION WICHITA, KS

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 4, 2006

S/2 NE-NW-NE

Spot N/2-SE-NW-NE Sec. 35 Twp. 30 S. R. 14 740-510 feet from 1050 feet from

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

RECEIVED KANSAS CORPORATION COMMISSION

APR 03 2006

County: Wilson Lease Name: Decker Well #: 2-35 Field Name: Cherokee Basin Coal

CONTRACTOR: License# 33606 Name: Thornton Air

CONSERVATION DIVISION WICHITA, KS

Is this a Prorated / Spaced Field? Target Formation(s): Cherokee Coals

Well Drilled For: Oil Gas OAWD Seismic Other Well Class: Enh Rec Storage Disposal Pool Ext Wildcat Other Type Equipment: Mud Rotary Air Rotary Cable

Nearest Lease or unit boundary: 330' Ground Surface Elevation: 922' 919 feet MSL

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

Water well within one-quarter mile: Public water supply well within one mile: Depth to bottom of fresh water: 150 Depth to bottom of usable water: 200

Directional, Deviated or Horizontal wellbore? Yes No

Length of Surface Pipe Planned to be set: 20' 40' Length of Conductor Pipe required: None Projected Total Depth: 1500 Feet

Bottom Hole Location: KCC DKT #:

Formation at Total Depth: Mississippian Water Source for Drilling Operations: Well Farm Pond Other DWR Permit #: Will Cores be taken? Yes No

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: 3/31/06 Signature of Operator or Agent: M.B. Natrass Title: Agent

For KCC Use ONLY API # 15 - 205-26493-00-00 Conductor pipe required None feet Minimum surface pipe required 40 feet per Alt. X(2) Approved by: Natrass 4-4-06 / Natrass 5/24/06 This authorization expires: 10-4-06 (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

* Footage was: 740 FNL 1050 FEL IS: 510 FNL 1050 FEL

Elevation was: 922 IS: 919

Spot Was: N/2-SE-NW-NE IS: S/2 NE-NW-NE

35 30 14E