

For KCC Use: 7-25-06
 Effective Date: 7-25-06
 District # 3
 SGA? Yes No

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

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 July 25, 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:	Well Class:	Type Equipment:
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
<input type="checkbox"/> OWWO	<input checked="" type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other		<input checked="" type="checkbox"/> Air Rotary
		<input type="checkbox"/> 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 SW - SW - SW Sec. 36 Twp. 30 S. R. 16 East West
331 feet from N / S Line of Section
114 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

County: Wilson
 Lease Name: Mahaffey Well #: 13-36 SWD
 Field Name: Neodesha
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Arbuckle
 Nearest Lease or unit boundary: 114
 Ground Surface Elevation: 889 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: 1500 Feet
 Formation at Total Depth: Arbuckle
 Water Source for Drilling Operations:
 Well Farm Pond Other X

DWR Permit #: _____
 (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: 7/19/06 Signature of Operator or Agent: M B Natrass Title: Agent

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 CONSERVATION DIVISION
 WICHITA, KS

For KCC Use ONLY
 API # 15 - 205-26873-0000
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per Alt. X2
 Approved by: RH 7-20-06
 This authorization expires: 1-20-07
 (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

36
30
10E

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 - 205-26873-0000
 Operator: Layne Energy Operating, LLC
 Lease: Mahaffey
 Well Number: 13-36 SWD
 Field: Neodesha

Location of Well: County: Wilson
331 feet from N / S Line of Section
114 feet from E / W Line of Section
 Sec. 36 Twp. 30 S. R. 16 East West

Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____ - SW - SW

Is Section: Regular or Irregular

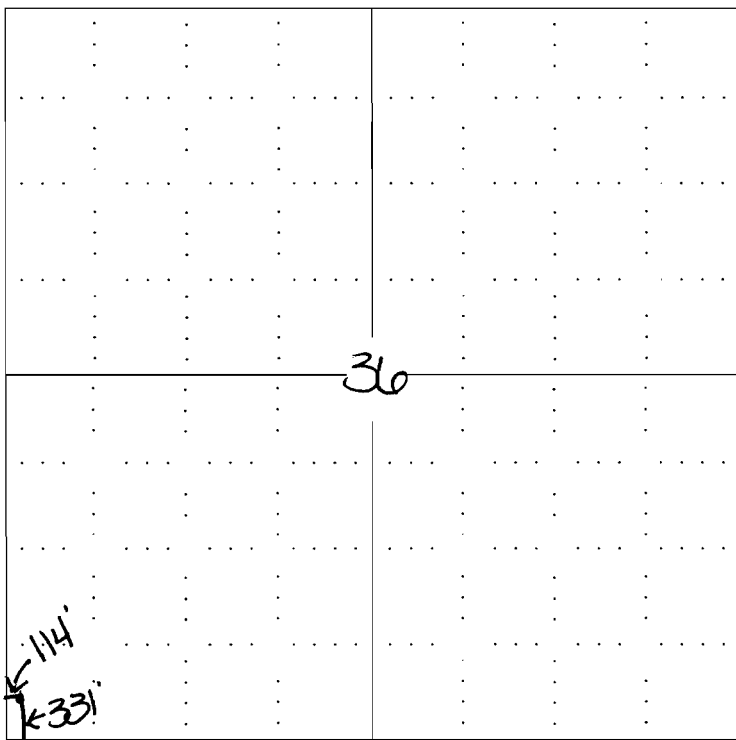
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

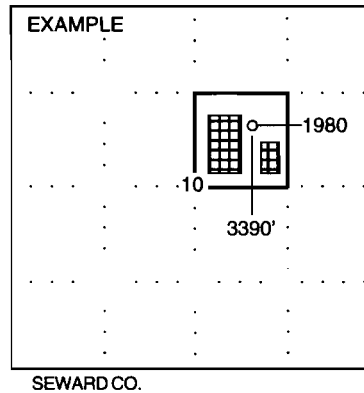
PLAT

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

**KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Layne Energy Operating, LLC		License Number: 33365
Operator Address: 1900 Shawnee Mission Parkway, Mission Woods, KS 66205		
Contact Person: M. B. Natrass		Phone Number: (913) 748 - 3987
Lease Name & Well No.: Mahaffey 13-36 SWD		Pit Location (QQQQ): <u> NW SW SW SW </u> Sec. <u> 36 </u> Twp. <u> 30 </u> R. <u> 16 </u> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <u> 331 </u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <u> 114 </u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <u>Wilson</u> County
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbis)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No ✓		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Self-sealing pit
Pit dimensions (all but working pits): <u> 30' </u> Length (feet) <u> 20' </u> Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: <u> 3' </u> (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit <u> NA </u> _____ feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <u> NA KGS </u> _____ measured _____ well owner _____ electric log _____ KDWB
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: <u> Fresh Water Mud </u> Number of working pits to be utilized: <u> Two </u> Abandonment procedure: <u> Let Evaporate until dry and then backfill restore. </u> Drill pits must be closed within 365 days of spud date.
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.		
<u> 7/19/06 </u> Date		<u> MB Natrass </u> Signature of Applicant or Agent

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CONSERVATION DIVISION
WICHITA, KS

15-205-26873-0000

KCC OFFICE USE ONLY			
Date Received: <u> 7/20/06 </u>	Permit Number: _____	Permit Date: <u> 7/20/06 </u>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

NOTICE TO OPERATORS FILING INTENT TO DRILL FOR DISPOSAL OR ENHANCED RECOVERY INJECTION WELLS, (CLASS II INJECTION WELL)

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved "Intent to Drill" does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in **K.A.R. 82-3-400 et seq** of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a "Design Approval" before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.