

OCT 27 2006

Form C-1 December 2002

For KCC Use: Effective Date: 11-1-06 District # 3 SGA? Yes No

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

CONSERVATION DIVISION WICHITA, KS Form must be Typed Form must be Signed blanks must be Filled

Must be approved by KCC five (5) days prior to commencing well

CORRECTED

Expected Spud Date November 1, 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 Rotary, LLC

Well Drilled For: Oil, Gas, OWWO, Seismic, Other Well Class: Enh Rec, Storage, Disposal, Other Well Class: 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 #:

* WAS: NLUB 880 Elev 395 IS NLUB 395 Elev 880

Spot NW SE Sec. 17 Twp. 31 S. R. 14 1981 feet from N / S Line of Section 2070 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: Greer Well #: 10-17 Field Name: Cherokee Basin Coal

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

* Nearest Lease or unit boundary: 880 395 * Ground Surface Elevation: 395 880 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: Mississippian 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 KANSAS CORPORATION COMMISSION

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: 10/26/2006 Signature of Operator or Agent: Title: Agent

For KCC Use ONLY API # 15 - 125-31249-0000 Conductor pipe required None feet Minimum surface pipe required 20 feet per Alt. Approved by: This authorization expires: 4-27-07 (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

Ground Elevation is 880' Lease/unit boundary is 395'

17 31 14E