

For KCC Use:
 Effective Date: 3-25-06
 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 03/20/06
 month day year AP-5U

Spot East
 West
 NW - NW - NE Sec. 10 Twp. 23 S. R. 16
4850 feet from N / S Line of Section
2465 feet from E / W Line of Section

OPERATOR: License# 32710 ✓
 Name: Laymon Oil II, LLC
 Address: 1998 Squirrel Road
 City/State/Zip: Neosho Falls, KS 66758
 Contact Person: Kenneth Laymon
 Phone: 620-963-2495

Is SECTION Regular Irregular?

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

CONTRACTOR: License# 5661 ✓
 Name: Kelly Down Drilling Co., iNc

County: Coffey
 Lease Name: Bader Well #: 13-06

Field Name: Leroy

Is this a Prorated / Spaced Field? Yes No

Target Formation(s): Squirrel

Nearest Lease or unit boundary: 165'

Ground Surface Elevation: n/a 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: 125' ✓

Depth to bottom of usable water: 200' ✓

Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 40' ✓

Length of Conductor Pipe required: none

Projected Total Depth: 1100

Formation at Total Depth: Squirrel

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: _____

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

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: 3-15-06 Signature of Operator or Agent: Regina Laymon Title: Agnt

For KCC Use ONLY
 API # 15 - 031-22198-00-00
 Conductor pipe required NONE feet
 Minimum surface pipe required 40' feet per Alt. 2
 Approved by: DPW 3-20-06
 This authorization expires: 9-20-06
 (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: Regina Laymon
 Date: 10-24-06

RECEIVED
 KANSAS CORPORATION COMMISSION
 MAR 17 2006

CONSERVATION DIVISION
 WICHITA, KS

RECEIVED
 OCT 26 2006
 KCC WICHITA

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