

For KCC Use:

Effective Date:

District #

SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

Form C-1
December 2002

Form must be Typed
Form must be Signed
All blanks must be Filled

Expected Spud Date June 20, 2007
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. Brent Natrass
Phone: 913-748-3960

CONTRACTOR: License# 33606
Name: Thornton Air

Well Drilled For: Well Class: Type Equipment:
Oil, Gas, OWWO, Seismic, Other
Enh Rec, Storage, Disposal, # of Holes, Other
Infield, Pool Ext, Wildcat, Other
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?
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

Spot: SW NE Sec. 27 Twp. 30 S. R. 16
2068 feet from N / S Line of Section
2155 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: West Well #: 7-27
Field Name: Cherokee Basin Coal
Is this a Prorated / Spaced Field?
Target Formation(s): Cherokee Coals
Nearest Lease or unit boundary: 485'
Ground Surface Elevation: 788 feet MSL
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'
Surface Pipe by Alternate: 1 2
Length of Surface Pipe Planned to be set: 20'
Length of Conductor Pipe required: None
Projected Total Depth: 800'
Formation at Total Depth: Mississippian
Water Source for Drilling Operations:
DWR Permit #:
Will Cores be taken?
If Yes, proposed zone:

AFFIDAVIT

RECEIVED
KANSAS CORPORATION COMMISSION

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;
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.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: June 13, 2007 Signature of Operator or Agent: Title: Agent

For KCC Use ONLY
API # 15 - 205-27229-0000
Conductor pipe required: NONE feet
Minimum surface pipe required: 20 feet per Alt.
Approved by:
This authorization expires:
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.

Well Not Drilled - Permit Expired
Signature of Operator or Agent:
Date:

27 30 16

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 - 205-27229-0000
Operator: Layne Energy Operating, LLC
Lease: West
Well Number: 7-27
Field: Cherokee Basin Coal
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: _____ - SW - NE

Location of Well: County: Wilson
2068 feet from N / S Line of Section
2155 feet from E / W Line of Section
Sec. 27 Twp. 30 S. R. 16 East West

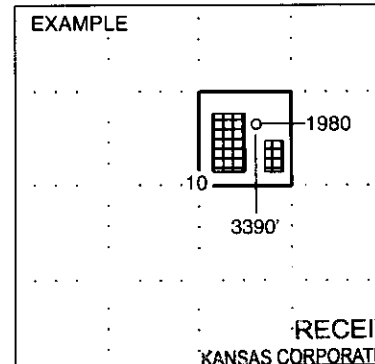
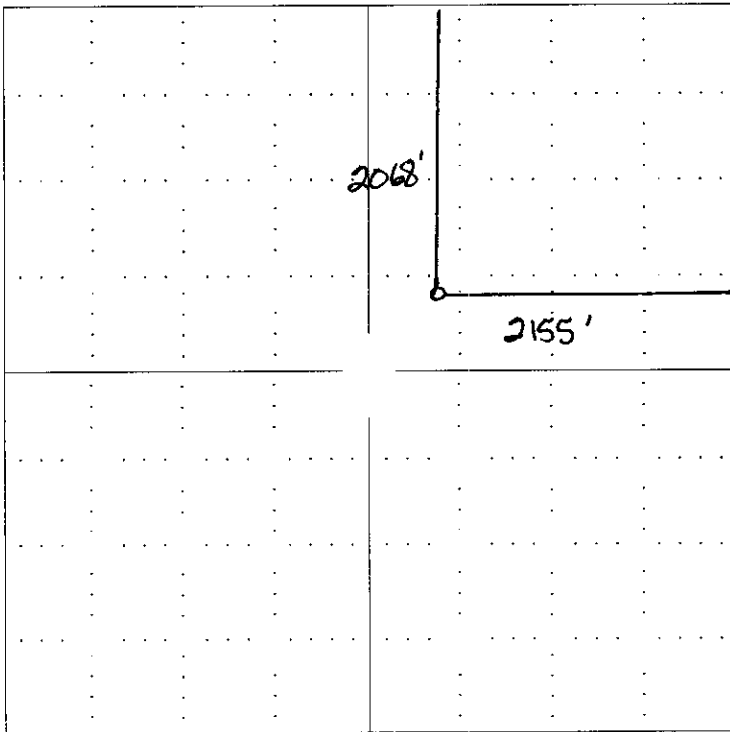
Is Section: Regular or Irregular

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.)*



NOTE: In all cases locate the spot of the proposed drilling location.

In plotting the proposed location of the well, you must show:

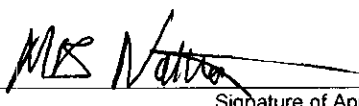
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit 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).

RECEIVED
KANSAS CORPORATION COMMISSION
SEWARD CO.
JUN 15 2007
CONSERVATION DIVISION
WICHITA, KS

**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. Brent Natrass		Phone Number: (913) 748 - 3960
Lease Name & Well No.: West 7-27		Pit Location (QQQQ): _____ SW - NE Sec. 27 Twp. 30 R. 16 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 2068 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 2155 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Wilson _____ 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: _____ (bbls)	
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 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 determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit <u>none</u> feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: _____ measured _____ well owner _____ electric log _____ KDWR
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, then backfill and 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.		RECEIVED KANSAS CORPORATION COMMISSION
<u>June 13, 2007</u> Date	 Signature of Applicant or Agent	JUN 15 2007 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: <u>6/15/07</u> Permit Number: _____ Permit Date: <u>6/15/07</u> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

15-205-27229-020