

For KCC Use:
 Effective Date: 3-2-08
 District #: 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Correction
 Lease name
 Spelling
 Form C-1
 October 2007
 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

CORRECTED

Expected Spud Date: March 4, 2008
month day year

OPERATOR: License# 33365 ✓
 Name: Layne Energy Operating, LLC
 Address 1: 1900 Shawnee Mission Parkway
 Address 2: _____
 City: Mission Woods State: KS Zip: 66205 + 2001
 Contact Person: Timothy H. Wright
 Phone: 913-748-3960
 CONTRACTOR: License# 33606 ✓
 Name: Thornton Air

Spot Description: _____
 _____ SW - SE Sec. 16 Twp. 32 S. R. 13 E W
 (0000) 684 feet from N / S Line of Section
1,953 feet from E / W Line of Section
 Is SECTION: Regular Irregular?

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

County: Chautauqua
 * Lease Name: ~~Gwatney~~ **GWARTNEY** Well #: 15-16
 Field Name: Cherokee Basin Coal

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Cherokee Coals
 Nearest Lease or unit boundary line (in footage): 617'

Ground Surface Elevation: 923 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: 225'
 Surface Pipe by Alternate: I II

Length of Surface Pipe Planned to be set: 40'
 Length of Conductor Pipe (if any): None
 Projected Total Depth: 1650'
 Formation at Total Depth: Mississippian

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 Enh Rec Storage Disposal Seismic; _____ # of Holes 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: Lease name Gwatney
 IS: " " Gwartney

AFFIDAVIT

RECEIVED
 KANSAS CORPORATION COMMISSION

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 of the casing 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 correct to the best of my knowledge and belief.

Date: 2/25/08 Signature of Operator or Agent: _____ Title: Agent

For KCC Use ONLY
 API # 15 - 019-26885-0000
 Conductor pipe required None feet
 Minimum surface pipe required 40 feet per ALT. I II
 Approved by: [Signature]
 This authorization expires: 2-26-09
(This authorization void if drilling not started within 12 months or approval 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 (within 60 days);
 - 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 Date: _____
 Signature of Operator or Agent: _____

16
32
13
 E
 W