

For KCC Use:
 Effective Date: 12-20-08
 District #: 3
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

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

Expected Spud Date: December 19, 2008
month day year

Spot Description: 37.132981 -95.690808
 W2 - SW - NW Sec. 32 Twp. 33 S. R. 16 E W
 1,932 feet from N / S Line of Section
 475 feet from E / W Line of Section

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

Is SECTION: Regular Irregular?

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

CONTRACTOR: License# 33606
 Name: Thornton Air

County: Montgomery
 Lease Name: Kimbrel Well #: 5-32
 Field Name: Cherokee Basin Coal

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

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

Nearest Lease or unit boundary line (in footage): 413'
 Ground Surface Elevation: 773 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' 150'

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 20'

Length of Conductor Pipe (if any): None
 Projected Total Depth: 1200'
 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:

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:

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 DEC 15 2008
 CONSERVATION DIVISION
 WICHITA, KS

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 correct to the best of my knowledge and belief.

Date: December 12, 2008 Signature of Operator or Agent: [Signature] Title: Project Engineer

For KCC Use ONLY
 API # 15 - 125-31851-0000
 Conductor pipe required None feet
 Minimum surface pipe required 20 feet per ALT. I II
 Approved by: [Signature] 12-15-08
 This authorization expires: 12-15-09
 (This authorization void if drilling not started within 12 months of 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: 4-5-2010
 Signature of Operator or Agent: MacLaughlin Darling

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

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