KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

Expected Spud Date:

month 30 2004

OPERATOR: License# 33365
Name: Layne Energy Operating, LLC
Address: 1900 Shawnee Mission Parkway
City/State/Zip: Mission Woods, KS 66205
Contact Person: Vic Dyal
Phone: 913-748-3987

CONTRACTOR: License# 5831
Name: MOKAT Drilling

Well Drilled For: Gas Storage
Well Class: Infield
Type Equipment: Mud Rotary

If OWWO: old well information as follows:
Operator:
Well Name:
Original Completion Date:
Original Total Depth:

Directional, Deviated or Horizontal wellbore? Yes
If Yes, true vertical depth:
Bottom Hole Location:
KCC DKT #:

Spot C, SW NW Sec. 22, Twp. 31S, S. R. 16E
1980 feet from S (circle one) Line of Section
660 feet from E (circle one) Line of Section
Is SECTION Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)

County: Montgomery
Lease Name: Smith
Well #: 5-22
Field Name: Coffeyville-Cherryvale
Is this a Prorated / Spaced Field? Yes
Target Formation(s): Cherokee Coals

Nearest Lease or unit boundary: 860'
Ground Surface Elevation: 890 feet MSL
Water well within one-quarter mile: Yes
Public water supply well within one mile: Yes
Depth to bottom of fresh water: 150'
Depth to bottom of usable water: 200'
Surface Pipe by Alternate: X 2
Length of Surface Pipe Planned to be set: 20'
Length of Conductor Pipe required: None
Projected Total Depth: 1250'
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
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. 55-101, 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 pass 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. 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: 8/24/04
Signature of Operator or Agent:
Title: Agent

RECEIVED
KANSAS CORPORATION COMMISSION
AUG 25 2004
CONSERVATION DIVISION

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
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 - 
Operator: Layne Energy Operating, LLC
 Lease: Smith
 Well Number: 5-22
 Field: Coffeyville-Cherryvale
 Number of Acres attributable to well: 
 QTR / QTR / QTR of acreage: _______ - SW - NW

Location of Well: County: Montgomery
 1980 feet from S (circle one) Line of Section
 660 feet from E (circle one) Line of Section
 Sec. 22 Twp. 31S S. R. 16E 
 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).