KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

For KCC Use:
District # 3

Effective Date: 5/11/05

OPERATOR:
Name: Lacy Energy Operating, LLC
Address: 1900 Shawnee Mission Parkway
City/State/Zip: Mission Woods, KS 66205
Contact Person: M. Brent Natrass
Phone: 913-748-9267

CONTRACTOR: Licensee: McPherson

Well Drilled For: Water Well
Well Class: Water
Type Equipment: None
Gas Storage: None
Gasoil: None
OWD: None
Disposal: None
Welded: None
Cable: None

If ONWO = old well information as follows:
Operator:
Well Name: None
Original Completion Date: None
Original Total Depth: None
Directional Drilled or Horizontal wellbore? Yes
If Yes, true vertical depth: None
Bottom Hole Location: None
KCC DKT #: None

Spud:
SW Sec. 1
31S 14E
500 feet from
W North of Section 1
W North of Section 1

Is SECTION
A Regular
B Irregular

County: Montgomery
Lease Name: Garton
Well #: 15-1
Field Name: Cherokee Basin Coal Area
Is this a Drilled / Spaced Field? Yes
Target Formation(s): Cherokee Coal
Nearest Lease or Unit boundary:
Ground Surface Elevation: 395
Water well within one-quarter mile: Yes
Public water supply well within one mile: Yes
Depth to bottom of fresh water: 195
Depth to bottom of usable water: 200
Surface Pipe by Alternate:
Length of Surface Pipe Planned to be set: None
Length of Conductor Pipe required: None
Formation at Tard Depth: Mississippi
Water Source for Drilling Operations:
Well Farm Pond Other:

DWH Permit #: None

WA Cores to be taken? Yes
If Yes, proposed core:

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, et. seq.

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 is 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.

For KCC Use Only
API #: 125-30751-0000
Conductor pipe required: None
Minimum surface pipe required: 200 feet per Acre
Approved by: 11-05
This authorization expires: (This authorization void if drilling not started within 6 months of effective date.)
Spud date: 5/11/05

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

Date: May 5, 2005
Signature of Operator or Agent: [Signature]
Title: [Title]

Remember to:
- File Drill Plan Application (form CDIP-1) with Intent to Drill;
- File Completion Form ACD-1 within 120 days of spud date;
- File acreage attribution plat according to fieldonation 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 of or injecting salt water.

Form: O-1
September 1999
Form must be Typed
All blanks must be Filled
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.

APN No. 15: ____________________________
Operator: Layne Energy Operating, LLC
Lease: Gorton
Well Number: 15-1
Field: Cherokee Basin Coal Area

Number of Acres attributable to well: ____________
QTR / QTR / QTR of acreage: ______ SW ______ SE ______

Location of Well: County: Montgomery
Location from: feet from N Sec 1 Lot 3 Twp 31S
Line of Section ______ feet from W Sec R TR SE 
Line of Section ______

In 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 #.)

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. (CG-7 for oil wells; CG-8 for gas wells).