NOTICE OF INTENT TO DRILL

KANSAS CORPORATION COMMISSION

Oil & Gas Conservation Division

For KCC Use

Expected Spud Date: August 15, 2005

Operator:

Licensed Name: R. M. Energy Operating, LLC
Address: 1900 Shawnee Mission Parkway, Mission, KS 66202
Contact Person: Michael B. Naughts
Phone: 913-748-3987

Received: KANSAS CORPORATION COMMISSION

Date: AUG 11, 2005

Contractor: Licensed Name: 39506

Conservation Division

Wichita, KS

Well Name: 39506

Well Class: Maze Type Equipment: Air Rotary

Gas: Yes

Water: No

Reclaimed Disposal: Yes

Well Info: Yes

Air: Yes

Other: No

If DWVO: yes well information as follows:

Operator:

Well Name: 39506

Original Completion Date: 2005

Original Total Depth: Yes

Directional: No

Horizontal well: No

Yes

If Yes, true vertical depth:

Bottom Hole Location: KCC #871

Affidavit

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 56-101, 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 safety-cemented in the top; in all cases surface pipe shall be set through all unconsolidated materials minus 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 plus length and placement is necessary prior to drilling;

5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;

6. If an ALTERNATE I COMPLETION, production pipe shall be cemented from spud any usable water to surface within 120 days of spud data. 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: August 10, 2005

Signature of Operator or Agent: M. B. Naughts

Title: Agent

Mail to: KCC - Conservation Division, 130 S. Market • Room 207, Wichita, Kansas 67202

Remember to:

• File Drill Permit 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 preparation order;

• 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.
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: Eastep
Well Number: 1-34
Field: Jefferson - Sycamore
Number of acres attributable to well: ____________ ____________ NE NE

QTR / QTR / QTR of acreage: ____________ ____________

Location of Well: County: Montgomery

1118 ______________________
Lot from S ________________________ Line of Section
794 ______________________
Sec. 34 ____________
Twp. 31S ____________ S ____________
R ____________ East ____________

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