NOTICE OF INTENT TO DRILL

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

Expected Spud Date: November 20, 2004

OPERATOR: License# 33342
Name: Blue Jay Operating LLC
Address: 4915 Camp Bowie Blvd., Suite 204
City/State/Zip: Fort Worth, Texas 76107
Contact Person: Bob McNew
Phone: 918-825-4180

CONTRACTOR: License# 33072
Name: Well refined Drilling Co., Inc.

Well Drilled For:
- Oil
- Gas
- Storage
- WO
- Seismic
- Other

Well Class:
- Enr Rec
- Infield
- Pool Ext.
- Air Rotary
- Wildcat
- Cable
- Other

Type Equipment:
- Mud Rotary
- Air Rotary

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:

Soot: NE/4 - NE/4
Sec: 60
Twp: 30
S. R. 14

East
West

Is SECTION Regular
Irregular
(Note: Locate well on the Section Plat on reverse side)

County: Wilson

Lease Name: Tharp
Field Name: Cherokee Basin Coal Gas

Is this a Prorated / Spaced Field?
Yes
No

Target Formation(s): Mississippian

Nearest Lease or unit boundary: 660 feet

Ground Surface Elevation: 930

Water well within one-quarter mile:
Yes
No

Public water supply well within one mile:
Yes
No

Depth to bottom of fresh water: 100

Surface Pipe by Alternate: 40 feet Minimum

Length of Surface Pipe Planned to be set:

Length of Conductor Pipe required:
None

Projected Total Depth: 1,350 feet

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

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:

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 cemented through all unconsolidated materials plus a minimum of 20 feet to 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 #133,691-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 herein are true and to the best of my knowledge and belief.

Date: 11-16-04
Signature of Operator or 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;
- 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.

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: Blue Jay Operating LLC
Lease: Tharp
Well Number: 1
Field: Cherokee Basin Coal Gas

Location of Well: County: Wilson

<table>
<thead>
<tr>
<th>Location</th>
<th>Distance</th>
<th>Direction</th>
<th>Line of Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>660</td>
<td>feet</td>
<td>✓ N</td>
<td>✓ S</td>
</tr>
<tr>
<td>660</td>
<td>feet</td>
<td>✓ E</td>
<td>✓ W</td>
</tr>
<tr>
<td>Sec. 2</td>
<td>Twp. 30</td>
<td>S. R. 14</td>
<td>✓ East</td>
</tr>
</tbody>
</table>

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: (C0-7 for oil wells; CG-8 for gas wells).