February 15, 2005

Spud Date: 05-24-05

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

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

Operator: Blue Jay Operating LLC
Name: Blue Jay Operating LLC
Address: 4201 Camp Bowie Blvd., Suite 204
City/State/Zip: Fort Worth, Texas 76116
Contact Person: Bob McRae
Phone: 917-823-4180

License: 33342

Contractor: Walmat Drilling Co., Inc.
Name: Walmat Refined Drilling Co., Inc.
Address:

Type: Oil
Well Depth: For: 88 ft
Well Class: Oil
Equipment: Mud Rotator
Well Drilled For: Oil
Oil: Yes

Gas Slagage: No
Post Ext: Yes
Air Rotory: Yes

Water well

Sawmill: No
Capitol: Yes

Oil and Gas Well Drilling in Kansas

If ONGW: old well information as follows:

Oil Name: Walmat Refined Drilling Co., Inc.
Original Completion Date: 11-24-82
Original Completion Date: 11-24-82
Directional, Deviated or Horizontal well?: Yes
Well Name: Walmat Refined Drilling Co., Inc.

If Yes, true vertical depth:
Bottom Hole Location:

KCC DKT #:

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

Agreed that following minimum requirements will be met:

1. Notify the proper 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 facilities cementing to the top;
4. The mean amount of surface pipe shall be set through all unconsolidated material plus a minimum of 20 feet into the underlying formation;
5. 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:
6. The proper district office will be notified before well's either plugged or production casing is cemented in:
7. If an Alternate II Completion, production pipe will be cemented from below any usable water to surface within 120 days of spud date:
8. If pursuant to Appendix B - Eastern Kansas surface casing order AT3-0901, 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:
9. If all above, NOTIFY district office prior to any cementing:

I hereby certify that the stipulations made herein are true and to the best of my knowledge and belief.

Date: January 10, 2005
Signature of Operator or Agent:

Title: Manager

Mail to: KCC - Conservation Division, 120 S. Market - Room 2078, Wichita, Kansas 67202

Form D-1
December 2000
Form must be Typed
Form must be Signed
All blanks must be Filled
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Pliat 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 chart 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.

APL No. 15  -  205-25753-0000
Operator: Blue Jay Operating LLC
Lease:  Thieson
Well Number: A-5
Field:  Cherokee Basin Coal Gas Area

Number of Acres attributable to well:
QTR / QTR / QTR of acreage: NW 4 - NW 4 - NW 4

Location of Well:  County: Wilson

68  lat:  N  /  S  Line of Section
88  long:  W  /  E  Line of Section
Sec. 11  Twp. 30  S  R. 11  /  E  /  W  East / West
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.)

RECEIVED
JAN 18  2005
KCC WICHITA

EXAMPLE

DOUARD COK.

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).