NOTICE OF INTENT TO DRILL

For KCC Use:  3-28-05

Effective Date:  3-28-05

STN 334

March 10, 2005

OIL & GAS CONSERVATION DIVISION

OPERATOR: License # 33434

Name: Blue Jay Operating

Address: 916 Center Avenue, Suite 204

City/State/Zip: Fort Worth, Texas 76103

Contact Person: Bob McIver

Phone: 817-624-1880

Contractor: License #33039

Name: Charone Wells, LLC

Well Drilled For: 40-660

Well Class: 40-660

Type of Equipment: DTH

Gas: Yes

Storage: Post Mort.

Water: Yes

Dye: Yes

Disposal: No

Well ID: DTH-660

Site ID: 660

Other Involved: Cable

In SECTION: Regular

(Note: Locate well on the Surface Plan on reverse side)

County: Wilson

Lease Name: Stedman

Well # A-1

Field Name: Cherokee Basin Oil Gas

Is this a Poured / Spaced Well?

Target Formations: Mustine/Barnett

Net Acreage Lease or unit interest:

365 Feet

Surface Water Equ.:

660

WellPutin

600

Public water supply well within one mile

Depth to bottom of fresh water: 300 feet

Depth to bottom of usable water: 200 feet

Suffolk Pipe to Alternate: Yes

Length of Surface Pipe to be set: 40 feet minimum

Length of conductor pipe used: None

Formation at Total Depth: Mustine/Barnett

Water Source to Drilling Operations:

DWH Permit #: 12345

Well Cuts to be taken?

Y

Received

Mar 23 2005

KCC DKT #: 4567890

Title: Mortgagor

Affidavit

The undersigned party affiliates that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-10.

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 shall be set through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.

4. If the well is a 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 set is either plugged or abandonment casing is cemented in.

6. If an ALTERNATE II COMPLETION, production井 shall be cemented below any usable water in the surface within 120 days of spud date.

Or pursuant to subparagraph "B" - Eastern Kansas horizon casing order for 1991-C, which applies to the KCC District 2 area, alternate II cementing must be completed within 30 days of the spud date of the well to be plugged.

In all cases, NOTIFY district office prior to any cementing.

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

Date: 3-2-05

Signature of Operator or Agent: 12345

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

For KCC Use ONLY

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Minimum surface pipe required: 40 feet per ft.

Approved by: 12345

Spud date: 3-28-05

(Received by the district office and is subject to no more than 6 months of effective date)
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: 305

Operator: Blue Jay Operating, LLC

Lease: Standifer

Unit: Cherokee Basin Coal Gas

Number of Acreage attributable to well: 80

QTR / GTR / QTR of acreage: SE1/4, NW1/4, NW1/4

Section: 14

W Line of Section: 660 feet

N Line of Section: 644 feet

Sec no: 12

Twp: 30

R: 14

E: East

W: 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.)

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 described plat by identifying Section Numbers, i.e., 1 section, 1 section with 8 surrounding 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. (CD-7 for oil wells, CD-8 for gas wells.)