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

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

For KCC Use Only
District #
SOA T

Expected Spud Date: May 2, 2005

OPERATOR: Licensee: 33342
Name: Blue Jay Operating, LLC
Address: 4901 Osage Ave., Suite 204
City/Town: Fort Worth, TX 76107
Contact Person: Bob McInerney
Phone: 718-650-4148

CONTRACTOR: Licensee: 33339
Name: Welder Well, LLC

Well Drilled For: Oil
Well Class: Producing
Type Equipment: Multi Well Parity
Gas
Water Well
Dissipation
Other:

If CWDC: old well information as follows:
Operator: Welder Well, LLC
Well Name: Original Completion Date: "Original Top Depth:"
Directional Deviated or Horizontal well?: Yes
If Yes, true vertical depth:
Below Hole Location:
KCC DIF #: 33017

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well shall 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 in the top; in all cases surface pipe shall be set through all uncompacted 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 well depth 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 ALTERATION II COMPLETION, production pipe shall be cemented from below any usable surface to surface within 120 days of spud date. Of pursuant to Appendix "B" - Eastern Kansas surface casing order 87311, which applies to the KCC District 3 area, alteration II cementing must be completed within 30 days of the spud date or the well shall be plugged. 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: April 29, 2005

Signature of Operator or Agent: Charlotte Krapf

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API #: 15
Condutor pipe required: N/A
Minimum casing joint required: 40, feet per Aft.
Approved by: 33017

This authorization expires:
(This authorization used if growing not served within 6 months of effective date.)
Spud date: 5-7-05
Agent:

Remember to:
- File DDI PR Application (form CDP-1) with intent to Drill.
- File Completion Form ACC-1 within 120 days of spud date.
- File acreage attribution plan according to field provision orders.
- Notify appropriate district office 48 hours prior to spudding or re-entry.
- Submit plugging report (CDP-4) after plugging a completed well.
- Obtain written approval before disposing or injecting well water.
- If this permit has expired (see authorized signature date) please check the box below and return the appeal to below.

Well Not Drilled - Permit Expired
Signature of Operator or Agent:
Date:

Mail to: KCC - Conservation Division, 130 S. Market - Room 208, Wamego, Kansas 67672
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 1/2 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
Leasing: Compton
Well Number: A-2
Field: Cherokee Basin Coal Gas
Number of Acres attributable to well: 80
GTR / GTR / GTR of ownership: C, SWA, NE4

Location of Well: County: Wilson
1980' feet from N / S Line of Section
1980' feet from E / W Line of Section
Sec. 4  Twp. 29  S. R. 34

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 acreage 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).