KANSAS CORPORATION COMMISSION
Oil & Gas Conservation Division
NOTICE OF INTENT TO DRILL

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

Expected Spud Date: July 4, 2005

OPERATOR: Licensee 33342
Name: Blue Jay Operating LLC
Address: 4201 East 29th, Suite 204
CИапто: Fort Worth, TX 76107
Contractor: Bob McNew
Phone: 919-653-4185

CONTRACTOR: Licensee 33339
Name: Cherokee Wells, LLC

Well Drilled For: Wireline
Well Class: Production
Type Equipment: Oil
Gas
Oil Rig
Gas Storage
Pool Ext.
Oil Rotary
Gass Storage
Pool Ext.
Oil Rig
Gas Storage
Pool Ext.
Oil Rotary

If OWNED: old well information as follows:
Operator:
Well Name:
Original Completion Date:
Original Total Depth:

Directional, Diverted or Horizontal well?
If Yes, true vertical depth:
Bottom Hole Location:

KCC DKT #:

Spud:

Bed: 2310'
Section: 330

County: Wilmot
Lease Name: Cherokee Basin Coal Gas
Field Name: is a Porespace / Space Fluid
Surface Formation(s): Mississippi
Nearest Lease or Unit boundary: 300'
Ground Surface Elevation: 871'
Water well within one-quarter mile:
Public water supply well within one mile:
Depth to bottom of fresh water: 100'
Depth to bottom of usable water: 320'
Length of Surface Pipe Planned to be set: 520'
Length of Conductor Pipe required: None
Projected Total Depth: 1300'
Formation at Total Depth: Mississippi
Water Source for Drilling Operations:

DWR Permit #:

Will Cores be taken?
If Yes, proposed time:

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 driving casing cement to the top; in all cases surface pipe shall be set through unsaturated materials plus a minimum of 100 feet into the underlying formation;
4. If the well is a dry hole, an agreement between the operator and the district office on plug location 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 'E' - Eastern Kansas surface casing order #123,861-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 made herein are true and to the best of my knowledge and belief.

Date: 6/27/05
Signature of Operator or Agent:

For KCC Use Only:

API #:
Conductor pipe required:
Minimum surface pipe required:
Approval by:
Type authorization expiration:
Spud date:

Mail to: KCC - Conservation Division, 139 S. Market - Room 2078, Wichita, Kansas 67202

RECEIVED
JUN 29 2005
KCC WICHITA
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. 13:
Operator: Blue Jay Operating, Ll C
Lease: Bates
Well Number: A-3
Field: Cherokee Basin Coal Gas
Number of Acres attributable to well: 80
QTR / QTR / QTR of acreage: SE4, SE4, NE4

Location of Well:
County: Wilson
Location from:
Feet from

M Line of Section:
N
E
W Line of Section:

Sec.

Twp.

Range:

S
R.

14

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 acreage attributable to 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 (CO-7 for oil wells, CG-8 for gas wells).

RECEIVED
JUN 7 2005
KCC WICHITA
NOTICE TO OPERATORS FILING INTENT TO DRILL FOR DISPOSAL OR ENHANCED RECOVERY INJECTION WELLS, (CLASS II INJECTION WELL)

The attached approved Notice of Intent to Drill indicates the proposed well is to be used for injection. An approved “Intent to Drill” does not approve injection authority as a Class II Injection Well in Kansas.

Before any well is used for injection purposes, the operator must file an application for injection authority in accordance with K.A.R. 82-3-401 and provide notice in accordance with K.A.R. 82-3-402. The Conservation Division must issue a written permit granting the application before commencement of injection.

The Conservation Division requirements and restrictions associated with Class II Injection are identified in K.A.R. 82-3-400 et seq of our regulations. Associated regulations governing drilling, completion and injection applications may be found in K.A.R. 82-3-135, Table I, Table II, in the Cedar Hills Sandstone Moratorium, (Docket #156,397-C), and the Eastern Kansas Surface Casing Order, (Docket #133,891-C).

If you have questions regarding the approval of injection authority, an injection application may be filed as a “Design Approval” before actual drilling and completion of the well occurs. If you have any questions or concerns regarding Class II injection wells or regulations, call the Underground Injection Control Department at 316-337-6200.

Failure to obtain commission approval before beginning injection is punishable by a penalty, shut-in of the well or both.