Notice of Intent to Drill

Kansas Corporation Commission
Oil & Gas Conservation Division

Notice of Intent to Drill

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

FORM C-1

Date: 12/30/00

Form must be Typed

Form must be Signed

All blanks must be Filled

Expires Spud Date: July 4, 2005

OPERATOR: Licensee: 33342
Name: Blue Jay Operating, LLC
Address: 4116 Camp Bowyer Dr. Suite 204 City/State: Fort Worth, TX 76107
Contact Person: Bob McClure Phone: 918-623-4100
CONTRACTOR: Licensee: 35339
Name: Chadwick Wells, LLC
Well Drilled For: Well Class: Type of Equipment: Oil Gas Attached NO (check all that apply)
Storage Disposal Mud Rotary Air Rotary
Well Annals: Mud rotary

If OWWO: old well information as follows:

Original Completor: Date: Original Total Depth:

Directional: Deviated or Horizontal well: Yes No

If Yes, true vertical depth:

Bottom Hole Location:

Agreement:

AFIATTAVIT

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 rolling rig.
3. The minimum amount of surface pipe as specified below shall be set by circulating cement to the top; and in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 20 feet over the underlying formation.
4. If the well is a new, 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 entered plugged or production casing is cemented.
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date.

Date: 6/27/05

Signature of Operator or Agent:

For KCC Use ONLY

API: 15
Conductor pipe required: Yes
Approximate Depth: 3200 feet
Minimum surface pipe required: 300 feet per Acre
Amended: 7/26/05

This authorization will not be effective for drilling not started within 6 months of effective date.

Spud date: 7/26/05

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

RECEIVED
6/27/05

KCC WICHITA
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plot 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 1.5 miles of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15  
Operator: Blue Jay Operating, LLC  
Lease: Meyers  
Well Number: A-5  
Field: Cherokee Basin Coal Gas  
Number of Acres attributable to well: 80  
OTR / OTR / OTR or acreage: N114, NW4, NE4

Location of Well:  
Cherry  
Wilson  
3301’  
feet from N / S Line of Section  
1700’  
feet from E / W Line of Section  
Sec. 4  
Twp. 29S  
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 shade attributable acreage for prorated or spaced wells.)  
(Show footage to the nearest lease or unit boundary line.)

NOTE: In all cases locate the center 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 north / 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: (C-7 for oil wells; C-8 for gas wells).

RECEIVED  
JUN 29 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.