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

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

Form C-1
December 30, 2002
Form must be Typed
Pam must be Signed
48 hours must be Filed

Expected Spud Date: July 4, 2005

AP

Operator: 33542
Name: Blue Jay Operating, LLC
Address: 1507 John D. Rockefeller, Suite 204
City/State: Fort Worth, TX 76177
Phone: 940-203-4160

Contractor: Licensee 33536
Name: Cherokee Wells, LLC

Well Drilled For: Oil
Type of Property: Gas
Well Class: Storage
On WD: & Disposal
Well # of Horizontal: Other

If OWNO: old well information as follows:
Operator:
Well Name:
Original Completion Date:
Original Total Depth:
Directional, Deviated or Horizontal Well?
Yes/No
If Yes, true vertical depth:

Bottom Hole Location:
KCC DKT #

SEE ATT. UC LETTER

AFFIDAVIT

The undersigned hereby affirms that the drilling, coring 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 cement to the top; in all cases surface pipe shall be set through all unconsolidated materials plus a minimum of 30 feet into the underlying formation.
4. 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.
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 B - Eastern Kansas surface casing order #133,821-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 correct to the best of my knowledge and belief.

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

4/29/05

DONE

RECEIVED
JUN 29 2005
KCC WICHITA

Remember to:
- File Drill Pit Application (form CDP-1) with Intent to Drill.
- File Completion Form ACO-1 within 120 days of spud date.
- File acreage application; plat according to field promotion orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water;
- If this permit has expired, (or authorized expiration date) please check the box below and return to the address below.

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

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a pro rata or spaced field

If the intended well is in a pro rata or spaced field, please fully complete this side of the form. If the intended well is in a pro rata 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 0.5 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15: ____________________________
Operator: Blue Jay Operating, L.L.C
Lease: ________________________________
Well Number: A-2
Field: Cherokee Basin Coal Gas
Number of Acres attributable to well: 80
QTR / QTR / QTR of acreage: Secъ SE4 - SE4 - SE4

Location of Well: County: Wilson
400' feet from: N - S Line of Section
450' feet from: E - W Line of Section
Sec: 4, Twp: 29S, S. R: 14
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 acres attributable acreage for pro rata 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 pro rata or spaced field’s certificate of acreage attribution plat must be attached: (CG-7 for oil wells; CG-8 for gas wells).

RECEIVED
JUN 9 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.