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: August 29, 2005

OPERATOR:
Name: Blue Jay Operating, LLC.
Licene#: 33342
Address: 4916 Camp Bowie Blvd., Suite 224
City/State/Zip: Fort Worth, TX 76107
Contact Person: Bob McNew
Phone: 918-625-4180

CONTRACTOR:
Name: Cherokee Wells, LLC.
Licene#: 33539

Well Drilled For: [ ] Oil [ ] Gas [ ] WWD
Well Class: [ ] Field [ ] Storage [ ] Disposal [ ] Other
Type Equipment: [ ] Mud Rotary [ ] Air Rotary [ ] Cable

If WWD: old well information as follows:
Operator: [ ] Yes [ ] No
Well Name: [ ] Yes [ ] No
Original Completion Date: [ ] Original Total Depth: [ ]
Directional, Deviated or Horizontal wellbore? [ ] Yes [ ] No
If Yes, true vertical depth:
Bottom Hole Location: [ ]

WELL NAME IS: Ward A-4
WELL NAME WAS: Ward G-A-1

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 circulating cement to the top; in all cases surface pipe 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 plugging 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 #133,891-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: 7/5/06
Signature of Operator or Agent:

Remember to:

- File Dill Pit Application (form CDP-1) within 30 days of spud date;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plan according to field priorization 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 (See: authorized expiration date) please check the box below and return to the address below.

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 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 - 205-26170-0000
Operator: Blue Jay Operating, LLC
Lease: Ward
Well Number: 9-A-4
Field: Cherokee Basin Coal Gas

Location of Well: County: Wilson
23°10' feet from ✓ N / W Line of Section
2000' feet from ✓ E / W Line of Section
Sec. 9 Twp. 29 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

NOTES:

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-6 for gas wells).
# Application for Surface Pit

**Operator Name:** Blue Jay Operating, LLC  
**License Number:** 33342  
**Operator Address:** 4916 Camp Bowie Blvd., Suite 204  
**Phone Number:** (918) 625-4180

**Contact Person:** Bob McNew  
**Lease Name & Well No.:** Ward 9-A-4

**Type of Pit:**  
- [ ] Emergency Pit  
- [ ] Burn Pit  
- [ ] Settling Pit  
- [x] Drilling Pit  
- [ ] Workover Pit  
- [ ] Haul-Off Pit  

**Pit information:**  
- Proposed  
- Existing  

If Existing, date constructed: ________________________

**Pit capacity:** 400 (bbls)

**Location:**  
- Sec. 9  
- Twp. 29S  
- R. 14  
- East/West: [✓] East  
- Feet from North/South Line of Section: 2310'  
- Feet from East/West Line of Section: 2000'

**County:** Wilson

**Conservation Division:** Wichita

**Chloride concentration:** None  
**mg/l**

**Is the pit located in a Sensitive Ground Water Area?** [✓] Yes  
[ ] No

**Is the bottom below ground level?**  
- Yes  
- No

**Artificial Liner?**  
- Yes  
- No

**How is the pit lined if a plastic liner is not used?** Dirt

**Pit dimensions (if but working pits):**  
- Length (feet): 15  
- Width (feet): 15  
- Depth (feet): 10  

**Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring required:**

**Distance to nearest water well within one-mile of pit:**  
- City Water  
- Feet

**Emergency, Settling and Burn Pits ONLY:**  
- Producing Formation: ________________________

**Number of producing wells on lease:** ________________________

**Barrels of fluid produced daily:** ________________________

**Does the slope from the tank battery allow all spilled fluids to flow into the pit?**  
- Yes  
- No

**Drilling, Workover and Haul-Off Pits ONLY:**  
- Type of material utilized in drilling/workover: Fresh Water  
- Number of working pits to be utilized: One

**Abandonment procedure:** Remove Fluids, Allow to Dry, Level Surface

**Date:** 1/5/2006

**Signature of Applicant or Agent:**

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