NOTICE OF INTENT TO DRILL

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

Wichita, KS

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

RECEIVED
JUN 8 2006

Form C-1
December 2002
Form must be Typed
Form must be Signed
blanks must be Filled

For KCC Use:

Effective Date: 6-13-06

District # 3

SGA? Yes □ No

9

KANSAS CORPORATION COMMISSION

NOTICE OF INTENT TO DRILL

CONSERVATION DIVISION

6-13-06

SE4, SW4, SW4

907' feet from N / S Line of Section

233' feet from E / W Line of Section

907' feet from N / S Line of Section

Is SECTION ______ Regular ______ Irregular?

(Note: Locate well on the Section Plot or reverse side)

County: Jefferson

Lease Name: Zachariah

Field Name: Cherokee Basin Coal Gas

Well #: A-18

Zachariah

Target Formation(s): McCloud Formation

Nearest Lease or unit boundary: 233'

Ground Surface Elevation: 3016.6 feet MSL

Water well within one-quarter mile: Yes □ No

Public water supply well within one mile: Yes □ No

Depth to bottom of fresh water: 150'

Depth to bottom of usable water: 275

Surface Pipe by Alternate: 1 □ 2

Length of Surface Pipe Planned to be set: 40 Minimum

Length of Conductor Pipe required: None

Projected Total Depth: 1500'

Formation at Total Depth: McCloud Formation

Water Source for Drilling Operations:

Well □ Farm Pond □ Other

DWR Permit #: 9-205

(Note: Apply for Permit with DWR □)

Will Cores be taken? □ Yes □ No

If Yes, proposed zone:

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 consolidated materials with 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 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 #133,891-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 to the best of my knowledge and belief.

Date: June 5, 2006

Signature of Operator or Agent: Patricia Keplack

Title: Agent

For KCC Use ONLY

API #: 15 - 087-20640-0000

Conductor pipe required: None

Minimum surface pipe required: 40 feet per Alt. YES

Approved by: Red 6-30-06

This authorization expires: 6-30-06

(214)

This authorization void if drilling not started within 8 months of approval date.

Spud date: 6-13-06

Agent:

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

Remember to:

- File Drill Pit Application (form GDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution statement according to field production 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.

□ Well Not Drilled - Permit Expired

Signature of Operator or Agent:

Date:

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 - 087-20040-0000
Operator: Blue Jay Operating, LLC
Lease: Zachariah
Well Number: A-18
Field: Cherokee Basin Coal Gas

Number of Acres attributable to well: 80 acres
QTR / QTR / QTR of acreage: SE4 - SW4 - SW4

Location of Well: County: Jefferson

Location is irregular, locate well from nearest corner boundary.
Is Section: ✓ Regular or □ Irregular

Section corner used: ✓ NE □ NW □ SE □ SW

(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 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).
KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Submit in Duplicate

Operator Name: Blue Jay Operating, LLC
Operator Address: 4916 Camp Bowie Blvd., Suite 204
Contact Person: Jimmy McGuire
License Number: 33342
Phone Number: (405) 279-4313

Lease Name & Well No: Zachariah A-18
Pit Location (QQQQ):
SE 4, SW 4, SW 4, 
Sec. 9, Twp. 9, R. 20, East, West
233' Feet from North, South Line of Section
907' Feet from East, West Line of Section
Jefferson County

Is the pit located in a Sensitive Ground Water Area? Yes, No
Chloride concentration: mg/l
(For Emergency Pits and Setting Pits only)

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 (all but working pits): 15 Length (feet) 15 Width (feet) N/A: Steel Pits
Depth from ground level to deepest point 10 (feet)

If the pit is lined give a brief description of the liner material, thickness and installation procedure.

Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.

Distance to nearest water well within one-mile of pit
City Water feet Depth of water well 59 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

Depth to shallowest fresh water 150+ feet
Source of information:
measured well owner electric log KDWR

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
Drill pits must be closed within 365 days of spud date.

I hereby certify that the above statements are true and correct to the best of my knowledge and belief.

June 5, 2006
Charlotte D. Kugler
Signature of Applicant or Agent

KCC OFFICE USE ONLY
Date Received: 6/5/06 Permit Number: Permit Date: 6/5/06 Lease Inspection: Yes No

Mail to: KCC - Conservation Division, 130 S. Market - Room 207A, Wichita, Kansas 67202