NOTICE OF INTENT TO DRILL

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

WICHITA, KS

June 12, 2006

Expected Spud Date

June 12, 2006

OPERATOR: License # 33342
Name: Blue Jay Operating, LLC
Address: 4916 Camp Bowie Blvd., Suite 204
City/State/Zip: Fort Worth, TX 76107
Contact Person: Jimmy McGuire
Phone: 405-279-4313

CONTRACTOR: License # 33539
Name: Cherokee Wells, LLC

Well Drilled For:  

Oil  [X]  Enh Rec  [X]  infield  [X]  Mud Rotary

Gas  Storage  Pool Ext.  [X]  Air Rotary

OWO  [X]  Spool  [X]  Wildcat  [X]  Cable

Seismic: [X]  # of Holes  [X]  Other

[ ] Other Injection

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

Directional, Deviated or Horizontal wellbore?
[ ] Yes  [X] No

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT #:

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 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 #133,991-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 will 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: June 5, 2006

Signature of Operator or Agent:

Remember to:
- File Drill Pl Application form CDP-1 with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File access agreement form ZDD-1 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: ... Agent: ... Date: ...
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 - 087-20641-0000
Operator: Blue Jay Operating, LLC
Lease: Zachariah
Well Number: A-19
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
Latitude: 39°5' feet from N / S Line of Section
1081' feet from E / W Line of Section
Sec. 9 Twp. 9 S. R. 20 / 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 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).
Blue Jay Operating, LLC
4916 Camp Bowie Blvd., Suite 204

License Number: 33342

Phone Number: (405) 279-4313

Type of Pit:
- Emergency Pit
- Drilling Pit

Pit Location (QQOO):
SE4, SW4, SW4, __________

Sec. 9 Twp. 9 R. 20

395’ Feet from North / Yes West

1081’ Feet from East / Yes West

Is the pit located in a Sensitive Ground Water Area? Yes

Chloride concentration: ___________ mg/l

Is the bottom below ground level? Yes

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)

Depth from ground level to deepest point: 10 (feet)

Distance to nearest water well within one-mile of pit:
3529 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

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

KCC OFFICE USE ONLY

Date Received: 6/8/06
Permit Number: 
Permit Date: 6/8/06
Lease Inspection: Yes

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