

RECEIVED

KANSAS CORPORATION COMMISSION

For KCC Use:

Effective Date:

District #

SGA? ☐ Yes ☒ NoKANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

JAN 18 2006

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

CONSERVATION DIVISION
WICHITA, KS

Expected Spud Date Jan. 24, 2006

month day year

OPERATOR: License# 33342

Name: Blue Jay Operating, LLC

Address: 4916 Camp Bowie Blvd., Suite 204

City/State/Zip: Fort Worth, TX 76107

Contact Person: Bob McNew

Phone: 918-625-4180

CONTRACTOR: License# 33539

Name: Cherokee Wells, LLC

Well Drilled For:

Well Class:

Type Equipment:

<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield	<input type="checkbox"/> Mud Rotary
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.	<input checked="" type="checkbox"/> Air Rotary
<input type="checkbox"/> QWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other		
<input type="checkbox"/> Other			

If OWWO: old well information as follows:

Operator:

Well Name:

Original Completion Date: Original Total Depth:

Directional, Deviated or Horizontal wellbore?

☐ Yes ☒ No

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT #:

Spot ~~SW4~~ NW4 SW4 Sec. 26 Twp. 23 S. R. 14 ☒ East ☐ West1930' feet from ☐ N / ☒ S Line of Section630' feet from ☐ E / ☒ W Line of SectionIs SECTION ☒ Regular ☐ Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: Wilson

Lease Name: Lieurance

Well #: A3

Field Name: Cherokee Basin Coal Gas

Is this a Prorated / Spaced Field?

☐ Yes ☒ No

Target Formation(s): Mississippian

Nearest Lease or unit boundary: 630'

Ground Surface Elevation: 887.4 feet MSL

Water well within one-quarter mile: ☐ Yes ☒ NoPublic water supply well within one mile: ☐ Yes ☒ No

Depth to bottom of fresh water: 100+

Depth to bottom of usable water: 200+

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: 1350'

Formation at Total Depth: Mississippian

Water Source for Drilling Operations:

☐ Well ☒ Farm Pond Other

DWR Permit #:

(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 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 #133,891-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: Jan. 17, 2006

Signature of Operator or Agent:

Charlotte D. Keplart

Title: Agent

For KCC Use ONLY

API # 15 - 205-26324-0000

Conductor pipe required None feet

Minimum surface pipe required 40 feet per Alt. + 2

Approved by: RJP-18-06

This authorization expires: 7.18-06

(This authorization void if drilling not started within 6 months of approval date.)

Spud date: Agent:

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 attribution plat according to field proration 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:

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

26 28 14E

JAN 18 2006

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

CONSERVATION DIVISION
WICHITA, KS

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 - _____

Operator: Blue Jay Operating, LLC _____

Lease: Lieurance _____

Well Number: A3 _____

Field: Cherokee Basin Coal Gas _____

Number of Acres attributable to well: 80 acres _____

QTR / QTR / QTR of acreage: SW4 - NW4 - SW4 _____

Location of Well: County: Wilson _____

1930' _____ feet from ☐ N / ☒ S Line of Section630' _____ feet from ☐ E / ☒ W Line of SectionSec. 26 Twp. 28 S. R. 14 ☒ East ☐ WestIs Section: ☒ Regular or ☐ Irregular

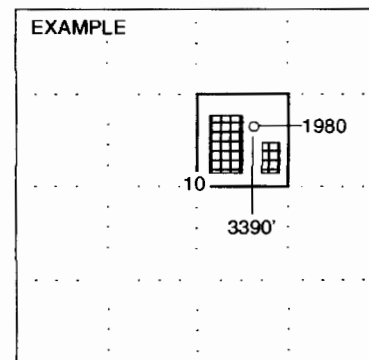
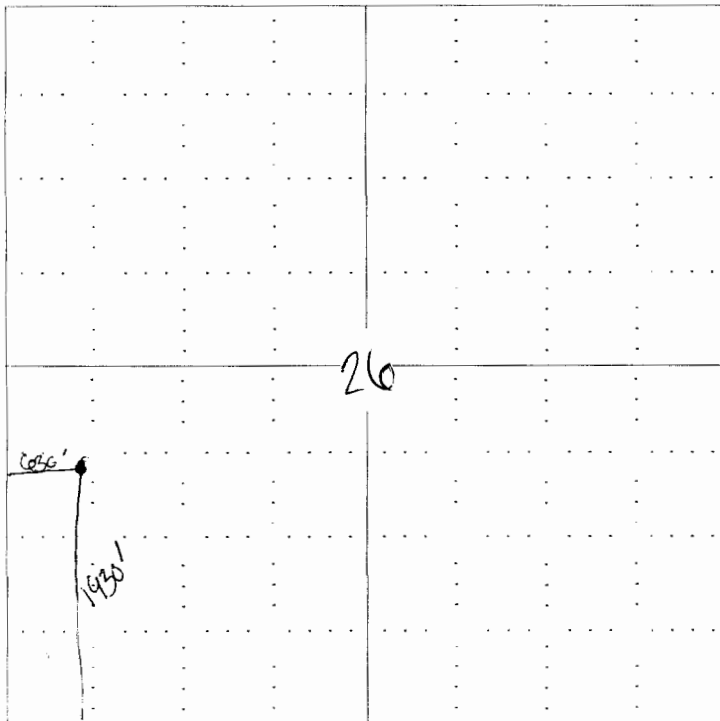
If Section is Irregular, locate well from nearest corner boundary.

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: (CO-7 for oil wells; CG-8 for gas wells).