

MAR 23 2006

For KCC Use: CONSERVATION DIVISION KANSAS CORPORATION COMMISSION
Effective Date: 4-3-06 WICHITA, KS OIL & GAS CONSERVATION DIVISION

Form C-1

December 2002

Form must be Typed

Form must be Signed

All blanks must be Filled

District # 3
SGA? Yes No

NOTICE OF INTENT TO DRILL

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

Expected Spud Date 3/31/06
month day year

Spot SN-A
C NW NW Sec. 28 Twp. 28S S. R. 14 East West

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

655 feet from N / S Line of Section
660 feet from E / W Line of Section
is SECTION Regular Irregular?

CONTRACTOR: License# 33539
Name: Cherokee Wells, LLC

(Note: Locate well on the Section Plat on reverse side)
County: Wilson
Lease Name: Oneal Well #: A-106

Field Name: Cherokee Basin Coal Gas
Is this a Prorated / Spaced Field? Yes No

Well Drilled For: Well Class: Type Equipment:
 Oil Enh Rec Infield Mud Rotary
 Gas Storage Pool Ext. Air Rotary
 OWWO Disposal Wildcat Cable
 Seismic: # of Holes Other Other

Target Formation(s): Mississippian
Nearest Lease or unit boundary: 855'

Ground Surface Elevation: 988 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: 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:

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 #:

* SKID RIL (Lost Hole) 15-205-26342-00-00

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: 3/27/06 Signature of Operator or Agent: Charlotte D. Keplart Title: Agent

For KCC Use ONLY
API # 15 - 205-26461-00-00
Conductor pipe required NONE feet
Minimum surface pipe required 40' feet per Alt. X(2)
Approved by: DW 3-29-06
This authorization expires: 9-29-06
(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 ACCO-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

28 28 14E

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 - _____
 Operator: Blue Jay Operating LLC
 Lease: Oneal
 Well Number: A-10B
 Field: Cherokee Basin Coal Gas
 Number of Acres attributable to well: 80 acres
 QTR / QTR / QTR of acreage: C - NW - NW

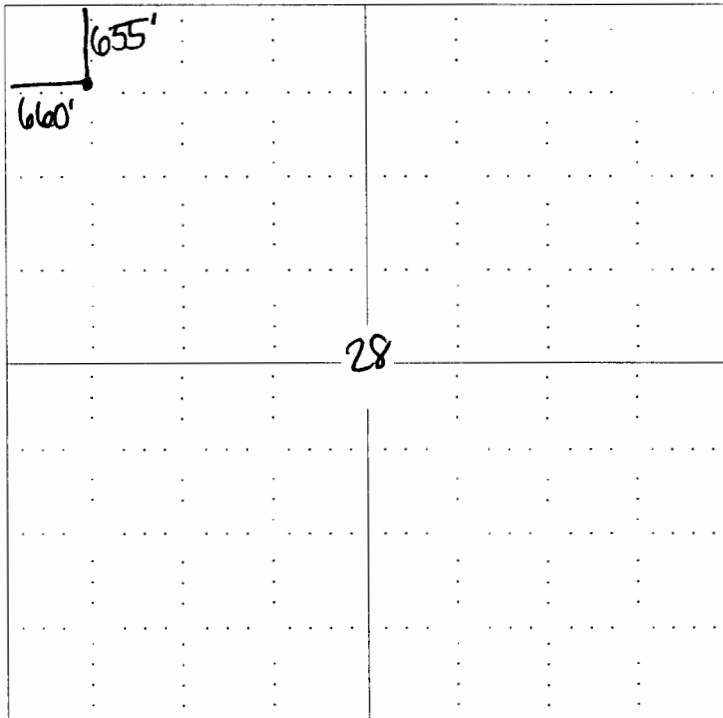
Location of Well: County: Wilson
 655 feet from N / S Line of Section
 660 feet from E / W Line of Section
 Sec. 28 Twp. 28S S. R. 14 East West

Is Section: Regular or Irregular

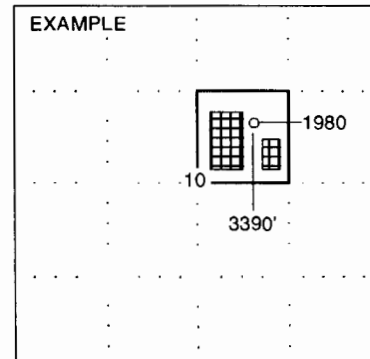
If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



RECEIVED
KANSAS CORPORATION COMMISSION
MAR 28 2006
CONSERVATION DIVISION
WICHITA, KS



SEWARD CO.

NOTE: In all cases locate the spot of the proposed drilling locaton.

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).



KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

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.