240 Correction

RECEIVED CORRECTED

KANSAS CORPORATION COMMISSION

For KCC	Use:	1-23-0X
F Healive	Date:	1-20-00
Distrol		
CC(A2	Yes	No.

This authorization expires:

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

Agent: _____

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

JAN 18 2006

Form C-1 December 2002 Form must be Typed

NOTICE OF INTENT TO DRILL CONSERVATION DIVISION From must be Signed

Must be approved by KCC five (5) days prior to commencing well WICHITA, KS All blanks must be filled ** NW SE SE NE Expected Spud Date Jan. 24, 2006 month day your -52-OPERATOR Licenso# 33342 Name: Biue Jay Operating, LLC Address 4016 Camp Bowle Blvd., Suite 204 is SECTION / Regular _____!rregular? City/State/Zip: Fort Worth, TX 78107 (Note: Locate well on the Section Plat on reverse side) County: Wilson Contact Person, Bob McNew Lease Name: Bates Field Name: Cherokee Basin Coal Gas CONTRACTOR: License# 33509 Is this a Prorated / Spaceri Field? Name: Cherokee Wells, LLC Target Formation(s): Mississippian Nearest Lease or finit boundary son 466 Well Class: Type Equipment Well Drilled For Ground Surface Elevation: 881.3 Mud Rolary
Air Rolary leet MSL / Infield Pool Ext. :O:I Enh Rec Water well within one-quarter mile: √ Gas Storage Wildcat Public water supply well within one mile: OWO Disposal Cable Dopth to bottom of fresh water: 100+
Dopth to bottom of usable water: 2004 Seismic; __# of Holes __ Other Other___ Surface Pipe by Alternate: 1 2 Length of Surface Pipe Planned to be set: 40 Minimum If OWWO: old well information as follows Length of Conductor Pipe required: None Operator:... Projected Total Depth: 1350' Formation at Total Depth: Mississippian Original Completion Date:_____Original Total Depth;__ Water Source for Drilling Operations: Yes V No Oirectional Deviated or Horizontal wellbore? | Woll | Farm Pond Other _ If Yes, true vertical depth: DWR Permit #: _____ Bottom Hole Location: WAS: 1980 FNL IS: 2020 FNL; 5/2-56-86 Will Cores be taken?

WAS: 330 FEL IS: 466 FEL

WAS: 330 NLL IS: 466 NLL ZS: Nn-su-AFFIDAIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K S.A. 55 et seq Will Cores be taken? # + 2 WOOR SET IS: NW-SE-SENE It is agreed that the following minimum requirements will be met: 1. Notify the appropriate district office prior to spudding of well: A copy of the approved notice of intent to drill shall be posted on each drilling rig; 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 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; 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 sound date Or pursuant to Appondix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II comenting 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 camenting I hereby certify that the statements made herein are true and to financest of my knowledge and belief.

Date: Jan. 17, 2006 _______Signature of Operator or Agent. Remember to:

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

RECEIVED

File Drift Pit Application (form CDP-1) with intent to Drift;
File Completion Form ACO-1 within 120 days of spud cate.
File acreage attribution plat according to field proration orders;
Notify appropriate district office 48 hours prior to workover or re entry
Submit plugging roport (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

chack the box below and return to the address below

Date: ____

Signature of Operator or Agent:

MAR 3 1 2006

KCC WICHITA