

For KCC Use: 6-19-06
 Effective Date: _____
 District #: 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

CORRECTIONS

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

CORRECTED

Expected Spud Date June 9, 2006
 month day year

Spot N/2 NE4 SE4 Sec. 36 Twp. 28S S. R. 13 East West
1000' 2100' feet from N / S Line of Section
660' feet from E / W Line of Section
 Is SECTION Regular Irregular?

OPERATOR: License# 33342
 Name: Blue Jay Operating, LLC
 Address: 4916 Camp Bowle 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 Enh Rec Gas Storage OWWO Disposal Seismic Other
 Well Class: Infield Pool Ext. Wildcat Other
 Type Equipment: Mud Rotary Air Rotary Cable

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: _____

(Note: Locate well on the Section Plat on reverse side)
 County: Wilson
 Lease Name: Applehans Well #: A-2
 Field Name: Cherokee Basin Coal Gas
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Mississippian
 Nearest Lease or unit boundary: 660'
 Ground Surface Elevation: 937' 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)

KCC DKT #: _____
 *Was 1980' FSL: IS 2100' FSL
 *Was C-NE-SE: IS N/2-NE-SE

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: June 2, 2006 Signature of Operator or Agent: Charlotta D. Kephart Title: Agent

For KCC Use ONLY
 API # 15 - 205-26764-000
 Conductor pipe required: None feet
 Minimum surface pipe required: 40 feet per Alt. **X2**
 Approved by: Ruth 6-14-06 / Ruth 7-13-06
 This authorization expires: 12-14-06
 (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

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13E

RECEIVED
 JUN 13 2006
 KCC WICHITA

RECEIVED
 JUL 13 2006
 KCC WICHITA