

Correction

For KCC Use: Effective Date: 7-10-06 District # 3 SGA?  Yes  No

KANSAS CORPORATION COMMISSION OIL & GAS CONSERVATION DIVISION NOTICE OF INTENT TO DRILL

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

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

Expected Spud Date July 3, 2006 month day year 5/2

Spot N2 SE4 Sec. 8 Twp. 28 S. R. 15 1650' feet from N / S Line of Section 1320' feet from E / W Line of Section

OPERATOR: License# 33342 Name: Blue Jay Operating, LLC Address: 4916 Camp Bowie Blvd., Suite 204 Fort Worth, TX 76107 Contact Person: Jimmy McGuire Phone: 405-279-4313 CONTRACTOR: License# 33539 Name: Cherokee Wells, LLC

County: Wilson Lease Name: J. Siewert Well #: A-4 Field Name: Cherokee Basin Coal Gas

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

Is this a Prorated / Spaced Field? No. Target Formation(s): Mississippian. Nearest Lease or unit boundary: 1320'. Ground Surface Elevation: 826.9 feet MSL. Water well within one-quarter mile: No. Public water supply well within one mile: No. Depth to bottom of fresh water: 100+. Depth to bottom of usable water: 200+. Surface Pipe by Alternate: 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: Farm Pond. DWR Permit #: (Note: Apply for Permit with DWR). Will Cores be taken? No.

Was: A-4 Is: A-14

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 26, 2006 Signature of Operator or Agent: Charlotte D. Kaplan Agent

For KCC Use ONLY API # 15: 205-26822-0000 Conductor pipe required: None feet Minimum surface pipe required: 20 feet per Alt. Approved by: Ruth 7-5-06 / 7-13-06 This authorization expires: 1-5-07 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

RECEIVED JUN 30 2006 KCC WICHITA RECEIVED JUL 13 2006 KCC WICHITA