

OWWO

For KCC Use: Effective Date: 8-5-06 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 June 12, 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: Jimmy McGuire Phone: 405-279-4313

CONTRACTOR: License# 33539 Name: Cherokee Wells, LLC

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

If OWWO: old well information as follows: Operator: Reese Exploration, Inc. Well Name: Zachariah 2-84 Original Completion Date: 11/16/84 Original Total Depth: 1562'

Directional, Deviated or Horizontal wellbore? Yes No If Yes, true vertical depth: Bottom Hole Location: KCC DKT #:

Spot NE4 NW4 SW4 Sec. 9 Twp. 9 S. R. 20 2092' 1302' feet from N S E W Line of Section Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side) County: Jefferson Lease Name: Zachariah Well #: 2-84 Field Name: Cherokee Basin Coal Gas

Is this a Prorated / Spaced Field? Yes No Target Formation(s): Mississippian

Nearest Lease or unit boundary: 1302' Ground Surface Elevation: 1061 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: 150+ Depth to bottom of usable water: 275+

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: 2000'

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: July 26, 2006 Signature of Operator or Agent: Title: Agent

For KCC Use ONLY API # 15 - 087-20120-00-02 Conductor pipe required None feet Minimum surface pipe required 40 feet per Alt. Approved by: Date 7-31-06 This authorization expires: 1-31-07 (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

RECEIVED JUL 28 2006 KCC WICHITA

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 - 087-20120-00-02
Operator: Blue Jay Operating, LLC
Lease: Zachariah
Well Number: 2-84
Field: Cherokee Basin Coal Gas

Number of Acres attributable to well: 80 acres
QTR / QTR / QTR of acreage: NE4 - NW4 - SW4

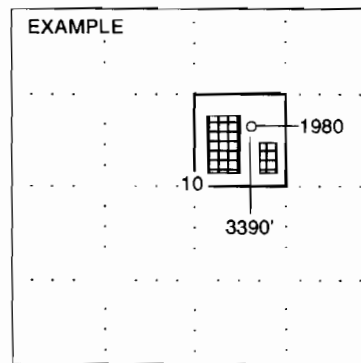
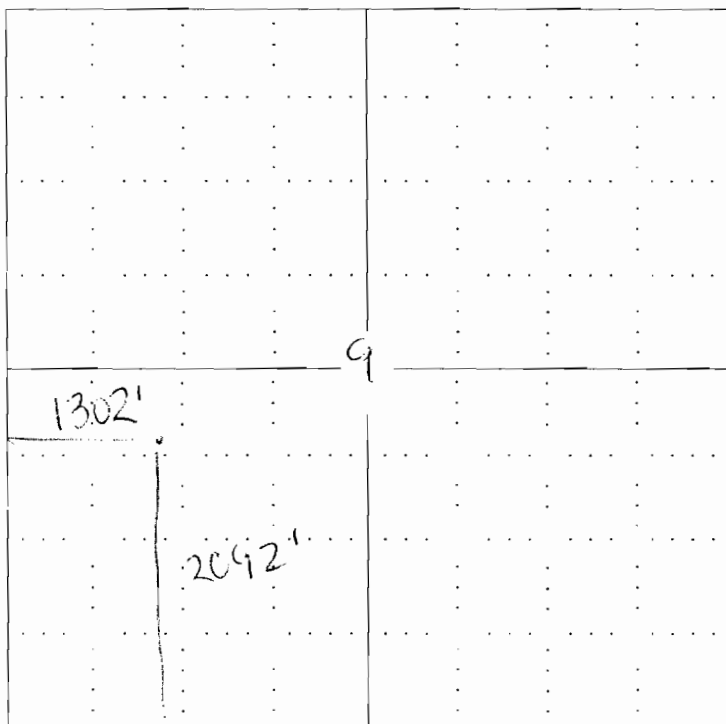
Location of Well: County: Jefferson
2092' feet from N / S Line of Section
1302' feet from E / W Line of Section
Sec. 9 Twp. 9 S. R. 20 East West

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.)*



SEWARD CO.

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

In plotting the proposed location of the well, you must show:

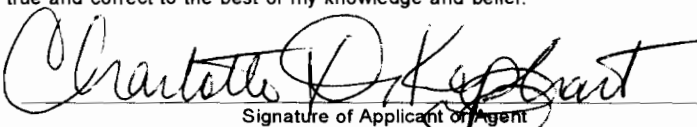
1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the section's south / north and east / west.
3. The distance to the nearest lease or unit 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).

RECEIVED
JUL 28 2006
KCC WICOMITA

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Blue Jay Operating, LLC		License Number: 33342
Operator Address: 4916 Camp Bowie Blvd., Suite 204		
Contact Person: Jimmy McGuire		Phone Number: (405) 279 - 4313
Lease Name & Well No.: Zachariah 2-84		Pit Location (QQQQ):
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: SE NE4 NW4 SW4 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: 400 (bbls)	
		Sec. 9 Twp. 9 R. 20 <input checked="" type="checkbox"/> East <input type="checkbox"/> West 2092' Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1302' Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Jefferson County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Dirt
Pit dimensions (all but working pits): 15 Length (feet) 15 Width (feet) N/A: Steel Pits Depth from ground level to deepest point: 10 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit 2426 City Water feet Depth of water well 25 feet		Depth to shallowest fresh water 150' 15 feet. Source of information: _____ measured _____ well owner <input checked="" type="checkbox"/> electric log _____ KDWR
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Fresh Water Number of working pits to be utilized: One Abandonment procedure: Remove Fluids, Allow to Dry, Level Surface Drill pits must be closed within 365 days of spud date.
I hereby certify that the above statements are true and correct to the best of my knowledge and belief. _____ July 26, 2006 Date		
 Signature of Applicant or Agent		RECEIVED JUL 28 2006 KCC WICHITA
KCC OFFICE USE ONLY		
Date Received: 7/28/06 Permit Number: _____ Permit Date: 7/28/06 Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

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

15-087-20120-00-02

Handwritten mark

STATE CORPORATION COMMISSION OF KANSAS
OIL & GAS CONSERVATION DIVISION
WELL COMPLETION OR RECOMPLETION FORM
ACO-1 WELL HISTORY

DESCRIPTION OF WELL AND LEASE

Operator: license # 5115
name Reese Exploration, Inc.
address P.O. Box 11598
K. C. Mo. 64138
City/State/Zip
Operator Contact Person Patty Eichman
Phone 816-356-1970
Contractor: license # 5685
name Michael Drilling, Inc.
Wellsite Geologist Deacon Geology
Phone 913-272-4383

Designate Type of Completion
 New Well Re-Entry Workover
 Oil SWD Temp Abd
 Gas Inj Delayed Comp.
 Dry Other (Core, Water Supply etc.)

OWWO: old well info as follows:
Operator
Well Name
Comp. Date Old Total Depth

WELL HISTORY

Drilling Method: Mud Rotary Air Rotary Cable
11-14-84 11-15-84 11-16-84
pud Date Date Reached TD Completion Date
1562
Total Depth PBD
Amount of Surface Pipe Set and Cemented at 40 feet
Multiple Stage Cementing Collar Used? Yes No
If Yes, Show Depth Set feet
Alternate 2 completion, cement circulated
from 1562 feet depth to surface w/ 240 SX cmt
Consolidated Oil Well Inv. #36633

API NO. 15 087-20,120-0005
County Jefferson
SW/ Sec 9 Twp 9 Rge 20
(location)

1980 Ft North from Southeast Corner of Sect 9
3960 Ft West from Southeast Corner of Sect 9
(Note: locate well in section plat below)

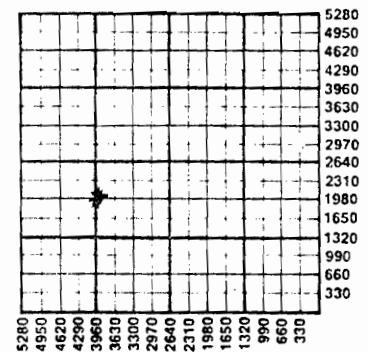
Lease Name Zachariah Well# 2-84

Field Name McLouth Zachariah

Producing Formation Cherokee

Elevation: Ground 1063 KB

Section Plat



WATER SUPPLY INFORMATION

Source of Water:
Division of Water Resources Permit #
 Groundwater... Ft North From Southeast Corner and
(Well) ... Ft. West From Southeast Corner of
Sec Twp Rge East West
 Surface Water... Ft North From Southeast Corner and
(Stream, Pond etc.)... Ft West From Southeast Corner
Sec Twp Rge East West
 Other (explain)
(purchased from city, R.W.D.#)

Disposition of Produced Water: Disposal Repressuring
Docket #

INSTRUCTIONS: This form shall be completed in duplicate and filed with the Kansas Corporation Commission, 200 Colorado Derby Building, Wichita, Kansas 67202, within 90 days after completion or recompletion of any well. Rules 82-3-130 and 82-3-107 apply.

Information on side two of this form will be held confidential for a period of 12 months if requested in writing and submitted with the form. See rule 82-3-107 or confidentiality in excess of 12 months.

One copy of all wireline logs and drillers time log shall be attached with this form. Submit CP-4 form with all plugged wells. Submit CP-111 form with temporarily abandoned wells.

All requirements of the statutes, rules, and regulations promulgated to regulate the oil and gas industry have been fully complied with and the statements herein are complete and correct to the best of my knowledge.

REESE EXPLORATION, INC.
Signature By: L. J. Reese
Title Pres Date 7-19-85
Subscribed and sworn to before me this 19 day of July 19 85
Notary Public Patricia Eichman
Notary Commission Expires June 4, 1986

K.C.C. OFFICE USE ONLY
F Letter of Confidentiality Attached
C Wireline Log Received
C Drillers Time Log Received
Distribution
 KCC SWD/Rep NGPA
 KGS Plug Other
(Specify)

Sec. 9 Twp. 9 Rge. 20

284

Operator Name Reese Exploration Lease Name Zachariah Well # 1-84 SEC 9 TWP. 9 RGE. 20 East West

WELL LOG

INSTRUCTIONS: Show important tops and base of formations penetrated. Detail all cores. Report all drill stem tests giving interval tested, time tool open and closed, flowing and shut-in pressures, whether shut-in pressure reached static level, hydrostatic pressures, bottom hole temperature, fluid recovery, and flow rates if gas to surface during test. Attach extra sheet if more space is needed. Attach copy of log.

Drill Stem Tests Taken Yes No
 Samples Sent to Geological Survey Yes No
 Cores Taken Yes No

Formation Description
 Log Sample

Name	Top	Bottom
Base KC Grp	769	
Marmaton Gp	860	
Cherokee Gp	1001	
Upr McLouth	1463	
Lwr McLouth	1479	
Mississippian Lm	1505	
RTD	1563	
LTD	1566	

CASING RECORD new used

Report all strings set - conductor, surface, intermediate, production, etc.

Purpose of string	size hole drilled	size casing set (in O.D.)	weight lbs/ft.	setting depth	type of cement	# sacks used	type and percent additives
surface	10 3/4	7"	15	40	portland	10	none
casing	6-1/4	4 1/2	9.5	1550	"	240	2% Gel

PERFORATION RECORD

Acid, Fracture, Shot, Cement Squeeze Record

shots per foot	specify footage of each interval perforated	(amount and kind of material used)	Depth

TUBING RECORD

size _____ set at _____ packer at _____ Liner Run Yes No

Date of First Production _____ Producing method flowing pumping gas lift Other (explain) _____

Shut In	Oil	Gas	Water	Gas-Oil Ratio	Gravity
Estimated Production Per 24 Hours →	Bbls	MCF	Bbls	CFPB	

METHOD OF COMPLETION

PRODUCTION INTERVAL

Disposition of gas: vented
 sold
 used on lease

open hole perforation
 other (specify) _____

Dually Completed.
 Commingled