

For KCC Use: 8-22-06  
 Effective Date: 8-22-06  
 District # 3  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION **RECEIVED**  
 OIL & GAS CONSERVATION DIVISION

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

**NOTICE OF INTENT TO DRILL AUG 17 2006**

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

Expected Spud Date 8/23/06  
 month day year

OPERATOR: License# 33342 ✓  
 Name: Blue Jay Operating, L.L.C.  
 Address: 4916 Camp Bowie Blvd., Suite 204  
 City/State/Zip: Fort Worth, Texas 76107  
 Contact Person: Rhonda Wilson  
 Phone: (620) 378-3650

CONTRACTOR: License# 33539 ✓  
 Name: Cherokee Wells, L.L.C.

<b>Well Drilled For:</b>	<b>Well Class:</b>	<b>Type Equipment:</b>
<input type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Infield
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Pool Ext.
<input type="checkbox"/> OAWD	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Other	<input type="checkbox"/> Mud Rotary
<input type="checkbox"/> Other		<input checked="" type="checkbox"/> Air Rotary
		<input type="checkbox"/> 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: \_\_\_\_\_  
 KCC DKT #: \_\_\_\_\_

Spot SE - SE - NW Sec. 9 Twp. 28 S. R. 15  East  West  
2970 feet from  N /  S Line of Section  
2310 feet from  E /  W Line of Section  
 Is SECTION  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: Wilson  
 Lease Name: Miller Well #: A-4  
 Field Name: Cherokee Basin Coal Gas  
 Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): Cherokee Basin Coal/Mississippian  
 Nearest Lease or unit boundary: 2310 Feet  
 Ground Surface Elevation: 837 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 Feet Minimum  
 Length of Conductor Pipe required: None  
 Projected Total Depth: 1,350 Feet  
 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: 8/16/06 Signature of Operator or Agent: Rhonda Wilson Title: Office Manager

**For KCC Use ONLY**  
 API # 15 - 205-26929-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 20 feet per Alt. V(2)  
 Approved by: RH 8-17-06  
 This authorization expires: 2-17-07  
 (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: \_\_\_\_\_

9  
28  
15E

RECEIVED  
CORPORATION COMMISSION

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

AUG 17 2006

CONSERVATION DIVISION  
WICHITA, KS

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 - 205-26929-0000  
Operator: Blue Jay Operating, L.L.C.  
Lease: Miller  
Well Number: A-4  
Field: Cherokee Basin Coal Gas  
Number of Acres attributable to well: \_\_\_\_\_  
QTR / QTR / QTR of acreage: SE - SE - NW

Location of Well: County: Wilson  
2970 feet from  N /  S Line of Section  
2310 feet from  E /  W Line of Section  
Sec. 9 Twp. 28 S. R. 15  East  West

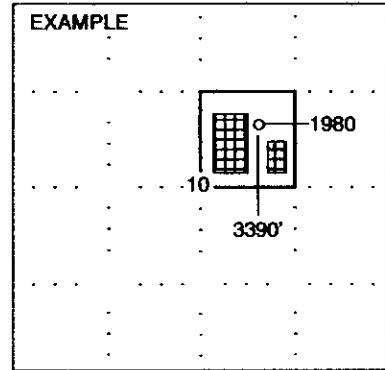
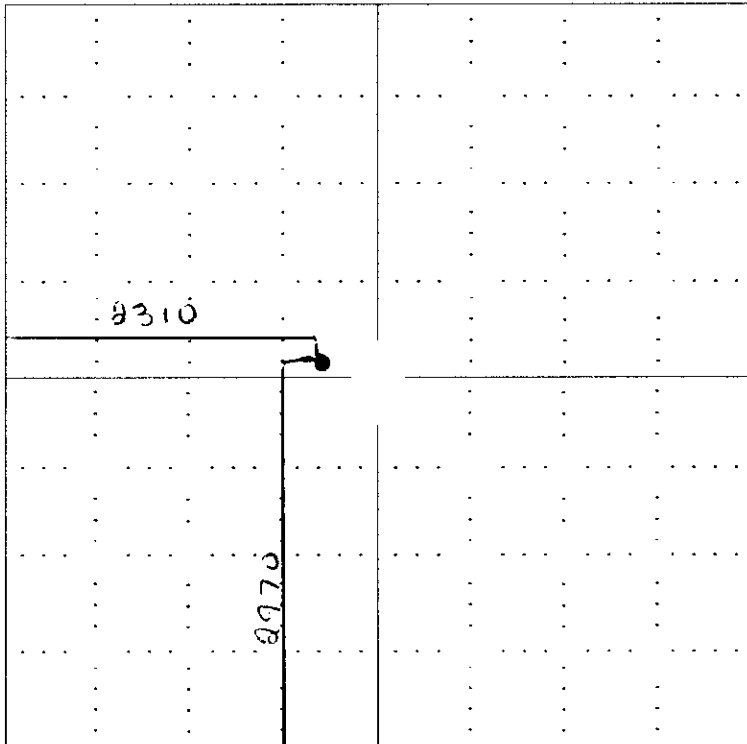
Is Section:  Regular or  Irregular

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.)



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: (C0-7 for oil wells; CG-8 for gas wells).

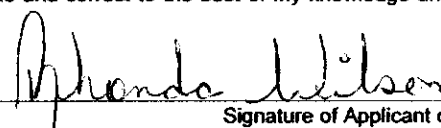
KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

CONSERVATION FORM CDP-1  
April 2004  
Form must be Typed

APPLICATION FOR SURFACE PIT

CONSERVATION DIVISION  
WICHITA, KS

Submit in Duplicate

Operator Name: <b>Blue Jay Operating, L.L.C.</b>		License Number: <b>33342</b>
Operator Address: <b>4916 Camp Bowie Blvd., Suite 204 Fort Worth, TX 76107</b>		
Contact Person: <b>Rhonda Wilson</b>		Phone Number: ( <b>620</b> ) <b>378 - 3650</b>
Lease Name & Well No.: <b>Miller A-4</b>		Pit Location (QQQQ): <b>C SE SE NW</b> Sec. <b>9</b> Twp. <b>28S</b> R. <b>15</b> <input checked="" type="checkbox"/> East <input type="checkbox"/> West <b>2970</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>2310</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Wilson</b> County
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: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: <b>800</b> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input 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?
Pit dimensions (all but working pits): <b>30</b> Length (feet) <b>40</b> Width (feet) <b>N/A: Steel Pits</b> Depth from ground level to deepest point: <b>6</b> (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 <b>N/A</b> feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: _____ measured _____ well owner <input checked="" type="checkbox"/> electric log _____ KDWR
<b>Emergency, Settling and Burn Pits ONLY:</b> 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <b>Fresh Water</b> Number of working pits to be utilized: <b>One</b> Abandonment procedure: <b>Remove Fluids, Allow to Dry and Level Surface</b> 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.		
<b>8/16/06</b> Date		 Signature of Applicant or Agent

15-205-26929-0000

KCC OFFICE USE ONLY			
Date Received: <b>8/17/06</b>	Permit Number: _____	Permit Date: <b>8/17/06</b>	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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