

JUN 08 2006

Form C-1  
December 2002

For KCC Use: 6-13-06  
Effective Date: 3  
District # 3  
SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION

CONSERVATION DIVISION  
WICHITA, KS  
Form must be Typed  
Form must be Signed  
All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Expected Spud Date June 12, 2006  
month day year

Spot  East  
NE4 - NW4 - SW4 Sec. 9 Twp. 9 S. R. 20  West  
2092' feet from  N /  S Line of Section  
1302' feet from  E /  W Line of Section

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

Is SECTION  Regular  Irregular?  
(Note: Locate well on the Section Plat on reverse side)

CONTRACTOR: License# 33539  
Name: Cherokee Wells, LLC

County: Jefferson  
Lease Name: Zachariah Well #: A-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:         

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

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 #:         

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 5, 2006 Signature of Operator or Agent: Charlotte D. Kephart Title: Agent

For KCC Use ONLY  
API # 15 - 087-20643-0000  
Conductor pipe required None feet  
Minimum surface pipe required 40 feet per Alt. 40  
Approved by: Put 6-8-06  
This authorization expires: 12-8-06  
(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: Charlotte D. Kephart  
Date: 7/26/06

Mail to: KCC - Conservation Division, 130 S. Market - Room 207B, Wichita, Kansas 67202