

For KCC Use:
Effective Date: 11-27-06
District #: 3
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

Form C-1
December 2002

Form must be Typed
Form must be Signed
All blanks must be Filled

Expected Spud Date 11/27/06
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: Rhonda Wilson
Phone: (820) 378-3650

CONTRACTOR: License# 33072
Name: Well Refined Drilling Co., LLC

Well Drilled For: Well Class: Type Equipment:
☐ Oil ☐ Enh Rec ☒ Infield ☐ Mud Rotary
☒ Gas ☐ Storage ☐ Pool Ext. ☒ Air Rotary
☐ OWWO ☐ Disposal ☐ Wildcat ☐ Cable
☐ Seismic; # 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 #: _____

Spot SE NE SE Sec. 28 Twp. 27 S. R. 15
1650 feet from N Line of Section
100 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: Haley Beard Well #: A-1

Field Name: Cherokee Basin Coal/Mississippian

Is this a Prorated / Spaced Field? ☐ Yes ☒ No

Target Formation(s): Mississippian

Nearest Lease or unit boundary: 600 - 330

Ground Surface Elevation: n/a feet MSL

Water well within one-quarter mile: ☐ Yes ☒ No

Public water supply well within one mile: ☐ Yes ☒ No

Depth to bottom of trash 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: _____

Oil & Gas Lease Attached DEC 06 2006

CONSERVATION DIVISION

AFFIDAVIT

The undersigned hereby affirms that the well will comply with K.S.A. 58-5501, completion and eventual plugging of this well will comply with K.S.A. 58-5502. 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: 11/21/06 Signature of Operator or Agent: Rhonda Wilson Title: Office Manager

For KCC Use ONLY

API # 15 - 205-27033-00-00

Conductor pipe required NONE feet

Minimum surface pipe required 40 feet per Alt. X(2)

Approved by: WHRM 11-27-06 / RWH 12-06

This authorization expires: 5-22-07

(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

29 27 15E

CORRECTED

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

COPY

CORRECTED

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 - 205-27633-00-00
 Operator: Blue Jay Operating LLC
 Lease: HALEY BEARD
 Well Number: A-1
 Field: Cherokee Basin Coal/Mississippian

Location of Well: County: Wilson

* 660 1650 feet from ☒ N / ☒ S Line of Section
 * 660 100 feet from ☒ E / ☐ W Line of Section
 * Sec. 28 Twp. 27 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

Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: NE NE SE

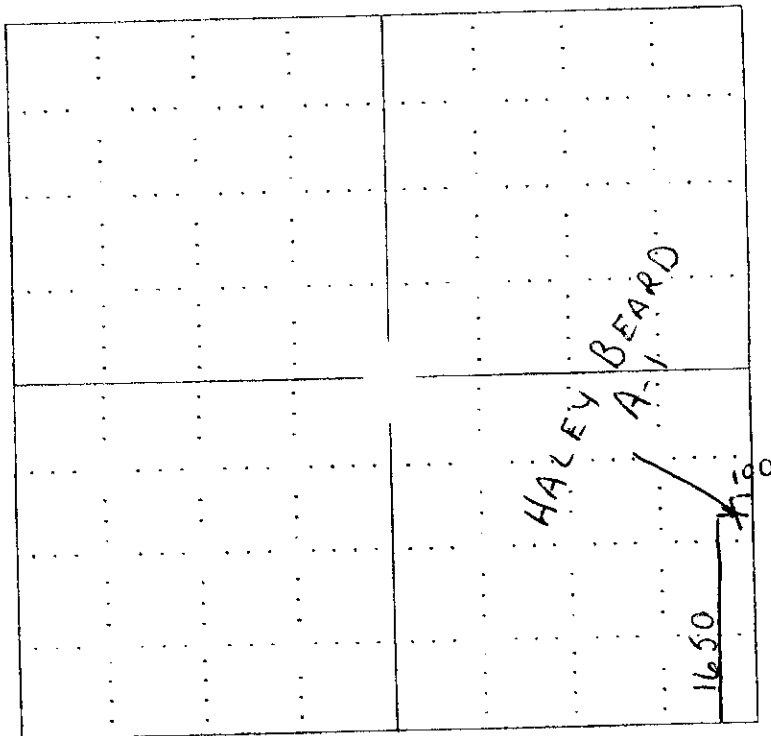
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WICHITA, KS

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.)

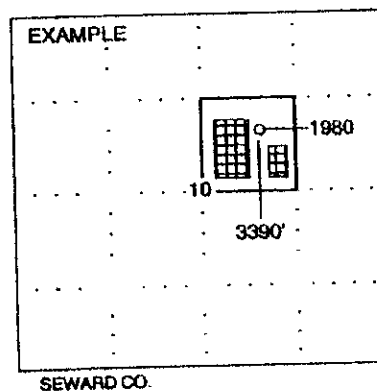


NOTE: In all cases locate the spot of the proposed drilling location.

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WICHITA, KS



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

- 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.
- The distance of the proposed drilling location from the section's south / north and east / west.
- The distance to the nearest lease or unit boundary line.
- 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).

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WICHITA, KS

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

Submit in Duplicate

CORRECTED

Form CDP-1
April 2004
Form must be Typed

COPY

CORRECTED

Operator Name: Blue Jay Operating, LLC		License Number: 33342	
Operator Address: 4916 Camp Bowie Blvd., Suite 204 Fort Worth, TX 76107			
Contact Person: Rhonda Wilson		Phone Number: (620) 378 - 3650	
Lease Name & Well No.: Haley Beard A-1		Pit Location (QQQQ): * NE NE SE * 28 Twp. 27 R. 15 <input checked="" type="checkbox"/> East <input type="checkbox"/> West * 660 1650 Feet from 10 North / <input checked="" type="checkbox"/> South Line of Section * 660 100 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section	
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 (If WP Supply API No. or Year Drilled)	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: Pit capacity: 800 (bbls)	Wilson County	
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l (For Emergency Pits and Settling Pits only)	
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? Natural Clay & Earth	
Pit dimensions (all but working pits): 30 Length (feet) 40 Width (feet) N/A : Steel Pits Depth from ground level to deepest point: 6 (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 N/A feet Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: _____ measured <input checked="" type="checkbox"/> well owner _____ 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 checked="" 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 and 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.			
11/21/06 Date		Rhonda Wilson Signature of Applicant or Agent	

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WICHITA, KS

15-205-27033-00-00

KCC OFFICE USE ONLY			
Date Received: 11/22/06	Permit Number: _____	Permit Date: 11/22/06	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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