

For KCC Use: 1-17-06
 Effective Date: 2
 District #: 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 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

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

Expected Spud Date January 15 2006
month day year

Sort App 100' N & 30' E of
N/2 N/2 NW Sec. 30 Twp. 20 S. R. 10
 East West
230' feet from N / S Line of Section
1350' feet from E / W Line of Section

OPERATOR: License# 32924
 Name: Gilbert-Stewart Operating LLC
 Address: 1801 Broadway Suite 450
 City/State/Zip: Denver, CO 80202
 Contact Person: Kent L. Gilbert
 Phone: 303-534-1686

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JAN 09 2006

CONTRACTOR: License# 5142
 Name: Sterling Drilling
 WICHITA, KS

Is SECTION Regular Irregular?

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

County: Rice
 Lease Name: Schartz Well #: 1-30
 Field Name: Chase Silica

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

Nearest Lease or unit boundary: 230'
 Ground Surface Elevation: 1734' 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' est
 Depth to bottom of usable water: 240' Permian 200 Permian

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 300'

Length of Conductor Pipe required: None
 Projected Total Depth: 3400'

Formation at Total Depth: Arbuckle

Water Source for Drilling Operations:
 Well Farm Pond Other Possible Haul

DWR Permit #: Drig Contr will obtain
 (Note: Apply for Permit with DWR)

Will Cores be taken? Yes No
 If Yes, proposed zone: _____

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

X UNIT INFO ATT.

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: 1-4-06 Signature of Operator or Agent: Kent L. Gilbert Title: Manager

For KCC Use ONLY
 API # 15 - 159-22477-00-00
 Conductor pipe required NONE feet
 Minimum surface pipe required 220 feet per Alt. (1) &
 Approved by: JSR 1-12-06
 This authorization expires: 7-12-06
 (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: _____
 Date: _____

30 20 10 2

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

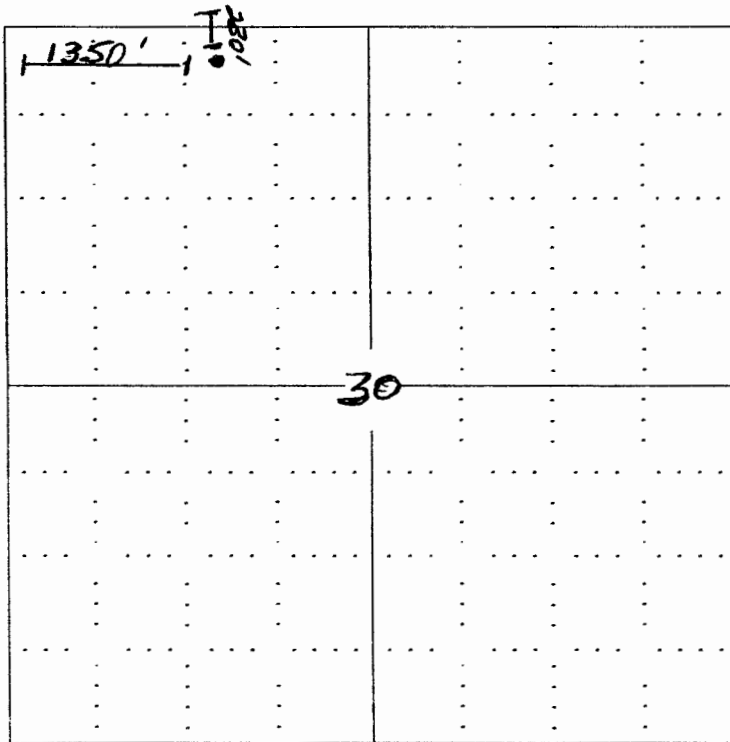
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please 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 - _____
 Operator: Gilbert-Stewart Operating LLC
 Lease: Schartz
 Well Number: 1-30
 Field: Chase Silica
 Number of Acres attributable to well: 10
 QTR / QTR / QTR of acreage: NW - NE - NW

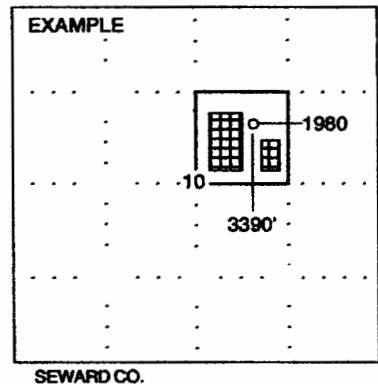
Location of Well: County: Rice
 230' _____ feet from N / S Line of Section
 1350' _____ feet from E / W Line of Section
 Sec. 30 Twp. 20 S. R. 10 East West
 Is Section: Regular or Irregular
 If Section is Irregular, locate well from nearest corner boundary.
 Section corner used: NE NW SE SW

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.)*



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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

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MICHAEL C. MOFFET, COMMISSIONER

January 10, 2006

Mr. Kent L. Gilbert
Gilbert-Stewart Operating, LLC
1801 Broadway Ste 450
Denver, CO 80202

Re: Drilling Pit Application
Schartz Lease Well No. 1-30
NW/4 Sec. 30-20S-10W
Rice County, Kansas

Dear Mr. Gilbert:

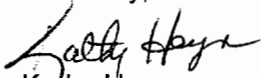
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and **no deeper than 2.5 feet**. **All pits must be lined with bentonite**. The free fluids must be removed. The fluids are to be removed from the reserve pit as soon as the Hutchinson Salt section has been drilled through and displacement of the fluids into the reserve pit has occurred. The fluids should be removed again within 72 hours after drilling operations have ceased.

If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

The fluids should be taken to an authorized disposal well. Please call the District Office at (316) 630-4000 when the fluids have been removed. Please file form CDP-5 (August 2004), Exploration and Production Waste Transfer, within 30 days of fluid removal. Conservation division forms are available through our office and on the KCC web site:
www.kcc.state.ks.us/conservation/forms.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,



Kathy Haynes
Environmental Protection and Remediation Department

cc: Doug Louis