

For KCC Use:  
 Effective Date: 4-5-06  
 District #: 2  
 SGA?  Yes  No

**RECEIVED**  
**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**

**MAR 23 2006**

CONSERVATION DIVISION  
 WICHITA, KS

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

Expected Spud Date April 2, 2006  
 month day year **AP. SE**

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

CONTRACTOR: License# 33350 ✓  
 Name: Southwind Drilling

<b>Well Drilled For:</b>	<b>Well Class:</b>	<b>Type Equipment:</b>
<input checked="" type="checkbox"/> Oil	<input type="checkbox"/> Enh Rec	<input checked="" type="checkbox"/> Mud Rotary
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic; # of Holes	<input type="checkbox"/> Wildcat	
<input type="checkbox"/> Other	<input type="checkbox"/> 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 #: \_\_\_\_\_

**\* Pooling Clause ATTACHED.**

Spot  
 SE NE SW Sec. 7 Twp. 20S S. R. 10W  East  West  
1430' FSL feet from  N /  S Line of Section  
2455' FWL feet from  E /  W Line of Section

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

Lease Name: Big Red Well #: 4  
 Field Name: Chase Silica

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

\* Nearest Lease or unit boundary: 185' (own offset lease/pooling clause) ✓  
 Ground Surface Elevation: 1784' 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: 220' 180' ✓  
 Depth to bottom of usable water: 240' - Permian ✓

Surface Pipe by Alternate:  1  2  
 Length of Surface Pipe Planned to be set: 260' - 300'

Length of Conductor Pipe required: N/A  
 Projected Total Depth: 3400'

Formation at Total Depth: Arbuckle

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

DWR Permit #: If necessary Drig Contr will Obtain  
 (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: 3-22-06 Signature of Operator or Agent: Kent L. Gilbert Title: Manager

**For KCC Use ONLY**

API # 15 - 159-22478-00-00

Conductor pipe required NONE feet

Minimum surface pipe required 260' feet per Alt.  X

Approved by: DPW 3-31-06

This authorization expires: 9-31-06  
 (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: \_\_\_\_\_

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

7  
20  
1000

**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: Big Red  
 Well Number: 4  
 Field: Chase Silica  
 Number of Acres attributable to well: 10  
 QTR / QTR / QTR of acreage: SE - NE - SW

Location of Well: County: Rice  
 1430' FSL \_\_\_\_\_ feet from  N /  S Line of Section  
 2455' FWL \_\_\_\_\_ feet from  E /  W Line of Section  
 Sec. 7 Twp. 20S S. R. 10W  East  West

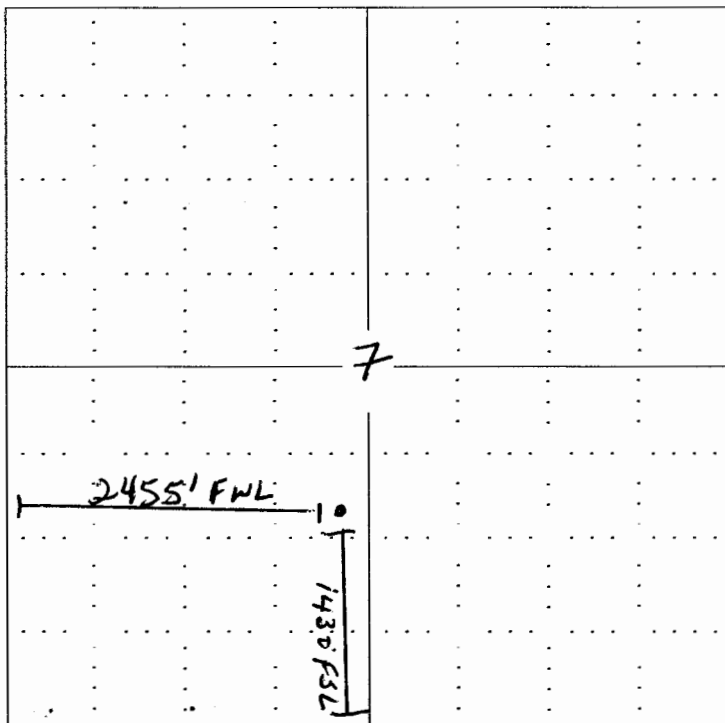
Is Section:  Regular or  Irregular

If Section Is Irregular, locate well from nearest corner boundary.

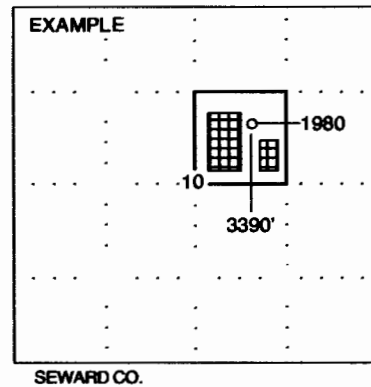
Section corner used:  NE  NW  SE  SW

**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 locaton.**

**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

KATHLEEN SEBELIUS, GOVERNOR  
BRIAN J. MOLINE, CHAIR  
ROBERT E. KREHBIEL, COMMISSIONER  
MICHAEL C. MOFFET, COMMISSIONER

March 30, 2006

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

Re: Drilling Pit Application  
Big Red Lease Well No. 4  
SW/4 Sec. 07-20S-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 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](http://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