

For KCC Use: 8-28-06
 Effective Date: 8-28-06
 District #: 2
 SGA? Yes No

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

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

Expected Spud Date August 26 2006
 month day year

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

CONTRACTOR: License# 33724 ✓
 Name: Warren Drilling

<input checked="" type="checkbox"/> Oil ✓	<input type="checkbox"/> Enh Rec	<input type="checkbox"/> Infield	<input checked="" type="checkbox"/> Mud Rotary ✓
<input type="checkbox"/> Gas	<input type="checkbox"/> Storage	<input checked="" type="checkbox"/> Pool Ext. ✓	<input type="checkbox"/> Air Rotary
<input type="checkbox"/> OWWO	<input type="checkbox"/> Disposal	<input type="checkbox"/> Wildcat	<input type="checkbox"/> Cable
<input type="checkbox"/> Seismic; _____ # of Holes	<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 #: _____

Spot NE - NW - NE Sec. 16 Twp. 20s S. R. 10w East West
330' feet from N / S Line of Section
1660' 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 #: 6
 Field Name: Chase Silica
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Arbuckle ✓
 Nearest Lease or unit boundary: 330'
 Ground Surface Elevation: 1820' 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: 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: 3450'
 Formation at Total Depth: Arbuckle ✓
 Water Source for Drilling Operations:
 Well Farm Pond Other Possible Haul
 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. 2008-103. 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 casing **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: August 18, 2006 Signature of Operator or Agent: Kent L. Gilbert Title: Manager

For KCC Use ONLY
 API # 15 - 159-22499-0000
 Conductor pipe required None feet
 Minimum surface pipe required 260 feet per Alt. 1 X
 Approved by: KLH 8-23-06
 This authorization expires: 2-23-07
 (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: _____

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 AUG 22 2006
 CONSERVATION DIVISION
 WICHITA, KS

16
 20
 10W

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 - 159-22499-0000

Operator: Gilbert-Stewart Operating LLC

Lease: Big Red

Well Number: 6

Field: Chase Silica

Number of Acres attributable to well: _____

QTR / QTR / QTR of acreage: NE - NW - NE

Location of Well: County: Rice

330' feet from N / S Line of Section

1660' feet from E / W Line of Section

Sec. 16 Twp. 20s S. R. 10w East West

Is Section: Regular or Irregular

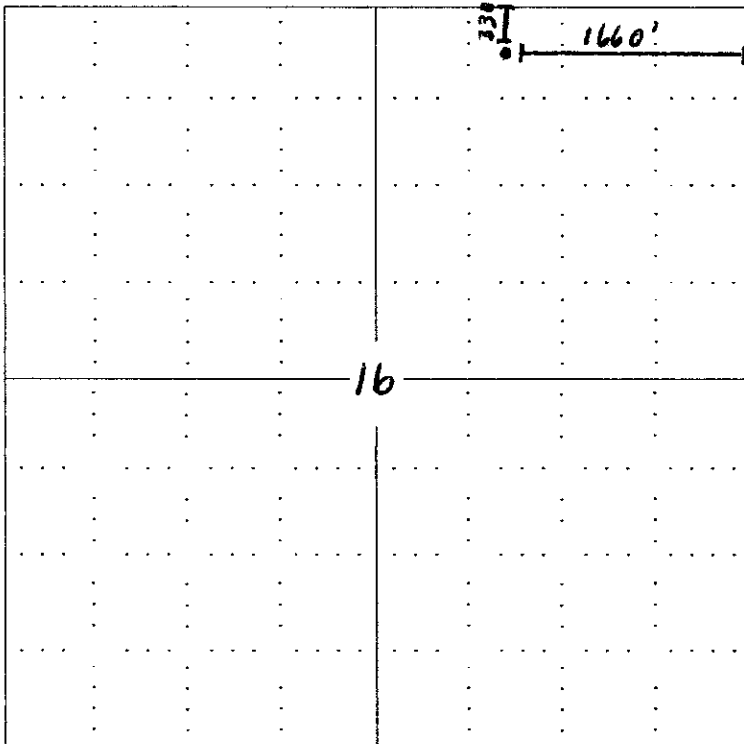
If Section is Irregular, locate well from nearest corner boundary.

Section corner used: NE NW SE SW

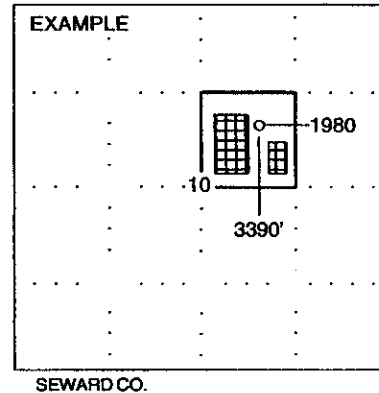
PLAT

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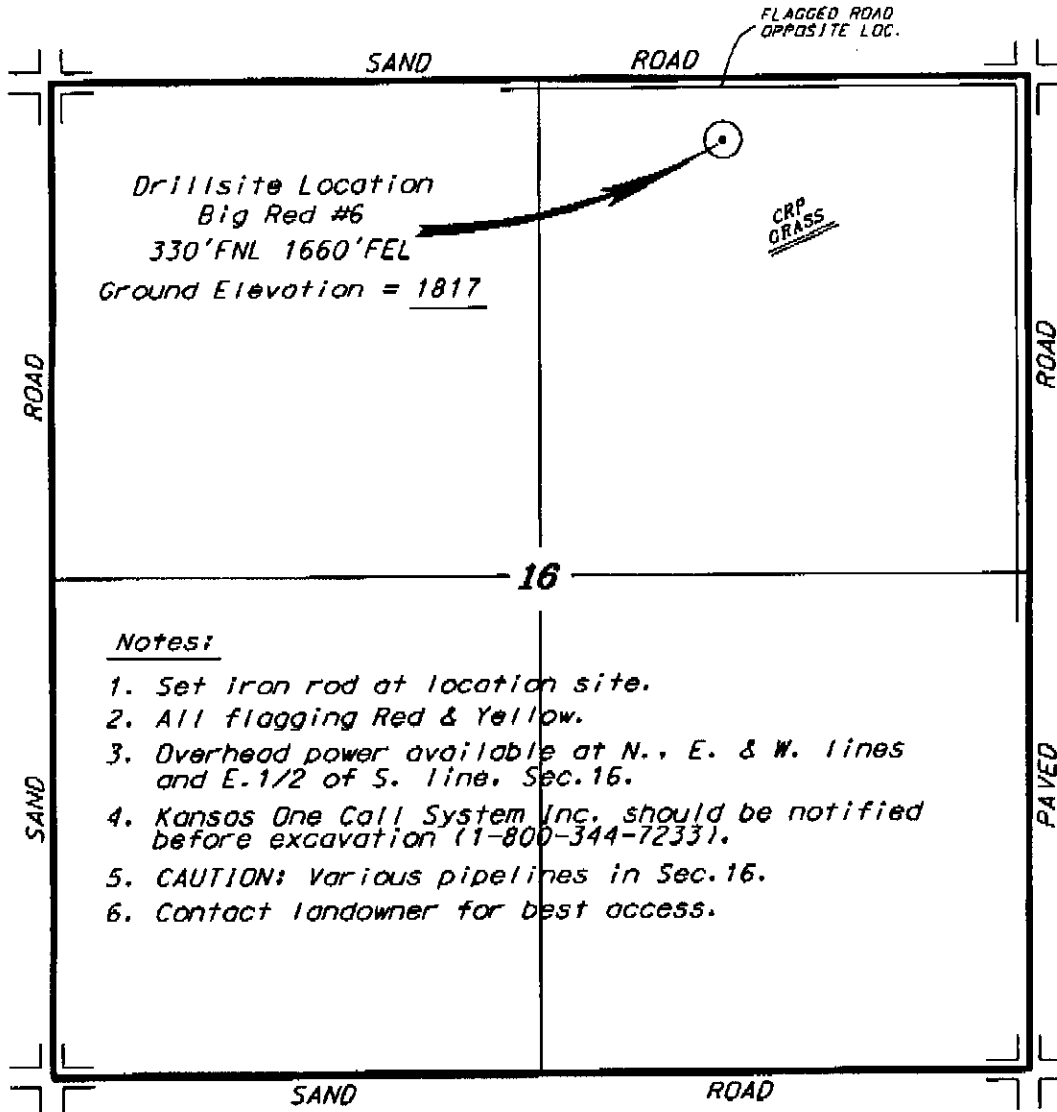
NOTE: In all cases locate the spot of the proposed drilling locaton.

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).

GILBERT-STEWART OPERATING, LLC
BIG RED LEASE
NE. 1/4, SECTION 16, T20S, R10W
RICE COUNTY, KANSAS

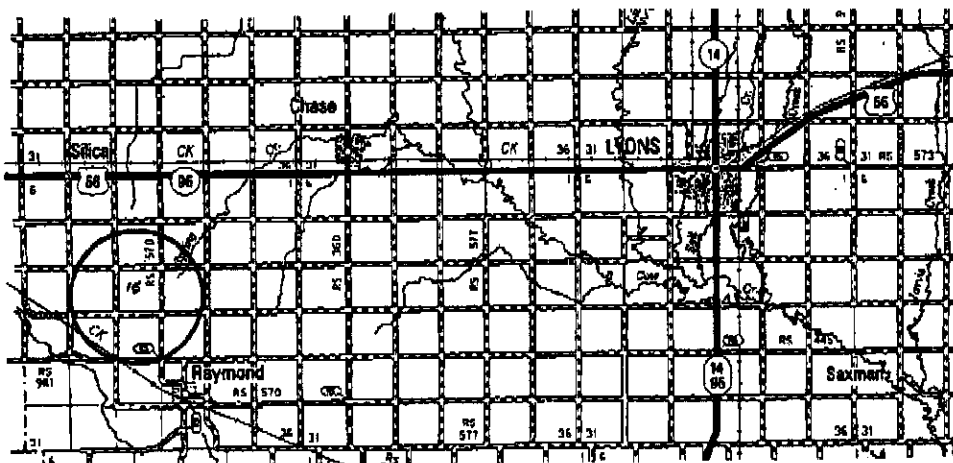
15-159-22499-000



* Ingress and egress to location as shown on this plat is per usage only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.

Notes:

1. Set iron rod at location site.
2. All flagging Red & Yellow.
3. Overhead power available at N., E. & W. lines and E. 1/2 of S. line, Sec. 16.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 16.
6. Contact landowner for best access.



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CONSERVATION DIVISION
WICHITA, KS

• Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.
 • Approximate section lines were determined using the normal standard of care of oilfield surveyors practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator securing this service and occupying this plat and all other services paying therefor agree to hold Central Kansas Oilfield Services, Inc., its officers and employees harmless from all losses, costs and expenses and said entities released from any liability from incidental or consequential damages.
 • Elevations derived from national Geodetic Vertical Datum.

Date August 18, 2006

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

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Gilbert-Stewart Operating		License Number: 32924
Operator Address: 1801 Broadway #450		
Contact Person: Kent Gilbert		Phone Number: (303) 534 - 1686
Lease Name & Well No.: Big Red #6		Pit Location (QQQQ): NE - NW - NE -
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: _____ (bbls)	Sec. 16 Twp. 20S R. 10W <input type="checkbox"/> East <input checked="" type="checkbox"/> West 330' Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1660' Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Rice _____ County
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" 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? Bentonite
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 4 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. Bentonite from the drilling mud will line and seal the bottom and sides of the pit		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring. Bentonite will stay in place until the pit is squeezed and closed
Distance to nearest water well within one-mile of pit 1480 feet Depth of water well 121 feet		Depth to shallowest fresh water 20 14 feet. (2) Source of information: FHEGS _____ measured _____ 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 type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Fresh water/ gel Number of working pits to be utilized: 3 no slots Abandonment procedure: Haul off free fluids after the salt. Allow pits to dry. Squeeze and backfill once pits are dry. 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. _____ August 18, 2006 _____ Date Signature of Applicant or Agent Kent L Gilbert RECEIVED KANSAS CORPORATION COMMISSION AUG 22 2006		
KCC OFFICE USE ONLY		
Date Received: 8/22/06 Permit Number: _____ Permit Date: 8/23/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <div style="text-align: right;">CONSERVATION DIVISION WICHITA, KS LINE 4, Gent. R. FAS + 22 #85</div>		

15-159-22499-0020

KANSAS

CORPORATION COMMISSION

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

August 23, 2006

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

Re: Drilling Pit Application
Big Red Lease Well No. 6
NE/4 Sec. 16-20S-10W
Rice County, Kansas

Dear Mr. Gilbert:

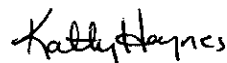
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed **without slots**, the bottom shall be flat and reasonably level, and **all pits must be lined with bentonite**. The free fluids must be removed. The fluids are to be removed from the 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