

For KCC Use:
Effective Date: 10-29-06
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 August 25 2006
month day year

OPERATOR: License# 32924
Name: Gilbert-Stewart Operating
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

Well Drilled For: Oil Gas OWWO Seismic; # of Holes Other
 Enh Rec Storage Disposal Other
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 #: _____

Oil & Gas Leases w/ pooling clauses attached

Spot N/2 S/2 SE Sec. 19 Twp. 20s S. R. 10w East West
960' FSL feet from N / S Line of Section
1340' FEL 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: A R B Well #: 1
Field Name: Chase Silica

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): Arbuckle
Nearest Lease or unit boundary: 50'

Ground Surface Elevation: 1737' 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
Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 300' + *4100'*
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 #: _____ Will Apply for Yes No

(Note: Apply for Permit with DWR)
Will Cores be taken? Yes No
If Yes, proposed zone: _____

AFFIDAVIT

RECEIVED
KANSAS CORPORATION COMMISSION

OCT 17 2006

CONSERVATION DIVISION
WICHITA, KS

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: August 16, 2006 Signature of Operator or Agent: Kent L. Gilbert Title: Manager

For KCC Use ONLY
API # 15 - 159-22514-0000
Conductor pipe required None feet
Minimum surface pipe required 260 feet per Alt.
Approved by: RH 10-24-06
This authorization expires: 4-24-07
(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

19
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 - 159-22514-0000
 Operator: Gilbert-Stewart Operating
 Lease: ARB
 Well Number: 1
 Field: Chase Silica
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: N/2 - S/2 - SE

Location of Well: County: Rice
 960' FSL _____ feet from N / S Line of Section
 1340' FEL _____ feet from E / W Line of Section
 Sec. 19 Twp. 20s S. R. 10w East West

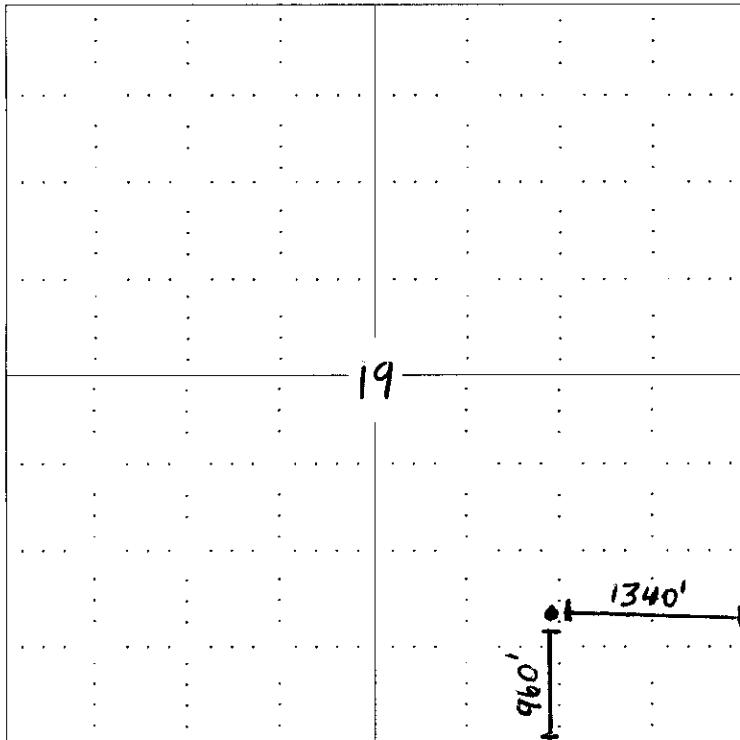
Is Section: Regular or Irregular

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

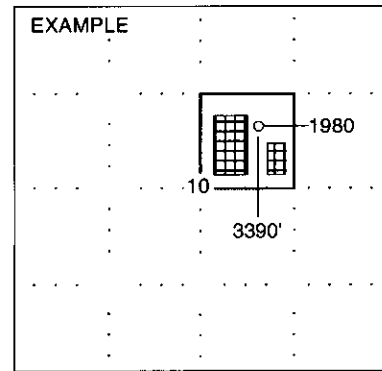
Section corner used: NE NW SE SW

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.)*



RECEIVED
KANSAS CORPORATION COMMISSION
OCT 17 2006
CONSERVATION DIVISION
WICHITA, KS



SEWARD CO.

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
OIL & GAS CONSERVATION DIVISION

RECEIVED
KANSAS CORPORATION COMMISSION
Form CDP-1
April 2004
OCT 17 2006
Form must be Typed

APPLICATION FOR SURFACE PIT

CONSERVATION DIVISION
WICHITA, KS

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.: ARB #1		Pit Location (QQQQ): N/2 - S/2 - SE
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: 4500 (bbls)	Sec. 19 Twp. 20S R. 10 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 960' Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1340' 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 checked="" type="checkbox"/> Yes <input 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 sides and bottom		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 1915 feet Depth of water well 65 feet		Depth to shallowest fresh water 12 feet. Source of information: KHGS _____ 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/ Bentonite Number of working pits to be utilized: 3 - no slots Abandonment procedure: Haul off free fluids after 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 16, 2006 <i>Kent L Gilbert</i> Date Signature of Applicant or Agent		
KCC OFFICE USE ONLY		
Date Received: 10/17/06 Permit Number: _____		Permit Date: 10/24/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15-159-22514-0000

*Bentonite Liner RFAST72
No deeper than 36"*

KANSAS

CORPORATION COMMISSION

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

October 24, 2006

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

Re: Drilling Pit Application
A R B Lease Well No. 1
SE/4 19-20S-10W
Rice County, Kansas

Dear Mr. Gilbert:

District staff has inspected the above referenced location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has recommended that the reserve pit be lined with bentonite, constructed to a depth **not to exceed 36 inches, 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, 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,



Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

cc: Doug Louis