

For KCC Use: 11-9-08
 Effective Date: _____
 District # 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 October 2007
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: October 25 2008
month day year

OPERATOR: License# 32924 ✓
 Name: Gilbert-Stewart Operating LLC
 Address 1: 1801 Broadway #450
 Address 2: _____
 City: Denver State: CO Zip: 80108 + _____
 Contact Person: Kent Gilbert
 Phone: 303-534-1686
 CONTRACTOR: License# 33323 ✓
 Name: Petromark Drilling

Spot Description: _____
 SE - SW - NW - _____ Sec. 17 Twp. 20 S. R. 10 E W
(0/0/0/0)
2,180 feet from N / S Line of Section
960 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 #: #8
 Field Name: Chase Silica

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

Nearest Lease or unit boundary line (in footage): 960
 Ground Surface Elevation: 179' 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'
 Depth to bottom of usable water: 240' Permian

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 260-300'

Length of Conductor Pipe (if any): N/A
 Projected Total Depth: 3400'

Formation at Total Depth: Arbuckle
 Water Source for Drilling Operations:
 Well Farm Pond Other: _____

DWR Permit #: _____
 (Note: Apply for Permit with DWR) Yes No ✓

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

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OCT 17 2008

CONSERVATION DIVISION
 WICHITA, KS

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 correct to the best of my knowledge and belief.

Date: 10-16-08 Signature of Operator or Agent: Kent L. Gilbert Title: Manager

For KCC Use ONLY
 API # 15 - 159-22591-0000
 Conductor pipe required None feet
 Minimum surface pipe required 260 feet per ALT. I II
 Approved by: Rum 11-4-08
 This authorization expires: 11-4-09
(This authorization void if drilling not started within 12 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 (within 60 days);
 - 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 Date: _____
 Signature of Operator or Agent: _____

17
20
10
 E
 W

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 - 159-22591-0000
 Operator: Gilbert-Stewart Operating LLC
 Lease: Big Red
 Well Number: #8
 Field: Chase Silica
 Number of Acres attributable to well: _____
 QTR/QTR/QTR/QTR of acreage: SE - SW - NW - _____

Location of Well: County: Rice

 2,180 _____ feet from N / S Line of Section
 960 _____ feet from E / W Line of Section
 Sec. 17 Twp. 20 S. R. 10 E W

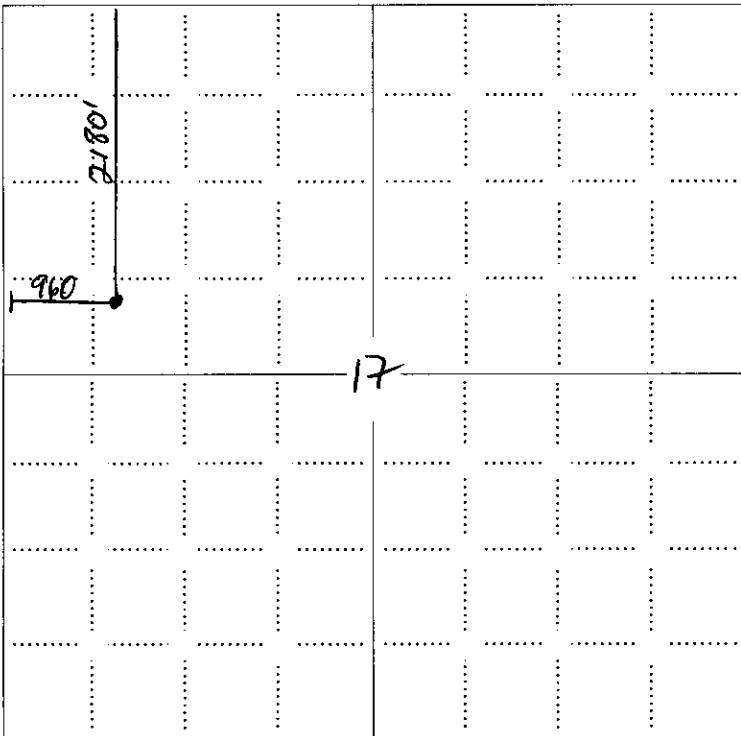
Is Section: Regular or Irregular

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

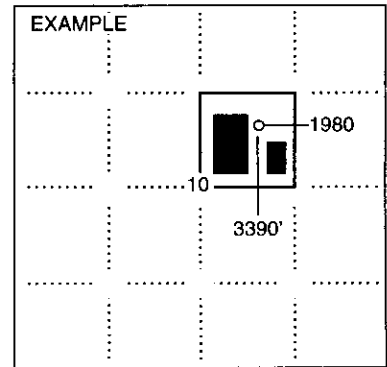
Section corner used: NE NW SE SW

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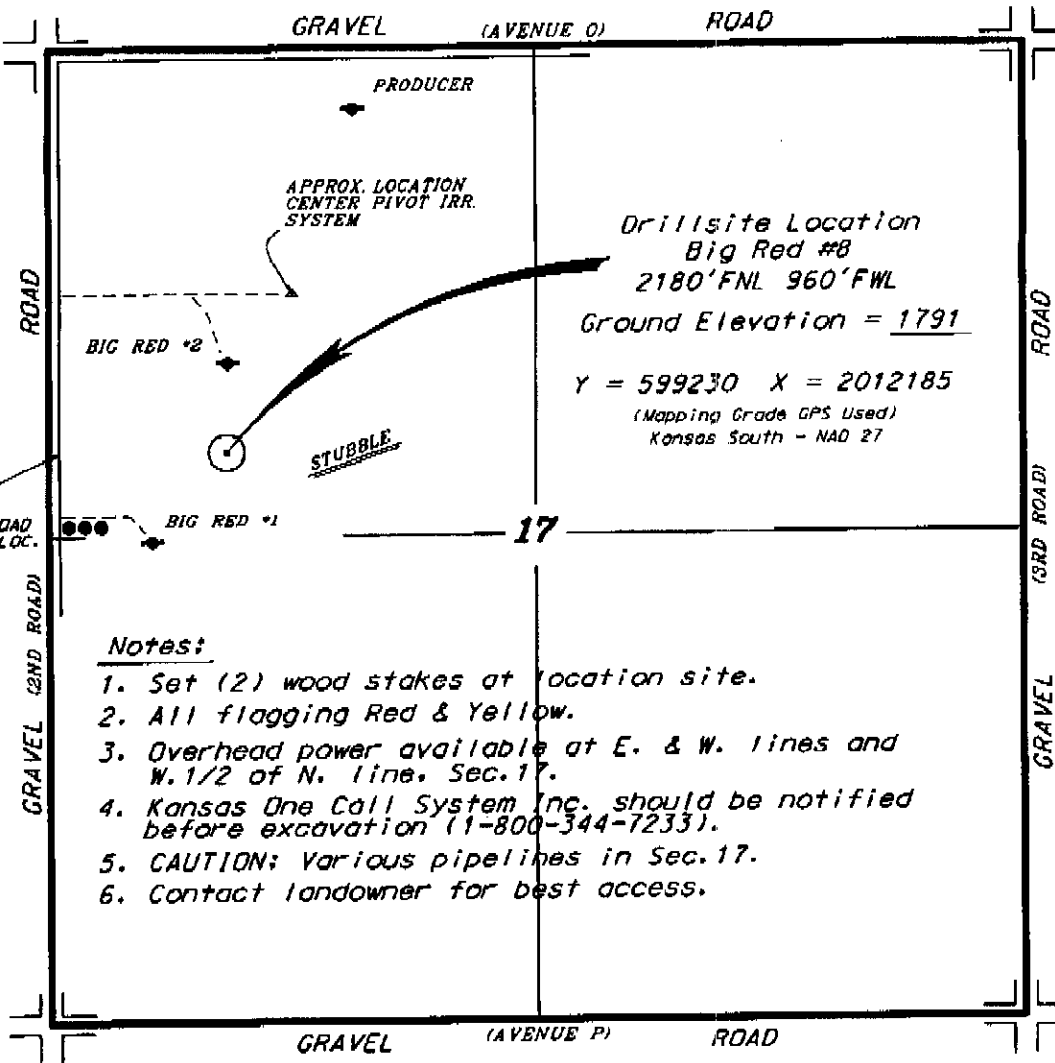
NOTE: In all cases locate the spot of the proposed drilling location.

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 south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
4. 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).

GILBERT-STEWART OPERATING, LLC
BIG RED LEASE
NW. 1/4, SECTION 17, T20S, R10W
RICE COUNTY, KANSAS

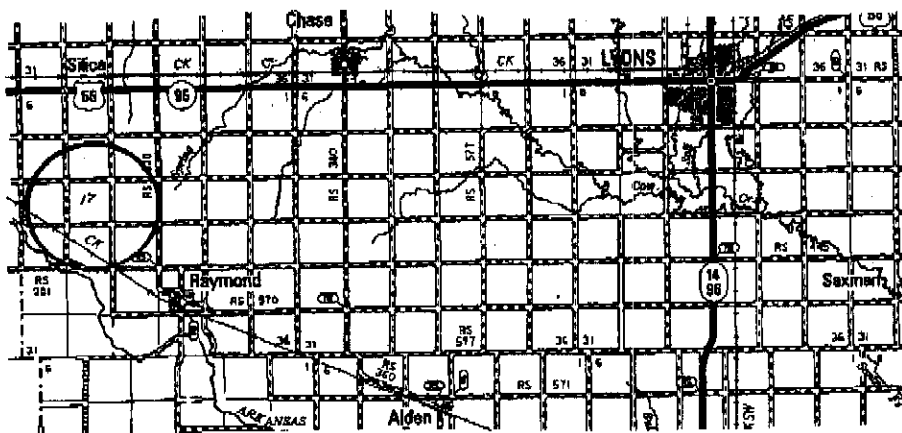
15159-22591-0000



Notes:

1. Set (2) wood stakes at location site.
2. All flagging Red & Yellow.
3. Overhead power available at E. & W. lines and W. 1/2 of N. line, Sec. 17.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 17.
6. Contact landowner for best access.

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



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WICHITA, KS

Date October 15, 2008

• Controlling data is based upon the best map 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 operating this plot and all other parties relying thereon 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.

CENTRAL KANSAS OILFIELD SERVICES, INC. (620)792-1977

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

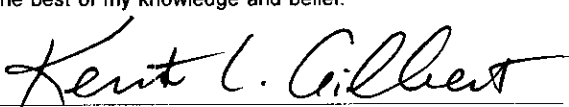
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Form CDP-1
April 2004
Form must be Typed

OCT 17 2008

CONSERVATION DIVISION
WICHITA, KS

Submit in Duplicate

Operator Name: Gilbert-Stewart Operating LLC		License Number: 32924
Operator Address: 1801 Broadway #450		Denver CO 80108
Contact Person: Kent Gilbert		Phone Number: 303-534-1686
Lease Name & Well No.: Big Red #8		Pit Location (QQQQ): SE SW NW
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. <u>17</u> Twp. <u>20</u> R. <u>10</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <u>2,180</u> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <u>960</u> Feet from <input type="checkbox"/> East / <input checked="" 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): <u>80</u> Length (feet) <u>80</u> Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: <u>4</u> (feet) <input type="checkbox"/> No Pit		
If the pit is lined give a brief description of the liner material, thickness and installation procedure. Bentonite from the Drilling Mud will coat and seal the sides and bottom 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 <u>1948</u> feet Depth of water well <u>91</u> feet		Depth to shallowest fresh water <u>20</u> // feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> 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: <u>Fresh water/bentonite</u> Number of working pits to be utilized: <u>3</u> Abandonment procedure: <u>Haul of fluid after the salts. Allow pit to dry. Squeeze and backfill</u> 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.		
<u>10-16-08</u> Date	 Signature of Applicant or Agent	

15-159-22571-0000

KCC OFFICE USE ONLY		Steel Pit <input type="checkbox"/>	RFAC <input checked="" type="checkbox"/>	RFAS <input checked="" type="checkbox"/>
Date Received: <u>10/17/08</u>	Permit Number: _____	Permit Date: <u>11/4/08</u>	Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	



Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner

November 4, 2008

Gilbert-Stewart Operating LLC
1801 Broadway #450
Denver, CO 80108

Re: Drilling Pit Application
Big Red Lease Well No. 8
NW/4 Sec. 17-20S-10W
Rice County, Kansas

Dear Sir or Madam:

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.

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: File