Kansas Corporation Commission
Oil & Gas Conservation Division

NOTICE OF INTENT TO DRILL

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

Form C-1
December 2002
Form must be Typed
All blanks must be filled

Expected Spud Date: July 23, 2004

OPERATOR: License # 32924
Name: Gilbert-Stewart Operating LLC
Address: 1801 Broadway Suite 450
Denver, CO 80202
Contact Person: Kent L. Gilbert
Phone: (303) 534-1586

CONTRACTOR: License # 5142
Name: Sterling Drilling

Well Drilled For:

- Oil
- Gas
- Water
- Storage
- Oman

Well Class:

- Infield
- Pool Ext.
- Wildcat

Type of Equipment:

- Mud Rotary
- Air Rotary

If OWM: old well information as follows:

Operator:

Well Name:

Original Completion Date:

Original Total Depth:

Directional, Deviated or Horizontal wellbore?

Yes

If Yes, true vertical depth:

Bottom Hole Location:

KCC DKT:

JUL 14, 2004

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 #153981-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud 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: 7/12/04

Signature of Operator or Agent: Kent L. Gilbert
Title: Manager

Remember to:
- File Drill Plan 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 pronation 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 207B, Wichita, Kansas 67202
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: RLS
Well Number: 2
Field: Gates

Number of Acres attributable to well: _______________________
QTR / QTR / QTR of acreage: NE - SW - NE

Location of Well: County: Stafford
1670' feet from \[N / S Line of Section\]
1650' feet from \[E / W Line of Section\]
Sec. 33 Twp. 21 S. R. 13 East \[\checkmark West\]

Is Section: \[\checkmark Regular or \[\square Irregular\]
If Section is Irregular, locate well from nearest corner boundary.
Section corner used: \[\square NE \[\square NW \[\square SE \[\square 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
JUL 14 2004
CONSERVATION DIVISION
WICHITA, KS

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: (CO-7 for oil wells; CG-8 for gas wells).
July 15, 2004

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

RE: Drilling Pit Application
RLS Lease Well No. 2
NE/4 Sec. 33-21S-13W
Stafford 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 then 4’ deep. 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 as soon as practical after drilling operations have ceased.

**If production casing is set all completion fluids shall be removed on a daily basis.**

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Also please file the enclosed CDP-5 form, Surface Pond Waste Transfer, within 30 days of fluid removal.

**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: S Durrant

*Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3002 Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us*