KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL
Must be approved by KCC five (5) days prior to commencing well

For KCC Use: 10-2-04

Effective Date: ________________

District #: ________________

SGA: [ ] Yes [ ] No

Expected Spud Date: October 5th 2004

OPERATOR: Licensee: 32924

Name: Gilchrist-Stewart Operating LLC

Address: 1901 Broadway Suite 450

City/State/Zip: Denver, CO 80202

Contact Person: Kent L. Gilchrist

Phone: (303) 534-1869

CONTRACTOR: Licensee: 5142

Name: Sterling Drilling

Well: ____________________

Well Drilled For: [ ] Oil [ ] Gas [ ] Gas Storage [ ] OWNO [ ] Other

Well Class: [ ] Infield [ ] Pool Ext. [ ] Wildcat [ ] Other

Type Equipment: [ ] Mud Rotary [ ] Air Rotary [ ] Cable

Wells: 1

If OWNO: old well information as follows:

Operator: ____________________

Well Name: ____________________

Original Completion Date: ________________

Original Total Depth: ________________

Directional, Deviated or Horizontal wellbore? [ ] Yes [ ] No

If true vertical depth: ________________

Bottom Hole Location: ____________________

KCC DKT #: ____________________

Unit Boundary - Information Received 9-27-04

AFFDIANT

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 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 #133,891-1, 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: ________________

Signature of Operator or Agent: ____________________

Title: ____________________

RECEIVED

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
WICHITA, KS

SEP 23 2004

For KCC Use ONLY

API # 15 - 18523276 .00.06

Conductor pipe required: [ ] None [ ] 300 feet

Minimum surface pipe required: 300 feet per Alt. 0 feet

Approved by: ____________________

This authorization expires: 3-27-05

(This authorization void if drilling not started within 6 months of effective date.)

Spud date: ____________________

Agent: ____________________

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

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 of injecting salt water.

If this permit has expired (Sec. 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: ____________________
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: #3
Field: Gates

Number of Acres attributable to well: ____________________________
QTR / QTR / QTR of acreage: SW - SW - SE

Location of Well: County: Stafford

120’ feet from N / S Line of Section
2310’ feet from E / W Line of Section
Sec. 28  Twp. 21S  S. R. 13W  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.)

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; C0-6 for gas wells).
September 24, 2004

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

Re: Drilling Pit Application
RLS Lease Well No. 3
SE/4 28-21S-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 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 Exploration and Production Waste Transfer, form CDP-5, 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,

Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

cc: Steve Durrant
File

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802
Voice 316.337.6200  Fax 316.337.6211  www.kcc.state.ks.us