KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

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

Expected Spud Date: September 22, 2005

OPERATOR: Name: Licensed 32924
Gibbert-Stevens Operating LLC
Address: 1711 Broadway Suite 400
Denver, CO 80202
Contact: Kent L. Gibbert
Phone: 203-534-1666

CONTRACTOR: Name: 33350
Southweld Drilling

SPOT NE SE SW

700' feet from N / S Line of Section
2130' feet from E / W Line of Section
is SECTION Irregular?
(Note: Locate well on the Section Plat on reverse side)

County: Reno

Lease Name: Big Red
Well #: 3
Twp: 17 North
Sec: 14 West
N4W

Wichita Ks.

Oil - Birth Well Initial Air Rotary
Gas Storage Pro-Ext. Air Rotary
DHW - Disposal Waid 20" other
Gas - 7" of Holes Other

Drilled For:
- Oil
- Gas
- Brine
- Oil & Gas
- Gas & Brine
- Geothermal
- Others

When drilled: Yes

When drilled: No

When drilled: Others

Type of Completion: Articulate

Nearest Lease or Union Boundary: 787 to South, 1712 East

Ground Surface Elevation: 1712

Water well within one-quarter mile: Yes

Public water supply well within one mile: No

Death of bottom of usable water: 220

Surface Pipe by Alternates: 262 - Permian

Length of Surface Pipe Planned to be Set: 2202 - Permian

Formation at Tool Depth: Articulate

Water Source for Drilling Operations: Yes

Possible Haul: Yes

DHW Permit & GP Church Will Obtain

KCC DKT #: 1159-0277272

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; all casing 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 back 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.
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any unstable water to within 120 days of spud date.

Ori pursuant to Appendix "B" - Eastern Kansas surface casing rate $100,000.00, when applied to the KCC district 5 area, alternates II permitting must be completed within 30 days of the spud date or the well shall be plugged.

I hereby certify that the statements made herein are true and to the best of my knowledge correct.

Date: 7-14-05
Signature of Operator or Agent:

Remember to:
- File Drill Permit Application (form CDP-1) with intent to Drill;
- File Completion Form ACO 1 within 120 days of spud date;
- File acreage attribution plot according to field operation orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CSP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water;
- If the permit has expired [per authorized expiration date] please check the box below and return to the address below.

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW
PLOT OF ACREAGE ATTRIBUTABLE TO A WELL IN A PRODUCED OR SPACED FIELD

If the intended well is in a produced or spaced field, please fully complete this side of the form. If the intended well is in a produced or spaced field complete the plot 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 distribution unit for gas wells and within 1/2 mile of the boundaries of the proposed acreage distribution unit for oil wells.

API No. 15
Operator: Gilbert-Stewart Operating LLC
Lease: Big Red
Well Number: 3
Field: Chase Silica

Location of Well: County: Rice
760' feet from \( \text{N} / \text{S} \) Line of Section
2310' feet from \( \text{E} / \text{W} \) Line of Section
Sec.: 7
Twp.: 20S
R.: 10
\( \text{E} \) \( \text{W} \)

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 produced or spaced wells.)
(Show location to the nearest lease or unit boundary line.)

RECEIVED
KANSAS CORPORATION COMMISSION
SEP 15 2005
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 4 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 produced or spaced field a certificate of acreage distribution plat must be attached: (CG-7 for oil wells; CG-8 for gas wells).

EXAMPLE

REWARD CO.
September 20, 2005

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

Re: Drilling Pit Application
Big Red Lease Well No. 3
SW/4 Sec. 07-20S-19W
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 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 on a daily basis.

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,

Kathy Haynes
Environmental Protection and Remediation Department

cc: Doug Louis

Conservation Division, Finney State Office Building, 170 S. Market, Room 2070, Wichita, KS 67202 3002
Voice 316.357.6200  Fax 316.357.6211  www.kcc.state.ks.us