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:

Effective Date: 3.14.04

District #: SGA? X Yes No

Expected Spud Date 3/15/04

OPERATOR: License #: 32825
Name: PIONEER EXPLORATION, LTD.
Address: 15603 KUYKENDAHL SUITE 200
City/State/Zip: HOUSTON, TEXAS 77090
Contact Person: DANA BURNSIDES
Phone: 281-893-9400 EXT. 222

CONTRACTOR: License #: N/A
Name: N/A

ADDRESS ON ACO-1 MUST BE LICENSED WITH KCC

Well Drilled For: [ ] Oil [ ] Gas [ ] Storage [ ] OWO [ ] Disposal
Well Class: [ ] Infield [ ] Pool Ext. [ ] Seismic: # of Holes
[ ] Wildcat [ ] Cable
[ ] Other

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Kansas Corporation Commission

If OWWO: old well information as follows:
Operator: MARX-KINSLER
Well Name: SPIVEY-GRABS-BASIL
Original Completion Date: 3.32

Directional, Deviated or Horizontal wellbore? No
If Yes, true vertical depth:
Bottom Hole Location: N/A

KCC DKT #: 707E08

Received

KANSAS CORPORATION COMMISSION

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 to the best of my knowledge and belief.

Date: 3/15/04

Signature of Operator or Agent:

Reservoir Engineer

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;
- File report of hours prior to workover or re-entry;
- Submit drilling report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water.

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, 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: PIONEER EXPLORATION, LTD.
Lease: MARX-KINSLER
Well Number: 3-32
Field: SPIVEY-GRABS-BASIL
Number of Acres attributable to well: 
QTR / QTR / QTR of acreage: SW . SW . SW

Location of Well: County: KINGMAN
330 feet from □ N / ✔ S Line of Section
400 feet from □ E / ✔ W Line of Section
Sec. 32 Twp. 29 S. R. 8
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: (CO-7 for oil wells; CG-8 for gas wells).
March 9, 2004

Ms. Dana Burnsides
Pioneer Exploration, Ltd.
15603 Kuykendahl Ste 200
Houston, TX 77090

Re: Drilling Pit Application
Marx-Kinsler Lease Well No. 3-32
SW/4 Sec. 32-29S-08W
Kingman County, Kansas

Dear Ms. Burnsides:

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 instructed that there will be steel working pits at the location with the fluids taken to an off-site reserve pit. Please complete the enclosed CDP-1 for the haul off pit location. This location will have to be inspected prior to approval.

If you have any questions, feel free to contact me at (316) 337-6243.

Sincerely,

[Signature]

Kathleen Haynes
Environmental Protection and Remediation Department

Cc: D Louis