KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

NOTICE OF INTENT TO DRILL

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

OPERATOR: License # 04824
Name: PIONEER NATURAL RESOURCES USA, INC.
Address: 5205 N. O'CONNOR BLVD. - ROOM 1325
City/State/Zip: IRVING, TX 75039
Contact Person: LINDA KELLY
Phone: (972) 444-9001

CONTRACTOR: License #: WILL ADVISE ON ACO-1
Name: BE ADVISED ON ACO-1, MUST BE LICENSED WITH KCC

Well Drilled For: Oil Enh Rec X Gas Storage X OWWO Disposal X Seismic: # of Holes Replacement: Other
Well Class: X Mud Rotary
Type Equipment: Infield Pool Ext. Air Rotary Wildcat Cable

If OWWO: old well information as follows:
Operator:
Original Completion Date: Original Total Depth:
Directional, Deviated or Horizontal wellbore?

RECEIVED
KANSAS CORPORATION COMMISSION

MAR 1 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. 55-101 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 #133,891-1, 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: 3/9/04

Signature of Operator or Agent: Title: ENGINEERING TECH III

For KCC Use ONLY
API #15- 183 - 22471-00-00
Conductor pipe required None feet
Minimum surface pipe required 380 feet per Acre
Approved by: GSP 4-28-04
This authorization expires 10-28-04

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
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 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 NATURAL RESOURCES USA, INC.
Lease MASON
Well Number 2-1R
Field PANAMA

Location of Well: County: STEVENS
330' FSL feet from N / S X Line of Section
E / W X Line of Section
Sec 1 Twp 31S S. R 38W East [X] West

Number of Acres attributable to well: 640

Is Section X Regular or Irregular
If Section is irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

QTR/QTR/QTR of acreage: SW/4 - SW/4 - SE/4

PLAT
(Show location of the well and shade attributable acreage for prorated or spaced wells.)
(Show footage to nearest lease or unit boundary line)

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; and
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).
NOTICE TO OPERATORS DRILLING IN THE PANOMA-
COUNCIL GROVE GAS POOL SPACED AREA

The enclosed intent is located within the Panoma-Council Grove gas pool space area. In May 1978, Panoma-Council Grove Proration Order (as amended), Docket No. 60,024-C (C-7058) under FINDINGS OF FACT AND LAW on page 31, the following language is stated that:

“The Commission finds that in order to prevent waste and protect correlative rights, the following stated rules pertaining to wells already completed, in the process of being drilled or for future wells to be drilled in the Panoma Council Grove Gas Pool Spaced area, and for wells producing from the Council Grove Formation outside of the Panoma Council Grove Gas Pool Spaced area within the Hugoton Gas Field, should be adopted.”

1. “No dual completions between the Chase (Hugoton) and Council Grove Formations will be permitted for future wells drilled.”

2. “Casing shall not be set above the top of the Council Grove Formation for a Council Grove producing well.”

3. “The production casing of all new Council Grove wells should be cemented with a calculated volume of cement sufficient to encase the casing from the bottom of the casing to a point 500 feet above the Chase Formation.”

4. “The casing shall be encased in cement in the interval between the base of the Council Grove and the top of the Chase Formation on all wells, irrespective of depth, completed below the Council Grove Formation, if they are located within the space area.”

5. “The cement coverage heretofore required shall be confirmed by the running of a recognized survey, such as a temperature survey or cement bond log.”

A copy of this survey and the cement tickets(s) showing that all cement work has been completed, must be filed with the ACO-1 Completion Report within 120 days from the wells “spud date.”

Failure to comply with these provisions may cause the well to be shut-in until compliance has been achieved.

If you have any questions, please feel free to contact the Conservation Division’s Production Department at (316) 337-6200.

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
April 27, 2004

Ms. Linda Kelly
Pioneer Natural Resources USA, Inc.
5205 N. O'Connor Blvd. RM 1325
Irving, TX 75039

RE: Drilling Pit Application
    Mason Lease Well No. 2-1R
    SW/4 Sec. 01-31S-38W
    Stevens County, Kansas

Dear Ms. Kelly:

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 should be removed as soon as practical after drilling operations have ceased. Keep pits south of the stake.

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,

Kathleen Haynes
Environmental Protection and Remediation Department

c: S Durrant