NOTICE OF INTENT TO DRILL

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

KANSAS CORPORATION COMMISSION

Oil & Gas Conservation Division

MAY 17, 2005

Received

Date: 5/20/2005

For KCC Use

State: KS

Effective Date: 2

District #: 3

SDA#: X

No

Expected Spud Date: 

Month Day Year

OPERATOR: Licensee: 32825

PIONEER EXPLORATION, LTD.

Address: 15683 KLYKEN ROAD SUITE 200

City/State/Zip: HOUSTON, TEXAS 77090

Contact Person: DANA BURNESIDES

Phone: 918-893-9460 EXT. 222

CONTRACTOR: Licensee: 32006

Name: KSC DRILLING

Well: 32006

Well: 32006

Type: Oil

Well Class: Gas

Equipment: Oil

Wellbore: Gas

Type: Storage

Completion: Pool Ext.

Production: Air Rotary

Surface: Other

If OWOW: old well information as follows:

Operator:

Well name:

Original Completion Date:

Original Total Depth:

Directional, Deviated or Horizontal well?: Yes

No

If true, vertical depth:

Bottom Hole Location:

KCC DKT:

For KCC Use ONLY

API #: 15 - T77 21518 00 04

Conductor pipe required: No

Minimum surface pipe required: 2700 feet per Acre

Approval ended: 11/30/15

This authorization expires: 11/30/15

(This authorization will not 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

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 holes, 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 #130,881-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: 5/12/05

Signature of Operator or Agent:

Title: Reservoir Engineer

Remember to:

- File Drilling Application (form CDP-1) with Intent to Drill;

- File Completion Form ACD-1 within 120 days of spud date;

- File an alternate completion plan containing field production orders;

- Notify appropriate district office 48 hours prior to workover or re-entry;

- Submit plugging report (CIP-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:
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 lease within a 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: R. Douglas Gill Trust  
Well Number: 1-S  
Field: SPRIY-GRAS-BASIL  
Number of Acres attributable to well:  
QTR / QTR / QTR of acreage: SE , SE , SE  
Location of Well:  
County: Harper  
330 feet from  
N / S Line of Section  
330 feet from  
E / W Line of Section  
Sec. 5  
Twp. 31 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.)

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**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 sqmiles, 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; CO-8 for gas wells).
May 31, 2005

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

Re: Drilling Pit Application
   R. Douglas Gill Trust Lease Well No. 1-5
   SE/4 Sec. 05-31S-08W
   Harper County, Kansas

Dear Mr. Burnsides:

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 all pits must be lined with bentonite. 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. Also, please file the enclosed CDP-5, 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: Doug Louis

Conservation Division, Finney Sta "Office Building, 130 S. Market, Room 207B, Wichita, KS 67202-3802
Voice 316.337.4200 Fax 316.337.4211 www.kcc.state.ks.us