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:

Form: C-1

Date: June 2000

All blanks must be filled.

Operate must be Typed

OGC must be Typed

Expected Spud Date: August 25, 2005

OPERATOR: Licensee: 32825
Name: Pioneer Exploration LTD.
Address: 15603 Kuykendahl Suite 200
Houston, Texas 77060
Phone: 281-893-9400 ext 253

CONTRACTOR: Licensee: 32825
Name: Pioneer Exploration LTD.

Wall Classes: Oil, Gas, Brine, Salt Water, Wildcat, Other
Type Equipment: Mud Rotary, Air Rotary, Cable

Is this a Petroleum (Petroleum) Field?
Yes No

Nearest Lease or unit boundary:

Ground Surface Elevation: 1500

Wiper Wall in one-quarter mile:
Yes No

Surface supply well within one mile:
Yes No

Depth to bottom of usable water:

Surface pipe by Alternate:

Approx Total Depth:

Length of conductor pipe required:

Formation at Total Depth:

Water Source for Difflng Operations:

CoRr: Yes No

Will Cores be taken?

If Yes, proposed type:

For KCC Use ONLY

Signature of Operator or Agent: John Houghton
Title: Production Engineer

Remember:

- Fill out Application form CDD-1 with Intent to Drill.
- Fill out Qualification Form ACD-1 within 60 days of spud date.
- Obtain written approval before disposing or injecting salt water.

If this permit has expired (clear 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

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 1/2 mile of the boundaries of the proposed acreage attribution unit for gas wells and within 1/4 mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15
Operator: Pioneer Exploration LTD.
Lease: Depenbusch
Well Number: 1-26
Field: Spirey-Grabs-Basil

Number of Acres attributable to well: S/2 __ N/2 __ SE

Location of Well: County: Kingman
1650 ft. from N __ S Line of Section
1470 ft. from E __ W Line of Section
Sec. 26 __ Tug. 30 __ S __ R __ 9 __ East __ West
Is Section: ___ Regular or ___ Irregular

If Section is Irregular, locate well from nearest corner boundary. Section corner uses: ___ 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 welling 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 (CS-7 for oil wells; CG-8 for gas wells).
August 25, 2005

Mr. John Houghton
Pioneer Exploration, Ltd.
15003 Kuykendahl Ste 200
Houston, TX 77090

Re: Drilling Pit Application
Depenbusch Lease Well No. 1-26
SE/4 Sec. 26-30S-09W
Kingman County, Kansas

Dear Mr. Houghton:

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. 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 Hynes
Environmental Protection and Remediation Department

cc: Doug Louis

Conservation Division, Finney State Office Building, 130 S. Market, Room 2076, Wichita, KS 67202-3882 Voice 316.337.6290 Fax 316.337.6711 www.kcc.state.ks.us