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

Expected Spud Date: October 18, 2005

Operator: Pioneer Exploration LTD.
Name: John Houghton
Address: 15603 Kuykendall Suite 200 City/Town: Houston, Texas 77090-3055

Contractor: 33006
Name: Ace Drilling

Spot NE 330
1875
Sec. 16
10
T. 18 N
R. 8 W
E / W Line of Section

Is in SECTION 1? Regular Irregular

(Area: Locate well on the Section Plt on reverse side)

County: Harp
Lease Name: Caines 0.5
Well # 4-18
Field Name: Upper Cretaceous-Basin

Is this a Perforated or Spaced Field? No
Target Formation: Mississippian
Nearest Lease or Unit boundary: 330
Ground Surface Elevator: 1025
Well Misc.
Water well within one-quarter mile: Yes
Public water supply well within one mile: Yes
Depth to bottom of lease water: 1100
Depth to bottom of usable water: 2000
Surface Pipe by Alternate: Yes
Length of Surface Pipe Permitted to be set: 200
Length of Conductor Pipe Required: None
Projected Total Depth: 4600
Formation at Total Depth: Mississippian
Water Source for Drilling Operations: Water Well Farm Pond Other

Will Core be taken? Yes
If Yes, proposed core #

Affidavit

The undersigned hereby affirms that the drilling, completion and eventual-plugging of the 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 on the unconsolidated 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 is represented in;
6. If an ALTERNATE 3 COMPLETION, production pipe shall be cemented from below any usable water to surface within 120 days of spud date.

In pursuant to Appenda "B" - Eastern Kansas out-of-casing order #133-90-1, which applies to the K.C. District 3 area, alternate 3 cementing must be completed within 30 days of the spud date or the well shall be plugged. In all areas, 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: October 3, 2005
Signature of Operator or Agent: Title: Production Engineer

Remember to:
- File Drill Plan Application (form CDP-1) with Intent to Drill.
- File Completion Form (KCD-1) within 120 days of spud date.
- File an approved unit plugging plan according to field production orders.
- Notify appropriate district office 48 hours prior to entry or re-entry.
- Submit plugging report (CP-4) after plugging is completed.
- Obtain written approval before disposing or injecting out water.
- If this permit has expired (see authorized signature on rims) please check the box below and return to the address below.

Mail to: KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202

For KCC Use ONLY
API # 15
Conductor pipe received: 220 feet
Approved by: 4/17/05
This authorization will be deleted no earlier than 6 months of effective date.
Spud date: 10/18/05
Agent: [Signature]

Mail Customer: [Signature]
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW
Plot 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 the 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 not within 1 mile of the boundary of the proposed acreage to show that gas wells and when 1/2 mile of the boundaries of the proposed acreage to show that oil wells.

AR No. 15: - Operatory: Pioneer Exploration Ltd.
Lease: "El Paso" 4-18
Field: Sperry-Grigs-Bass
Number of Acres attributable to well: QTR / QTR / QTR of acreage: NW NE NW
Location of Well: County: Harper

<table>
<thead>
<tr>
<th>Section</th>
<th>Township</th>
<th>Range</th>
<th>Line of Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875</td>
<td>31</td>
<td>S. R. 8</td>
<td>East</td>
</tr>
</tbody>
</table>

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

(Note: In all cases locate the spot of the proposed drilling location.)

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

Example

In plotting the proposed location of the well, you must show:
1. The miner in which you are using the duplicated plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections,
2. The distance of the proposed drilling location from the section's south / north / 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).
October 17, 2005

Mr. John Houghton
Pioneer Exploration, Ltd.
15603 Kuykendahl, Ste 200
Houston, TX 77090-3655

Re: Drilling Pit Application
Danex C Lease Weli No. 4-18
NWI Sec. 18-31S-08W
Harper 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 Hutchison 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) 630-4050 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 Lourie

Conservation Division, Finney State Office Building, 136 S. Market, Room 2078, Wichita, KS 67202-3802
Phone 316.537.6202 Fax 316.537.6711 www.kcc.state.ks.us