Kansas Corporation Commission
Oil & Gas Conservation Division
NOTICE OF INTENT TO DRILL

For KCC Use:

Effective Date: 5-2-04
District #: 2
SGA?: Yes No

Expected Spud Date: 4/2/04

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

CONTRACTOR: Licensee: 33006
Name: ACE DRILLING

Oil Gas OWO Seismic: # of Holes Other
Enh Rec Infield Mud Rotary Storage Pool Ext. Air Rotary Disposal Wildcat Cable
Other

If OWO: old well information as follows:
Operator: 
Well Name: 
Original Completion Date: 
Original Total Depth: 

Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: 
Bottom Hole Location: 
KCC DKT #: MAR 26 2004

CONSERVATION DIVISION
WICHITA, KS

RECEIVED

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 to spudding of well;
2. A copy of the approved notice of intent to drill posted on each drilling rig;
3. The minimum amount of surface pipe as specified below by circulating cement to the top; in all cases surface pipe 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
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 30 days of the 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.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: MARCH 24, 2004
Signature of Operator or Agent: 
Title: Reservoir Engineer

For KCC Use ONLY

API #: 15 - 077-21480 00-00
Conductor pipe required: NONE feet
Minimum surface pipe required: 200 feet per Alt. 0
Approved by: 04-27-04
This authorization expires: 10-27-04
Spud date: 
Agent:

- 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;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed;
- Obtain written approval before disposing or injecting salt water;
- If this permit has expired please check the box below and return to the address below.

KCC - Conservation Division, 130 S. Market - Room 2078, Wichita, Kansas 67202
IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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: B & A SMITH
Well Number: 3
Field: SPIVEY-GRABS-BASIL

Location of Well: County: HARPER
1320 feet from □ N / □ S Line of Section
2310 feet from □ E / □ W Line of Section
Sec. 8 Twp. 31 S. R. 8 □ East / □ West

Is Section: □ Regular or □ Irregular

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

PLAT

RECEIVED
KANSAS CORPORATION COMMISSION
MAR 26 2004
CONSERVATION DIVISION
WICHITA, KS

EXAMPLE

SEWARD CO.

In plotting the proposed location of the well,

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).
April 27, 2004

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

Re: Drilling Pit Application
B & A Smith Lease Well No. 3
NE/4 Sec. 08-31S-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) 337-6231 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,

[Signature]
Kathleen Haynes
Environmental Protection and Remediation Department

cc: Doug Louis