

For KCC Use: Effective Date: 8.21.04

NOTICE OF INTENT TO DRILL

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

District # _____
SGA? Yes No

Expected Spud Date AUG 26 2004 month day year
Spot AP NE SE/4 NW/4 SW/4 Sec 1 Twp 30 S. R 36 East West

OPERATOR: License # 04824
Name: PIONEER NATURAL RESOURCES USA, INC.
Address: 5205 N. O'CONNOR BLVD. - ROOM 1344
City/State/Zip: IRVING, TEXAS 75039
Contact Person: LINDA KELLY
Phone: 972-969-3946

1750 feet from N / S Line of Section
1250 feet from E / W Line of Section
Is SECTION Regular Irregular?

(Note: Locate well on Section Plat on Reverse Side)

CONTRACTOR: License #: WILL ADVISE ON ACO-1
Name: _____

County: GRANT
Lease Name: HALL Well #: 3-1R

Field Name: PANOMA
Is this a Prorated/Spaced Field? Yes No

Target Formation(s): COUNCIL GROVE
Nearest Lease or unit boundary: 1250'

Ground Surface Elevation: 3004.74 feet MSL
Water well within one-quarter mile: yes no

Public water supply within one mile: yes no
Depth to bottom of fresh water: 520

Depth to bottom of usable water: 580
Surface Pipe by Alternate: 1 2

Length of Surface Pipe Planned to be set: 600' MIN
Length of Conductor pipe required: NONE

Projected Total Depth: 3200'
Formation at Total Depth: COUNCIL GROVE

Water Source for Drilling Operations:
Well Farm Pond Other

DWR Permit #: _____
(Note: Apply for Permit with DWR)

Will Cores Be Taken?: Yes No
If yes, proposed zone: _____

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

If OWWO: 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: KANSAS CORPORATION COMMISSION
Bottom Hole Location: _____
KCC DKT # JUN 28 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-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: JUNE 24, 2004 Signature of Operator or Agent: Linda Kelly Title: ENGINEERING TECH

For KCC Use ONLY
API # 15- 067-21589-0000
Conductor pipe required NONE feet
Minimum surface pipe required 600 feet per Alt 1
Approved by: RTPB-1604
This authorization expires: 2-16-04
(This authorization void if drilling not started within 6 months of effective date.)
Spud date: _____ Agent: _____

Remember to:

- 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 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: _____
Date: _____

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
 Lease HALL
 Well Number 3-1R
 Field PANOMA

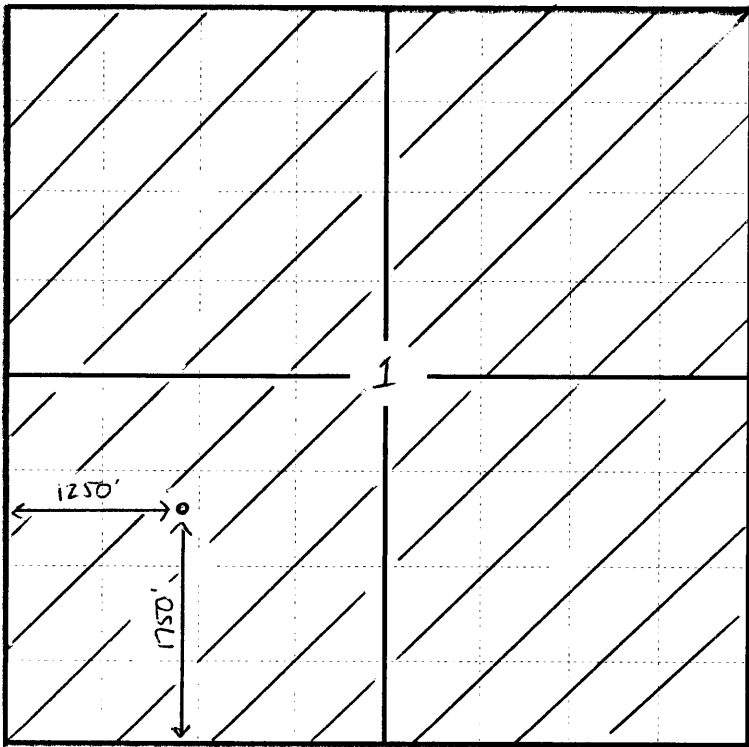
Location of Well: County: GRANT
 _____ 1750 feet from N / S Line of Section
 _____ 1250 feet from E / W Line of Section
 Sec 1 Twp 30 S. R. 36 East West

Number of Acres attributable to well: 640
 QTR/QTR/QTR of acreage: SE/4 - NW/4 - SW/4

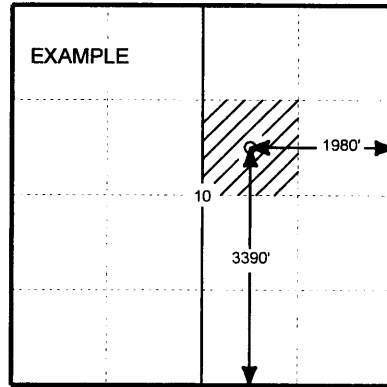
Is Section X Regular or _____ Irregular
 If Section is irregular, locate well from nearest corner boundary.
 Section corner used: _____ NE _____ NW _____ SE _____ SW

PLAT

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



GRANT Co.



SEWARD CO.

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.
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).

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

JOHN WINE, COMMISSIONER

ROBERT E. KREHBIEL, COMMISSIONER

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.