

For KCC Use: 9-15-04
 Effective Date: _____
 District # 2
 SGA? Yes No

KANSAS CORPORATION COMMISSION
 OIL & GAS CONSERVATION DIVISION

Form C-1
 December 2002
 Form must be Typed
 Form must be Signed
 All blanks must be Filled

NOTICE OF INTENT TO DRILL

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

Ap 130' sof

Expected Spud Date 9/3/04
 month day year

Spot S/2 - S/2 - S/2 Sec. 17 Twp. 30 S. R. 8 East West
200 feet from N / S Line of Section
2640 feet from E / W Line of Section
 Is SECTION Regular Irregular?

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

(Note: Locate well on the Section Plat on reverse side)
 County: KINGMAN
 Lease Name: LLOYD WELLS Well #: 5-17
 Field Name: SPIVEY-GRABS-BASIL
 Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): MISSISSIPPIAN CHAT, SIMPSON SS

CONTRACTOR: License# N/A
 Name: N/A

ADVISE ON ACO-1; MUST BE LICENSED WITH KCC

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

Nearest Lease or unit boundary: 2640'
 Ground Surface Elevation: 1529' feet MSL
 Water well within one-quarter mile: Yes No
 Public water supply well within one mile: Yes No
 Depth to bottom of fresh water: 110' 150'
 Depth to bottom of usable water: 200' 180'
 Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 200
 Length of Conductor Pipe required: N/A NONE
 Projected Total Depth: 4800'
 Formation at Total Depth: ARBUCKLE
 Water Source for Drilling Operations: Well Farm Pond Other _____
 DWR Permit #: _____

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: _____
 Bottom Hole Location: _____
 KCC DKT #: _____

(Note: Apply for Permit with DWR)
 Will Cores be taken? Yes No
 If Yes, proposed zone: _____

* Unit - information received

AFFIDAVIT

RECEIVED
 KANSAS CORPORATION COMMISSION

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:

SEP 01 2004

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.

CONSERVATION DIVISION
 WICHITA, KS

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

Date: 8/31/04 Signature of Operator or Agent: Dana Burnside Title: Reservoir Engineer

For KCC Use ONLY
 API # 15 - 095-21909-00-00
 Conductor pipe required NONE feet
 Minimum surface pipe required 200 feet per Alt. 1
 Approved by: RSP 9-10-04
 This authorization expires: 3-10-05
 (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 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: _____
 Date: _____

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

17
30
23

SEP 01 2004

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

Plat of acreage attributable to a well in a prorated or spaced field

CONSERVATION DIVISION
PRORATED OR SPACED

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 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: LLOYD WELLS
Well Number: 5-17
Field: SPIVEY-GRABS-BASIL
Number of Acres attributable to well: _____
QTR / QTR / QTR of acreage: S/2 - S/2 - S/2

Location of Well: County: KINGMAN
200 feet from N / S Line of Section
2640 feet from E / W Line of Section
Sec. 17 Twp. 30 S. R. 8 East West

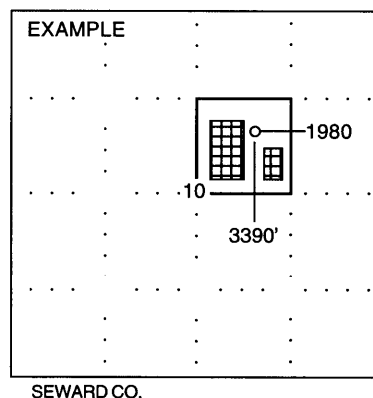
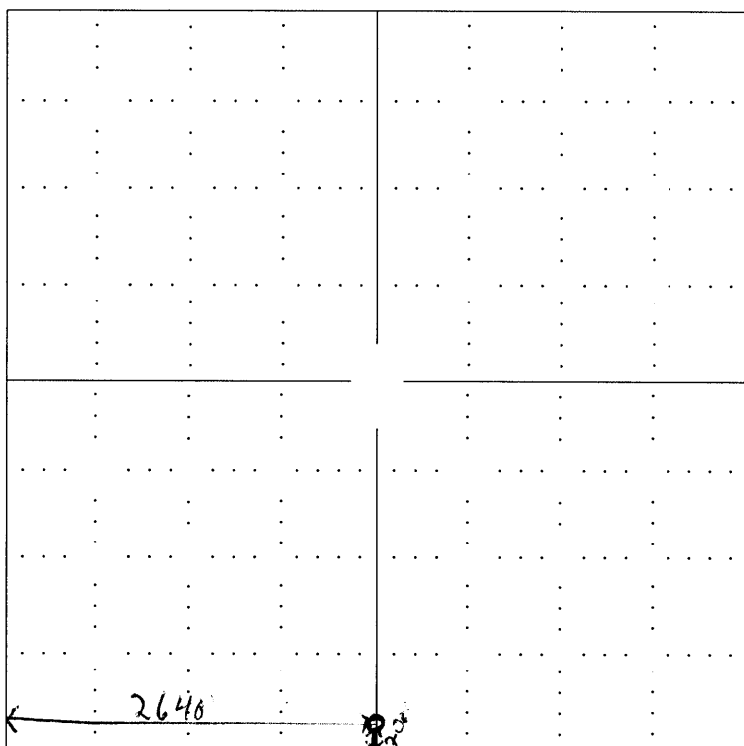
Is Section: Regular or Irregular

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

PLAT

(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 locaton.

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.
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: (C0-7 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

September 10, 2004

Dana Burnsidess
Pioneer Exploration, LTD
15603 Kuykendahl, Ste 200
Houston TX 77090

Re: Drilling Pit Application
Lloyd Wells Lease Well No. 5-17
S/2 17-30S-08W
Kingman County, Kansas

Dear Mr. Burnsidess:

District staff has inspected the location and has determined that an unsealed condition will present a pollution threat to water resources.

District staff has instructed that no earthen pits are to be used at this location. Steel pits are to be used. District has approved the transfer of drilling fluids from the above referenced well, to the Lloyd Wells No. 3-20. The enclosed Exploration and Production Waste Transfer, form CDP-5, must be filed within 30 days of waste transfer.

Sincerely,



Jonelle Rains, Supervisor
Environmental Protection and Remediation Department

Cc: Doug Louis
File