

For KCC Use:
 Effective Date: 12-10-06
 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

Expected Spud Date November 30, 2006
 month day year

OPERATOR: License# 32825 ✓
 Name: Pioneer Exploration LTD.
 Address: 15603 Kuykendahl Suite 200
 City/State/Zip: Houston, Texas 77090
 Contact Person: John Houghton
 Phone: 620-532-5460

CONTRACTOR: License# 32753 ✓
 Name: AA Drilling

Well Drilled For:	Well Class:	Type Equipment:
<input checked="" type="checkbox"/> Oil <input checked="" type="checkbox"/> Gas <input type="checkbox"/> OMO <input type="checkbox"/> Seismic; # of Holes <input type="checkbox"/> Other	<input type="checkbox"/> Enh Rec <input type="checkbox"/> Storage <input type="checkbox"/> Disposal <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Infield <input type="checkbox"/> Pool Ext. <input type="checkbox"/> Wildcat <input type="checkbox"/> Other
		<input checked="" type="checkbox"/> Mud Rotary <input type="checkbox"/> Air Rotary <input type="checkbox"/> Cable

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 #: _____

Spot S/2 NW NE SE Sec. 20 Twp. 30 S. R. 8 East West
990 feet from N / S Line of Section
1980 feet from E / W Line of Section
 Is SECTION Regular Irregular?

(Note: Locate well on the Section Plat on reverse side)

County: Kingman
 Lease Name: Lloyd Wells Unit Well #: 6-20
 Field Name: Spivey-Grabs-Basil

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Mississippian Chat

Nearest Lease or unit boundary: 660'
 Ground Surface Elevation: 1581 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'
 Depth to bottom of usable water: 180'

Surface Pipe by Alternate: 1 2
 Length of Surface Pipe Planned to be set: 230'

Length of Conductor Pipe required: None
 Projected Total Depth: 4375'

Formation at Total Depth: Mississippian Chat

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: _____

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 **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: November 15, 2006 Signature of Operator or Agent: John C Houghton Title: Petroleum Engineer

For KCC Use ONLY
 API # 15 - 095-22066-0000
 Conductor pipe required None feet
 Minimum surface pipe required 200 feet per Alt. **X(2)**
 Approved by: Pat 12-5-06
 This authorization expires: 10-5-07
 (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

RECEIVED

NOV 16 2006

KCC WICHITA

20 30 8W

IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

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

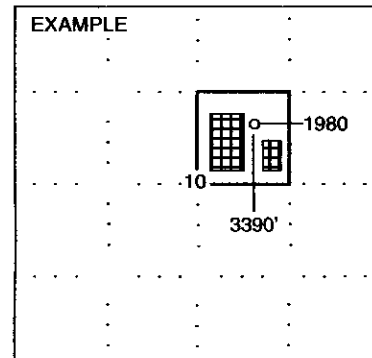
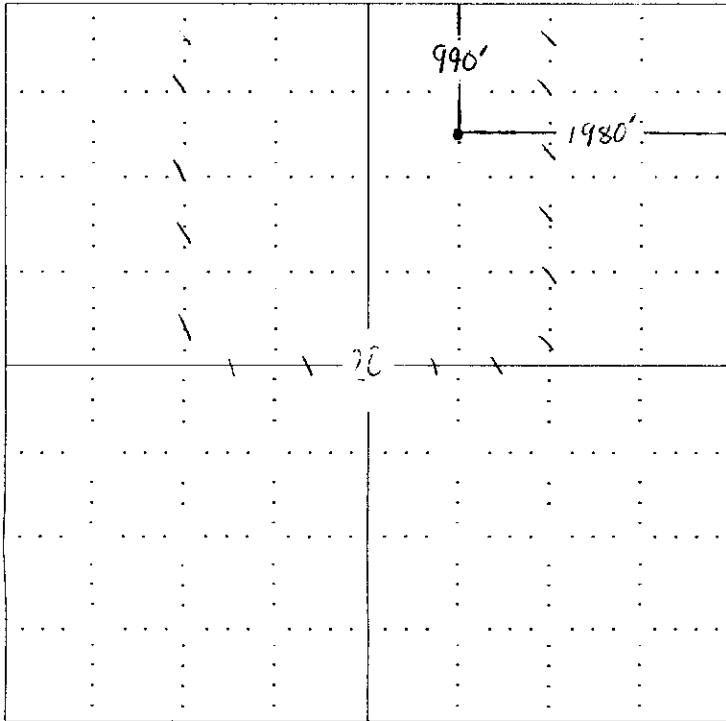
If the intended well is in a prorated or spaced field, please fully complete this side of the form. If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. Please show all the wells and within 1 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 - 095-22066-000
 Operator: Pioneer Exploration LTD.
 Lease: Lloyd Wells Unit
 Well Number: 6-20
 Field: Spivey-Grabs-Basil
 Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: S/2 - NW - SE
NE

Location of Well: County: Kingman
 990 _____ feet from N / S Line of Section
 1980 _____ feet from E / W Line of Section
 Sec. 20 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.)



SEWARD CO.

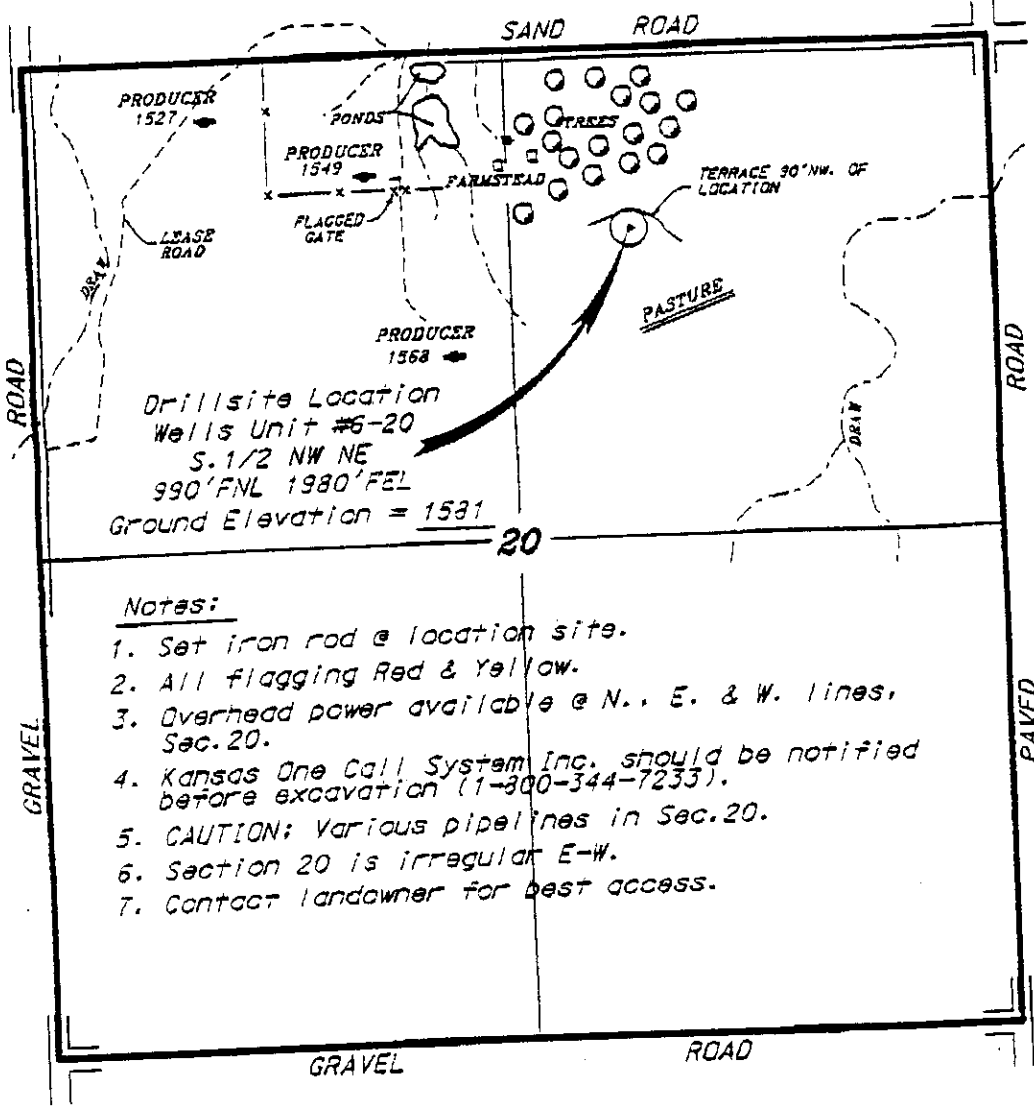
NOTE: In all cases locate the spot of the proposed drilling location.

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 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).

PIONEER EXPLORATION COMPANY
WELLS UNIT LEASE
NE. 1/4, SECTION 20, T30S, R8W
KINGMAN COUNTY, KANSAS

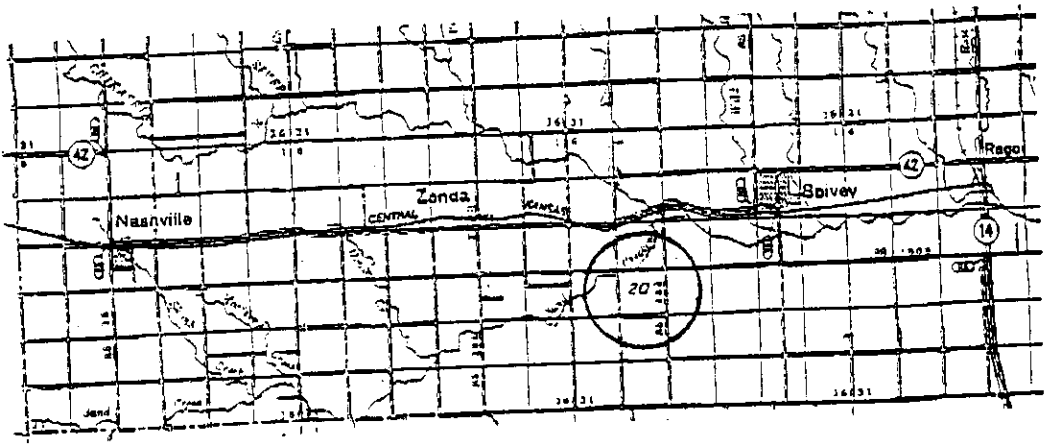
15-095-22066-0000



*Ingress and egress to location as shown on this plan is per suga only and may not be legally opened for public use. Contact landowner, tenant and county road department for access.

Notes:

1. Set iron rod @ location site.
2. All flagging Red & Yellow.
3. Overhead power available @ N., E. & W. lines, Sec. 20.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 20.
6. Section 20 is irregular E-W.
7. Contact landowner for best access.



• Controlling data is based upon the best maps and photographs available to us and upon a regular section of land measuring 340 acres.
 • Approximate section lines were determined using the normal standards of care of a licensed surveyor practicing in the state of Kansas. The section corners, which establish the precise section lines, were not necessarily located, and the exact location of the drillsite location in the section is not guaranteed. Therefore, the operator assumes full liability for any and all other parties relying thereon. The operator assumes full liability for any and all other parties relying thereon. The operator assumes full liability for any and all other parties relying thereon.
 • Elevations derived from National Geodetic Vertical Datum.

April 11, 2005 RECEIVED

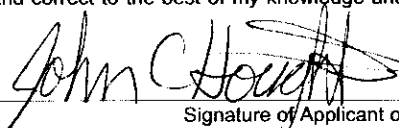
CENTRAL KANSAS SURVEYING & MAPPING, INC. (620)792-5754

NOV 12 2006
KCC WICHITA

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
APPLICATION FOR SURFACE PIT

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: Pioneer Exploration, LTD.		License Number: 32825
Operator Address: 15603 Kuykendahl Suite 200 Houston, TX 77090		
Contact Person: John Houghton		Phone Number: (620) 532 - 5460
Lease Name & Well No.: Lloyd Wells Unit #6-20		Pit Location (QQQQ): S/2 NW NE
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input checked="" type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <small>(If WP Supply API No. or Year Drilled)</small>	Pit is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	Sec. 20 Twp. 30S R. 8 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 990 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 1980 Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section Kingman _____ County
Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <small>(For Emergency Pits and Settling Pits only)</small>
Is the bottom below ground level? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Artificial Liner? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	How is the pit lined if a plastic liner is not used? Bentonite
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 4 (feet)		
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit 1768 feet Depth of water well 36 feet		Depth to shallowest fresh water 110 12 feet. Source of information: KHKS 2 _____ measured <input checked="" type="checkbox"/> well owner _____ electric log _____ KDWR
Emergency, Settling and Burn Pits ONLY: Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Waterbase Number of working pits to be utilized: 3 Abandonment procedure: Dry & Backfill _____ Drill pits must be closed within 365 days of spud date.
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.		
November 15, 2006 Date		 Signature of Applicant or Agent

15-095-2206-0000

KCC OFFICE USE ONLY		<i>Bentonite Liner</i> <i>RPA5472</i>
Date Received: 11/16/06	Permit Number: _____	Permit Date: 12/14/06 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

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KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

December 4, 2006

John Houghton
Pioneer Exploration LTD
15603 Kuykendahl, Ste 200
Houston TX 77090

Re: Drilling Pit Application
Lloyd Wells Unit Lease Well No. 6-20
SE/4 20-30S-08W
Kingman County, Kansas

Dear Mr. Houghton:

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

District staff has recommended that the reserve pit be lined with bentonite, constructed **without slots**, the bottom shall be flat and reasonably level and 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 from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.

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,



Jonelle Rains, Supervisor
Department of Environmental Protection and Remediation

cc: Doug Louis