

For KCC Use: 12-16-06  
 Effective Date: 12-16-06  
 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 December 18, 2006  
 month day year

OPERATOR: License# 32825  
 Name: Pioneer Exploration LTD.  
 Address: 15603 Kuykendahl Suite 200  
 City/State/Zip: Houston, Texas 77090-3655  
 Contact Person: John Houghton  
 Phone: 281-893-9400 ext 256

CONTRACTOR: License# 33724  
 Name: Warren Drilling

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

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 NE NE Sec. 18 Twp. 31 S. R. 8  East  West  
330 feet from  N /  S Line of Section  
380 feet from  E /  W Line of Section  
 Is SECTION  Regular  Irregular?

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

County: Harper  
 Lease Name: Darnes "A" Well #: 3-18  
 Field Name: Spivey-Grabs-Basil  
 Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): Mississippian Chat  
 Nearest Lease or unit boundary: 330  
 Ground Surface Elevation: 1667 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: 200-180'  
 Surface Pipe by Alternate:  1  2  
 Length of Surface Pipe Planned to be set: 220'  
 Length of Conductor Pipe required: None  
 Projected Total Depth: 4600'  
 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: December 4, 2006 Signature of Operator or Agent: [Signature] Title: Production Engineer

**For KCC Use ONLY**  
 API # 15 - 077-21570-000U  
 Conductor pipe required None feet  
 Minimum surface pipe required 200 feet per Alt. 1  
 Approved by: [Signature]  
 This authorization expires: 6-11-07  
 (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: \_\_\_\_\_

RECEIVED

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

DEC 11 2006

KCC WICHITA

18  
31  
SW

**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 - 077-21570-000  
Operator: Pioneer Exploration LTD.  
Lease: Darnes "A"  
Well Number: 3-18  
Field: Spivey-Grabs-Basil  
Number of Acres attributable to well: \_\_\_\_\_  
QTR / QTR / QTR of acreage: NE - NE - NE

Location of Well: County: Harper  
330 feet from  N /  S Line of Section  
380 feet from  E /  W Line of Section  
Sec. 18 Twp. 31 S. R. 8  East  West

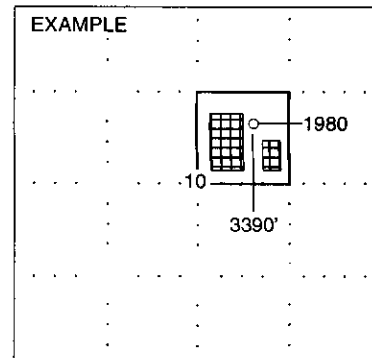
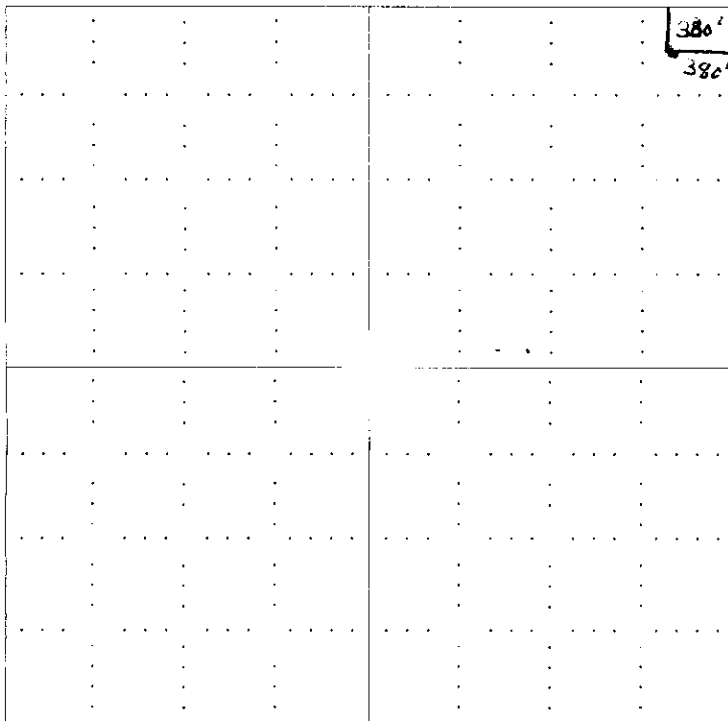
Is Section:  Regular or  Irregular

**If Section Is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

**PLAT**

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



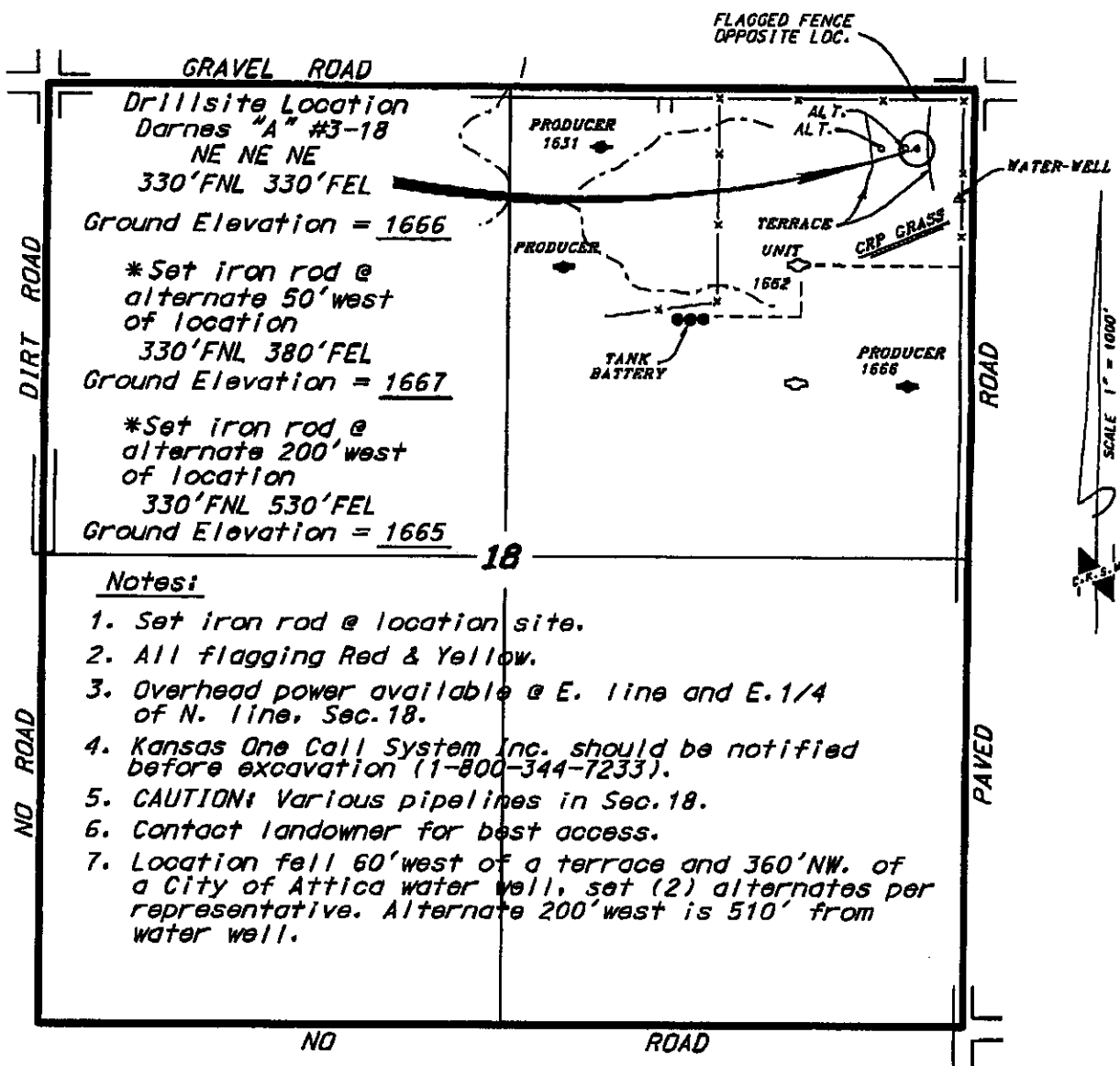
**NOTE: In all cases locate the spot of the proposed drilling locaton.**

**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: (CO-7 for oil wells; CG-8 for gas wells).

**PIONEER EXPLORATION COMPANY  
DARNES LEASE  
NE. 1/4, SECTION 18, T31S, R8W  
HARPER COUNTY, KANSAS**

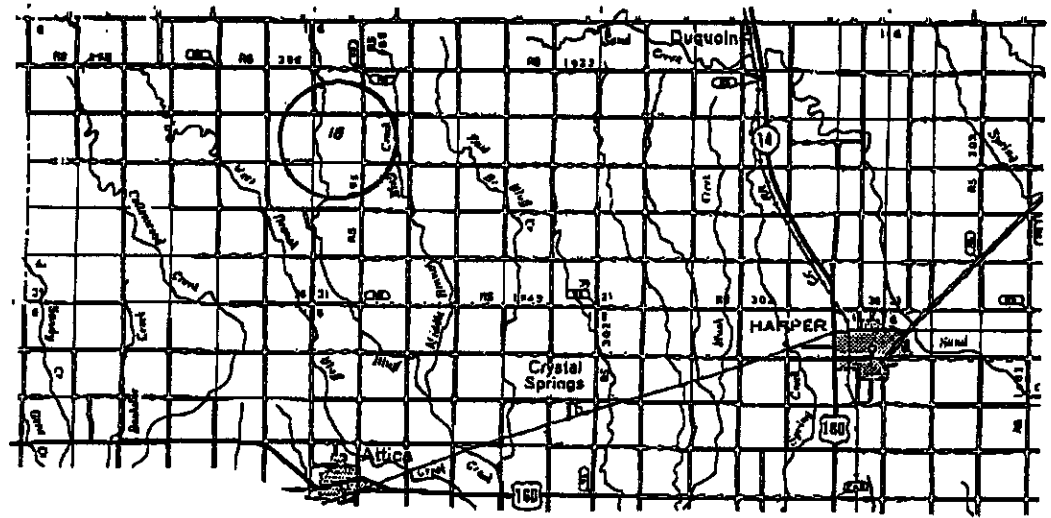
15-077-2157D-0000



**Notes:**

1. Set iron rod @ location site.
2. All flagging Red & Yellow.
3. Overhead power available @ E. line and E. 1/4 of N. line, Sec. 18.
4. Kansas One Call System Inc. should be notified before excavation (1-800-344-7233).
5. CAUTION: Various pipelines in Sec. 18.
6. Contact landowner for best access.
7. Location fell 60' west of a terrace and 360' NW. of a City of Attica water well, set (2) alternates per representative. Alternate 200' west is 510' from water well.

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



- Controlling data is based upon the best maps and photographs available to us and upon a regular section of land containing 640 acres.
- Approximate section lines were determined using the normal standard of care of oilfield surveyors 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.
- Elevations derived from National Geodetic Vertical Datum.

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KCC WICHITA

August 10, 2004

Date

**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: <b>Pioneer Exploration, LTD.</b>   |   | License Number: <b>32825</b>   |
| Operator Address: <b>15603 Kuykendahl Suite 200 Houston, TX 77090</b>   |   |  |
| Contact Person: <b>John Houghton</b>  |   | Phone Number: ( <b>281</b> ) <b>893</b> - <b>9400</b> ext <b>256</b>   |
| Lease Name & Well No.: <b>Darnes "A" #3-18</b>  |   | Pit Location (QQQQ):<br><b>NE NE NE</b>  |
| Type of Pit:<br><input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit<br><input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit<br><input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit<br><small>(If WP Supply API No. or Year Drilled)</small>     | Pit is:<br><input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Existing<br>If Existing, date constructed:<br>_____<br>Pit capacity: _____ (bbls)  | Sec. <b>18</b> Twp. <b>31</b> R. <b>8</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West<br><b>330</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section<br><b>380</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section<br><b>Harper</b> _____ County |
| Is the pit located in a Sensitive Ground Water Area? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |   | Chloride concentration: _____ mg/l<br><small>(For Emergency Pits and Settling Pits only)</small>   |
| Is the bottom below ground level?<br><input type="checkbox"/> Yes <input type="checkbox"/> No   | Artificial Liner?<br><input type="checkbox"/> Yes <input type="checkbox"/> No   | How is the pit lined if a plastic liner is not used?   |
| Pit dimensions (all but working pits): _____ Length (feet)    _____ Width (feet) <b>YES</b> N/A: <b>Steel Pits</b><br>Depth from ground level to deepest point: _____ (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<br>_____ <b>375</b> _____ feet    Depth of water well _____ <b>52</b> _____ feet  | Depth to shallowest fresh water <b>110</b> <b>70</b> feet.<br>Source of information: _____ <b>KHKS</b> <b>(5)</b><br>_____ measured <input checked="" type="checkbox"/> well owner _____ electric log _____ KDWR  |  |
| <b>Emergency, Settling and Burn Pits ONLY:</b><br>Producing Formation: _____<br>Number of producing wells on lease: _____<br>Barrels of fluid produced daily: _____<br>Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No | <b>Drilling, Workover and Haul-Off Pits ONLY:</b><br>Type of material utilized in drilling/workover: <b>Waterbase</b><br>Number of working pits to be utilized: <b>Steel Pits</b><br>Abandonment procedure: <b>Dry/Backfill</b><br>_____<br>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.   |   |  |
| _____ <b>December 4, 2006</b> _____<br>Date   |   | _____<br>Signature of Applicant or Agent   |

15-077-2157D-0000

|                                |                      |  |
|--------------------------------|----------------------|--|
| <b>KCC OFFICE USE ONLY</b>     |                      | Steel Pits   |
| Date Received: <b>12/11/06</b> | Permit Number: _____ | Permit Date: <b>12/11/06</b> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

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

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**DEC 11 2006**

**KCC WICHITA**

# KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

December 11, 2006

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

RE: Drilling Pit Application  
Darnes A Lease Well No. 3-18  
NE/4 Sec. 18-31S-08W  
Harper County, Kansas

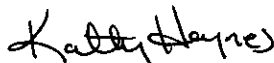
Dear Mr. Houghton:

The Application for Surface Pit (CDP-1) for the above referenced location has been received indicating that steel pits are to be used at this location. **If a haul-off pit is necessary please file form CDP-1, Application for Surface Pit.** This location will have to be inspected prior to approval of the haul-off pit application.

If fluids are taken to an authorized disposal well, please call the District Office at (316) 630-4000. 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](http://www.kcc.state.ks.us/conservation/forms).

Sincerely,



Kathy Haynes  
Environmental Protection and Remediation Department

Cc: D Louis

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## HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

### 82-3-607. DISPOSAL OF DIKE AND PIT CONTENTS.

- (a) Each operator shall perform one of the following when disposing of dike or pit contents:
- (1) Remove the liquid contents to a disposal well or other oil and gas operation approved by the commission or to road maintenance or construction locations approved by the department;
  - (2) dispose of reserve pit waste down the annular space of a well completed according to the alternate requirements of K.A.R. 82-3-106, if the waste to be disposed of was generated during the drilling and completion of the well; or
  - (3) dispose of the remaining solid contents in any manner required by the commission. The requirements may include any of the following:
    - (A) Burial in place, in accordance with the grading and restoration requirements in K.A.R. 82-3-602 (f);
    - (B) removal and placement of the contents in an on-site disposal area approved by the commission;
    - (C) removal and placement of the contents in an off-site disposal area on acreage owned by the same landowner or to another producing lease or unit operated by the same operator, if prior written permission from the landowner has been obtained; or
    - (D) removal of the contents to a permitted off-site disposal area approved by the department.
- (b) Each violation of this regulation shall be punishable by the following:
- (1) A \$1,000 penalty for the first violation;
  - (2) a \$2,500 penalty for the second violation; and
  - (3) a \$5,000 penalty and an operator license review for the third violation.

### **Complete and return with Haul-Off Pit Application, Form CDP1(2004)**

Haul-off pit will be located in an on-site disposal area:  Yes  No

Haul-off pit is located in an off-site disposal area on acreage owned by the same landowner:  
 Yes  No If yes, written permission from the land owner must be obtained. Attach written permission to haul-off pit application.

Haul-off pit is located in an off-site disposal area on another **producing** lease or unit operated by the same operator:  Yes  No If yes, written permission from the land owner must be obtained. Attach permission and a copy of the lease assignment that covers the acreage where the haul-off pit is to be located, to the haul-off pit application.

Conservation Division, Finney State Office Building, 130 S. Market, Room 2078, Wichita, KS 67202-3802

Voice 316.337.6200 Fax 316.337.6211 www.kcc.state.ks.us