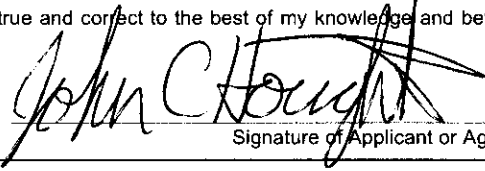


**KANSAS CORPORATION COMMISSION  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT**

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: ( 281 ) 893 - 9400 ext 256   |
| Lease Name & Well No.: <b>Lloyd Wells #8-17</b>  |   | Pit Location (QQQQ):<br>_____ <u>C</u> _____ <u>S/2</u> _____ <u>SW</u>  |
| 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 checked="" type="checkbox"/> Haul-Off Pit<br><small>(If WP Supply API No. or Year Drilled)</small> | Pit is:<br><input type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing<br>If Existing, date constructed:<br><u>12/20/06</u><br>Pit capacity:<br>_____ (bbls) | Sec. <u>34</u> Twp. <u>30</u> R. <u>9</u> <input type="checkbox"/> East <input checked="" type="checkbox"/> West<br>_____ <u>560</u> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section<br>_____ <u>1320</u> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section<br><b>Kingman</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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | Artificial Liner?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  | How is the pit lined if a plastic liner is not used?<br><b>Bentonite</b>   |
| Pit dimensions (all but working pits): _____ <u>100</u> _____ Length (feet) _____ <u>100</u> _____ Width (feet) _____ N/A: Steel Pits<br>Depth from ground level to deepest point: <u>4</u> _____ (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><u>703</u> feet    Depth of water well <u>70</u> feet   |   | Depth to shallowest fresh water <u>110</u> <u>40</u> feet.<br>Source of information:<br>_____ measured <input checked="" type="checkbox"/> well owner <u>①</u> _____ 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: <u>Waterbase</u><br>Number of working pits to be utilized: <u>Steel</u><br>Abandonment procedure: <u>Dry/Backfill</u><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>RECEIVED</b><br><b>KANSAS CORPORATION COMMISSION</b><br><b>MAR 08 2007</b><br><b>CONSERVATION DIVISION</b><br><b>WICHITA, KS</b>  |
| _____ <u>March 7, 2007</u> _____<br>Date   | <br>Signature of Applicant or Agent   |  |
| <b>KCC OFFICE USE ONLY</b>   |   |  |
| Date Received: <u>3/8/07</u>   | Permit Number: <u>15-095-22091-00-00</u>  | Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |
|  | _____ <u>3/9/07</u> _____<br>Date   |  |

15-095-22091



# KANSAS

## CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

March 9, 2007

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

Re: Haul-Off Pit Application  
Lloyd Wells Lease Well No. 8-17  
SW/4 Sec. 34-30S-09W  
Kingman County, Kansas

Dear Mr. Houghton:

District staff has inspected the above referenced location and has determined that the haul-off pit shall be 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 haul-off pit 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 Waster 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).

**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,

  
Kathy Haynes  
Environmental Protection and Remediation Department

cc: D Louis

# **PIONEER EXPLORATION, LTD.**

---

March 6, 2007

Ralph Lilja  
16585 SW 90 Ave  
Zenda, KS 67159

Tel: (620) 243-3244

**RE: Lloyd Wells #8-17  
Proposed Haul-Off Pit**

Pioneer Exploration, Ltd. requests your permission to use the drilling pit constructed for the William Keimig #4 drilling operations as a haul-off pit for the Lloyd Wells #8-17.

Pioneer Exploration will pay \$3,000 if the pit is used as a haul-off pit for the Lloyd Wells #8-17 drilling operations.

Please sign below if the terms are agreeable.

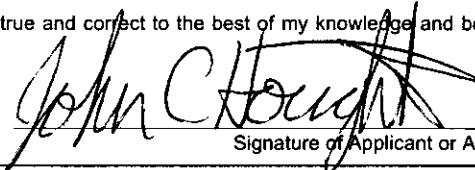
*R.W. Lilja* Date 3-7-07

RECEIVED  
KANSAS CORPORATION COMMISSION  
MAR 08 2007  
CONSERVATION DIVISION  
WICHITA, KS

**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 - 9400 ext 256</b>   |
| Lease Name & Well No.: <b>Lloyd Wells #8-17</b>  |  | Pit Location (QQQQ):<br><b>    C    S/2    SW</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 checked="" type="checkbox"/> Haul-Off Pit<br><small>(If WP Supply API No. or Year Drilled)</small> | Pit is:<br><input type="checkbox"/> Proposed <input checked="" type="checkbox"/> Existing<br>If Existing, date constructed:<br><b>12/20/06</b><br>Pit capacity: _____ (bbls) | Sec. <b>34</b> Twp. <b>30</b> R. <b>9</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West<br><b>560</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section<br><b>1320</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section<br><b>Kingman</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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | Artificial Liner?<br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   | How is the pit lined if a plastic liner is not used?<br><b>Bentonite</b>   |
| Pit dimensions (all but working pits): <b>100</b> Length (feet) <b>100</b> Width (feet) <b>N/A: Steel Pits</b><br>Depth from ground level to deepest point: <b>4</b> (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>_____ feet    Depth of water well _____ feet  |  | Depth to shallowest fresh water <b>110</b> feet.<br>Source of information:<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</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>RECEIVED</b><br><b>KANSAS CORPORATION COMMISSION</b><br><b>MAR 08 2007</b><br><b>CONSERVATION DIVISION</b><br><b>WICHITA, KS</b>  |
| _____<br>March 7, 2007<br>Date   | <br>Signature of Applicant or Agent  |  |
| <b>KCC OFFICE USE ONLY</b>   |  |  |
| Date Received: _____   | Permit Number: _____   | Permit Date: _____    Lease Inspection: <input type="checkbox"/> Yes <input type="checkbox"/> No   |

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

# KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

## HAUL-OFF PIT APPLICATION FILING REQUIREMENTS

### SECTION 1. 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 I 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.

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MAR 08 2007

CONSERVATION DIVISION  
WICHITA, KS

Operator must 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:  
If  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 written 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

THIS 21<sup>st</sup> DAY OF February A.D., 2001  
Clyde Burtch  
COUNTY CLERK



STATE OF KANSAS, Kingman County, ss:  
This instrument was filed for record on the 3-  
20 day of February A.D. 2001, at 9:25  
o'clock A.M. and duly recorded in 176 Deed  
Book 195, page 137, Fee \$ 26.00  
By Jason Stull Recorder of Deeds  
Deputy

STATE OF KANSAS )  
COUNTY OF KINGMAN )

CONVEYANCE AND BILL OF SALE

JN EXPLORATION & PRODUCTION LIMITED PARTNERSHIP, a Delaware limited partnership ("JN E&P"), COLT RESOURCES CORPORATION, a Delaware corporation ("Colt") and PRINCEPS PARTNERS, INC., a Colorado corporation ("Princeps"), (JN E&P, Colt and Princeps hereinafter collectively called "Grantors"), for Ten Dollars and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), do hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER, and DELIVER unto PIONEER EXPLORATION, LTD., a Texas limited partnership, whose address is 15603 Kuyhendahl, Suite 200, Houston, Texas 77090-3655, (herein called "Grantee") the following described properties, rights and interests (the "Subject Properties"):

RECEIVED  
KANSAS CORPORATION COMMISSION  
MAR 08 2007  
CONSERVATION DIVISION  
WICHITA, KS

- (a) All of Grantors' right, title and interest in and to the oil, gas and/or mineral leases described in Exhibit A hereto (and any ratifications and/or amendments to such leases, whether or not such ratifications or amendments are described in Exhibit A); and
- (b) Without limitation of the foregoing, all other right, title and interest (of whatever kind or character, whether legal or equitable, and whether vested or contingent) of Grantors in and to the oil, gas and other minerals in and under or that may be produced from the lands and depths described in Exhibit A hereto or described in any of the leases described in Exhibit A hereto (including, without limitation, interests in oil, gas and/or mineral leases covering such lands and depths, overriding royalties, production payments and net profits interests in such lands and depths or such leases, back in or reversionary interests and fee mineral interests, fee royalty interests and other interests in such oil, gas and other minerals), even though Grantors' interest in such oil, gas and other minerals may be incorrectly described in, or omitted from, such Exhibit A; and
- (c) All right, title and interest of Grantors in and to, or otherwise derived from, all presently existing and valid oil, gas and/or mineral unitization, pooling, and/or communitization agreements, declarations and/or orders, including, without limitation, all units formed under orders, rules, regulations, or other official acts of any federal, state, or other authority having jurisdiction, and voluntary unitization agreements, designations and/or declarations, relating to the properties described in subsections (a) and (b) above, to the extent, and only to the extent, such rights, titles and interests are attributable to the properties described in subsections (a) and (b) above; and
- (d) All right, title and interest of Grantors in and to all rights of way and easements pertaining to the Subject Properties and in and to that certain parcel of land described in Exhibit A-1 attached hereto and made a part hereof (the "Land"), including, without limitation, all buildings, improvements and fixtures located on or used in connection with such Land, subject to the limitations set forth on Exhibit A-1; and
- (e) All right, title and interest of Grantors in and to the Spivey-Grabs Gas Plant located on the Land in Harper County, Kansas, and in and to all gathering lines, flow lines and related compression and field equipment comprising a part of or associated with the same (the "Plant"), subject to the limitations set forth on said Exhibit A-1; and
- (f) All right, title and interest of Grantors in and to all presently existing and valid production sales contracts, operating agreements, and other agreements and contracts which relate to any of the properties described in subsections (a), (b), (c), (d) and (e) above, to the extent, and only to the extent, such rights, titles and interests are attributable to the properties described in subsections (a), (b), (c), (d) and (e) above; and
- (g) All right, title and interest of Grantors in and to all materials, supplies, machinery, pipe, spare parts, equipment, improvements, inventory and other personal property and fixtures, including, but not by way of limitation, all wells, wellhead equipment, pumping units, flowlines, tanks, buildings, injection facilities, saltwater disposal facilities,

compression facilities, gathering systems, and other equipment, which are located on the properties described in subsections (a), (b), (c), (d) and (e) above and used in connection with the exploration, development, operation or maintenance thereof; and

- (h) All of Grantors' lease files, title opinions, abstracts and other title information, production records, well files, accounting records (but not including general financial accounting or tax accounting records), seismic records and surveys, electric logs, geological or geophysical data and records (to the extent that Grantors have the legal right to transfer such seismic records and other geological and geophysical data and records to Grantee), and other files, documents and records which directly relate to the properties described above; and
- (i) All computer software, licenses, manuals, source codes, and specialized computer hardware owned by Grantors and used solely in connection with the operation and accounting for the properties described in subsections (a), (b), (c), (d) and (e) above, to the extent that Grantors have the legal right to transfer same to Grantee.

TO HAVE AND TO HOLD the Subject Properties unto Grantee, its successors and assigns, forever.

The Subject Properties are being conveyed by Grantors "where is" and "as is", and without any warranty of title, express or implied, except as to any persons claiming by, through or under Grantors, but not otherwise. Grantors hereby expressly disclaim any and all representations or warranties with respect to the Subject Properties. Specifically, as a part of (but not a limitation of) the foregoing, Grantee acknowledges that Grantors have not made, and Grantors hereby expressly disclaim, any representation or warranty (express, implied, under common law, by statute or otherwise) relating to titles of the properties, the condition of the properties (INCLUDING WITHOUT LIMITATION, GRANTORS DISCLAIM ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), the extent of oil, gas and/or other mineral reserves, the recoverability of or the cost of covering any of such reserves, the value of reserves, prices (or anticipated prices) at which production has been or will be sold, the ability to sell oil or gas production from the Subject Properties, and the condition (including, without limitation, the environmental condition) of the Subject Properties.

Grantee hereby (a) assumes, and agrees to timely pay and perform, all duties, obligations and liabilities relating to the ownership and/or operation of the Subject Properties after the Effective Date, and (b) agrees to indemnify and hold Grantors, their parent and subsidiary companies and other affiliates, and their directors, officers, employees and agents harmless from and against any and all claims, actions, liabilities, losses, damages, costs or expenses (including court costs and attorneys' fees) of any kind or character arising out of or otherwise relating to the ownership and/or operation of the Subject Properties after the Effective Date. In connection with (but not in limitation of) the foregoing, it is specifically understood and agreed that matters arising out of or otherwise relating to the ownership and/or operation of the Subject Properties after the Effective Date shall include all matters arising out of the condition of the Subject Properties on the Effective Date (including, without limitation, within such matters all obligations to properly plug and abandon, or replug and re-abandon, wells located on the Subject Properties, to restore the surface of the Subject Properties and to comply with, or to bring the Subject Properties into compliance with applicable environmental laws, including conducting any remediation activities which may be required on or otherwise in connection with activities on the Subject Properties), regardless of when the events occurred which give rise to such condition (and regardless of whether Grantors, their officers, employees, agents or other representatives, were wholly or partially negligent or otherwise at fault), and the above provided for assumptions and indemnifications by Grantee shall expressly cover and include such matters so arising out of such condition. This indemnification expressly includes any claims that arise as a result of strict liability.


This Conveyance is being executed in several counterparts all of which are identical, except that, to facilitate recordation, in certain counterparts hereof only that portion of Exhibit A which contains specific descriptions of properties located in the recording jurisdiction in which the particular counterpart is to be recorded are included, and other portions of Exhibit A are included by reference only. All of such counterparts together shall constitute one and the same instrument. Complete copies of this Conveyance containing the entire Exhibit A have been

retained by Grantors and Grantee. Grantors and Grantee have executed, or may execute, certain separate assignments of individual oil, gas and mineral leases, or interests therein, which are included in the Subject Properties, for filing with and approval by government entities or agencies who are the lessors of such leases, or who administer such leases on behalf of such lessors. Such separate assignments are on forms prescribed or suggested by said governmental entities and agencies, evidence the conveyance and assignment of the applicable Subject Properties herein made, do not constitute any additional assignment of the Subject Properties covered thereby, and are not intended to modify and shall not modify any of the terms and conditions contained herein. Such separate assignments shall be deemed to contain all of the terms and provisions hereof, as fully and to all intents and purposes as though the same were set forth in each such separate assignment.


IN WITNESS WHEREOF this Conveyance has been executed on January 26, 2001, subject to that certain Agreement of Sale and Purchase dated December 8, 2000, by and between Grantors and Grantee, effective as to runs of oil and deliveries of gas, and for all other purposes, as of 7:00 o'clock a.m. local time at the locations of the Subject Properties, respectively, on September 1, 2000 (the "Effective Date").

GRANTORS:


JN EXPLORATION & PRODUCTION  
LIMITED PARTNERSHIP  
By JN Oil and Gas, Inc., its general partner

By:   
Name: G. K. Nelson  
Title: President

COLT RESOURCES CORPORATION

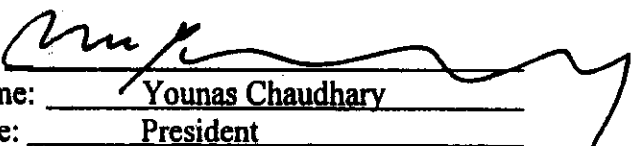
By:   
Name: G. K. Nelson  
Title: President

PRINCEPS PARTNERS, INC.

By:   
Name: G. K. Nelson  
Title: President

GRANTEE:

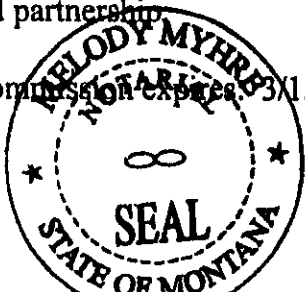
PIONEER EXPLORATION, LTD.  
By Peco Energy, Inc., its sole general partner

By:   
Name: Younas Chaudhary  
Title: President

THE STATE OF MONTANA     )  
  )  
COUNTY OF YELLOWSTONE    )

This instrument was acknowledged before me on this 26th day of January, 2001, by G. K. Nelson, President of JN OIL AND GAS, INC., a Wyoming corporation, and the general partner of JN EXPLORATION & PRODUCTION LIMITED PARTNERSHIP, a Delaware limited partnership, for and on behalf of such corporation as general partner of the above named limited partnership.

My Commission Expires 3/15/2004



Melody Myhre  
Notary Public, State of Montana  
Residing at Billings, Montana

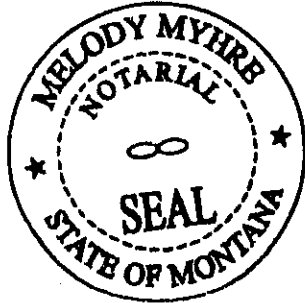


THE STATE OF MONTANA )  
 )  
COUNTY OF YELLOWSTONE )

This instrument was acknowledged before me on this 26th day of January, 2001, by G. K. Nelson, President of COLT RESOURCES CORPORATION, a Delaware corporation, for and on behalf of such corporation.

My Commission expires: 3/15/2004

Melody Myhre  
Notary Public, State of Montana  
Residing at Billings, Montana

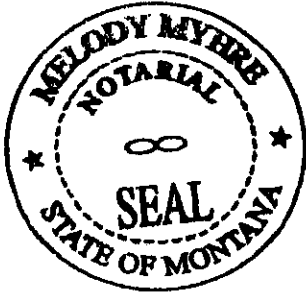


THE STATE OF MONTANA )  
 )  
COUNTY OF YELLOWSTONE )

This instrument was acknowledged before me on this 26th day of January, 2001, by G. K. Nelson, President of PRINCEPS PARTNERS, INC., a Colorado corporation, for and on behalf of such corporation.

My Commission expires: 3/15/2004

Melody Myhre  
Notary Public, State of Montana  
Residing at Billings, Montana

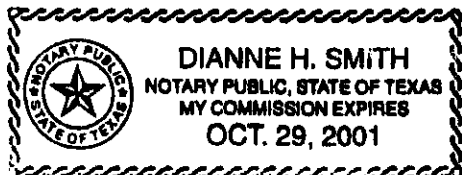


THE STATE OF TEXAS )  
 )  
COUNTY OF HARRIS )

This instrument was acknowledged before me on this 29<sup>th</sup> day of January, 2001, by Younas Chaudhary as President of Peco Energy, Inc., a Texas corporation, and the sole general partner of PIONEER EXPLORATION, LTD., a Texas limited partnership, for and on behalf of such corporation as general partner of the above named limited partnership.

My Commission expires: 10/29/01

Dianne H. Smith  
Notary Public, State of Texas  
Residing at Houston, Texas



After recording return to:  
Annie Poort-Maas  
Crady, Jewett & McCulley, L.L.P.  
909 Fannin, Suite 1400  
Houston, TX 77010

LLR275

DATED JANUARY 26, 2001, BY AND BETWEEN  
JN EXPLORATION & PRODUCTION LIMITED PARTNERSHIP; COLT RESOURCES CORPORATION;  
AND PRINCEPS PARTNERS, INC. AS GRANTORS AND  
PIONEER EXPLORATION, LTD. AS GRANTEE

PROSPECT: SPIVEY-GRABS  
COUNTY: KINGMAN  
STATE: KANSAS

| LEASE NO.<br>BOOK<br>PAGE<br>ENTRY | LEASE DATE<br>EXP DATE | LESSOR NAME            | LESSEE NAME                | DESCRIPTION   |
|------------------------------------|------------------------|------------------------|----------------------------|---|
| 1960.022<br>68<br>123              | 04/08/54<br>04/07/64   | LEONARD KREHBIEL ET AL | ELMER M OAK                | TOWNSHIP 30 SOUTH, RANGE 7 WEST<br>SECTION 2: NW, W2NE                  |
| 1960.023<br>56<br>435              | 11/02/45<br>11/01/55   | LLOYD M WELLS ET UX    | L V LILLE                  | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 20: E2NW                     |
| 1960.024<br>60<br>429              | 08/13/48<br>08/13/58   | GEORGE CONRARDY ET UX  | RALPH OWEN                 | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 31: W2SW, NW                 |
| 1960.025<br>66<br>329              | 08/17/53<br>08/23/64   | L D BANTA ET UX        | MAGNOLIA PETROLEUM COMPANY | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 33: E2SE<br>SECTION 34: SWSW |
| 1960.026<br>79<br>57               | 04/01/54<br>04/01/64   | LOUISE A MORRIS ET AL  | O G SMITH                  | TOWNSHIP 30 SOUTH, RANGE 9 WEST<br>SECTION 35: SE                       |
| 1960.027<br>65<br>60               | 04/01/54<br>03/31/64   | LOUISE A MORRIS ET AL  | O G SMITH                  | TOWNSHIP 30 SOUTH, RANGE 9 WEST<br>SECTION 35: NE                       |
| 1960.028<br>8<br>119               | 04/01/54<br>04/01/64   | WILLIAM F KEIMIG ET UX | O G SMITH                  | TOWNSHIP 30 NORTH, RANGE 9 WEST<br>SECTION 34: SE<br>SECTION 35: S2SW   |
| 1960.029.A<br>58<br>413            | 12/26/46<br>12/25/56   | BERNICE L GWYNN ET AL  | MAGNOLIA PETROLEUM COMPANY | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 1: N2                        |
| 1960.029.B<br>59<br>415            | 12/26/46<br>12/25/56   | ARNOLD A MUELLER ET UX | MAGNOLIA PETROLEUM COMPANY | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 1: N2                        |
| 1960.030<br>55<br>331              | 10/15/45<br>10/14/55   | J F BIRKENBAUGH ET UX  | ELMER M OAK                | TOWNSHIP 29 SOUTH, RANGE 7 WEST<br>SECTION 15: SW                       |

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PROSPECT: SPIVEY-GRABS  
 COUNTY: KINGMAN  
 STATE: KANSAS

| LEASE NO.<br>BOOK<br>PAGE<br>ENTRY | LEASE DATE<br>EXP DATE | LESSOR NAME           | LESSEE NAME                | DESCRIPTION   |
|------------------------------------|------------------------|-----------------------|----------------------------|---|
| 1960.031<br>67<br>161              | 11/18/53<br>11/17/63   | FRED HAGEMAN          | HARRY MCADAM               | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 6: W2NE                    |
| 1960.032<br>59<br>13               | 12/31/46<br>12/30/66   | FRANK D RALL ET UX    | ELMER M OAK                | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 15: SE<br>SECTION 22: E2NE |
| 1960.034<br>67<br>249              | 12/30/53<br>01/05/65   | WILLIAM MARX ET AL    | MAGNOLIA PETROLEUM COMPANY | TOWNSHIP 29 SOUTH, RANGE 8 WEST<br>SECTION 32: NW, N2SW               |
| 1960.035<br>65<br>574              | 10/12/54<br>11/25/65   | RALPH R MATLACK ET UX | MAGNOLIA PETROLEUM COMPANY | TOWNSHIP 29 SOUTH, RANGE 7 WEST<br>SECTION 23: SE                     |
| 1960.036<br>60<br>272              | 08/14/48<br>08/14/58   | FRED MESSENGER ET UX  | RALPH OWEN                 | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 31: SE, E2SW               |
| 1960.037<br>65<br>613              | 12/17/52<br>12/16/62   | JAMES G SCHUMAN ET UX | HARRY MCADAM               | TOWNSHIP 30 SOUTH, RANGE 7 WEST<br>SECTION 20: SW, W2SE               |
| 1960.038<br>67<br>411              | 02/18/54<br>03/19/65   | RALPH SWINGLE ET AL   | MAGNOLIA PETROLEUM COMPANY | TOWNSHIP 30 SOUTH, RANGE 9 WEST<br>SECTION 36: NE                     |
| 1960.039<br>58<br>331              | 12/26/46<br>12/25/56   | JOE TJADEN ET UX      | BERT LILLE                 | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 24: NE                     |
| 1960.040<br>58<br>333              | 12/26/46<br>12/25/56   | JOE TJADEN ET UX      | BERT LILLE                 | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 24: SE                     |
| 1960.041<br>56<br>154              | 06/28/45<br>06/27/55   | LLOYD M WELLS ET UX   | L V LILLE                  | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 17: SWSE, SESW             |

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W.0275

EXHIBIT A  
LEASE SCHEDULE

PROSPECT: SPIVEY-GRABS  
COUNTY: KINGMAN  
STATE: KANSAS

| LEASE NO.<br>BOOK<br>PAGE<br>ENTRY | LEASE DATE<br>EXP DATE | LESSOR NAME             | LESSEE NAME                | DESCRIPTION   |
|------------------------------------|------------------------|-------------------------|----------------------------|---|
| 1960.042<br>60<br>403              | 08/16/48<br>08/15/58   | LLOYD M WELLS ET UX     | ELMER M OAK                | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 20: W2NE             |
| 1960.043<br>66<br>249              | 06/19/53<br>06/28/64   | WILLIAM F KEIMIG ET UX  | MAGNOLIA PETROLEUM COMPANY | TOWNSHIP 30 SOUTH, RANGE 9 WEST<br>SECTION 34: S2SW, NESW, SENW |
| 1960.044<br>60<br>421              | 08/19/48<br>08/18/58   | MYRTLE LATTIMORE ET AL  | ELMER M OAK                | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 15: SW               |
| 1960.045                           | 10/13/83<br>11/19/84   | PAUL O WILSON ET AL     | ENERGY RESERVES GROUP INC  | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 22: E2NE             |
| 1960.046<br>82<br>184              | 12/03/57<br>10/08/58   | J G POMEROY ET UX       | PETROLEUM INC              | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 6: E2NE              |
| 1960.047<br>68<br>21               | 04/14/54<br>04/13/64   | CONLEY KINSLER ET UX    | CAMERON C FUNK             | TOWNSHIP 29 SOUTH, RANGE 8 WEST<br>SECTION 32: SE, S2SW         |
| 1960.051                           | 01/27/98<br>01/01/28   | MESSENGER PETROLEUM INC | COLT RESOURCES CORPORATION | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 20: NE               |
| 1960.052                           | 03/09/98<br>01/01/28   | KEVIN MICHOLOS          | COLT RESOURCES CORPORATION | TOWNSHIP 30 SOUTH, RANGE 8 WEST<br>SECTION 20: NENE             |

**EXHIBIT A-1**

Attached to and made a part of that certain Conveyance and Bill of Sale dated January 26, 2001, by and between  
JN Exploration & Production Limited Partnership;  
Colt Resources Corporation and Princeps Partners, Inc., as Grantors, and  
Pioneer Exploration, Ltd., as Grantee

**SPIVEY GAS PLANT LOCATED IN HARPER COUNTY, KANSAS, to-wit:**

The Southwest Quarter of the Southwest Quarter (SW/4SW/4) of Section 5, Township 31 South, Range 8 West, less 2.75 acres, beginning at a point in the South line of said Section 5, said point being North 89° 51' East 350 feet from a concrete post at the Southwest Corner of said Section 5; thence North 0° 30' West, parallel with the West line of said Section 5, 300 feet; thence North 89° 51' East, parallel to the South line of said Section 5, 400 feet; thence South 0° 30' East, parallel to the West line of said Section 5, 300 feet to a point in the South line of Section 5; thence South 89° 51' West, with the South line of Section 5; 400 feet to the place of beginning.

There is specifically excluded from this Conveyance and Bill of Sale any interest or rights owned by Grantor, as Operator of the Spivey Gasoline Plant, by virtue of that certain Quit Claim Deed dated January 22, 1999 between Dynegy Midstream, Inc. and Colt Resources Corporation recorded in Book 101 on Page 1188 in the records of Harper County, Kansas, and that certain Assignment dated January 22, 1999 between Dynegy Midstream, Inc. and Colt Resources Corporation recorded in Book 86 on Page 1501 in the records of Harper County, Kansas, and in Book 0-4 on Page 1 in the records of Kingman County, Kansas.

# **PIONEER EXPLORATION, LTD.**

March 7, 2007

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

**RE: Lloyd Wells #8-17 Haul-Off Pit Application**

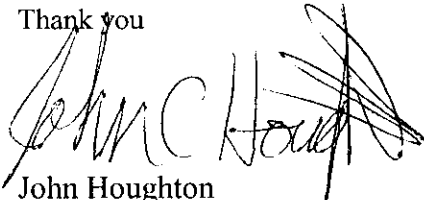
Pioneer Exploration is submitting this Haul-Off Pit Application. The haul-off pit is for the Lloyd Wells #8-17 drilling operations. The proposed haul-off pit is existing and is near the William Keimig #4-34. The landowners are different for the two locations.

Included in this submission:

- Form CDP-1  
(Original and Copy)
- Written Permission from the landowner of the William Keimig #4-34
- Haul-off Pit Application
- Lease assignment that covers the acreage where the haul-off pit is to be located

If you need any additional information please contact me.

Thank you



John Houghton  
Petroleum Engineer

Pioneer Exploration, Ltd  
Office # (281) 893-9400 Ext 256  
Fax # (281) 893-7629  
E-mail Johnhou@pecogas.com

**RECEIVED**  
KANSAS CORPORATION COMMISSION  
MAR 08 2007  
CONSERVATION DIVISION  
WICHITA, KS