

Dear Shareholder of Pioneer Oil and Gas:

Included with this letter is a Tender Offer document with the latest financial statements of Pioneer Oil and Gas attached. Also, included with this letter is a Letter of Transmittal and Instructions for the Letter of Transmittal along with an envelope for you to use should you desire to participate in the Tender Offer.

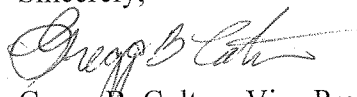
Pioneer Oil and Gas is making an offer to all of its shareholders to purchase their shares for \$1.00 per share. To participate in this offer which is called a Tender Offer, shareholders must complete the Letter of Transmittal after having read carefully the instructions for the Letter of Transmittal. The instructions for the Letter of Transmittal are summarized below under item 2 in bold. You must return the completed Letter of Transmittal and stock certificate(s) by August 15, 2012, to be eligible to participate in the Tender Offer.

Your attention is directed in particular to the following:

1. If you want to retain your Shares you do not need to take any action.
2. **If you want to participate in the Offer to Purchase that was sent to you with the Letter of Transmittal, you should complete the applicable sections of the three pages of the Letter of Transmittal and return them in the stamped envelope addressed to Standard Registrar and Transfer. You must also return the stock certificate(s) you wish to have tendered in the same envelope and sign the back of each one of them in front of an eligible financial institution who will guarantee your signature. Most banks that you bank with can guarantee your signature or other eligible financial institutions can do the same that include your broker who is a member/participant in a Medallion Program approved by the Securities Transfer Association, Inc. If you are concerned about the safety of mailing your certificate you may also pay for the additional cost and have it sent by registered or certified mailing. In most instances shareholders desiring to participate in the tender offer will only need to fill out sections 1 and 2 of the Letter of Transmittal since sections 3 through 6 apply to shareholders who have lost their certificate(s) or desire special mailing or payment instructions.**

All shareholders are encouraged to read and review the Tender Offer document enclosed herein with the latest financial statements of Pioneer Oil and Gas that are attached to the document prior to making a decision to participate in the Tender Offer. If you should have any questions regarding the Tender Offer or need help in filling out the Letter of Transmittal, please contact me or Don Colton at 801-566-3000.

Sincerely,



Gregg B. Colton, Vice President of Pioneer Oil and Gas