

For KCC Use:
Effective Date: 9-20-05
District # 1
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
NOTICE OF INTENT TO DRILL

RECEIVED

SEP 12 2005

Form C-1

December 2002

Form must be Typed

Form must be signed

All blanks must be Filled

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

KCC WICHITA

Expected Spud Date 09/24/05
month day year

Spot: A 1 - SE - NW Sec. 18 Twp. 34S R. 33
 East West

OPERATOR: License # 5447

1979 feet from N / S Line of Section

Name: OXY USA Inc.

1927 feet from E / W Line of Section

Address: P.O. Box 2528

Is SECTION Regular Irregular?

City/State/Zip: Liberal, KS 67905

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

Contact Person: Vicki Carder

County: Seward

Phone: (620) 629-4242

Lease Name: Shives C Well #: 1

CONTRACTOR: License # 30606

Field Name: Salley Chester

Name: Murfin Drilling Co., Inc.

Is this a Prorated / Spaced Field? Yes No

Well Drilled For: Well Class: Type Equipment:

Target Formation(s): St. Louis

Nearest Lease or unit Boundary: 660

Oil Enh Rec Infield Mud Rotary

Ground Surface Elevation: 2892 feet MSL

Gas Storage Pool Ext Air Rotary

Water well within one-quarter mile Yes No

OWWO Disposal Wildcat Cable

Public water supply well within one mile: Yes No

Seismic: # of Holes Other

Depth to bottom of fresh water: 600

Depth to bottom of usable water: 620

Other

Surface Pipe by Alternate: 1 2

If OWWO: old well information as follows:

Length of Surface Pipe Planned to be set: 1750

Operator:

Length of Conductor Pipe Required: NONE

Well Name:

Projected Total Depth: 6600

Original Completion Date: Original Total Depth:

Formation at Total Depth: St. Louis

Directional, Deviated or Horizontal wellbore? Yes No

Water Source for Drilling Operations:

IF Yes, true vertical depth

Well Farm Pond Other

Bottom Hole Location

DWR Permit #

KCC DKT #:

(Note: Apply for Permit with DWR)

Will Cores be Taken? Yes No

If Yes, Proposed zone:

*** BRO FILED FOR CHESTER SAND**
Salley Chester 05 cons - 275- CBPO AFFIDAVIT

- The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, 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.

*** Prorated & Spaced Hugoton**

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

Date: September 8, 2005 Signature of Operator or Agent: Vicki Carder Title: Capital Project

For KCC Use ONLY

API # 15 - 175-22001-00-00

Conductor pipe required NONE feet

Minimum Surface pipe required 640 feet per Alt. ①

Approved by: RJP 9-15-05

This authorization expires: 3-20-06

(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 proaction 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:

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 - _____
 Operator: OXY USA Inc.
 Lease: Shives C
 Well Number: 1
 Field: Salley

Number of Acres attributable to well: 160
 QTR / QTR / QTR of acreage: NW - SE - NW

Location of Well: County Seward
 _____ 1979 feet from N / S Line of Section
 _____ 1927 feet from E / W Line of Section
 Sec. 18 Twp. 34S R. 33 East West

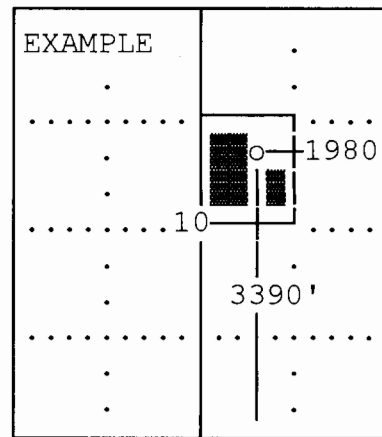
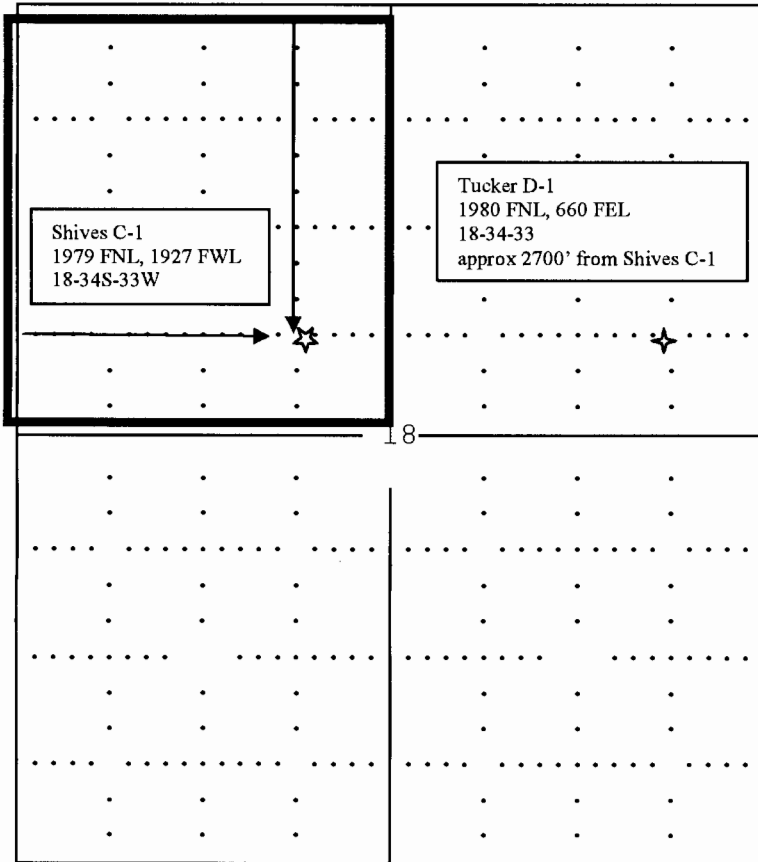
Is Section Regular or Irregular

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.

Seward County

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 sections 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).

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

September 15, 2005

Ms. Vicki Carder
OXY USA, Inc.
PO Box 2528
Liberal, KS 67905

RE: Drilling Pit Application
Shives C Lease Well No. 1
NW/4 Sec. 18-34S-33W
Seward County, Kansas

Dear Ms. Carder:

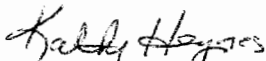
District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed without slots, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased.

If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 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,


Kathy Haynes

Environmental Protection and Remediation Department

cc: S Durrant