

For KCC Use:  
Effective Date: 7-12-06  
District # 1  
SGA?  Yes  No

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

RECEIVED

JUN 29 2006

Form C-1

December 2002

Form must be Typed  
Form must be signed  
Blanks must be Filled

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

KCC WICHITA

Expected Spud Date 07/10/06  
month day year

Spot: NW  
~~SW~~ - SW - SW Sec. 27 Twp. 34S R. 35  East  West

OPERATOR: License # 5447 ✓

760 feet from  N /  S Line of Section

Name: OXY USA Inc.

330 feet from  E /  W Line of Section

Address: P.O. Box 2528

Is SECTION X Regular \_\_\_\_\_ Irregular

City/State/Zip: Liberal, KS 67905

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

Contact Person: Vicki Carder

County: Stevens

Phone: (620) 629-4242

Lease Name: Blackmer B Well #: 1

CONTRACTOR: License # 30606 ✓

Field Name: Ski

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: 330

Oil  Enh Rec  Infield  Mud Rotary

Ground Surface Elevation: 2983 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: 720

Depth to bottom of usable water: 720

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: \_\_\_\_\_

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:  Well  Farm Pond  Other

IF Yes, true vertical depth \_\_\_\_\_

DWR Permit # \_\_\_\_\_

Bottom Hole Location \_\_\_\_\_

(Note: Apply for Permit with DWR )

KCC DKT #: \_\_\_\_\_

Will Cores be Taken?  Yes  No

*Prorated, Spaced Hugoton & Panoma PVPA 060608*

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. 55-101, 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.

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

Date: 06/27/06 Signature of Operator or Agent: Vicki Carder Title: Capital Projects

For KCC Use ONLY

API # 15 - 189-22543-0000

Conductor pipe required None feet

Minimum Surface pipe required 740 feet per All. 1 X

Approved by: RTH 7-7-06

This authorization expires: 1-7-07

(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 proation 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

27-34-35W

**IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW**

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

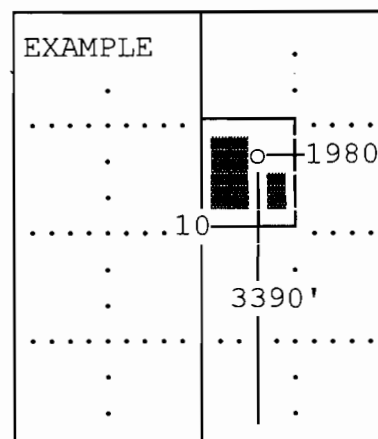
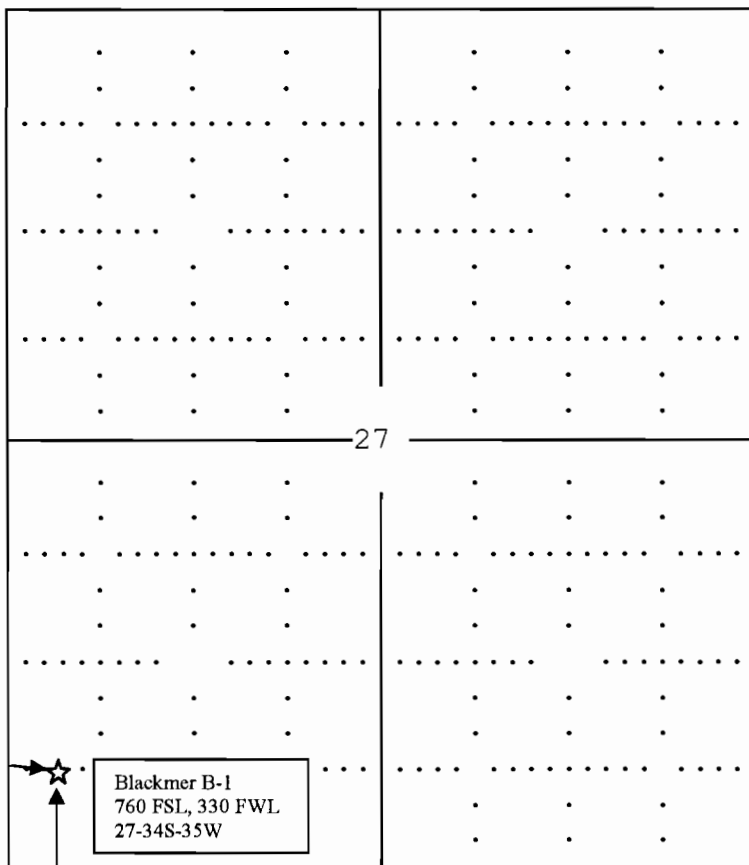
**If the intended well is in a prorated or spaced field, please fully complete this side of the form.** If the intended well is in a prorated or spaced field complete the plat below showing that the well will be properly located in relationship to other wells producing from the common source of supply. 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 - 189-22543-0000  
 Operator: \_\_\_\_\_  
 Lease: \_\_\_\_\_  
 Well Number: \_\_\_\_\_  
 Field: \_\_\_\_\_  
 Number of Acres attributable to well: \_\_\_\_\_  
 QTR / QTR / QTR of acreage: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Location of Well: County \_\_\_\_\_  
 \_\_\_\_\_ feet from  N /  S Line of Section  
 \_\_\_\_\_ feet from  E /  W Line of Section  
 Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ R. \_\_\_\_\_  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 location.**

Stevens 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  
OIL & GAS CONSERVATION DIVISION  
APPLICATION FOR SURFACE PIT


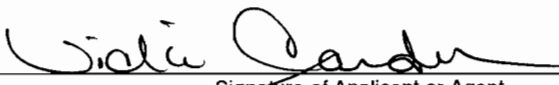
RECEIVED

Form CDP-1  
April 2004  
Form must be Typed

JUN 29 2006

KCC WICHITA

Submit in Duplicate

Operator Name: <b>OXY USA Inc.</b>		License Number: <b>5447</b>
Operator Address: <b>P. O. Box 2528, Liberal, KS 67901</b>		
Contact Person: <b>Rusty Hanna</b>		Phone Number: ( <b>620</b> ) <b>629 - 4200</b>
Lease Name & Well No.: <b>Blackmer B-1</b>		Pit Location (QQQQ): <b>NW SW SW</b>
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: <b>16000</b> (bbls)	Sec. <b>27</b> Twp. <b>34S</b> R. <b>35</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>760</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>330</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Stevens</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 <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? <b>Bentonite &amp; Cuttings</b>
Pit dimensions (all but working pits): <b>150</b> Length (feet) <b>150</b> Width (feet) _____ N/A: <b>Steel Pits</b> 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 <b>1274</b> feet    Depth of water well <b>566</b> feet	Depth to shallowest fresh water <b>155</b> feet. Source of information: <b>KHK63</b>  _____ measured _____ well owner _____ electric log _____ KDW R	
<b>Emergency, Settling and Burn Pits ONLY:</b> 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	<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: <b>Fresh Water Mud</b> Number of working pits to be utilized: _____ Abandonment procedure: <b>Evaporation and Backfill</b> _____ 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>06/27/06</b> Date	 Signature of Applicant or Agent	

15-189-22543-0000

<b>KCC OFFICE USE ONLY</b>		<i>Normal</i>
Date Received: <b>6/29/06</b>	Permit Number: _____	Permit Date: <b>6/30/06</b> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

# KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

## **NOTICE TO OPERATORS DRILLING IN THE PANOMA- COUNCIL GROVE GAS POOL SPACED AREA**

The enclosed intent is located within the Panoma-Council Grove gas pool space area. In May 1978, Panoma-Council Grove Proration Order (as amended), Docket No. 60,024-C (C-7058) under FINDINGS OF FACT AND LAW on page 31, the following language is stated that:

"The Commission finds that in order to prevent waste and protect correlative rights, the following stated rules pertaining to wells already completed, in the process of being drilled or for future wells to be drilled in the Panoma Council Grove Gas Pool Spaced area, and for wells producing from the Council Grove Formation outside of the Panoma Council Grove Gas Pool Spaced area within the Hugoton Gas Field, should be adopted."

1. "No dual completions between the Chase (Hugoton) and Council Grove Formations will be permitted for future wells drilled."
2. "Casing shall not be set above the top of the Council Grove Formation for a Council Grove producing well."
3. "The production casing of all new Council Grove wells should be cemented with a calculated volume of cement sufficient to encase the casing from the bottom of the casing to a point 500 feet above the Chase Formation."
4. "The casing shall be encased in cement in the interval between the base of the Council Grove and the top of the Chase Formation on all wells, irrespective of depth, completed below the Council Grove Formation, if they are located within the space area."
5. "The cement coverage heretofore required shall be confirmed by the running of a recognized survey, such as a temperature survey or cement bond log."

A copy of this survey and the cement tickets(s) showing that all cement work has been completed, must be filed with the ACO-1 Completion Report within 120 days from the wells "spud date."

Failure to comply with these provisions may cause the well to be shut-in until compliance has been achieved.

If you have any questions, please feel free to contact the Conservation Division's Production Department at (316) 337-6200.