

For KCC Use:
Effective Date: 9-16-06
District # 1
SGA? Yes No

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

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 well

Expected Spud Date 09/14/06
month day year

Spot: NE - SE - SW Sec. 34 Twp. 27S R. 34 East West

OPERATOR: License # 5447 ✓

1050 feet from N / S Line of Section

Name: OXY USA Inc.

2310 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: Haskell

Phone: (620) 629-4242

Lease Name: North Eubank Morrow Unit Well #: 501

CONTRACTOR: License # 30606 ✓

Field Name: North Eubank

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

Oil Enh Rec Infield Mud Rotary

Nearest Lease or unit Boundary: 330 FEL of Unit Boundary

Gas Storage Pool Ext Air Rotary

Ground Surface Elevation: 3076 feet MSL

OWWO Disposal Wildcat Cable

Water well within one-quarter mile Yes No

Seismic: # of Holes Other

Public water supply well within one mile: Yes No

Other

Depth to bottom of fresh water: 580

Depth to bottom of usable water: 880

If OWWO: old well information as follows:

Surface Pipe by Alternate: 1 2

Operator: _____

Length of Surface Pipe Planned to be set: 1750

Well Name: _____

Length of Conductor Pipe Required: _____

Original Completion Date: _____ Original Total Depth: _____

Projected Total Depth: 5650

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 HUBBARD & PANOMA

If Yes, Proposed zone: _____

AFFIDAVIT PVPA 080601

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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:

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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: 08/29/06 Signature of Operator or Agent: Vicki Carder Title: Capital Project

For KCC Use ONLY
API # 15 - 081-21679-0000
Conductor pipe required None feet
Minimum Surface pipe required 900 feet per Alt. 1 X
Approved by full 9-1-06
This authorization expires: 3-1-07
(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 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: _____

34 - 27-34W

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 - 081-21679-0000
 Operator: _____
 Lease: _____
 Well Number: _____
 Field: _____

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.

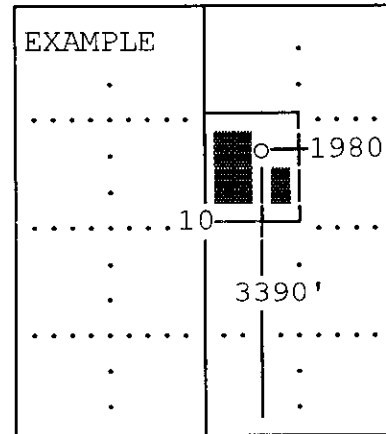
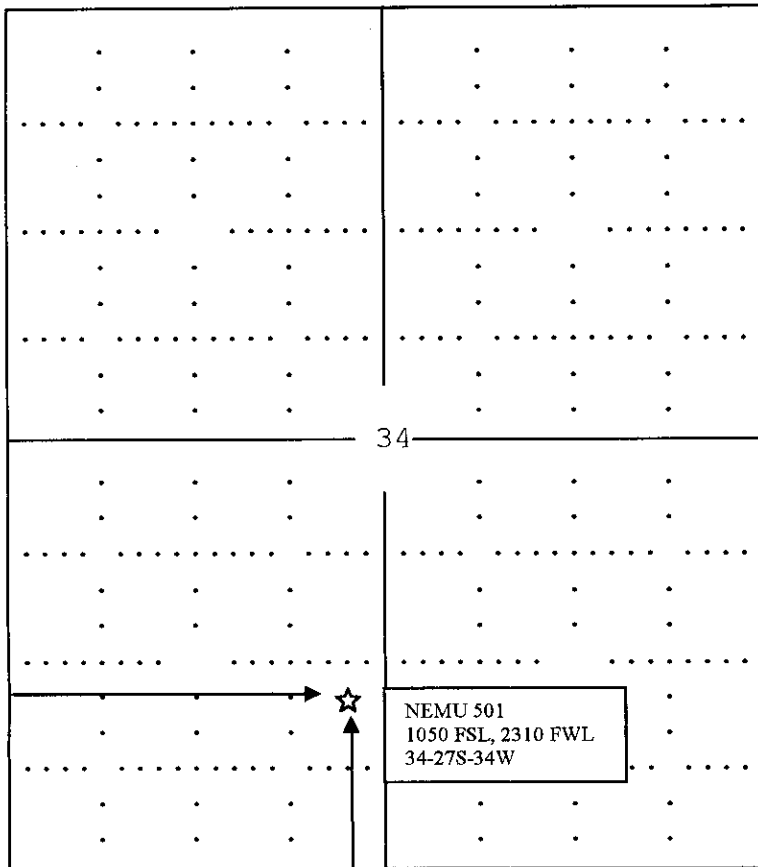
Section corner used: NE NW SE SW

Number of Acres attributable to well: _____
 QTR / QTR / QTR of acreage: _____ - _____ - _____

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.

Haskell 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**

Form CDP-1
April 2004
Form must be Typed

Submit in Duplicate

Operator Name: OXY USA Inc.		License Number: 5447
Operator Address: P. O. Box 2528, Liberal, KS 67901		
Contact Person: Rusty Hanna		Phone Number: (620) 629 - 4200
Lease Name & Well No.: North Eubank Morrow Unit 501		Pit Location (QQQQ): _____ NE _____ SE _____ SW Sec. 34 Twp. 27S R. 34 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1050 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 2310 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Haskell _____ County
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: 16000 (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input checked="" 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? Bentonite & Cuttings
Pit dimensions (all but working pits): 150 Length (feet) 150 Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 4 (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 598 feet Depth of water well 440 feet		Depth to shallowest fresh water 314 feet. Source of information: KMKWS _____ measured _____ well owner _____ electric log _____ KDWR
Emergency, Settling and Burn Pits ONLY: 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		Drilling, Workover and Haul-Off Pits ONLY: Type of material utilized in drilling/workover: Fresh Water Mud Number of working pits to be utilized: _____ Abandonment procedure: Evaporation and Backfill _____ 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.		
08/29/06 Date	 Signature of Applicant or Agent	

15-081-21679-0022

KCC OFFICE USE ONLY			
Date Received: 8/31/06	Permit Number: _____	Permit Date: 8/31/06	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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KANSAS CORPORATION COMMISSION
 CONSERVATION DIVISION
 130 S. Market – Room 2078
 Wichita, Kansas 67202

Form _____
 4/01

PVPA 080601

VERIFIED AFFIDAVIT FOR USE OF MUD AS AN
 ALTERNATIVE TO THE CEMENTING REQUIREMENT IN ¶18(D)
 OF THE PANOMA COUNCIL GROVE B.P.O.

FORM MUST BE TYPED

Submit in Duplicate
 Attach to Drilling Permit

Operator Name OXY USA Inc.		KCC License No. 5447	
Operator Address P.O. Box 2528: Liberal, KS 67905			
Contact Person Vicki Carder		Telephone No. (620) 629-4200	
Lease Name & No. North Eubank Morrow Unit 501		API No. 15-081-21679-0000	KCC Lease Code No.
Location Quarter SW	Section 34	Township 27S	Range 34W
		1050 Ft. from N	S (circle one) Line of Sec.
		2310 Ft. from E	W (circle one) Line of Sec.
County Haskell	Field Name Eubank	Producing Formation Group	Mud Weight 9.0 ppg

AFFIDAVIT CERTIFICATE OF SERVICE

All requirements of the statutes, rules and regulations promulgated to regulate the oil and gas industry have been fully complied with and the statements here are complete and correct to the best of my knowledge. The well subscribed to in this Affidavit will be completed in accordance with all applicable rules and regulations of the KCC. However, applicant intends to use drilling mud of sufficient weight across the interval between the base of the Council Grove group and the top of the Chase Group as an alternative to the cementing requirements found in paragraph 18(D) of the Panoma Council Grove B.P.O. unless timely objection is filed hereto. I hereby certify that I caused a true and correct copy of the foregoing Affidavit and any attachments of said Affidavit to be served by placing the same in the United States mail, postage prepaid, to the following parties, which represent all of the operators or lessees of record and the owners of record of unleased acreage within a one mile radius of the well, including operators and working interest owners having interests in the lands covered by the unit on which the well is to be drilled:

	<u>Operator/WI Owner</u>	<u>Address</u>	<u>City, State Zip</u>	<u>Contact</u>
1.	Alfred Alexander and Wanda M. Alexander	Rt 1, Box 87	Satanta, KS 67870	
2.	Hawkins Energy Corporation	427 S. Boxtton Ave, Suite 915	Tulsa, OK 74103	
3.	McCoy Petroleum Corp	8080 E. Central, Suite 300	Wichita, KS 67206	
4.	Rine Drilling & Exploration, Inc	200 West Douglas, Ste 1050	Wichita, KS 67202	
5.	Darla Hubbard	100 SW 148th	Oklahoma City, OK 73170	
6.				
7.				
8.				
9.				
10.				
11.				
12.				

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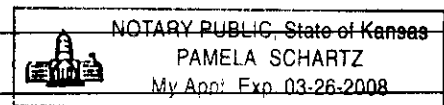
Signature Vicki Carder Date August 25, 2006

Title Capital Project

Subscribed and sworn to before me this 25th day of August, 2006.

Notary Public Pamela Schartz

Date Commission Expires 3-26-08



KANSAS

CORPORATION COMMISSION

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

September 11, 2006


Vicki Carder
OXY USA, INC
P.O. Box 2528
Liberal, KS 67905

Re: North Eubank Morrow Unit #501 API #15-081-21679-0000
Docket # PVPA 080601
SW Sec.34-T27S-R34W
Haskell County, Kansas

Dear Ms. Carder,

The form VPA-1 affidavit filed for the above-referenced well stated that service of the affidavit was mailed on August 25, 2006. The fifteen (15) day protest period has expired and we have not received any protests. Therefore, we are advising you that the drilling of this well may commence and, in lieu of cement, drilling mud of the weight specified in your affidavit may be used across the interval between the base of the Council Grove group and the top of the Chase group.

Sincerely,


David P. Williams
Production Department

KANSAS

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KATHLEEN SEBELIUS, GOVERNOR

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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.