

For KCC Use:
Effective Date: 11-18-06
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 11/13/06
month day year

Spot: East
 West
NW - NW - NW Sec. 6 Twp. 34S R. 35

OPERATOR: License # 5447 ✓

330 feet from N / S Line of Section

330 feet from E / W Line of Section

Name: OXY USA Inc.

Is SECTION Regular X Irregular

Address: P.O. Box 2528

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

City/State/Zip: Liberal, KS 67905

County: Stevens

Contact Person: Vicki Carder

Lease Name: Heger C Well #: 2

Phone: (620) 629-4242

Field Name: Walkemeyer

CONTRACTOR: License # 30606 ✓

Is this a Prorated / Spaced Field? Yes No

Name: Murfin Drilling Co., Inc.

Target Formation(s): St. Louis ✓

Well Drilled For: Well Class: Type Equipment:

Nearest Lease or unit Boundary: 330

Oil Enh Rec Infield Mud Rotary ✓

Ground Surface Elevation: 3023 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: 700 ✓

Other

Depth to bottom of usable water: 700

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: 6700 ✓

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) ✓

**PRORATED, SPACED HUBBTON & PANOMA
PVPA 100603**

Will Cores be Taken? Yes No

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: 10/25/06 Signature of Operator or Agent: Vicki Carder Title: Capital Project

For KCC Use ONLY

API # 15 - 189-22567-0000

Conductor pipe required None feet

Minimum Surface pipe required 720 feet per Alt. 1 X

Approved by: PHH 11-13-06

This authorization expires: 5-13-07

(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 protraction 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

RECEIVED

OCT 30 2006

KCC WICHITA

6-34-35W

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 - 189-22567000
 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.

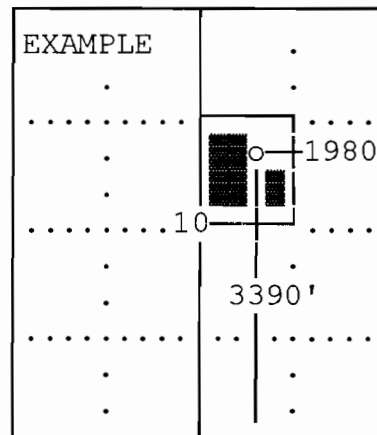
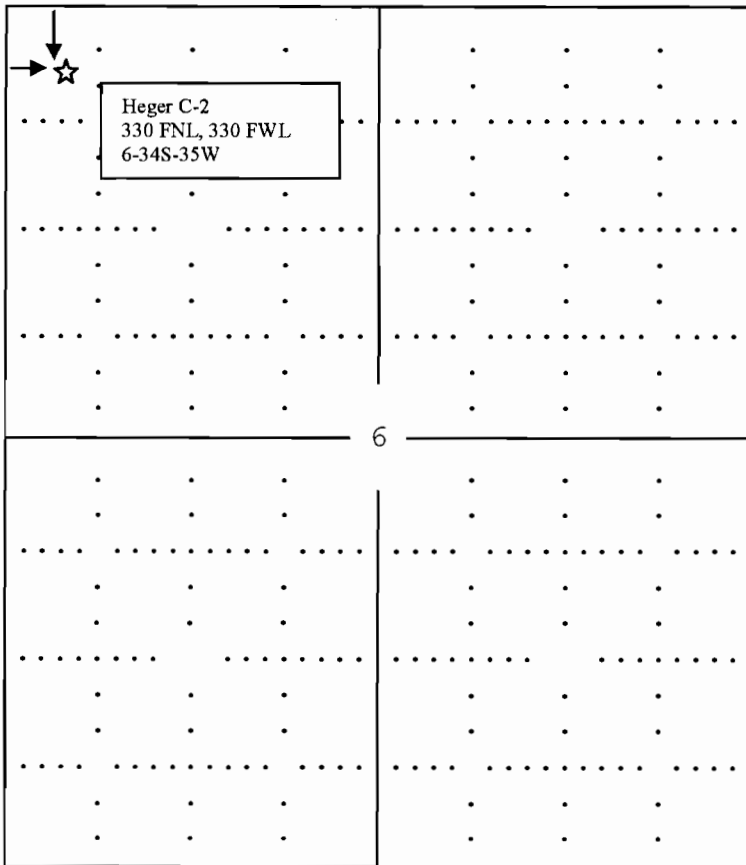
Section corner used: NE NW SE SW

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.

Stevens County

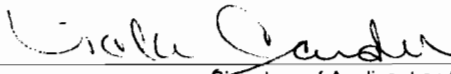
In plotting the proposed location of the well, you must show:

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**

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: Gregg Fillpot		Phone Number: (620) 629 - 4200
Lease Name & Well No.: Heger C-2		Pit Location (QQQQ): _____ - NW - NW - NW
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)	Sec. 6 Twp. 34S R. 35 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 330 Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section 330 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Stevens County
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 2854 feet Depth of water well 652 feet		Depth to shallowest fresh water 232 feet. Source of information: KHKS (2) _____ 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.		
_____ 10/25/06 _____ Date		 Signature of Applicant or Agent

15-189-20567-0230

KCC OFFICE USE ONLY			
Date Received: 10/30/06	Permit Number: _____	Permit Date: 11/1/06	Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

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

RECEIVED
OCT 30 2006
KCC WICHITA

KANSAS CORPORATION COMMISSION
 CONSERVATION DIVISION
 130 S. Market - Room 2078
 Wichita, Kansas 67202

Form 4/01

PVPA-100603

**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. Heger C 2	API No. <i>15-189-22567-0000</i>	KCC Lease Code No.	
Location Quarter NW	Section 6	Township 34S	Range 35W
		330 Ft. from <u>N</u> / <u>S</u> (circle one) Line of Sec.	330 Ft. from E / <u>W</u> (circle one) Line of Sec.
County Stevens	Field Name Walkemeyer	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>
ExxonMobil Oil Corporation	P. O. Box 4358	Houston, TX 77210	
BP America Production Company	P. O. Box 3092	Houston, TX 77253-3092	
Four Star Oil and Gas Company	P. O. Box 36366	Houston, TX 77236	c/o Chevron
Tenison Oil Company	8140 Walnut Hill Lane	Dallas, TX 75231	
Chesapeake Operation, Inc.	P. O. Box 18496	Oklahoma City, OK 73154-0496	

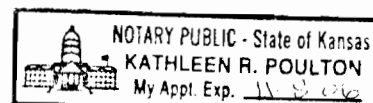
Signature *Vicki Carder* Date 10/25/06

Title Capital Project

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

Notary Public *Kathleen R. Poulton*

Date Commission Expires November 2, 2006



RECEIVED
 OCT 30 2006
 KCC WICHITA

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.

KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

November 10, 2006

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

Re: Heger C #2 API #15-189-22567-0000
Docket # PVPA100603
NW/4 Sec.6-T34S-R35W
Stevens 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 October 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,



Rick Hestermann
Production Department