

For KCC Use: 4-1-07  
Effective Date: 4-1-07  
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 03/25/07  
month day year

Spot: ELZ  East  West  
NE - SE - SW Sec. 13 Twp. 34S R. 35

OPERATOR: License # 5447

660.0 feet from  N /  S Line of Section

Name: OXY USA Inc. ✓

2310.0 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: Rafael Bacigalupo

County: Stevens

Phone: (620) 629-4229

Lease Name: Cole A Well #: 2

CONTRACTOR: License # 30606 ✓

Field Name: unknown

Name: Murfin Drilling Inc.

Is this a Prorated / Spaced Field?  Yes  No

Target Formation(s): St. Louis

Nearest Lease or unit Boundary: 660.0 FSL ✓

Well Drilled For: Well Class: Type Equipment:

Ground Surface Elevation: 2973.4 feet MSL

Oil  Enh Rec  Infield  Mud Rotary ✓

Water well within one-quarter mile  Yes  No

Gas  Storage  Pool Ext  Air Rotary

Public water supply well within one mile:  Yes  No

OWWO  Disposal  Wildcat  Cable

Depth to bottom of fresh water: 740 ✓

Seismic: # of Holes  Other

Depth to bottom of usable water: 740

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: 6700 ✓

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 #: PVPA 030765

Will Cores be Taken?  Yes  No

If Yes, Proposed zone: \_\_\_\_\_

**PRORATED & SPACED! HUGOTON & PANOMA**

## AFFIDAVIT

RECEIVED  
KANSAS CORPORATION COMMISSION

MAR 12 2007

CONSERVATION DIVISION  
WICHITA, KS

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: 03/09/07 Signature of Operator or Agent: \_\_\_\_\_ Title: Capital Project

### For KCC Use ONLY

API # 15 - 189-22584-0000

Conductor pipe required None feet

Minimum Surface pipe required 760 feet per Alt. 1 X

Approved by: 4-3-27-07

This authorization expires: 9-27-07

(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: \_\_\_\_\_

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

13-34-35W

**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 - 189-22584000  
 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

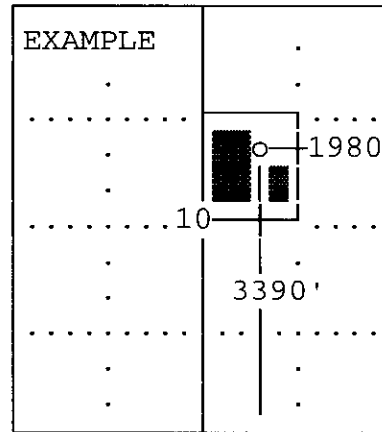
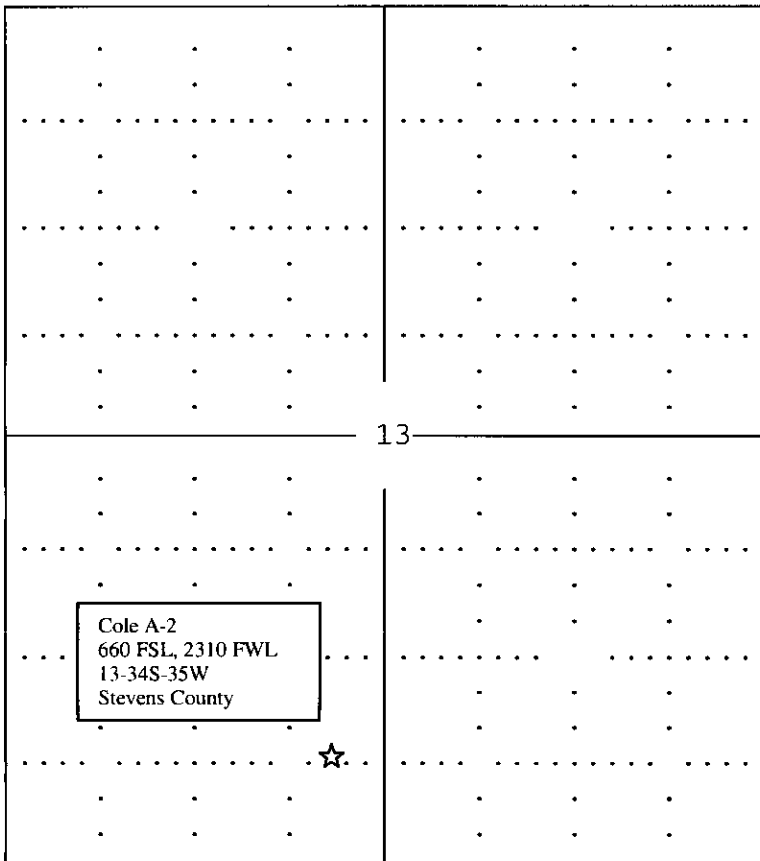
**IF Section is Irregular, locate well from nearest corner boundary.**

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.)*



SEWARD CO.

**Note: In all cases locate the spot of the proposed drilling location.**

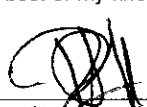
**In plotting the proposed location of the well, you must show:**

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: <b>OXY USA Inc.</b>		License Number: <b>5447</b>
Operator Address: <b>P. O. Box 2528, Liberal, KS 67901</b>		
Contact Person: <b>Wes Willimon</b>		Phone Number: ( <b>620</b> ) <b>629 - 4200</b>
Lease Name & Well No.: <b>Cole A-2</b>		Pit Location (QQQQ): _____ <b>NE</b> _____ <b>SE</b> _____ <b>SW</b> Sec. <b>13</b> Twp. <b>34S</b> R. <b>35</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>660</b> Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section <b>2310</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Stevens</b> 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: <b>16000</b> (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input checked="" 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? <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>2111</b> feet    Depth of water well <b>285</b> feet		Depth to shallowest fresh water <b>110</b> feet. Source of information: _____ measured    _____ well owner    _____ electric log    _____ KDWR
<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		
03/09/07 Date	 Signature of Applicant or Agent	<b>RECEIVED</b> <b>KANSAS CORPORATION COMMISSION</b> <b>MAR 12 2007</b> <b>CONSERVATION DIVISION</b> <b>WICHITA, KS</b>
<b>KCC OFFICE USE ONLY</b>		
Date Received: <b>3/12/07</b> Permit Number: _____ Permit Date: <b>3/12/07</b> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

15-189-23584-0222

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

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

PVPA 030705

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 <b>OXY USA Inc.</b>			KCC License No. <b>5447</b>	
Operator Address <b>PO Box 2528; Liberal, KS 67905</b>				
Contact Person <b>Rafael Bacigalupo</b>			Telephone No. <b>620-629-4200</b>	
Lease Name & No. <b>Cole A-2</b>		API No. <b>15-189-22584-0000</b>	KCC Lease Code No.	
Location Quarter <b>SW</b>	Section <b>13</b>	Township <b>34S</b>	Range <b>35</b> E / <u>W</u> (circle one)	660 Ft. from N / <u>S</u> (circle one) Line of Sec. 2310 Ft. from E / <u>W</u> (circle one) Line of Sec.
County <b>Stevens</b>	Field Name	Producing Formation Group <b>St. Louis</b>	Mud Weight <b>9.0 ppg</b>	

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 an objection is filed within 15 days of service of this Affidavit. 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>
Gladys Odneal Revocable Trust dated Aug. 22, 2006	218 E. Spruce	Liberal, KS 67901
A. Scott Ritchie, Carol L. Ritchie & A. Scott Ritchie, III, Trustees of the A. Scott Ritchie Trust dated August 8, 1980	PO Box 783188	Wichita, KS 67278
Marcie S. Moriarty	19191 Harvard Av, D166	Irvine, CA 92715
Eugene Moriarty	2035 Victoria Dr	Santa Ana, CA 92706
Thadene Firman	2035 Victoria Dr	Santa Ana, CA 92706
Mary Flannery, a/k/a Mary Heinemann c/o OXY USA Inc.	Lock Box 841784	Dallas, TX 75284

Signature  Date 03/09/2007

RECEIVED  
KANSAS CORPORATION COMMISSION

Title Financial Planning Analyst / Capital Projects


MAR 12 2007

Subscribed and sworn to before me this 09 day of March, 2007.

CONSERVATION DIVISION  
WICHITA, KS

Notary Public Anita Peterson

Date Commission Expires Oct. 1, 2009

 ANITA PETERSON  
Notary Public - State of Kansas  
My Appt. Expires October 1, 2009



# KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR

BRIAN J. MOLINE, CHAIR

ROBERT E. KREHBIEL, COMMISSIONER

MICHAEL C. MOFFET, COMMISSIONER

March 27, 2007

Rafael Bacigalupo  
OXY USA, Inc.  
P.O. Box 2528  
Liberal, KS 67905

Re: Cole A #2 API #15-189-22584-0000  
Docket # PVPA 030705  
SW Sec.13-T34S-R35W  
Stevens County, Kansas

Dear Mr. Bacigalupo,

The form VPA-1 affidavit filed for the above-referenced well stated that service of the affidavit was mailed on March 9, 2007. 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

# KANSAS

CORPORATION COMMISSION

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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.