

For KCC Use:  
Effective Date: 2-11-08  
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 01/18/2008  
month day year

Spot:  East  West  
SW - NE - NE Sec. 25 Twp. 23S R. 34

OPERATOR: License # 5447

1286.3 feet from  N /  S Line of Section  
1270.9 feet from  E /  W Line of Section

Name: OXY USA Inc.

Is SECTION  Regular  Irregular

Address: P.O. Box 2528

City/State/Zip: Liberal, KS 67905

Contact Person: Kenny Andrews

Phone: (620) 629-4232

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

County: Finney

Lease Name: Garden City "J" Well #: 3

Field Name: Hugoton

CONTRACTOR: License # 30606

Is this a Prorated / Spaced Field?  Yes  No

Name: Murfin Drilling Co., Inc.

Target Formation(s): Council Grove

Nearest Lease or unit Boundary: 2085.8

Well Drilled For: Well Class: Type Equipment:

- |  |                                   |   |  |
|--|-----------------------------------|---|--|
| <input type="checkbox"/> Oil                 | <input type="checkbox"/> Enh Rec  | <input checked="" type="checkbox"/> Infield | <input checked="" type="checkbox"/> Mud Rotary |
| <input checked="" type="checkbox"/> Gas      | <input type="checkbox"/> Storage  | <input type="checkbox"/> Pool Ext           | <input type="checkbox"/> Air Rotary            |
| <input type="checkbox"/> OWWO                | <input type="checkbox"/> Disposal | <input type="checkbox"/> Wildcat            | <input type="checkbox"/> Cable                 |
| <input type="checkbox"/> Seismic: # of Holes | <input type="checkbox"/> Other    |   |  |
| <input type="checkbox"/> Other               |                                   |   |  |

Ground Surface Elevation: 2924.5 feet MSL

Water well within one-quarter mile  Yes  No

Public water supply well within one mile:  Yes  No

Depth to bottom of fresh water: 360

Depth to bottom of usable water: 1060

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Surface Pipe by Alternate:  1  2

\* Length of Surface Pipe Planned to be set: 1090' 1080' min

Length of Conductor Pipe Required: \_\_\_\_\_

Projected Total Depth: 3050'

Formation at Total Depth: Council Grove

Water Source for Drilling Operations:

\*  Well  Farm Pond  Other \_\_\_\_\_

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

(Note: Apply for Permit with DWR )

Will Cores be Taken?  Yes  No

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

If OWWO: old well information as follows:  
Operator: \_\_\_\_\_  
Well Name: \_\_\_\_\_  
Original Completion Date: \_\_\_\_\_ Original Total Depth: \_\_\_\_\_

Directional, Deviated or Horizontal wellbore?  Yes  No

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

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

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

**PRORATED & SPACED: HUGOTON-PANOMA 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: 02/04/2008 Signature of Operator or Agent: [Signature] Title: Kenny Andrews, Production Lead

**For KCC Use ONLY**

API # 15 - 055-21965-0000

Conductor pipe required None feet

Minimum Surface pipe required 1080 feet per Alt. 1

Approved by: [Signature] 2-6-08

This authorization expires: 2-6-09

(This authorization void if drilling not started within 12 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

25-23-34W

**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 - 055-21965-0000  
 Operator: OXY USA Inc  
 Lease: Garden City "J"  
 Well Number: 3  
 Field: Hugoton

Location of Well: County Finney  
1286.3 feet from  N /  S Line of Section  
1270.9 feet from  E /  W Line of Section  
 Sec. 25 Twp. 23S R. 34  East  West

Number of Acres attributable to well: 640  
 QTR / QTR / QTR of acreage: SW - NE - NE

Is Section  Regular or  Irregular

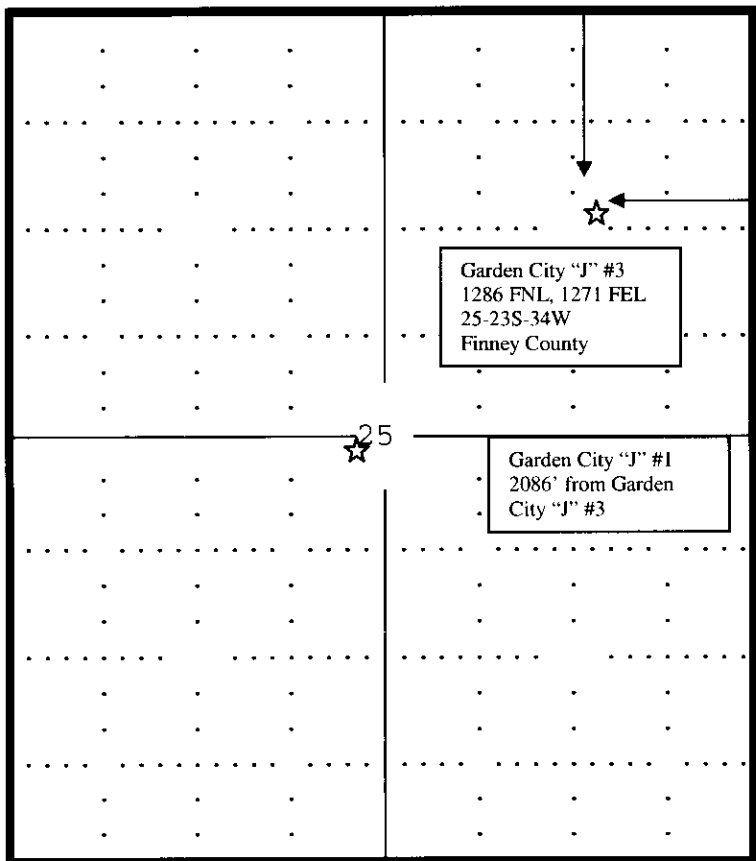
**IF Section is Irregular, locate well from nearest corner boundary.**

Section corner used:  NE  NW  SE  SW

**PLAT**

*(Show location of the well and shade attributable acreage for prorated or spaced wells.)*

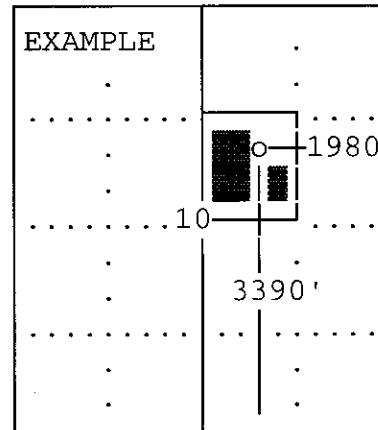
*(Show footage to the nearest lease or unit boundary line.)*



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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).

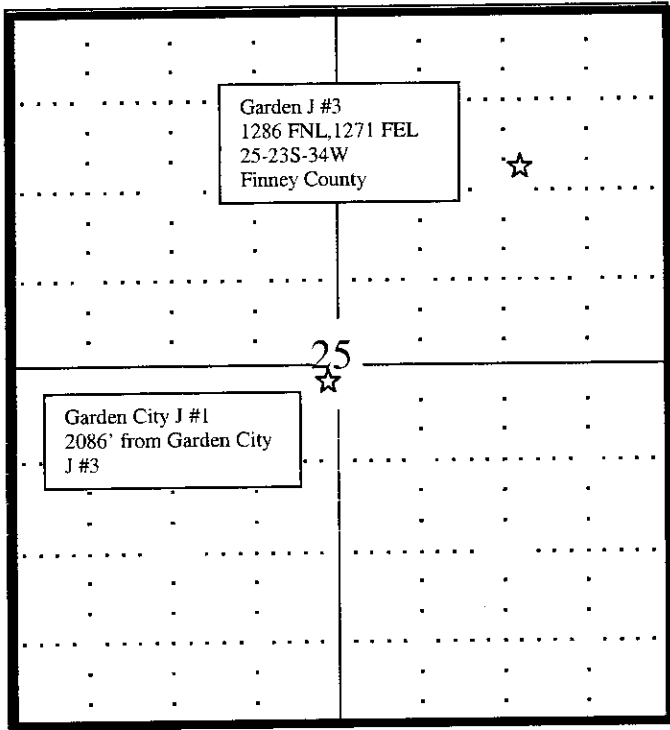
# PLAT AND CERTIFICATION OF ACREAGE ATTRIBUTABLE TO A GAS WELL

Kansas Corporation Commission, Conservation Division  
 Finney State Office Building, 130 South Market, Room 2078  
 Wichita, Kansas 67202

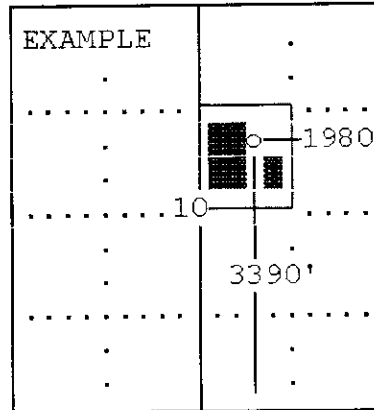
API NUMBER 15-055-219 (15-0000)  
 OPERATOR OXY USA Inc.  
 LEASE Garden City J  
 WELL NUMBER 3  
 FIELD Hugoton  
 NUMBER OF ACRES ATTRIBUTABLE TO WELL 640  
 QTR/QTR/QTR OF ACREAGE SW — NE — NE

LOCATION OF WELL: COUNTY Kearny  
1286.3 Feet from south / (north) line of section  
1270.9 Feet from (east) / west line of section  
 SECTION 25 TWP 23 (S) RG 34 E / (W)  
 IS SECTION X REGULAR or IRREGULAR  
 IF SECTION IS IRREGULAR, LOCATE WELL FROM  
 NEAREST CORNER BOUNDARY, (check line below)  
 Section corner used: NE NW SE SW

(Show the location of the well and shade attributable acreage for prorated or spaced wells). (Show the footage to the nearest lease or unit boundary line; and show footage to the nearest common source supply well).



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 WICHITA, KS



The undersigned hereby certifies as Production Lead (title) for

OXY USA Inc. (Co.), a duly authorized agent, that all information

shown hereon is true and correct to the best of my knowledge and belief, that all acreage claimed attributable to the well named herein is held by production from that well and hereby make application for an allowable to be assigned to the well upon the filing of this form and the State test, whichever is later.

Signature [Handwritten Signature]

Subscribed and sworn to before me on this 4th day of Feb., 2008

Anita Peterson  
 Notary Public

My Commission expires Oct. 1, 2009

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

FORM CG-8 (12/94)

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>Jimmy Welch</b>		Phone Number: ( <b>620</b> ) <b>277 - 2203</b>
Lease Name & Well No.: <b>Garden City J-3</b>		Pit Location (QQQQ): <b>SW NE NE</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>1000</b> (bbls)	Sec. <b>25</b> Twp. <b>23S</b> R. <b>34</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>1286</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>1271</b> Feet from <input checked="" type="checkbox"/> East / <input type="checkbox"/> West Line of Section <b>Finney</b> 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? <b>Bentonite &amp; Cuttings</b>
Pit dimensions (all but working pits): <b>70</b> Length (feet) <b>20</b> Width (feet) <b>N/A: 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. <b>RECEIVED KANSAS CORPORATION COMMISSION FEB 06 2008 CONSERVATION DIVISION WICHITA, KS</b>		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.
Distance to nearest water well within one-mile of pit <b>993</b> feet    Depth of water well <b>345</b> feet		Depth to shallowest fresh water <b>129</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.  _____ Date <b>Jimmy Welch</b> Signature of Applicant or Agent		
<b>KCC OFFICE USE ONLY</b>		
Date Received: <b>2/6/08</b> Permit Number: _____ Permit Date: <b>2/6/08</b> Lease Inspection: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

15-055-21965-0000