

For KCC Use: 3-19-08  
 Effective Date: \_\_\_\_\_  
 District # 1  
 SGA?  Yes  No

KANSAS CORPORATION COMMISSION  
 OIL & GAS CONSERVATION DIVISION

Form C-1  
 October 2007  
**Form must be Typed**  
**Form must be Signed**  
**All blanks must be Filled**

**NOTICE OF INTENT TO DRILL**

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

Expected Spud Date: 03/16/2008  
 month day year

OPERATOR: License# 5447 ✓  
 Name: OXY USA, Inc.  
 Address 1: P O Box 2528  
 Address 2: \_\_\_\_\_  
 City: Liberal State: KS Zip: 67880 +  
 Contact Person: Jarod Powell  
 Phone: 620-629-4227  
 CONTRACTOR: License# 30606 ✓  
 Name: Murkin Drilling Co., Inc.

Spot Description: \_\_\_\_\_  
 NW NW NW NW Sec. 13 Twp. 27 S. R. 35  E  W  
 (Q/Q/Q/Q) 150 feet from  N /  S Line of Section  
130 feet from  E /  W Line of Section  
 Is SECTION:  Regular  Irregular?

(Note: Locate well on the Section Plat on reverse side)  
 County: Grant  
 Lease Name: Ladner ATU "E" Well #: 5  
 Field Name: Hugoton-Panoma Commingled ✓

Is this a Prorated / Spaced Field?  Yes  No  
 Target Formation(s): Council Grove ✓  
 Nearest Lease or unit boundary line (in footage): 1120

Ground Surface Elevation: 3020.67 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: 420  
 Depth to bottom of usable water: 740  
 Surface Pipe by Alternate:  I  II  
 Length of Surface Pipe Planned to be set: 650 760'  
 Length of Conductor Pipe (if any): \_\_\_\_\_  
 Projected Total Depth: 3140  
 Formation at Total Depth: Council Grove

Well Drilled For:  Oil  Gas  Enh Rec  Storage  Disposal  Seismic; # of Holes \_\_\_\_\_  Other: \_\_\_\_\_  
 Well Class:  Infield  Pool Ext.  Wildcat  Other \_\_\_\_\_  
 Type Equipment:  Mud Rotary  Air Rotary  Cable

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 #: \_\_\_\_\_

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: \_\_\_\_\_

**PRORATED & SPACED: HUGOTON-PANOMA**

**AFFIDAVIT**

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The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-1101 and 55-1102.

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 casing 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 correct to the best of my knowledge and belief.

Date: 03/11/2008 Signature of Operator or Agent: Jarod Powell Title: Capital Assets

**For KCC Use ONLY**  
 API # 15 - 067-21651-0000  
 Conductor pipe required None feet  
 Minimum surface pipe required 760 feet per ALT.  I  II  
 Approved by: Rum 3-14-08  
 This authorization expires: 3-14-09  
 (This authorization void if drilling not started within 12 months of approval 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 proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- 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 Date: \_\_\_\_\_  
 Signature of Operator or Agent: \_\_\_\_\_

13 27 35  
 E  W

**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 - 067-21651-0000

Operator: OXY USA, Inc.

Lease: Ladner ATU "E"

Well Number: 5

Field: Hugoton-Panoma Commingled

Number of Acres attributable to well: 640

QTR/QTR/QTR/QTR of acreage: NW - NW - NW - NW

Location of Well: County: Grant

150 feet from  N /  S Line of Section

130 feet from  E /  W Line of Section

Sec. 13 Twp. 27 S. R. 35  E  W

Is Section:  Regular or  Irregular

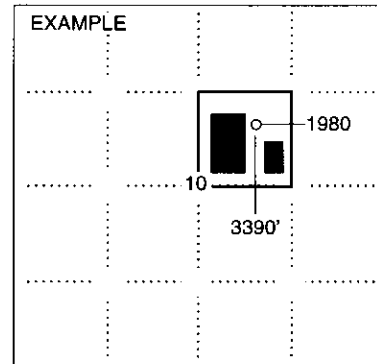
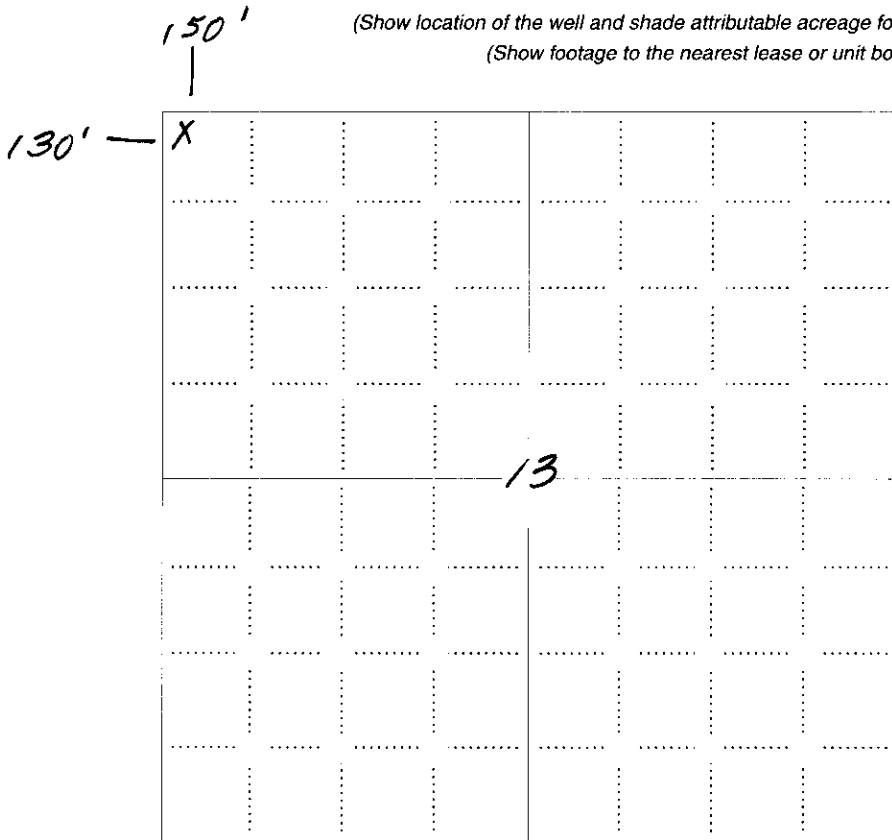
**If Section is Irregular, locate well from nearest corner boundary.**

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.

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MAR 13 2008

CONSERVATION DIVISION  
WICHITA, KS

**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, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
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).

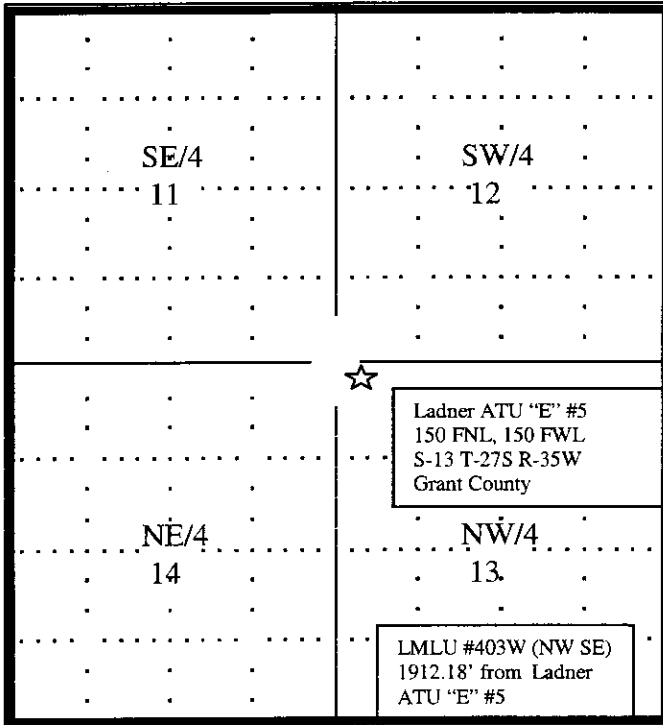
PLAT AND CERTIFICATION OF ACREAGE ATTRIBUTABLE TO A GAS WELL

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

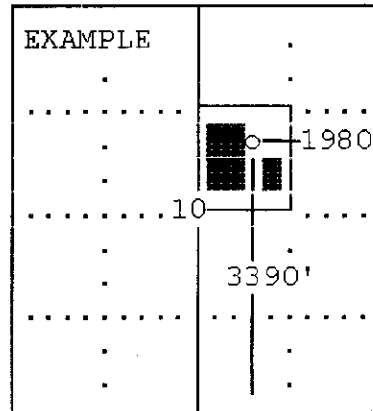
API NUMBER 067-21651-0000
OPERATOR OXY USA Inc.
LEASE Ladner ATUE
WELL NUMBER 5
FIELD Hugoton-Panoma Commingled
NUMBER OF ACRES ATTRIBUTABLE TO WELL 640
QTR/QTR/QTR OF ACREAGE NW - NW - NW

LOCATION OF WELL: COUNTY Grant
150 Feet from south / north line of section
130 Feet from east / west line of section
SECTION 13 TWP 27 (S) RG 35 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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MAR 13 2008
CONSERVATION DIVISION
WICHITA, KS



The undersigned hereby certifies as Capital Assets (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.

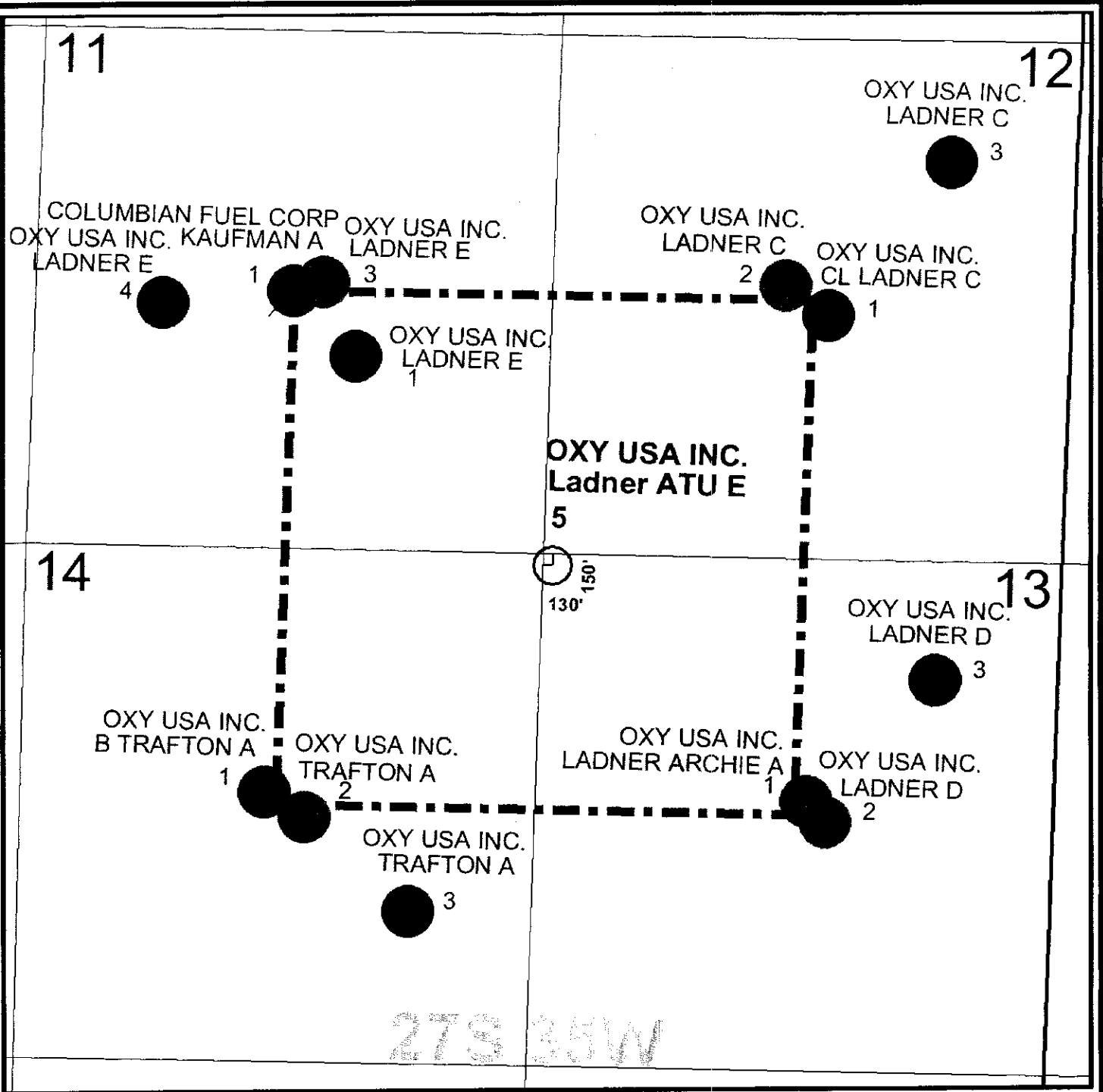
Subscribed and sworn to before me on this 11th day of March, 2008

Signature [Handwritten Signature]
Notary Public [Handwritten Signature]

My Commission expires Oct. 1, 2009

FORM CG-8 (12/94)

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



T27S R35W



ATU Outline - - - - -

Well Status

- GAS
- GAS P&A

Council Grove Well



Chase Well



Proposed Commingled Well



	<b>OXY USA Inc.</b> Mid-Continent Assets	
	Ladner ATU E 5 Grant County, Kansas Sec 13 - T27S - R35W	
Author: B. Vollertsen		Date: Mar. 11, 2007

COUNTY OF HARRIS: )

STATE OF TEXAS: )

**AFFIDAVIT**

WHEREUPON, on the date set out below, did come the undersigned Affiant, BRUCE A. VOLLERTSEN, before the undersigned Notary Public in and for the County of Harris, State of Texas and then did under oath state, declare, aver and affy that:

- (1) He is employed by OXY USA Inc. ("OXY"), 5 E. Greenway Plaza, Suite 110, Houston, Texas, 77046, as a Landman on its Mid-Continent / Hugoton Asset Team.
- (2) Further, pursuant to Subparagraph I(2) of the Basic Integrated Proration Order for the Hugoton Gas Field and the Panoma Council Grove Gas Field, OXY intends to form an alternate tract unit ("ATU") on which to drill a single alternate tract unit well to produce additional gas reserves from the Hugoton and/or Panoma Fields. The OXY Ladner ATU E-5 shall consist of the following lands:

Township 27 South Range 35 West  
SW/4 Section 12, SE/4 Section 11, NE/4 Section 14, NW/4 Section 13  
Grant County, Kansas

- (3) Further, in compliance with said Order, OXY has obtained the agreement of all known working interests (of which OXY is 100% owner) and all known royalty interests in the unitized sections that are to contribute acreage to said ATU. Agreement of all such known royalty interest owners is evidenced by individual written consents that legally describe the location of the ATU and participating unitized sections, states that the interest holder will be entitled to a certain percentage of proceeds of production expected from the ATU proportionate to the respective interest held in the existing unitized sections, and requests that said interest holder sign said form before a notary public and return same to OXY to consent formation of said ATU for the drilling of a single ATU well thereon. Copies of such written consents are on file at the captioned address, and will be forwarded to the Commission upon its request.

Further Affiant sayeth not.

*Bruce A. Vollertsen*

BRUCE A. VOLLERTSEN, Landman  
Mid-Continent / Hugoton Asset Team  
OXY USA Inc.

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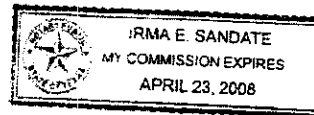
MAR 13 2008

CONSERVATION DIVISION  
WICHITA, KS

On this 12<sup>th</sup> day of February, 2008 before me, the undersigned Notary Public in and for said county and state, personally appeared known to me to be the person or persons whose names are subscribed to the foregoing instrument, and acknowledged that the same was executed and delivered as their free and voluntary act for the purposes therein set forth. In witness whereof I hereunto set my hand and official seal an of the date hereinabove stated.

My Commission Expires April 23, 2008


Notary Public Jana E. Sandate



**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>Harold Jones</b>		Phone Number: ( <b>620</b> ) <b>356 - 3032</b>
Lease Name & Well No.: <b>Ladner ATU E-5</b>		Pit Location (QQQQ): <b>NW - NW - NW - NW</b> Sec. <b>13</b> Twp. <b>27S</b> R. <b>35</b> <input type="checkbox"/> East <input checked="" type="checkbox"/> West <b>150</b> Feet from <input checked="" type="checkbox"/> North / <input type="checkbox"/> South Line of Section <b>130</b> Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section <b>Grant</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>8,900</b> (bbls)	
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>100</b> Length (feet) <b>100</b> Width (feet) <b>N/A: Steel Pits</b> Depth from ground level to deepest point: <b>5</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>497</b> feet    Depth of water well <b>520</b> feet		Depth to shallowest fresh water <b>21</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. <b>RECEIVED</b> <b>KANSAS CORPORATION COMMISSION</b>
I hereby certify that the above statements are true and correct to the best of my knowledge and belief.		
03/11/08 Date	 Signature of Applicant or Agent	<b>MAR 13 2008</b> CONSERVATION DIVISION WICHITA, KS

15-067-21651-0000

<b>KCC OFFICE USE ONLY</b>		<i>Normal</i>
Date Received: <b>3/13/08</b>	Permit Number: _____	Permit Date: <b>3/13/08</b> Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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