

For KCC Use: 4-12-08
 Effective Date: _____
 District # _____
 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: 04/20/2008
 month day year

OPERATOR: License# 5447 ✓
 Name: OXY USA, Inc.
 Address 1: P O Box 2528
 Address 2: _____
 City: Liberal State: KS Zip: 67905 +
 Contact Person: Jarod Powell
 Phone: 620-629-4200
 CONTRACTOR: License# 30606
 Name: Murfin Drilling Co., Inc.

Spot Description: _____
 SE NW SW Sec. 18 Twp. 34 S. R. 33 E W
 (Q/Q/Q) 1,500 feet from N / S Line of Section
1,000 feet from E / W Line of Section

Is SECTION: Regular Irregular?
 (Note: Locate well on the Section Plat on reverse side)

County: Seward
 Lease Name: Shives "A" Well #: 4
 Field Name: Hugoton

Is this a Prorated / Spaced Field? Yes No
 Target Formation(s): Chase

Nearest Lease or unit boundary line (in footage): 1250
 Ground Surface Elevation: 2896 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: 700
 Depth to bottom of usable water: 700

Surface Pipe by Alternate: I II
 Length of Surface Pipe Planned to be set: 600 720

Length of Conductor Pipe (if any): _____
 Projected Total Depth: 2950
 Formation at Total Depth: Chase

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: _____

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 #: _____

PRORATED / SPACED : HUBOTON ; SALLEY CHESTER GAS POOL
AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.
 It is agreed that the following minimum requirements will be met:

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MAR 31 2008
 CONSERVATION DIVISION
 WICHITA, KS

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** 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: 03/27/2008 Signature of Operator or Agent: Jarod Powell Title: Capital Assets

For KCC Use ONLY
 API # 15 - 175-22139-0000
 Conductor pipe required None feet
 Minimum surface pipe required 720 feet per ALT. I II
 Approved by: Jarod Powell 4-7-08
 This authorization expires: 4-7-09
 (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: _____

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 - 175-22139-0000
Operator: OXY USA, Inc.
Lease: Shives "A"
Well Number: 4
Field: Hugoton

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

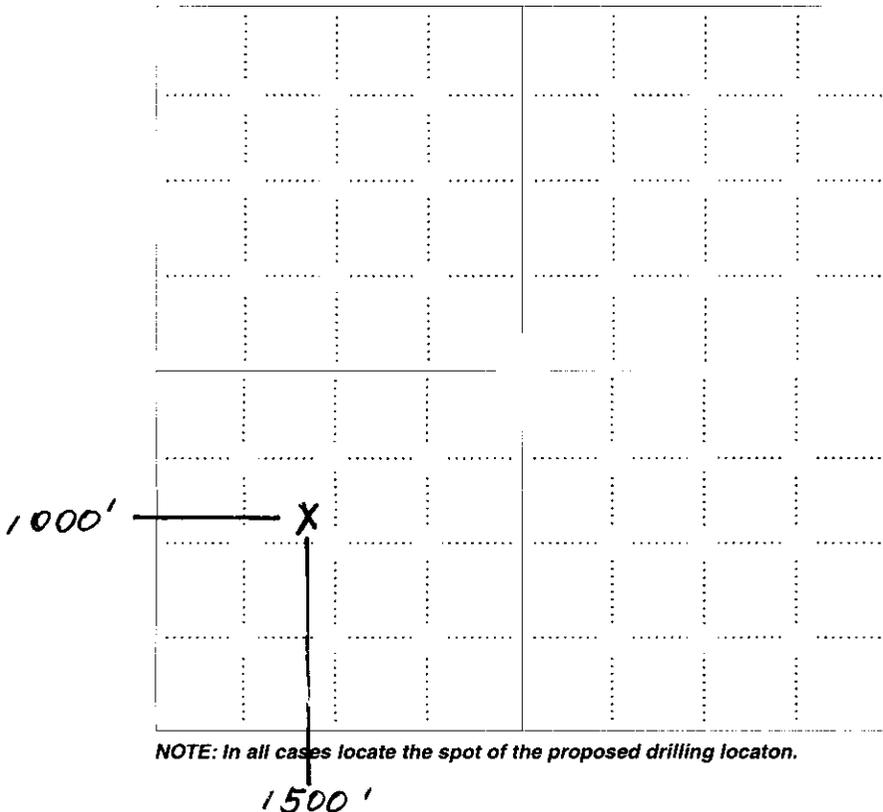
Location of Well: County: Seward
1,500 feet from N / S Line of Section
1,000 feet from E / W Line of Section
Sec. 18 Twp. 34 S. R. 33 E W

Is Section: Regular or Irregular

If Section is Irregular, locate well from nearest corner boundary.
Section corner used: NE NW SE SW

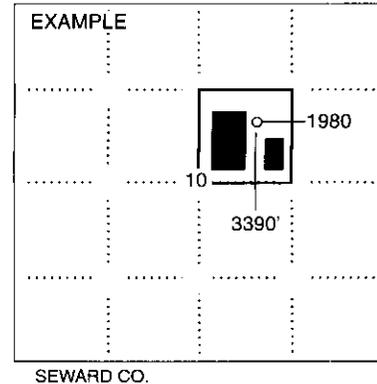
PLAT

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



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

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SEWARD CO.

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 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: (C0-7 for oil wells; CG-8 for gas wells).

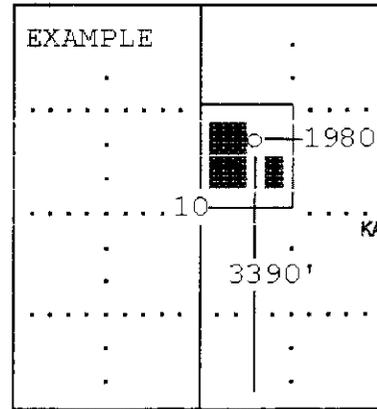
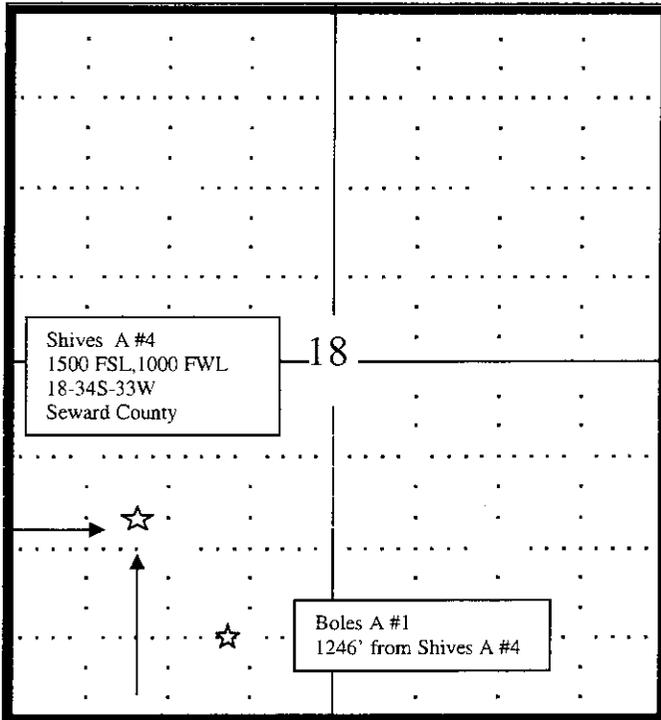
PLAT AND CERTIFICATION OF ACREAGE ATTRIBUTABLE TO A GAS WELL

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

API NUMBER 15-175-22139-0000
 OPERATOR OXY USA Inc.
 LEASE Shives "A"
 WELL NUMBER 4
 FIELD Hugoton
 NUMBER OF ACRES ATTRIBUTABLE TO WELL 640
 QTR/QTR/QTR OF ACREAGE SE — NW — SW

LOCATION OF WELL: COUNTY Seward
1500 Feet from (south) / north line of section
1000 Feet from east / (west) line of section
 SECTION 18 TWP 34 (S) RG 33 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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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 27th day of March, 2008

Signature [Signature]
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)

COUNTY OF HARRIS:)

STATE OF TEXAS:)

AFFIDAVIT

WHEREUPON, on the date set out below, did come the undersigned Affiant, SYLVAN FONTENOT, 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 an Engineering Technician on said corporation's Mid-Continent / Hugoton Asset Team.
- (2) OXY has drilled the Shives a #4 well at 1500 feet from the South line and 1000 feet from the WEST line of Section 18, Township 34 South, Range 33 West, Seward County, Kansas, and has completed said well as productive of gas from the Chase and/or Council Grove gas zone(s), with said gas production subject to the Basic Integrated Proration Order for the Hugoton Gas Field and the Panoma Council Grove Gas Field as administered by the Conservation Division of the Kansas Corporation Commission, with said well at a location closer than 1250 feet to the nearest applicable unit boundary line but at least 330 feet from said line, requiring a location exception under said Order to legally produce gas from said well.
- (3) Pursuant to Paragraphs F(4) & (5) of said Basic Integrated Proration Order, OXY elects to accept a location exception without application, which is subject to a restricted allowable by a proportionate reduction in the subject well's initial test calculated absolute open flow (CAOF) per day, determined by the following formula:

Daily Allowable = Initial test CAOF per day X D / 1250

Where D = Distance from well location to nearest unit boundary line.

- (4) Pursuant to the above cited formula, whereas "D" for the location of the subject well is 1226 feet from the nearest unit line, OXY elects to accept a restricted allowable for the subject well of _____ % of initial test CAOF per day, and files this Affidavit with said Conservation Division attesting to said election.

Further Affiant sayeth not.

, Engineering Technician
Mid-Continent / Hugoton Asset Team, OXY USA Inc.

So done under oath before me this _____ day of _____, 200_____.

My Commission Expires _____

Notary Public _____

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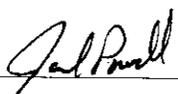
APR 03 2008

CONSERVATION DIVISION
WICHITA, KS

**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: Mike Fink		Phone Number: (620) 624 - 3569
Lease Name & Well No.: Shives A-4		Pit Location (QQQQ): SE SE NW SW
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: 8,900 _____ (bbls)	Sec. 18 Twp. 34S R. 33 <input type="checkbox"/> East <input checked="" type="checkbox"/> West 1500 Feet from <input type="checkbox"/> North / <input checked="" type="checkbox"/> South Line of Section 1000 Feet from <input type="checkbox"/> East / <input checked="" type="checkbox"/> West Line of Section Seward _____ County
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? Bentonite & Cuttings
Pit dimensions (all but working pits): 100 Length (feet) 100 Width (feet) _____ N/A: Steel Pits Depth from ground level to deepest point: 5 (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 3160 feet Depth of water well 690 feet	Depth to shallowest fresh water 160 feet. Source of information: _____ 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.		
03/27/08 Date	 Signature of Applicant or Agent	RECEIVED KANSAS CORPORATION COMMISSION MAR 31 2008 CONSERVATION DIVISION WICHITA, KS
KCC OFFICE USE ONLY		
Date Received: 3/31/08	Permit Number: _____	Permit Date: 4/4/08 Lease Inspection: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

15-175-22139-0000

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