NOTICE OF INTENT TO DRILL

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

Expected Spud Date: 12/22/04

OPERATOR: License # 5447 (09-05)
Name: OXY USA Inc.
Address: P.O. Box 2528
City/State/Zip: Liberal, KS 67905
Contact Person: Vicki Carter
Phone: (620) 629-4242

CONTRACTOR: License # 33375
Name: Cheyenne Drilling

Well Drilled For: Oil
Well Class: Mud Rotary
Type Equipment:

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

Directional, Deviated or Horizontal wellbore? Yes No

Bottom Hole Location

KCC DKT: 12-14-04

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55-101, el. 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: November 23, 2004, Signature of Operator or Agent: Cirilla Scaggs
Title: Capital Project

For KCC Use ONLY

API # 15 - 055 - 2 1850.00 00
Conductor pipe required NONE feet
Minimum Surface pipe required 360 feet per Alt. + 0
Approved by: 12-09-04
This authorization expires: 6-9-05

(This authorization void if drilling not started within 6 months of effective date.)

Spud date: Agent:

Mail to: KCC – Conservation Division, 130 S. Market – Room 2078, Wichita, Kansas 67202
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 ½ mile of the boundaries of the proposed acreage attribution unit for oil wells.

API No. 15 - 
Operator: OXY USA Inc.
Lease: Drussel B
Well Number: 3
Field: Panama Council Grove
Number of Acres attributable to well: 880
QTR / QTR / QTR of acreage: SW - NE - NW

Location of Well: County Finney
Sec: 4 Twp: 26S R: 33
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.)

Section 4 is located on a correction line in Finney County, KS. Total acreage for Section 4 is 879.62 acres, making unit longer in the N/S direction.

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

Finney 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).
December 9, 2004

Vicki Carder  
OXY USA Inc  
PO Box 2528  
Liberal KS 67905

Re: Drilling Pit Application  
Drussel B Lease Well No. 3  
NW/4 04-26S-33W  
Finney County, Kansas

Dear Ms. Carter:

District staff has inspected the above referenced location and has determined that the reserve pit shall be constructed without slots, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased.

If production casing is set all completion fluids shall be removed on a daily basis.

The fluids should be taken to an authorized disposal well. Please call the District Office at (620) 225-8888 when the fluids have been removed. Also, please file the enclosed Exploration and Production Waste Transfer, form CDP-5, within 30 days of fluid removal.

A copy of this letter should be posted in the doghouse along with the approved Intent to Drill. If you have any questions or concerns please feel free to contact the undersigned at the above address.

Sincerely,

Jonelle Rains  
Supervisor  
Department of Environmental Protection and Remediation

cc: Steve Durrant  
File