

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

1a. Type of Work: DRILL REENTER

b. Type of Well: Oil Well Gas Well Other Single Zone Multiple Zone

2. Name of Operator
KERR MCGEE OIL & GAS ONSHORE LP

3A. Address **1368 SOUTH 1200 EAST VERNAL, UT 84078** 3b. Phone No. (include area code) **(435) 781-7024**

4. Location of Well (Report location clearly and in accordance with any State requirements. *)
At surface **NWNE 661'FNL, 1987'FEL 633139 X 39.939811**
At proposed prod. Zone **4422024Y - 109.441699**

14. Distance in miles and direction from nearest town or post office*
34 MILES SOUTHEAST OF OURAY, UTAH

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **661'**
16. No. of Acres in lease **2040.00**

17. Spacing Unit dedicated to this well **40.00**
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **REFER TO TOPO C**
19. Proposed Depth **8600'**
20. BLM/BIA Bond No. on file **BOND NO. 2971100-2533**

21. Elevations (Show whether DF, KDB, RT, GL, etc.) **5339'GL**
22. Approximate date work will start*
23. Estimated duration

5. Lease Serial No.
UTU-01198-B

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.
UNIT #891008900A / NBU

8. Lease Name and Well No.
NBU 1022-21B

9. API Well No.
43-047-38161

10. Field and Pool, or Exploratory
NATURAL BUTTES

11. Sec., T., R., M., or Blk, and Survey or Area
SEC 21, T10S, R22E

12. County or Parish **UINTAH** 13. State **UTAH**

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.

- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature *[Signature]* Name (Printed/Typed) **SHEILA UPCHEGO** Date **5/24/2006**
Title **REGULATORY ANALYST**

Approved by (Signature) *[Signature]* Name (Printed/Typed) **BRADLEY G. HILL** Date **06-05-06**
Title **ENVIRONMENTAL MANAGER**

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

RECEIVED
MAY 30 2006

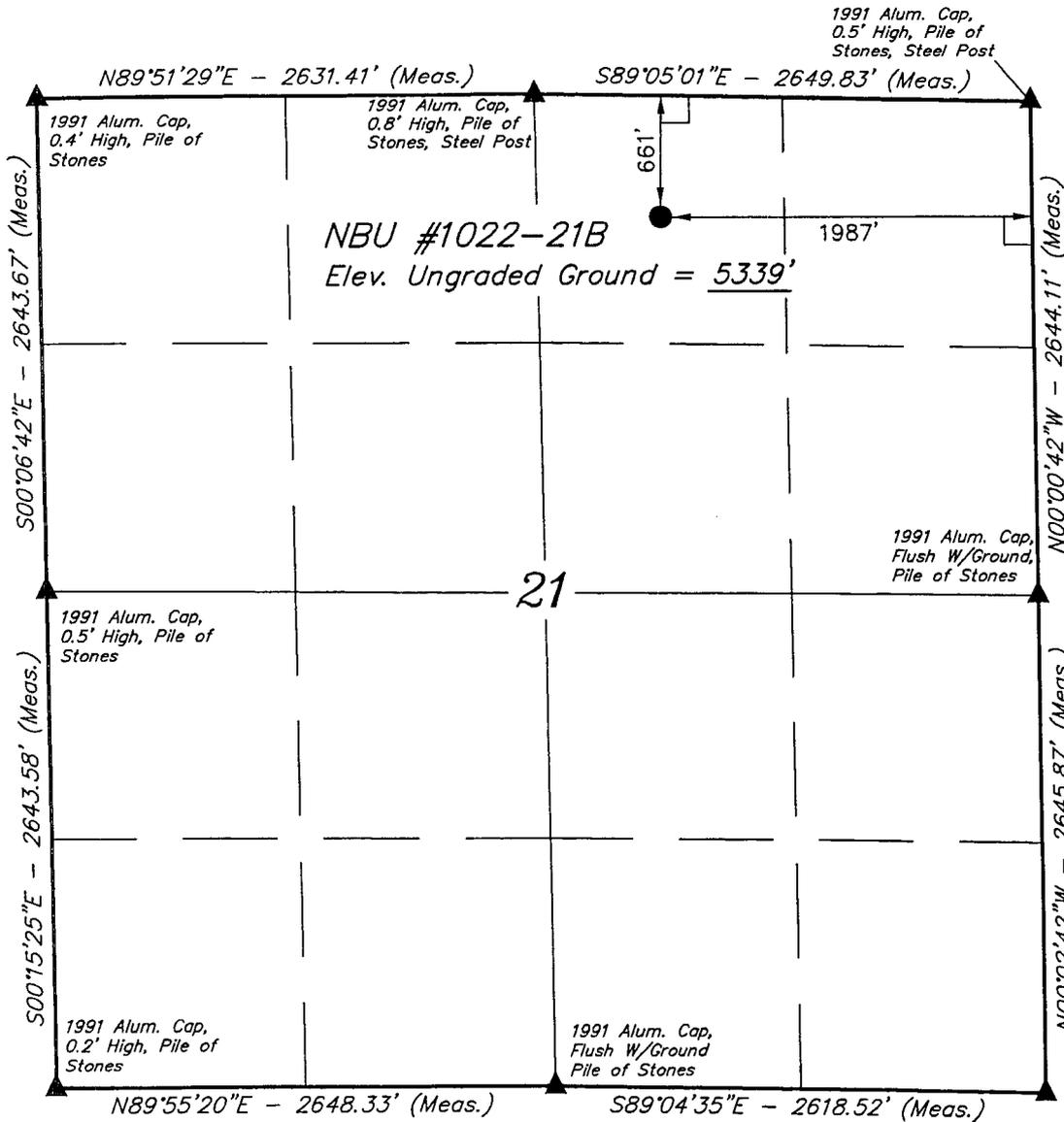
Federal Approval of this
Action is Necessary

DIV. OF OIL, GAS & MINING

T10S, R22E, S.L.B.&M.

Kerr McGee Oil & Gas Onshore LP

Well location, NBU #1022-21B, located as shown in the NW 1/4 NE 1/4 of Section 21, T10S, R22E, S.L.B.&M. Uintah County, Utah.

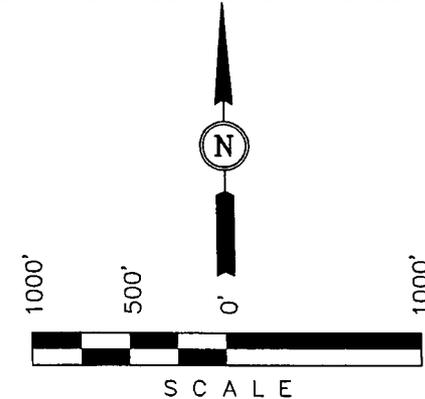


BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

[Signature]
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(NAD 83)
LATITUDE = 39°56'23.57" (39.939881)
LONGITUDE = 109°26'32.69" (109.442414)
(NAD 27)
LATITUDE = 39°56'23.69" (39.939914)
LONGITUDE = 109°26'30.23" (109.441731)

| | | |
|-------------------------|---|-------------------------|
| SCALE 1" = 1000' | DATE SURVEYED: 02-02-06 | DATE DRAWN: 02-16-06 |
| PARTY J.R. L.M. S.L. | REFERENCES G.L.O. PLAT | |
| WEATHER COOL | FILE Kerr McGee Oil & Gas Onshore LP | |

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:

3160
(UT-922)

June 5, 2006

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2006 Plan of Development Natural Buttes Unit Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2006 within the Natural Buttes Unit, Uintah County, Utah.

| API # | WELL NAME | LOCATION |
|-------|-----------|----------|
|-------|-----------|----------|

(Proposed PZ Wasatch/MesaVerde)

| | | |
|--------------|---|--|
| 43-047-38159 | NBU 1022-20B Sec 20 T10S R22E 0526 FNL 1964 FEL | |
| 43-047-38160 | NBU 1022-21F Sec 21 T10S R22E 2074 FNL 2135 FWL | |
| 43-047-38161 | NBU 1022-21B Sec 21 T10S R22E 0661 FNL 1987 FEL | |
| 43-047-38162 | NBU 1022-21H Sec 21 T10S R22E 1760 FNL 1123 FEL | |
| 43-047-38163 | NBU 1022-21D Sec 21 T10S R22E 0410 FNL 0921 FWL | |
| 43-047-38164 | NBU 1022-22D Sec 22 T10S R22E 0692 FNL 0642 FWL | |
| 43-047-38165 | NBU 1022-22L Sec 22 T10S R22E 1944 FSL 0941 FWL | |
| 43-047-38166 | NBU 1022-28B Sec 28 T10S R22E 0643 FNL 1812 FEL | |
| 43-047-38171 | NBU 1022-28C Sec 28 T10S R22E 0490 FNL 2456 FWL | |
| 43-047-38167 | NBU 1022-28J Sec 28 T10S R22E 1990 FSL 2161 FEL | |
| 43-047-38168 | NBU 1022-28H Sec 28 T10S R22E 2515 FNL 0461 FEL | |
| 43-047-38169 | NBU 1022-28I Sec 28 T10S R22E 1780 FSL 0859 FEL | |
| 43-047-38172 | NBU 1022-33P Sec 33 T10S R22E 0860 FSL 1067 FEL | |
| 43-047-38158 | NBU 1022-6J Sec 06 T10S R22E 2208 FSL 1796 FEL | |
| 43-047-38150 | NBU 1021-19M Sec 19 T10S R21E 0650 FSL 0772 FWL | |

Our records indicate the 1022-33P is closer than 460 feet from the Natural Buttes Unit boundary.

We have no objections to permitting the wells so long as the unit operator receives an exception to the locating and siting requirements of the State of Utah (R649-3-2).

/s/ Michael L. Coulthard

**NBU #1022-21B
NW/NE Sec. 21, T10S,R22E
UINTAH COUNTY, UTAH
UTU-01198-B**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

| <u>Formation</u> | <u>Depth</u> |
|-------------------------|--------------|
| Uinta | 0- Surface |
| Green River | 1179' |
| Top of Birds Nest Water | 1419' |
| Mahogany | 1953' |
| Wasatch | 4221' |
| Mesaverde | 6614' |
| MVU2 | 7583' |
| MVL1 | 8144' |
| TD | 8600' |

2. Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:

| <u>Substance</u> | <u>Formation</u> | <u>Depth</u> |
|------------------|-------------------|--------------|
| Water | Green River | 1179' |
| | Top of Birds Nest | 1419' |
| | Mahogany | 1953' |
| Gas | Wasatch | 4221' |
| | Mesaverde | 6614' |
| Gas | MVU2 | 7583' |
| Gas | MVL1 | 8144' |
| Water | N/A | |
| Other Minerals | N/A | |

3. Pressure Control Equipment (Schematic Attached)

Please see the Natural Buttes Unit Standard Operating Procedure (SOP).

4. Proposed Casing & Cementing Program:

Please see the Natural Buttes Unit SOP.

5. Drilling Fluids Program:

Please see the Natural Buttes Unit SOP.

6. Evaluation Program:

Please see the Natural Buttes Unit SOP.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 8600' TD, approximately equals 5332 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3440psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variances:**

Please see Natural Buttes Unit SOP.

10. **Other Information:**

Please see Natural Buttes Unit SOP.



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE May 23, 2006
 WELL NAME NBU 1022-21B TD 8,600' MD/TVD
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,339' GL KB 5,354'
 SURFACE LOCATION NWNE SECTION 21, T10S, R22E 661'FNL, 1987'FEL BHL Straight Hole
 Latitude: 39.939881 Longitude: 109.442414
 OBJECTIVE ZONE(S) Wasatch/Mesaverde
 ADDITIONAL INFO Regulatory Agencies: BLM (SURF & MINERALS), UDOGM, Tri-County Health Dept.

| GEOLOGICAL | | | MECHANICAL | | |
|--|-------------------|-------------|--------------|--|--|
| LOGS | FORMATION TOPS | DEPTH | HOLE SIZE | CASING SIZE | MUD WEIGHT |
| | | 40' | | 14" | |
| | | | 12-1/4" | 9-5/8", 32.3#, H-40, STC | Air mist |
| Catch water sample, if possible, from 0 to 4,221' Green River @ 1,179' Top of Birds Nest Water @ 1,419' Mahogany @ 1,953' Preset f/ GL @ 2,020' MD | | | | | |
| Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the actual depth of the loss zone. | | | | | |
| Mud logging program TBD Open hole logging program f/ TD - surf csg | | | 7-7/8" | 4-1/2", 11.6#, I-80 or equivalent LTC casing | Water/Fresh Water Mud 8.3-11.5 ppg |
| | Wasatch @ | 4,221' | | | |
| | Mverde @ | 6,614' | | | |
| | MVU2 @ | 7,583' | | | |
| | MVL1 @ | 8,144' | | | |
| | | TD @ 8,600' | | | Max anticipated Mud required 11.5 ppg |



**KERR-McGEE OIL & GAS ONSHORE LP
DRILLING PROGRAM**

CASING PROGRAM

| | SIZE | INTERVAL | WT. | GR. | CPLG. | DESIGN FACTORS | | |
|------------|--------|-----------|-------|------|-------|----------------|----------|---------|
| | | | | | | BURST | COLLAPSE | TENSION |
| CONDUCTOR | 14" | 0-40' | | | | 2270 | 1370 | 254000 |
| SURFACE | 9-5/8" | 0 to 2020 | 32.30 | H-40 | STC | 0.70***** | 1.45 | 4.45 |
| PRODUCTION | 4-1/2" | 0 to 8600 | 11.60 | I-80 | LTC | 2.39 | 1.23 | 201000 |

1) Max Anticipated Surf. Press. (MASP) (Surface Casing) = (Pore Pressure at next csg point - (0.22 psi/ft-partial evac gradient x TVD of next csg point))
 2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)
 (Burst Assumptions: TD = 11.5 ppg) .22 psi/ft = gradient for partially evac wellbore
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
 MASP 3251 psi

***** Burst SF is low but csg is much stronger than formation at 2000'. EMW @ 2000' for 2270# is 21.8 ppg or 1.13 psi/ft

CEMENT PROGRAM

| | | FT. OF FILL | DESCRIPTION | SACKS | EXCESS | WEIGHT | YIELD |
|-----------------|-----------------|-------------|---|---------|--------|--------|-------|
| SURFACE | LEAD | 500 | Premium cmt + 2% CaCl + .25 pps flocele | 215 | 60% | 15.60 | 1.18 |
| Option 1 | TOP OUT CMT (1) | 200 | 20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele | 50 | | 15.60 | 1.18 |
| | TOP OUT CMT (2) | as required | Premium cmt + 2% CaCl | as req. | | 15.60 | 1.18 |
| SURFACE | LEAD | 1500 | NOTE: If well will circulate water to surface, option 2 will be utilized Prem cmt + 16% Gel + 10 pps gilsonite + .25 pps Flocele + 3% salt BWOC | 170 | 35% | 11.00 | 3.82 |
| Option 2 | TAIL | 500 | Premium cmt + 2% CaCl + .25 pps flocele | 180 | 35% | 15.60 | 1.18 |
| | TOP OUT CMT | as required | Premium cmt + 2% CaCl | as req. | | 15.60 | 1.18 |
| PRODUCTION | LEAD | 3,720' | Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender | 410 | 60% | 11.00 | 3.38 |
| | TAIL | 4,880' | 50/50 Poz/G + 10% salt + 2% gel + .1% R-3 | 1370 | 60% | 14.30 | 1.31 |

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained
 *Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

| | |
|------------|---|
| SURFACE | Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe. |
| PRODUCTION | Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers. |

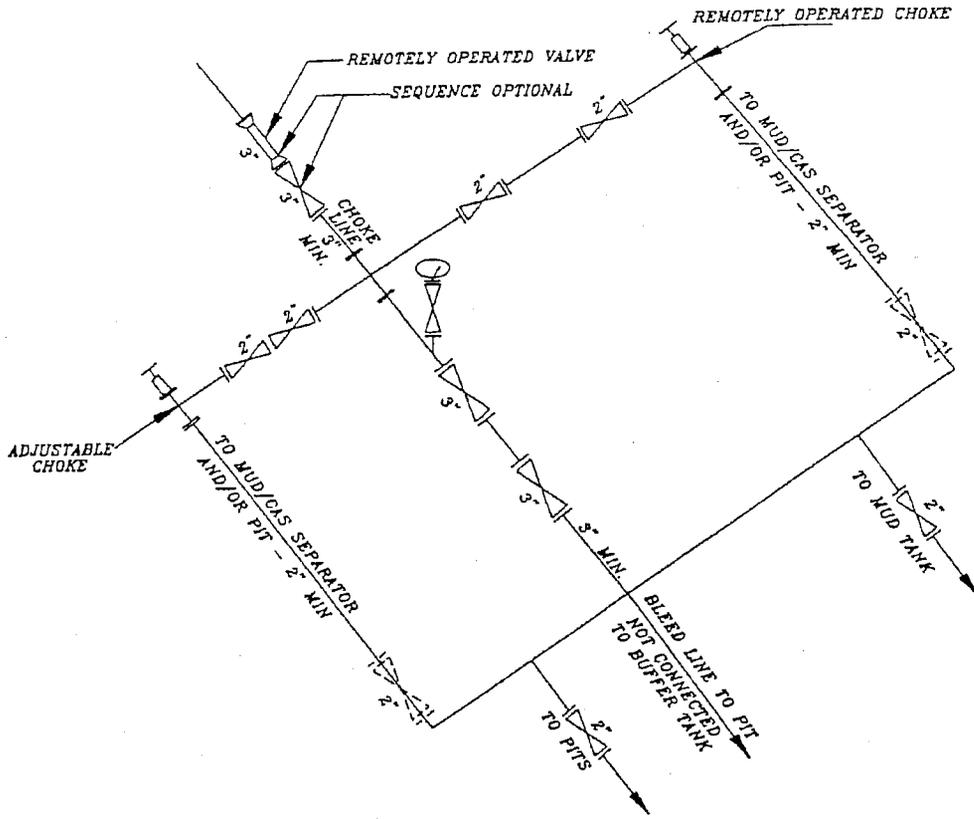
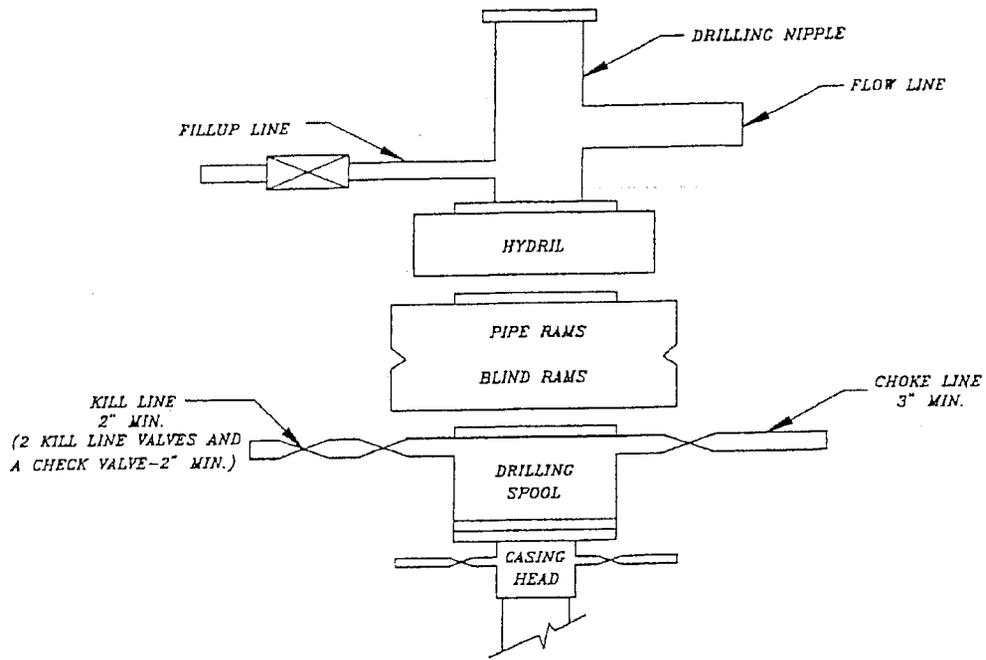
ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.
 BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.
 Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.
 Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER: _____
 Brad Laney
 DRILLING SUPERINTENDENT: _____
 Randy Bayne

DATE: _____
 DATE: _____

5M BOP STACK and CHOKE MANIFOLD SYSTEM



**NBU #1022-21B
NWNE SEC 21-T10S-R22E
UINTAH COUNTY, UTAH
UTU-01198-B**

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Refer to the attached location directions.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

2. Planned Access Roads:

Please see the Natural Buttes Unit Standard Operating Procedure (SOP).

Approximately 150' +/- of new access road is proposed. Refer to Topo Map B.

3. Location of Existing Wells Within a 1-Mile Radius

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities

Please see the Natural Buttes Unit SOP.

Refer to Topo Map D for the location of the proposed pipeline.

Variances to Best Management Practices (BMPs) Requested:

Approximately 157' of 4" steel pipeline will be installed from the location to an existing pipeline. The pipeline shall be installed on surface within the access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

This exception to the BMP should be granted by the BLM Authorized Officer because indurated bedrock, such as sandstone, is at or within 2 feet of the surface and the soil has a poor history for successful rehabilitation.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon Brown (2.5Y 6/2), a non-reflective earthtone.

5. Location and Type of Water Supply:

Please see the Natural Buttes SOP.

6. **Source of Construction Materials**

Please see the Natural Buttes SOP.

7. **Methods of Handling Waste Materials**

Please see the Natural Buttes SOP.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E (*Request is in lieu of filing Form 3160-5, after initial production*).

8. **Ancillary Facilities**

Please see the Natural Buttes SOP.

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

The operator shall be rip road crossing out while building location. As discussed at the on-site inspection.

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

A 20 mil reserve pit liner with felt will be used. As discussed at the on-site inspection.

Location size may change prior to the drilling of the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling rig. The location will be re-surveyed and a form 3160-5 will be submitted.

10. **Plans for Reclamation of the Surface:**

Please see the Natural Buttes SOP.

When the pit is backfilled, the topsoil pile shall be spread on the location up to the rig anchor points. The location will be reshaped to the original contour to the extent possible. The following seed mixture will be used to reclaim the surface for interim reclamation using appropriate reclamation methods. A total of 12 lbs/acre will be used if the seeds are drilled (24 lbs/acre if the seeds are broadcast). The per acre requirements for *drilled* seed are:

| | |
|-------------------------|--------|
| Crested Wheat Grass | 4 lbs. |
| Indian Rice Grass | 4 lbs. |
| Needle and Thread Grass | 4 lbs. |

Operator shall call the BLM for the seed mixture when final reclamation occurs.

11. Surface Ownership:

The well pad and access road are located on lands owned by:

United States of America
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435)781-4400

12. Other Information:

A Class III archaeological survey has been performed and completed on April 11, 2006, the Archaeological Report No. 06-61.

A Paleontological Reconnaissance Report will be submitted when report becomes available.

WILDLIFE STIPS:

ANTELOPE: - No Construction or Drilling May 15th – June 20th.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

13. Lessee's or Operator's Representative & Certification:

Sheila Ucphego
Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435) 781-7018

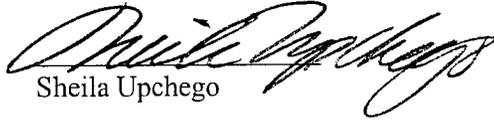
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under the terms and conditions of the lease for the operations conducted upon leased lands.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by BLM Nationwide Bond #2971100-2533.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.


Sheila Upchego

5/24/2006

Date

Kerr-McGee Oil & Gas Onshore LP
NBU #1022-21B
SECTION 21, T10S, R22E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 11.2 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 8.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 1.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN RIGHT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 1.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE EAST; FOLLOW ROAD FLAGS IN AN EASTERLY, THEN NORTHEASTERLY DIRECTION APPROXIMATELY 150' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 45.4 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-21B

LOCATED IN UINTAH COUNTY, UTAH

SECTION 21, T10S, R22E, S.L.B.&M.

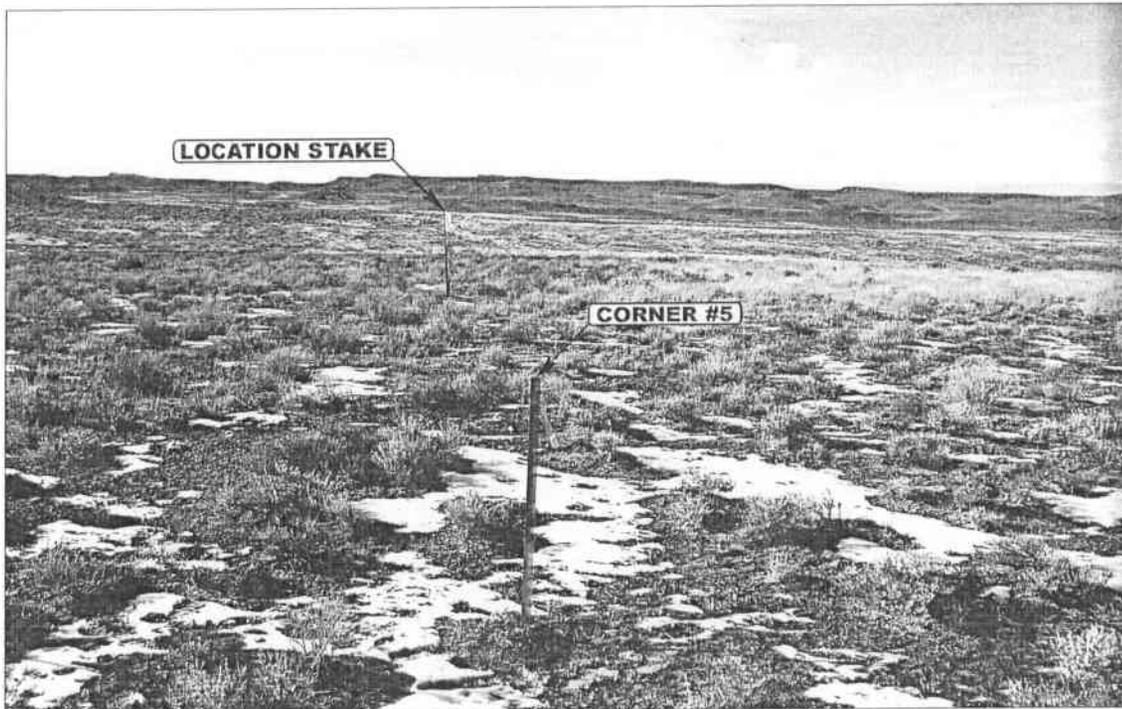


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY

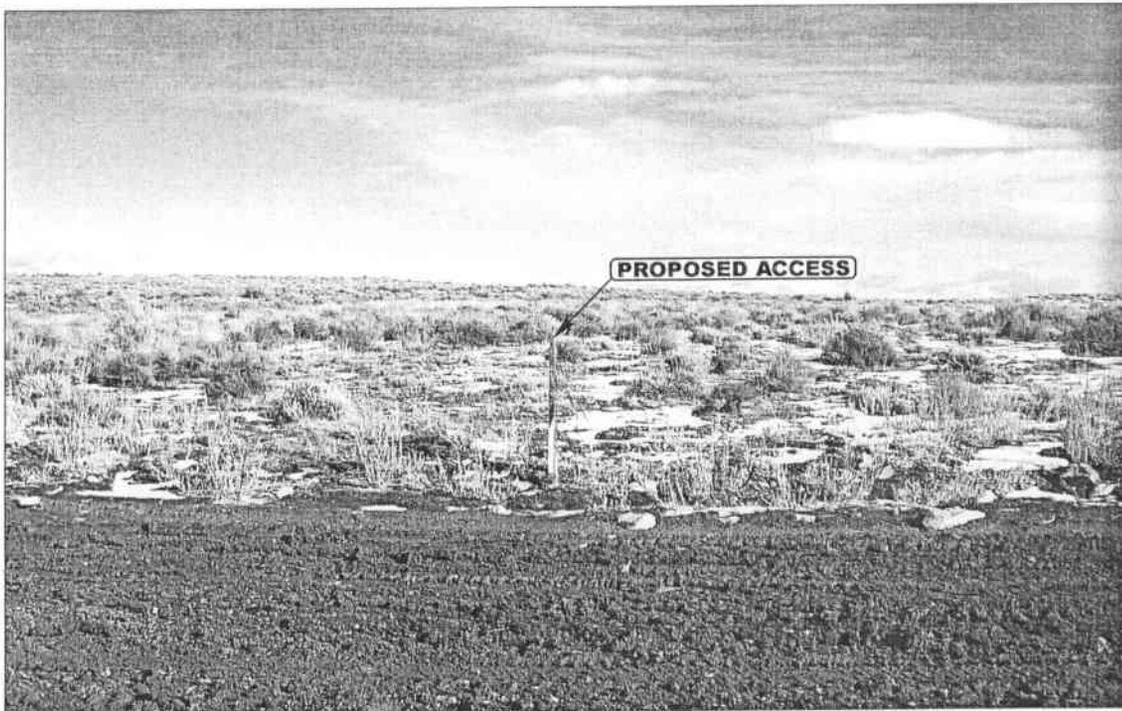


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

| | | | | |
|-----------------|----------------|-----|-------------------|-------|
| LOCATION PHOTOS | 02 | 23 | 06 | PHOTO |
| | MONTH | DAY | YEAR | |
| TAKEN BY: J.R. | DRAWN BY: B.C. | | REVISED: 00-00-00 | |

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-21B
PIPELINE ALIGNMENT
LOCATED IN UINTAH COUNTY, UTAH
SECTION 21, T10S, R22E, S.L.B.&M.



PHOTO: VIEW OF TIE-IN POINT

CAMERA ANGLE: SOUTHEASTERLY

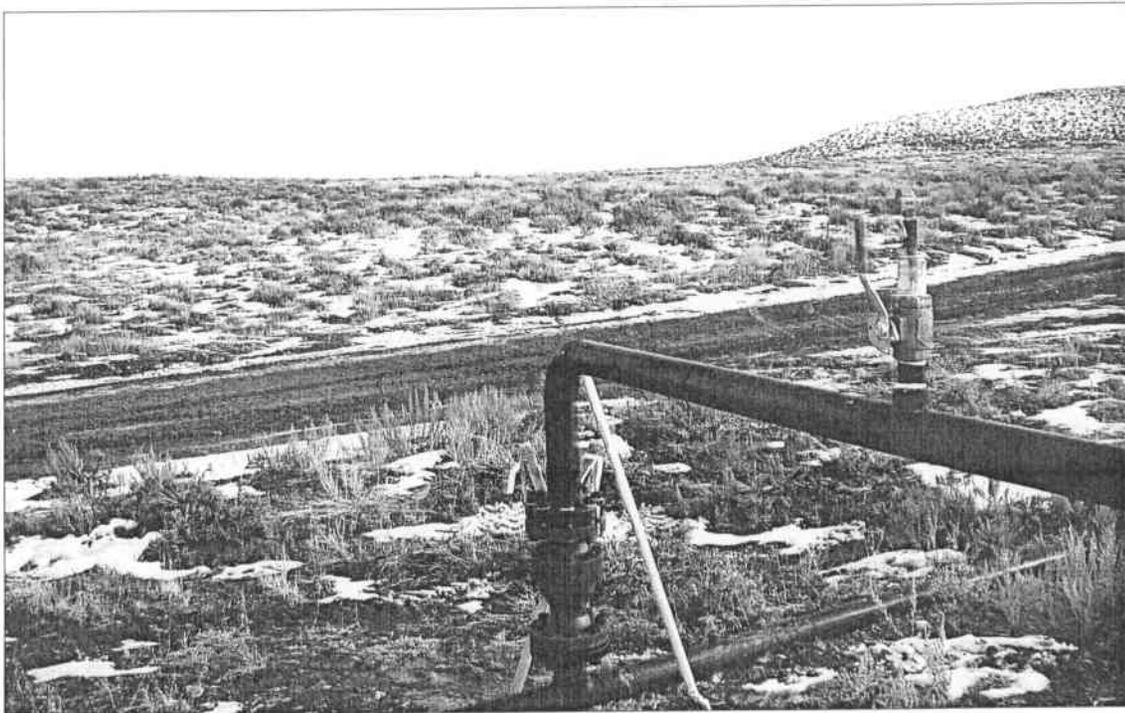


PHOTO: VIEW OF PIPELINE ALIGNMENT

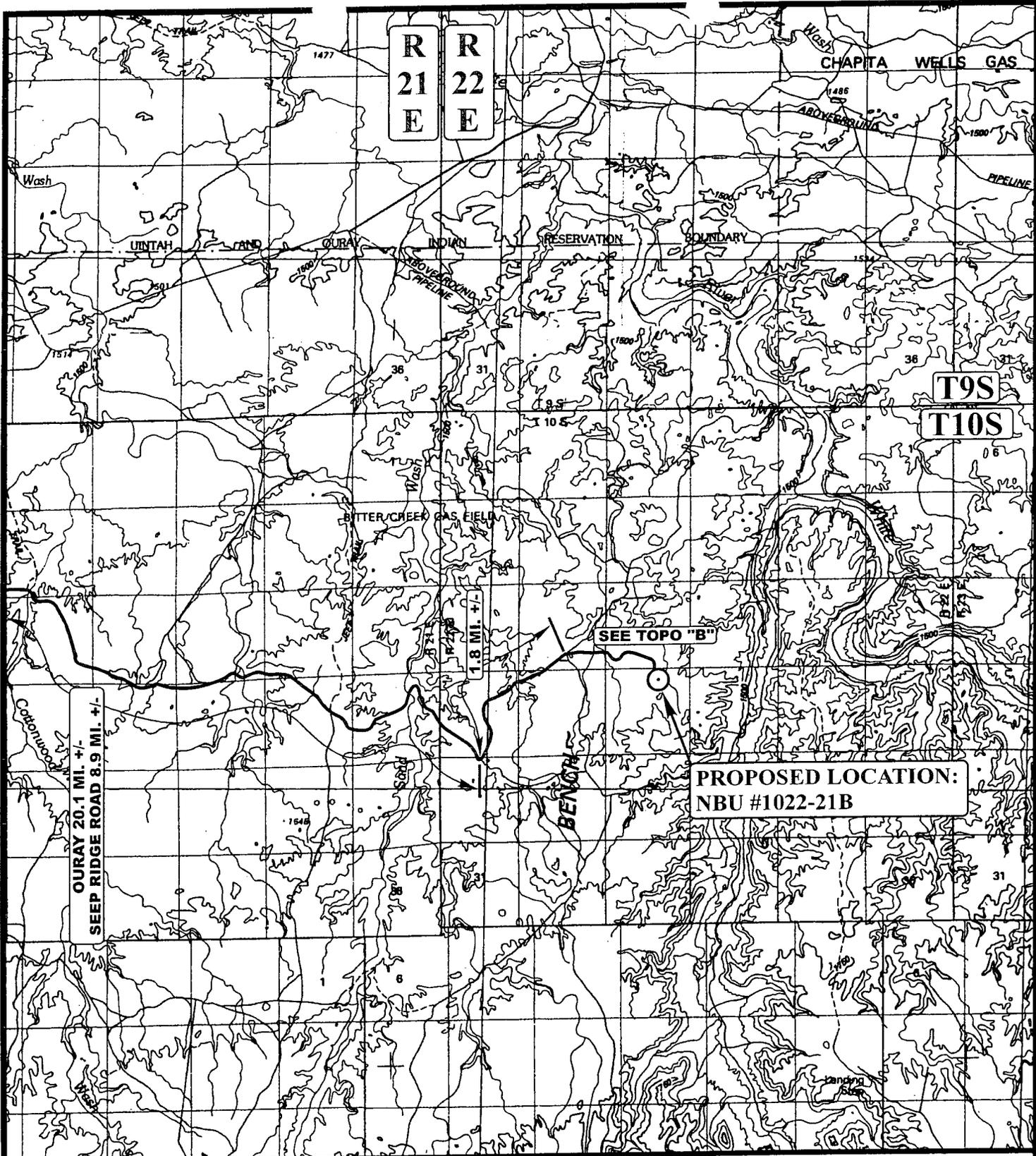
CAMERA ANGLE: SOUTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

| | | | | |
|-----------------|----------------|-----|-------------------|-------|
| PIPELINE PHOTOS | 02 | 23 | 06 | PHOTO |
| | MONTH | DAY | YEAR | |
| TAKEN BY: J.R. | DRAWN BY: B.C. | | REVISED: 00-00-00 | |



LEGEND:

⊙ PROPOSED LOCATION

Kerr-McGee Oil & Gas Onshore LP

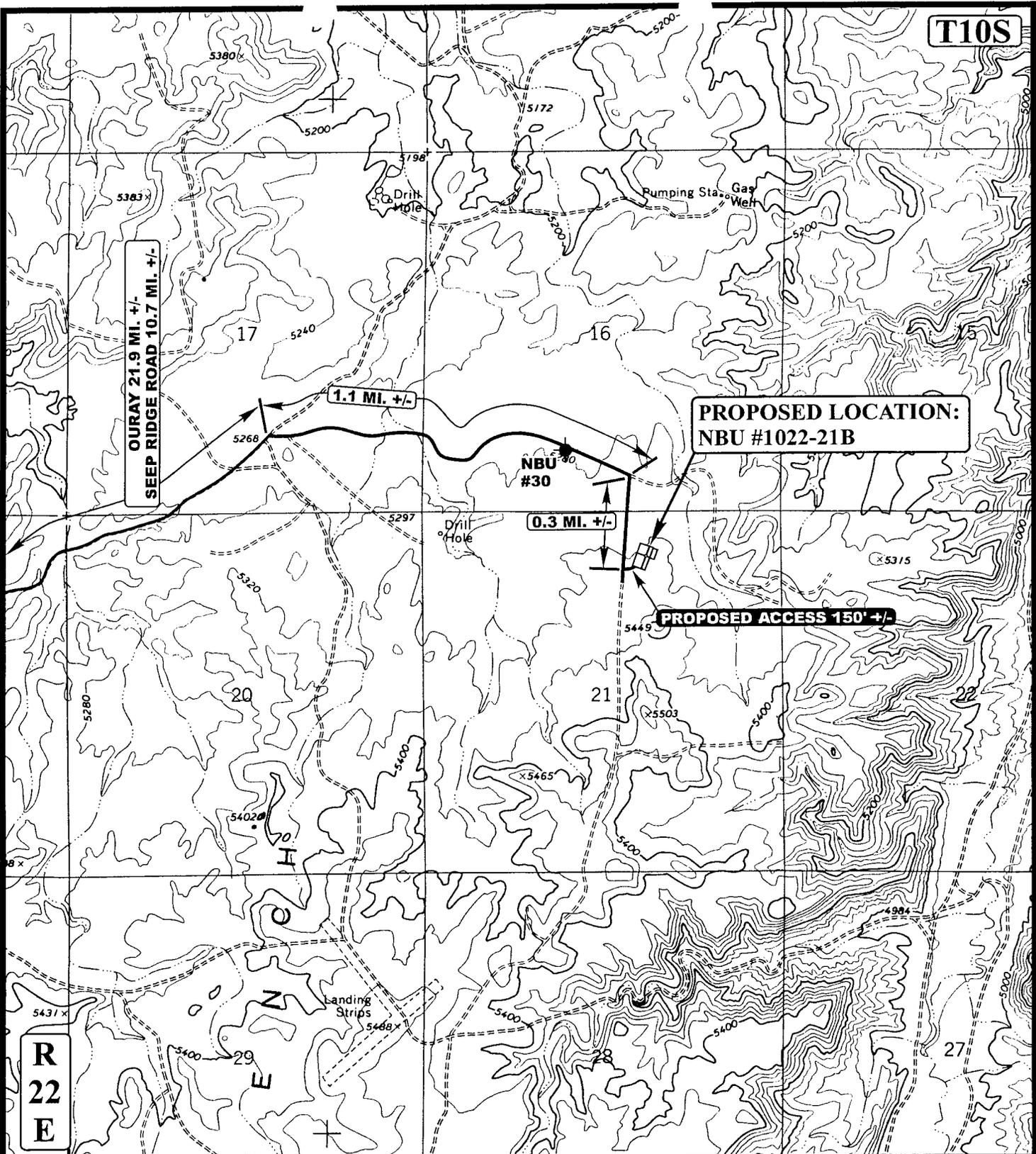
NBU #1022-21B
SECTION 21, T10S, R22E, S.L.B.&M.
661' FNL 1987' FEL

UES
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



| | | | | |
|-------------------------|-----------------------|--------------------------|-------------|-------------|
| TOPOGRAPHIC | 02 | 23 | 06 | TOPO |
| MAP | MONTH | DAY | YEAR | |
| SCALE: 1:100,000 | DRAWN BY: B.C. | REVISED: 00-00-00 | | |

T10S



R
22
E

LEGEND:

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-21B
 SECTION 21, T10S, R22E, S.L.B.&M.
 661' FNL 1987' FEL



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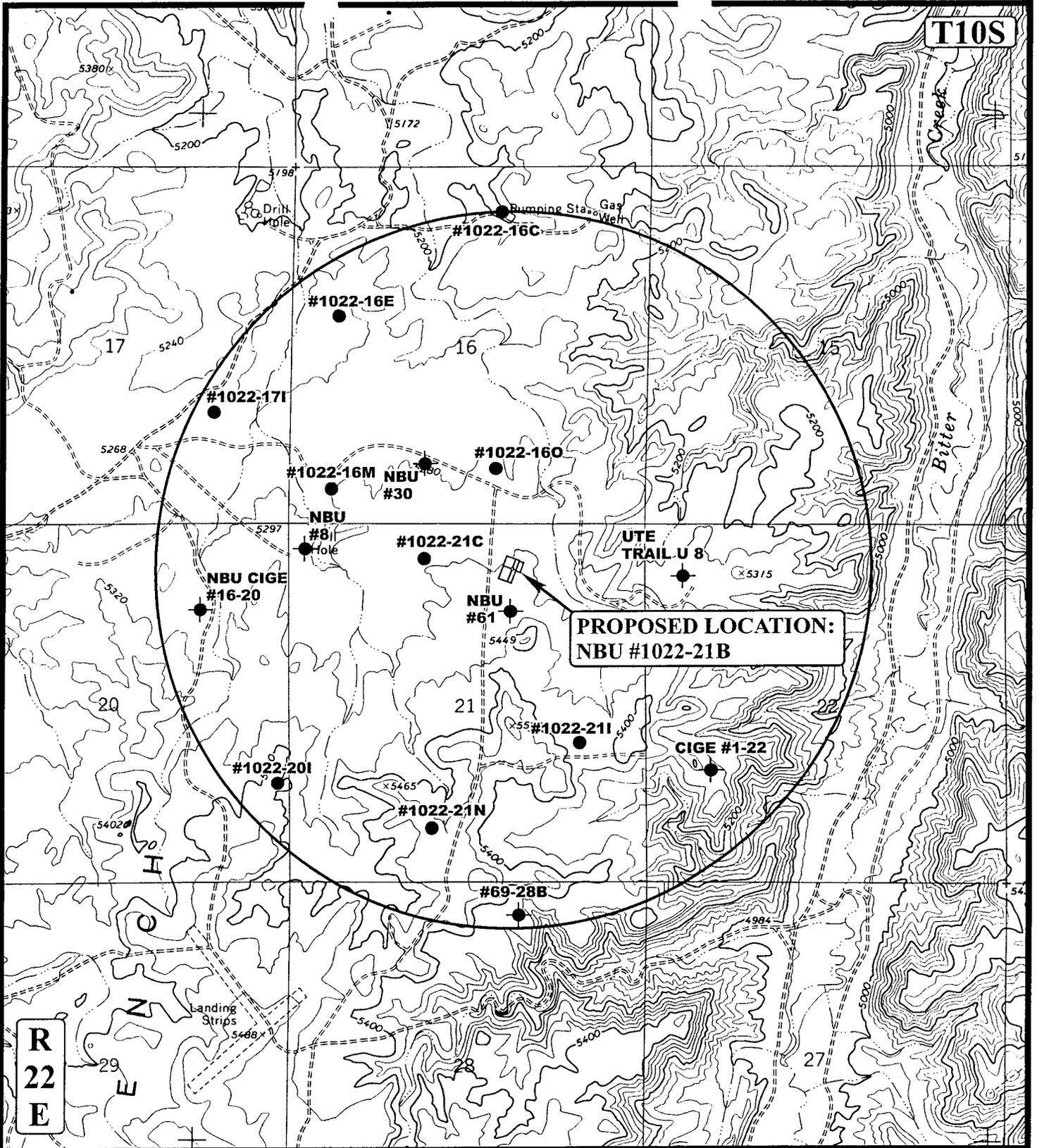
TOPOGRAPHIC
MAP

| | | |
|-------|-----|------|
| 02 | 23 | 06 |
| MONTH | DAY | YEAR |

SCALE: 1" = 2000' DRAWN BY: B.C. REVISED: 00-00-00

B
TOPO

T10S



**PROPOSED LOCATION:
NBU #1022-21B**

**R
22
E**

LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-21B
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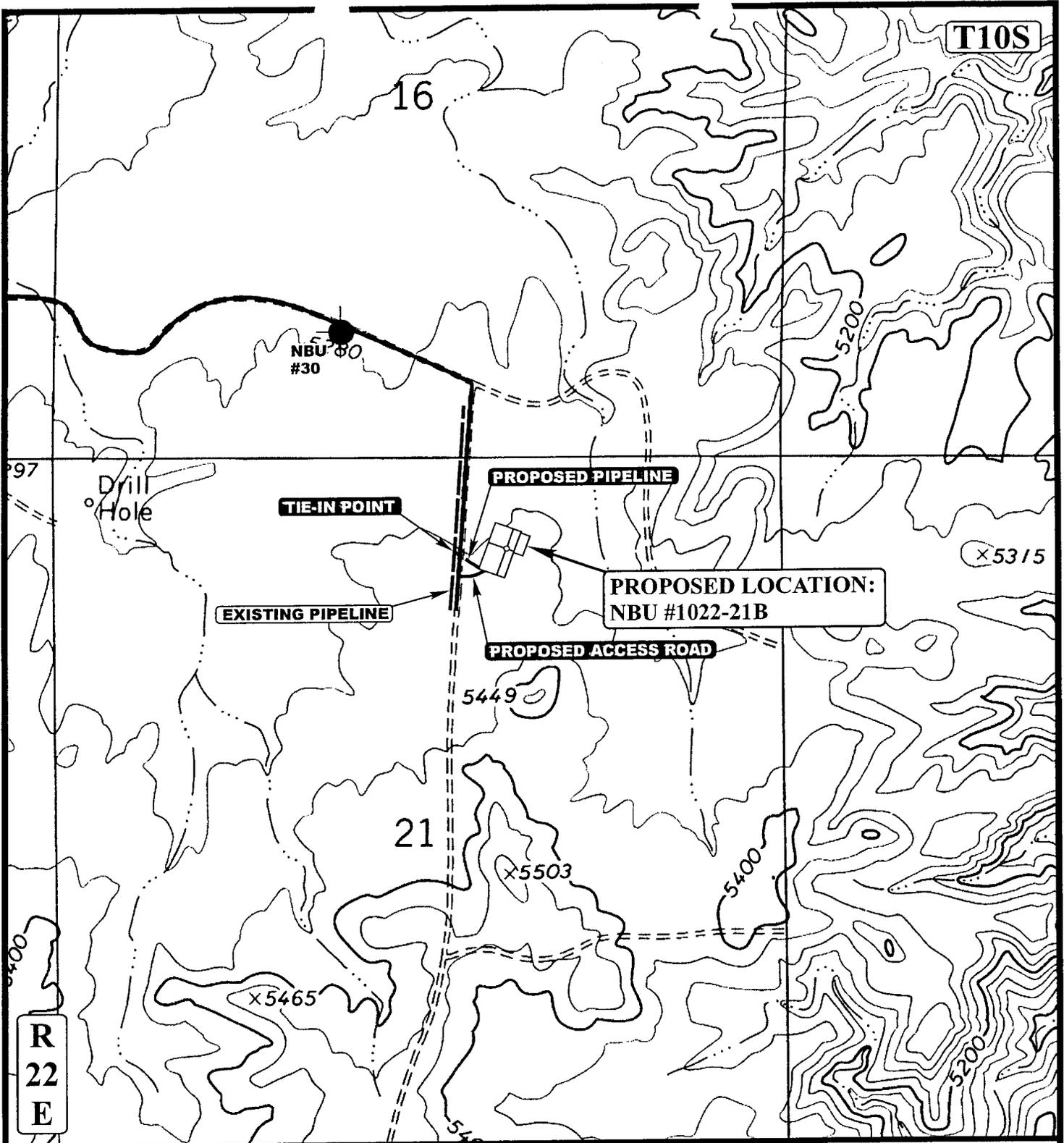


**TOPOGRAPHIC
MAP**

| | | |
|-----------|-----------|-----------|
| 02 | 23 | 06 |
| MONTH | DAY | YEAR |

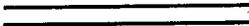
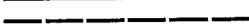
SCALE: 1" = 2000' DRAWN BY: B.C. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 157' +/-

LEGEND:

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-21B
 SECTION 21, T10S, R22E, S.L.B.&M.
 661' FNL 1987' FEL



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TOPOGRAPHIC MAP
 MONTH: 02 DAY: 23 YEAR: 06
 SCALE: 1" = 1000' DRAWN BY: B.C. REVISED: 00-00-00



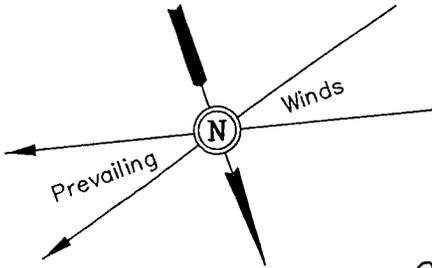
Kerr-McGee Oil & Gas Onshore LP

FIGURE #1

LOCATION LAYOUT FOR

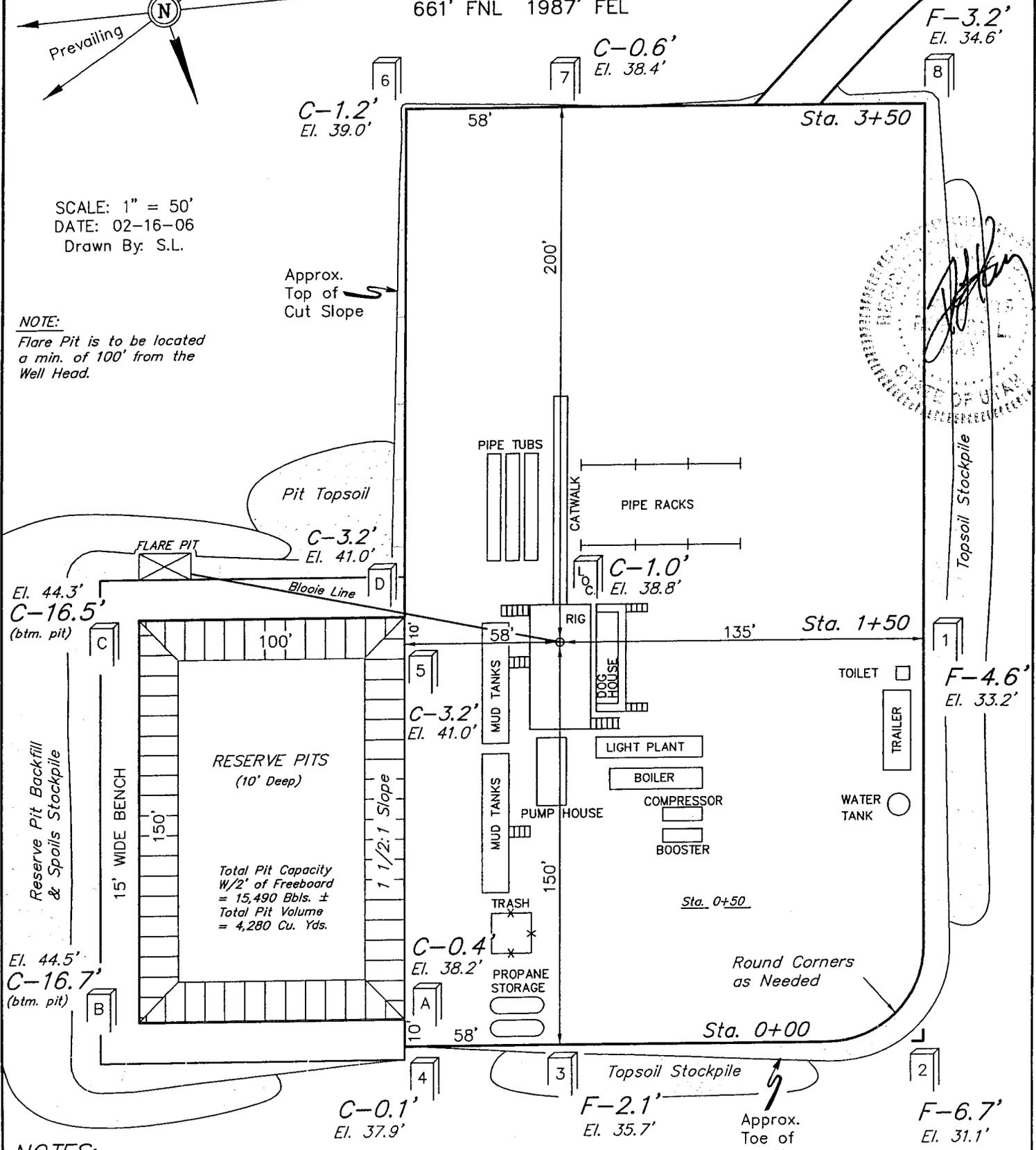
NBU #1022-21B
SECTION 21, T10S, R22E, S.L.B.&M.
661' FNL 1987' FEL

Proposed Access Road



SCALE: 1" = 50'
DATE: 02-16-06
Drawn By: S.L.

NOTE:
Flare Pit is to be located
a min. of 100' from the
Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 5338.8'
FINISHED GRADE ELEV. AT LOC. STAKE = 5337.8'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR

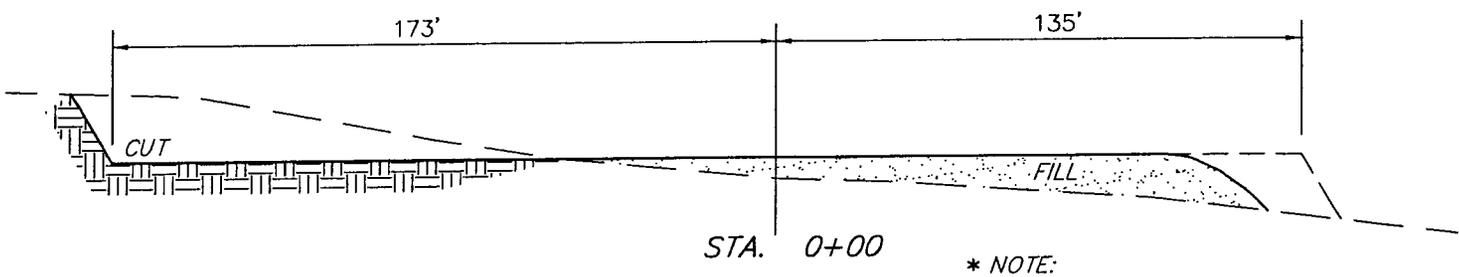
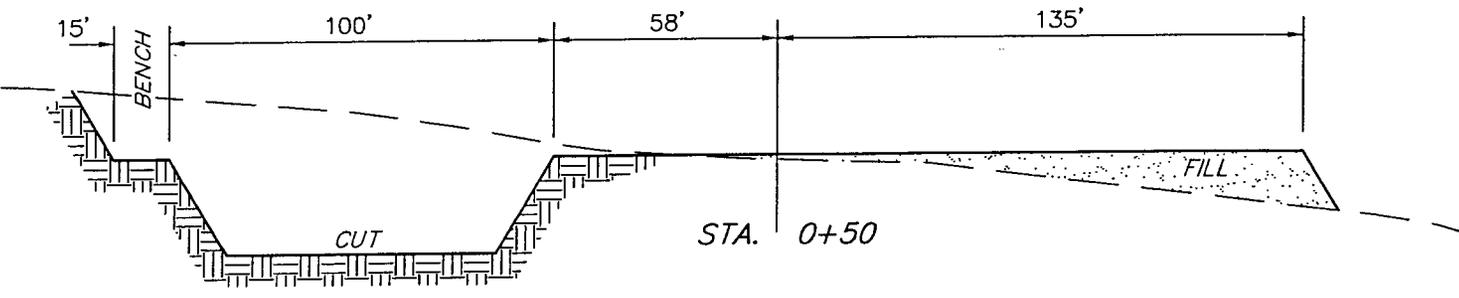
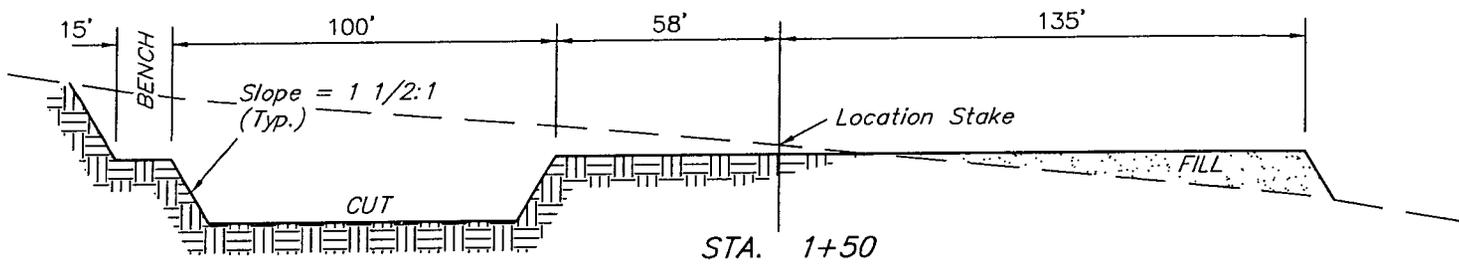
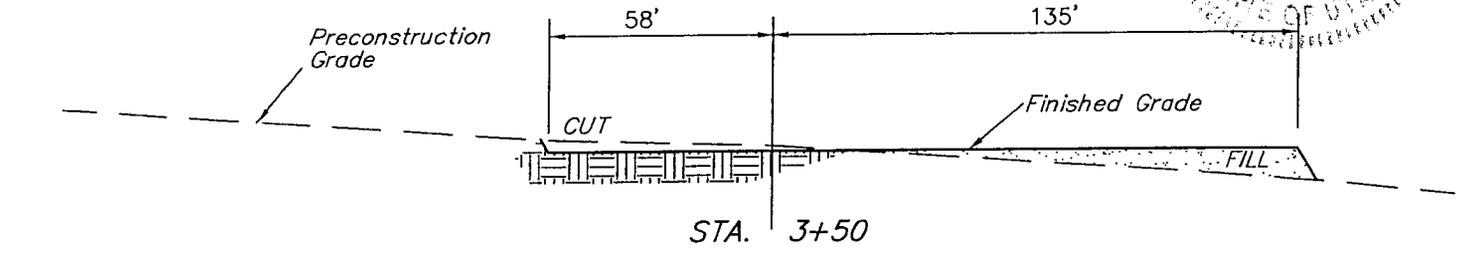
NBU #1022-21B

SECTION 21, T10S, R22E, S.L.B.&M.

661' FNL 1987' FEL

1" = 20'
X-Section Scale
1" = 50'

DATE: 02-16-06
Drawn By: S.L.



* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

| | |
|------------------------|-------------------------|
| CUT | |
| (6") Topsoil Stripping | = 1,850 Cu. Yds. |
| Remaining Location | = 8,350 Cu. Yds. |
| TOTAL CUT | = 10,200 CU.YDS. |
| FILL | = 6,210 CU.YDS. |

| | |
|--|------------------|
| EXCESS MATERIAL | = 3,990 Cu. Yds. |
| Topsoil & Pit Backfill (1/2 Pit Vol.) | = 3,990 Cu. Yds. |
| EXCESS UNBALANCE (After Rehabilitation) | = 0 Cu. Yds. |

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 05/30/2006

API NO. ASSIGNED: 43-047-38161

WELL NAME: NBU 1022-21B

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 435-781-7024

CONTACT: SHEILA UPCHEGO

PROPOSED LOCATION:

NWNE 21 100S 220E
 SURFACE: 0661 FNL 1987 FEL
 BOTTOM: 0661 FNL 1987 FEL
 COUNTY: UINTAH
 LATITUDE: 39.93981 LONGITUDE: -109.4417
 UTM SURF EASTINGS: 633139 NORTHINGS: 4422029
 FIELD NAME: NATURAL BUTTES (630)

| INSPECT LOCATN BY: / / | | |
|------------------------|----------|------|
| Tech Review | Initials | Date |
| Engineering | | |
| Geology | | |
| Surface | | |

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-01198-B
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSMVD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. 2971100-2533)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 43-8496)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

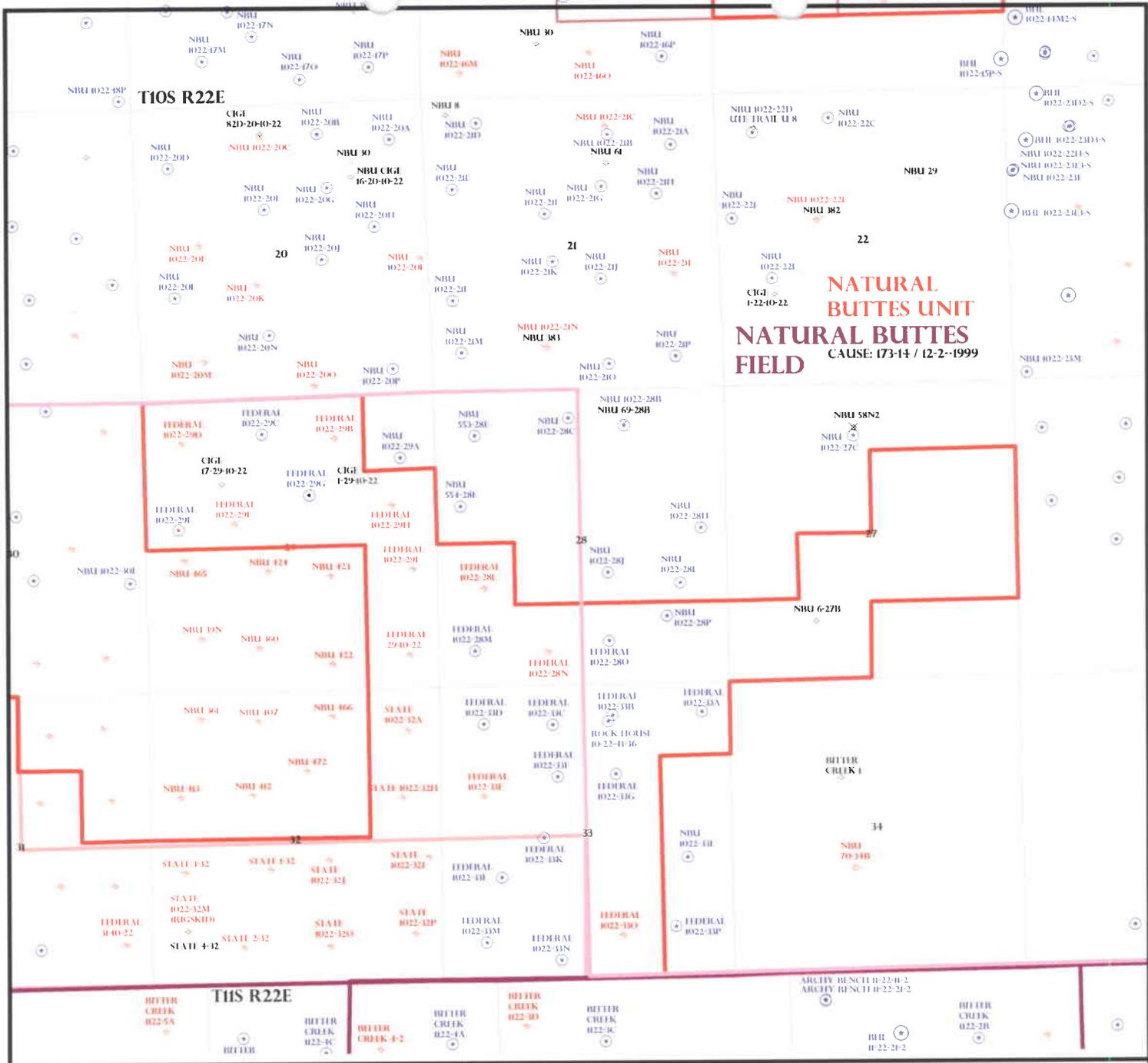
- ___ R649-2-3.
- Unit: NATURAL BUTTES
- ___ R649-3-2. General
Siting: 460' From Qtr/Qtr & 920' Between Wells
- ___ R649-3-3. Exception
- Drilling Unit
Board Cause No: 17314
Eff Date: 12-2-1999
Siting: 460' fr U. h. d. r. g. & U. n. t. m. m. T. m. s.
- ___ R649-3-11. Directional Drill

COMMENTS:

(Sep. Separators file)

STIPULATIONS:

- 1- Federal Approval
- 2- Oil Shale



OPERATOR: KERR-MCGEE O&G (N2995)

SEC: 21,22,28,33 T. 10S R. 22E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

CAUSE: 173-14 / 12-2--1999

- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- Unit Status**
- EXPLORATORY
 - GAS STORAGE
 - NF PP OIL
 - NF SECONDARY
 - PENDING
 - PI OIL
 - PP GAS
 - PP GEOTHERML
 - PP OIL
 - SECONDARY
 - TERMINATED

- Wells Status**
- * GAS INJECTION
 - * GAS STORAGE
 - * LOCATION ABANDONED
 - * NEW LOCATION
 - * PLUGGED & ABANDONED
 - * PRODUCING GAS
 - * PRODUCING OIL
 - * SHUT-IN GAS
 - * SHUT-IN OIL
 - * TEMP. ABANDONED
 - * TEST WELL
 - * WATER INJECTION
 - * WATER SUPPLY
 - * WATER DISPOSAL
 - * DRILLING



PREPARED BY: DIANA WHITNEY
DATE: 5-JUNE-2006



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

June 5, 2006

Kerr-McGee Oil & Gas Onshore LP
1368 S 1200 E
Vernal, UT 84078

Re: Natural Buttes Unit 1022-21B Well, 661' FNL, 1987' FEL, NW NE, Sec. 21,
T. 10 South, R. 22 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38161.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Kerr-McGee Oil & Gas Onshore LP

Well Name & Number Natural Buttes Unit 1022-21B

API Number: 43-047-38161

Lease: UTU-01198-B

Location: NW NE **Sec.** 21 **T.** 10 South **R.** 22 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.

5. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 16, 2007

Sheila Upchego
Kerr-McGee O&G Onshore LP
1368 South 1200 East
Vernal, UT 84078

Re: APDs Rescinded at the request of Kerr McGee O&G Onshore, LP

Dear Ms. Upchego:

Enclosed find the list of APDs that you requested to be rescinded to Kerr-McGee O&G. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective July 16, 2007.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal



Page 2
July 16, 2007
Subject:

NBU 1020-26K

NBU 1022-21F

NBU 1022-21B

NBU 1022-21H

NBU 1022-21D

NBU 1022-22D

NBU 1022-22L