



Kerr-McGee Oil & Gas OnShore LP  
1999 Broadway, Suite 3700, Denver, Colorado 80202  
303-296-3600 • Fax 303-296-3601

April 10, 2006

Ms. Diana Whitney  
Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, UT 84114-6100

RE: Bonanza 1023-10A  
T10S-R23E  
Section 10: NENE  
1,146' FNL, 178' FEL  
Uintah County, Utah

Dear Ms. Whitney:

Kerr-McGee Oil & Gas Onshore LP, formerly known as Westport Oil and Gas Company, L.P. has submitted a permit to drill the captioned well to test the Wasatch and Mesaverde formations. The well is located at an exception location to Spacing Order 179-12. The well location was moved for topographic reasons. Kerr-McGee owns 100% of the leasehold within 460 feet of the exception location of the offset lands and has no objection to the exception location.

Kerr-McGee requests your approval of this exception location. If you have any questions, call me at 720-264-2618. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Chris Latimer'.

W. Chris Latimer, CPL  
Senior Landman

cc: Raleen Weddle

RECEIVED  
APR 13 2006  
DIV. OF OIL, GAS & MINING

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

5. Lease Serial No.  
**UTU-40736**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

**UTU 60774**

8. Lease Name and Well No.  
**BONANZA 1023-10A**

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

9. API Well No.  
**43047-38307**

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

10. Field and Pool, or Exploratory

3A. Address  
**1368 SOUTH 1200 EAST VERNAL, UT 84078**

3b. Phone No. (include area code)  
**(435) 781-7024**

11. Sec., T., R., M., or Blk, and Survey or Area

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
At surface **NENE 1146'FNL, 178'FEL 644260X 39.96 7623**

**SEC 10, T10S, R23E**

At proposed prod. Zone **4425331Y -109.303832**

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

14. Distance in miles and direction from nearest town or post office\*  
**30.5 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) **178'**

16. No. of Acres in lease  
**642.36**

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  
**7800'**

20. BLM/BIA Bond No. on file  
**BOND NO: WY-2357**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**5434'GL**

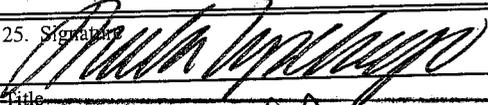
22. Approximate date work will start\*

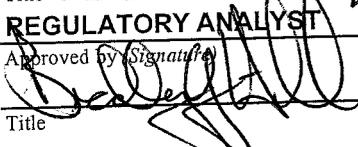
23. Estimated duration

24. Attachments

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

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>1. Well plat certified by a registered surveyor.</li> <li>2. A Drilling Plan.</li> <li>3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.</li> </ul> | <ul style="list-style-type: none"> <li>4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).</li> <li>5. Operator certification.</li> <li>6. Such other site specific information and/or plans as may be required by the authorized office.</li> </ul> |
|---|--|

25. Signature  Name (Printed/Typed) **SHEILA UPCHEGO** Date **6/15/2006**

Approved by  Name (Printed/Typed) **BRADLEY G. HILL** Date **06-22-06**  
Title **REGULATORY ANALYST** Office **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)

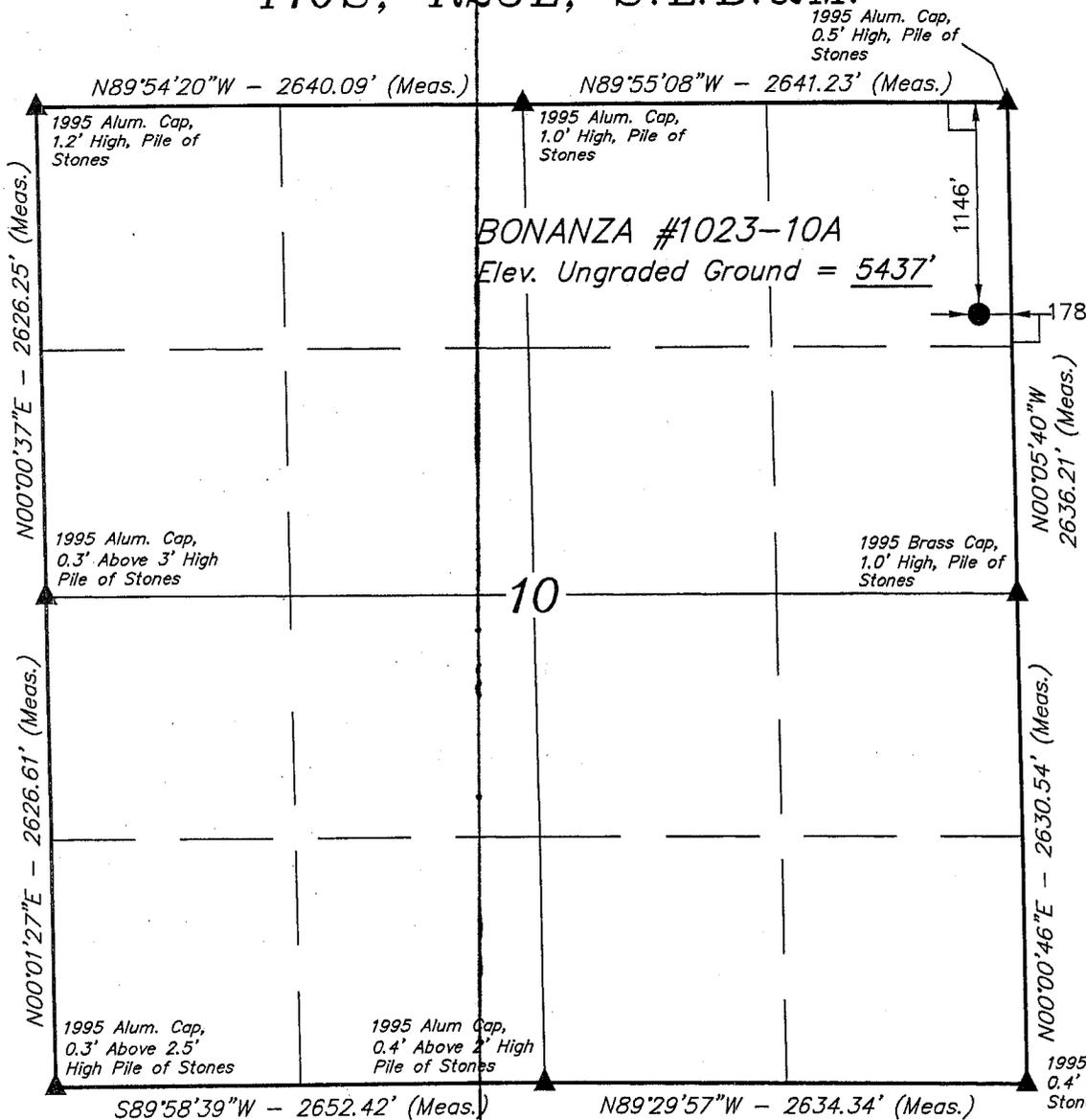
Federal Approval of this  
Action is Necessary

RECEIVED  
JUN 20 2006  
DIV. OF OIL, GAS & MINING

# T10S, R23E, S.L.B.&M.

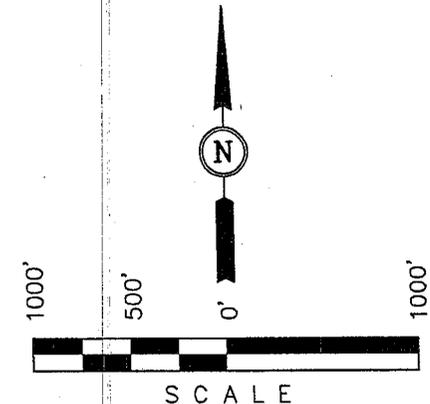
## Kerr McGee Oil & Gas Onshore LP

Well location, BONANZA #1023-10A, located as shown in the NE 1/4 NE 1/4 of Section 10, T10S, R23E, S.L.B.&M. Uintah County, Utah.



### BASIS OF ELEVATION

BENCH MARK 58 EAM (1965) LOCATED IN THE NE 1/4 OF SECTION 30, T9S, R23E, S.L.B.&M. TAKEN FROM THE RED WASH SE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5132 FEET.



### 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.

*Robert J. ...*  
 REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 161319  
 STATE OF UTAH

### BASIS OF BEARINGS

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

(NAD 83)  
 LATITUDE = 39°58'03.12" (39.967533)  
 LONGITUDE = 109°18'15.45" (109.304292)  
 (NAD 27)  
 LATITUDE = 39°58'03.24" (39.967567)  
 LONGITUDE = 109°18'13.01" (109.303614)

### LEGEND:

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

### UINTAH ENGINEERING & LAND SURVEYING

85 SOUTH 200 EAST - VERNAL, UTAH 84078  
 (435) 789-1017

SCALE 1" = 1000'	DATE SURVEYED: 03-06-06	DATE DRAWN: 03-14-06
PARTY P.J. N.F. S.L.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE Kerr McGee Oil & Gas Onshore LP	

**BONANZA #1023-10A  
NE/NE Sec. 10, T10S,R23E  
UINTAH COUNTY, UTAH  
UTU-40736**

**ONSHORE ORDER NO. 1**

***DRILLING PROGRAM***

**1. Estimated Tops of Important Geologic Markers:**

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	990'
Top of Birds Nest Water	1357'
Mahogany	1969'
Wasatch	4009'
Mesaverde	5999'
MVU2	6815'
MVL1	7355'
TD	7880'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
	Green River	990'
	Top of Birds Nest Water	1357'
Water	Mahogany	1969'
	Wasatch	4009'
Gas	Mesaverde	5999'
Gas	MVU2	6815'
Gas	MVL1	7355'
Gas	N/A	
Water	N/A	
Other Minerals	N/A	

**3. Pressure Control Equipment (Schematic Attached)**

*Please refer to the attached Drilling Program.*

**4. Proposed Casing & Cementing Program:**

*Please refer to the attached Drilling Program.*

**5. Drilling Fluids Program:**

*Please refer to the attached Drilling Program.*

**6. Evaluation Program:**

*Please refer to the attached Drilling Program.*

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 7880' TD, approximately equals 4886 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3149 psi (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 refer to the attached Drilling Program.*

10. **Other Information:**

*Please refer to the attached Drilling Program.*



# KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE June 14, 2006  
 WELL NAME BONANZA 1023-10A TD 7,880' MD/TVD \_\_\_\_\_  
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,437' GL KB 5,452'  
 SURFACE LOCATION NENE SECTION 10, T10S, R23E 1146'FNL, 178'FEL BHL Straight Hole  
 Latitude: 39.967533 Longitude: 109.304292  
 OBJECTIVE ZONE(S) Wasatch/Mesaverde  
 ADDITIONAL INFO Regulatory Agencies: BLM (SURF & MINERALS), UDOGM, Tri-County Health Dept.

GEOLOGICAL FORMATION		MECHANICAL	
LOGS	TOPS	HOLE SIZE	CASING SIZE
DEPTH		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 4,009' Green River @ 0,990' Top of Birds Nest Water @ 1357' Preset f/ GL @ 1,860' 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.			
	Mahogany @ 1,969'		Water/Fresh Water Mud
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
	Wasatch @ 4,009'		8.3-11.5 ppg
	Mverde @ 5,999'		
	MVU2 @ 6,815'		
	MVL1 @ 7,355'		
	TD @ 7,880'		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 1860	32.30	H-40	STC	0.76*****	1.57	4.83
						7780	6350	201000
PRODUCTION	4-1/2"	0 to 7880	11.60	I-80	LTC	2.61	1.35	2.52

- 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 2979 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 Option 1	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
	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 Option 2	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	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
	<b>NOTE: If well will circulate water to surface, option 2 will be utilized</b>						
PRODUCTION	LEAD	3,500'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	380	60%	11.00	3.38
	TAIL	4,380'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1230	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

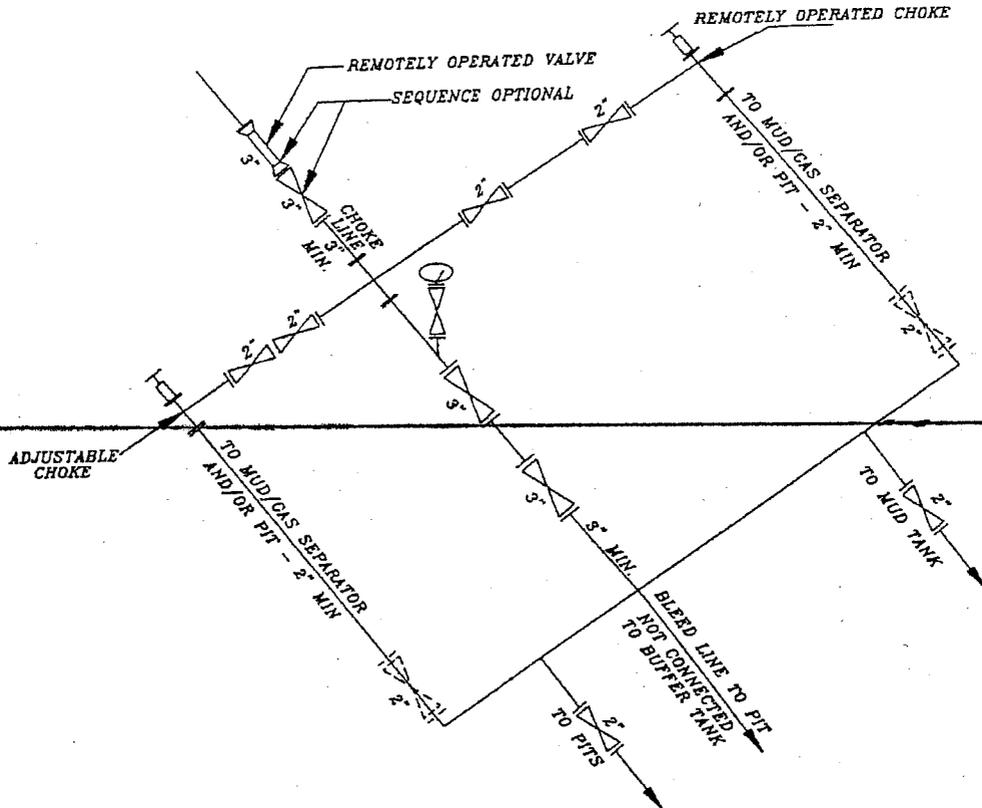
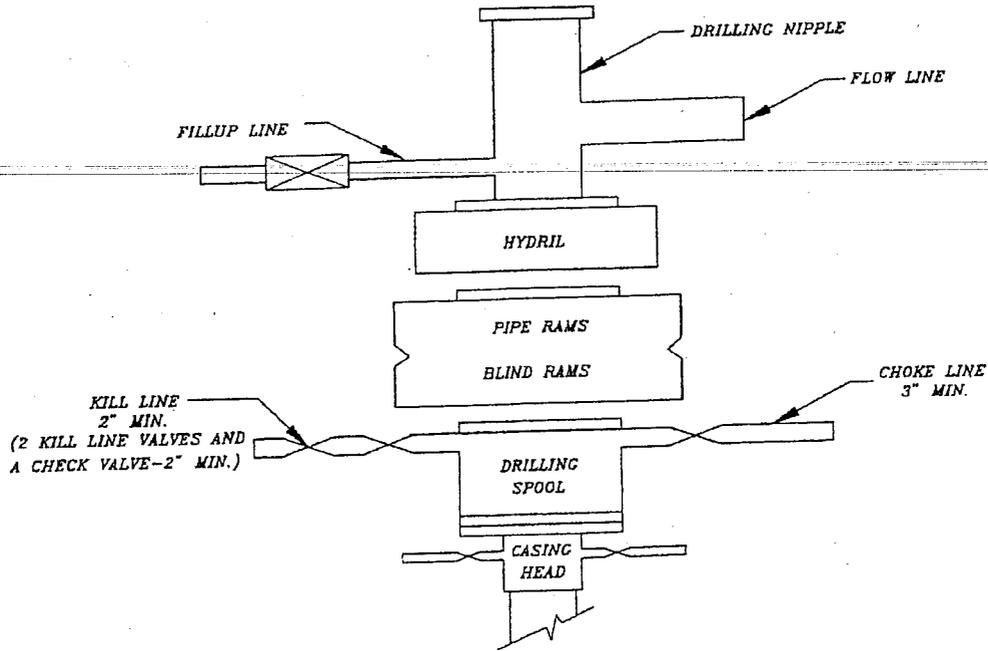
Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.  
 BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & 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



**BONANZA 1023-10A  
NE/NE SECTION 10, T10S, R23E  
UINTAH COUNTY, UTAH  
UTU-40736**

**ONSHORE ORDER NO. 1**

***MULTI-POINT SURFACE USE & OPERATIONS PLAN***

**1. Existing Roads:**

Directions to the proposed location are attached.

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

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

**2. Planned Access Roads:**

Approximately 0.2 +/- miles of new access road is proposed. Refer to Top Map B.

The access road will be crowned (2 to 3%), ditched and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.

Surface disturbance and vehicular traffic will be limited to the proposed location and proposed access route. Any additional area needed will be approved in advance. All construction shall be in conformance with the standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. 1989.

The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear and free-flowing and will be maintained according to original construction standards. The access road surface will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface. Road drainage crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing or shall the drainages be blocked by the road bed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Should mud holes develop, they shall be filled in and detours around them avoided. When snow is removed from the road during the winter months, the snow shall be pushed outside of the borrow ditches, and the turnouts kept clear so that snowmelt will be channeled away from the road.

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

Please refer to Topo Map C.

**4. Location of Existing & Proposed Facilities & Pipelines:**

*The following guidelines will apply if the well is productive.*

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

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 (2.5 Y 6/2) as determined during the on-site inspection.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

**Variations to Best Management Practices (BMP) Requests:**

Approximately 281' of 4" steel pipeline is proposed to tie-in to an existing pipeline. Please refer to the Topo Map D. The pipeline will be butt-welded together.

The pipeline shall be installed on surface within 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.

**5. Location and Type of Water Supply:**

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec.32, T4S,R3E, Water User Claim #43-8496, Application #53617.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

**6. Source of Construction Materials:**

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

**7. Methods of Handling Waste Materials:**

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

A plastic reinforced liner is to be used as discussed during on-site inspection. It will be a minimum of 20 mil thick and felt with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

*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:**

None are anticipated.

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).

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

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

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

*Producing Location:*

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water (s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

*Dry Hole/Abandoned Location:*

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

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 seeds are:

Needle and Thread Grass	4 lbs.
Crested Wheatgrass	4 lbs
Indian Rice Grass	4 lbs.

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

**11. Surface Ownership:**

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 Report has been performed and completed on May 17, 2005, the Archaeological Report No. 05-119.  
Paleontological Reconnaissance Report will be submitted when report becomes available.

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance. The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

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

Sheila Upchego  
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

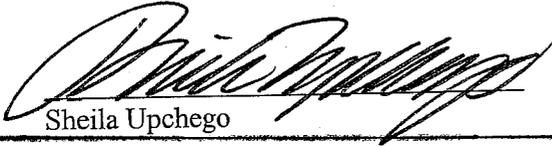
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

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.

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

Bond coverage pursuant to 43 CFR 3104 for the lease activities is being provided by BLM Nationwide Bond #WY-2357.

I hereby certify that the proposed drill site and access route has been inspected and 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

June 15, 2006

Date

Kerr-McGee Oil & Gas Onshore LP  
BONANZA #1023-10A  
SECTION 10, T10S, R23E, 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 DIRECTION APPROXIMATELY 0.3 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 DIRECTION APPROXIMATELY 12.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 1.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 1.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 0.5 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 3.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 5.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY, THEN EASTERLY DIRECTION APPROXIMATELY 4.5 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTHWEST; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 0.2 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 61.4 MILES.

# Kerr-McGee Oil & Gas Onshore LP

BONANZA #1023-10A  
LOCATED IN UINTAH COUNTY, UTAH  
SECTION 10, T10S, R23E, S.L.B.&M.

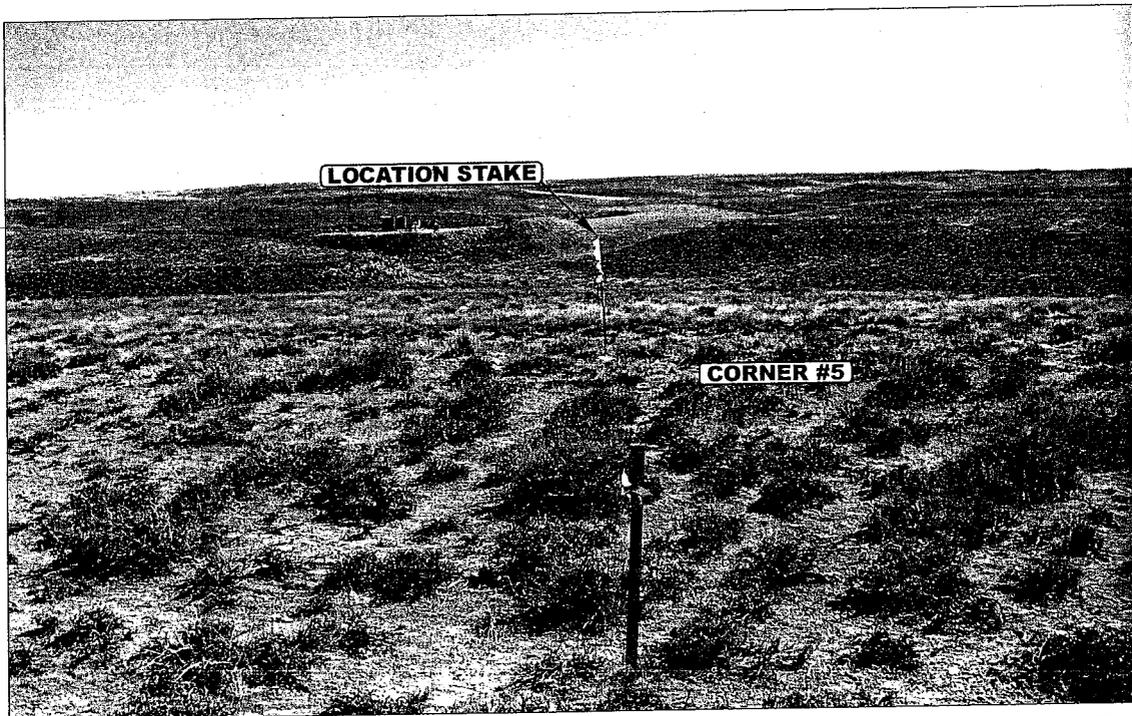


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY

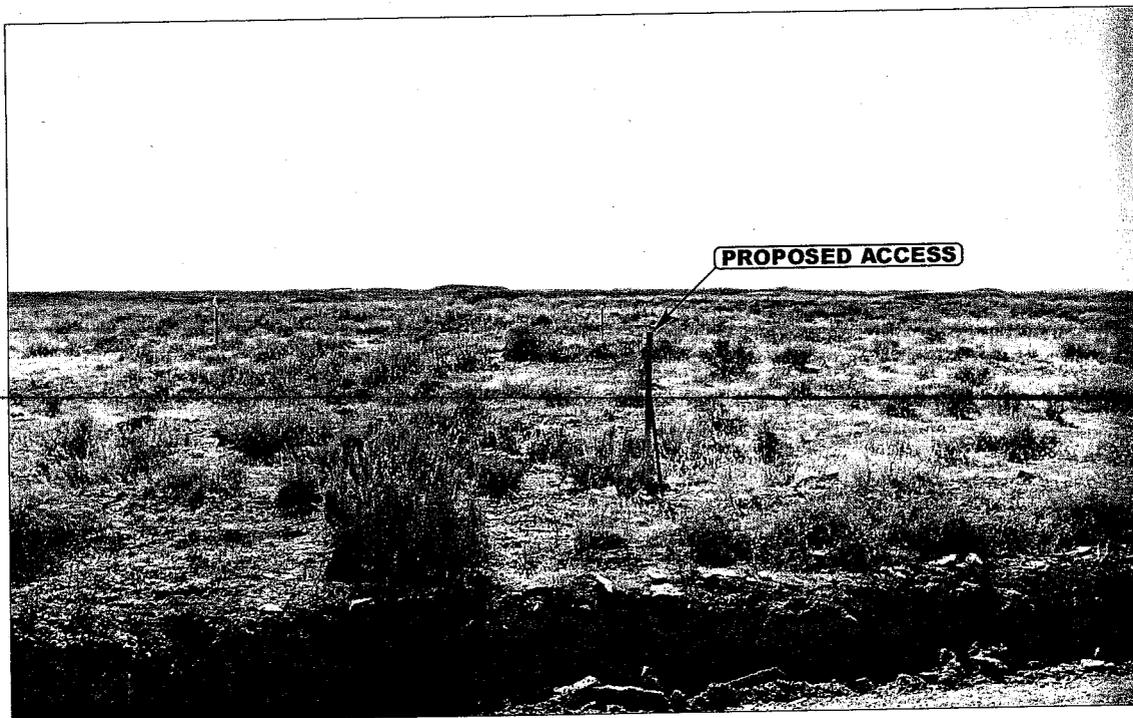


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

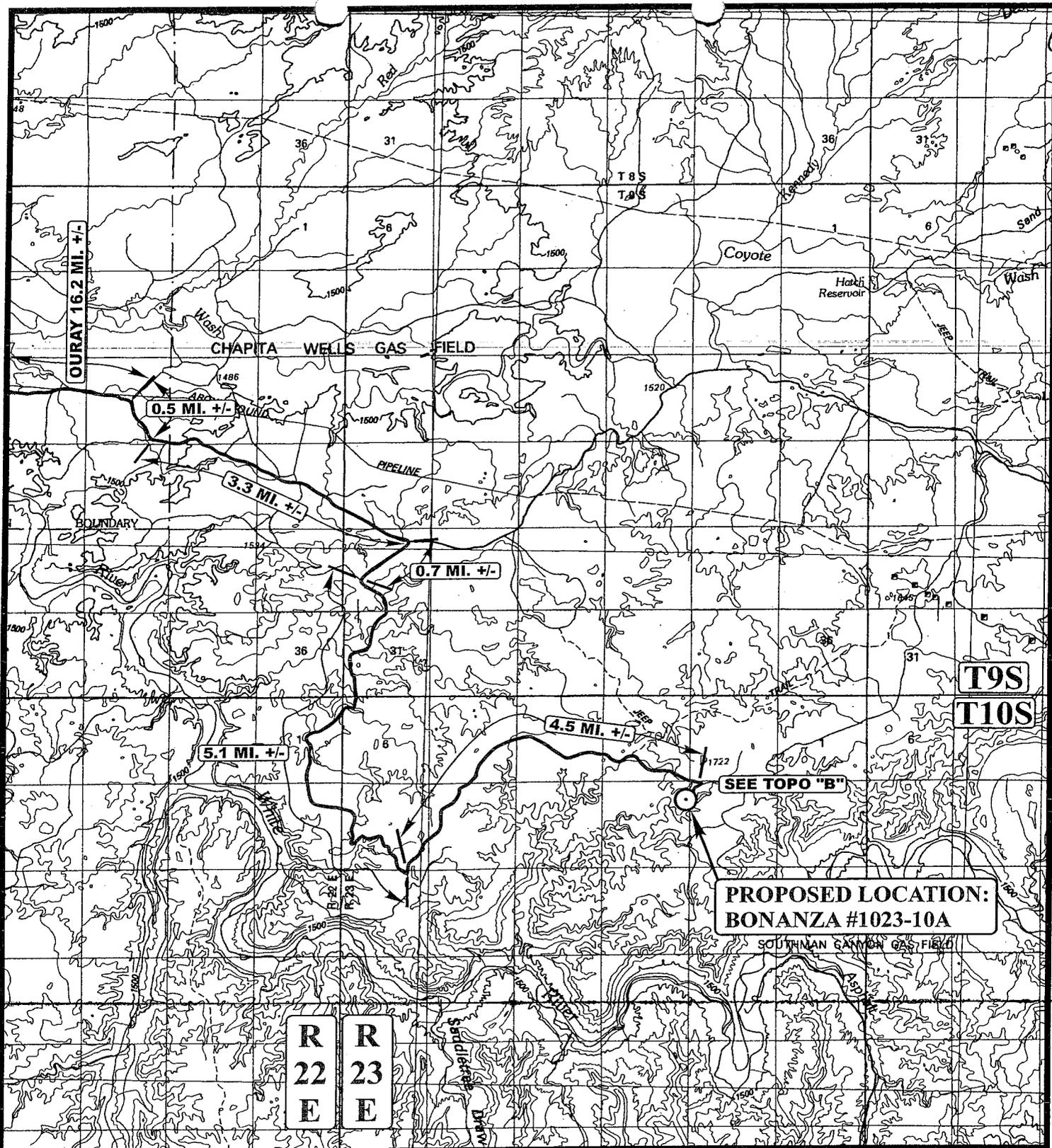
CAMERA ANGLE: SOUTHWESTERLY



- Since 1964 -

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

LOCATION PHOTOS	03	15	06	PHOTO
TAKEN BY: P.J.	MONTH	DAY	YEAR	
DRAWN BY: B.C.	REVISED: 00-00-00			



**LEGEND:**

○ PROPOSED LOCATION

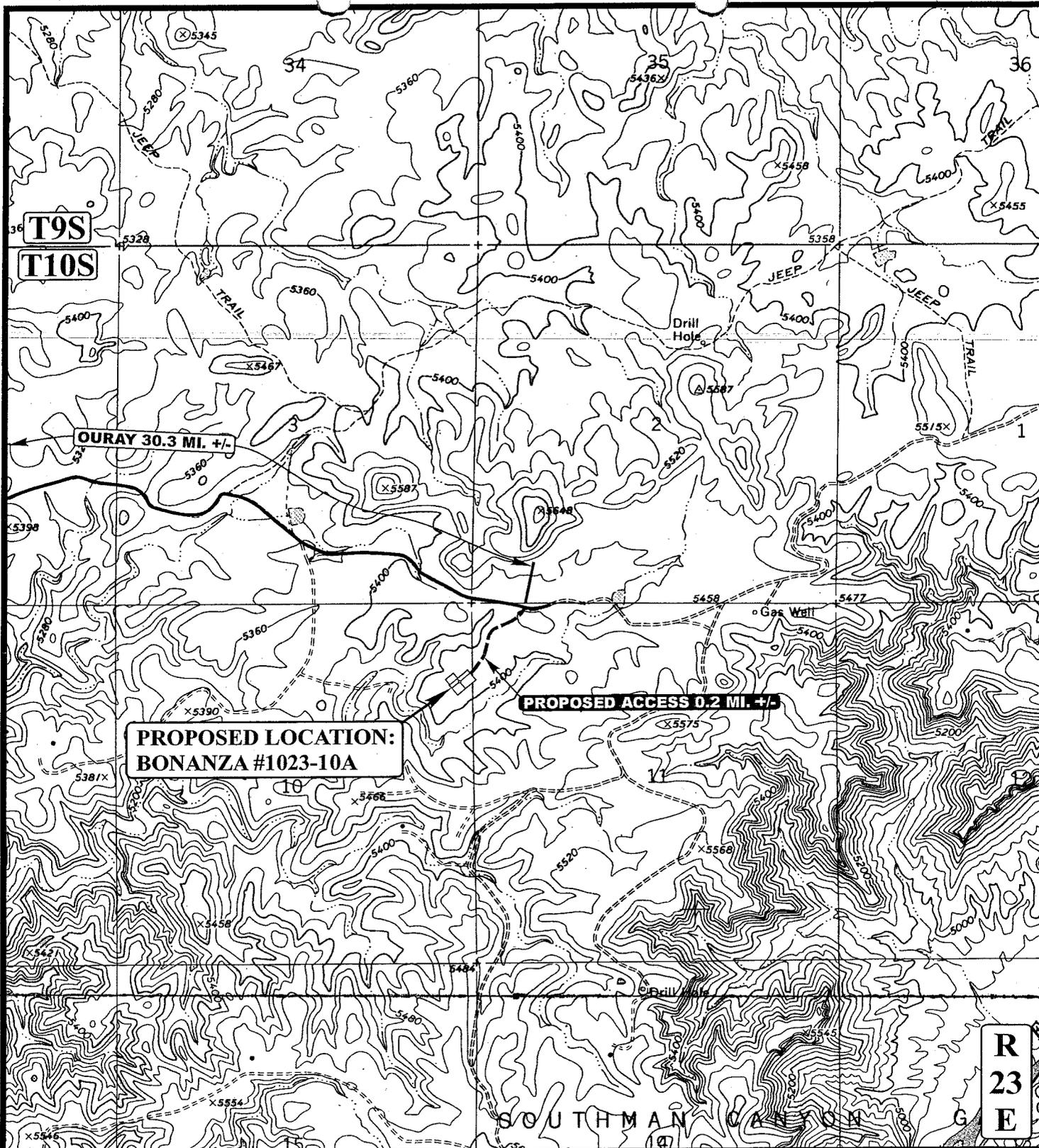
**Kerr-McGee Oil & Gas Onshore LP**

**BONANZA #1023-10A**  
**SECTION 10, T10S, R23E, S.L.B.&M.**  
**1146' FNL 178' FEL**

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



**TOPOGRAPHIC** 03 15 06  
**MAP** MONTH DAY YEAR  
 SCALE: 1:100,000 DRAWN BY: B.C. REVISED: 00-00-00 **TOPO**



**PROPOSED LOCATION:  
BONANZA #1023-10A**

**PROPOSED ACCESS 0.2 MI. +/-**

**OURAY 30.3 MI. +/-**

**LEGEND:**

- EXISTING ROAD
- PROPOSED ACCESS ROAD



**Kerr-McGee Oil & Gas Onshore LP**

**BONANZA #1023-10A  
SECTION 10, T10S, R23E, S.L.B.&M.  
1146' FNL 178' FEL**

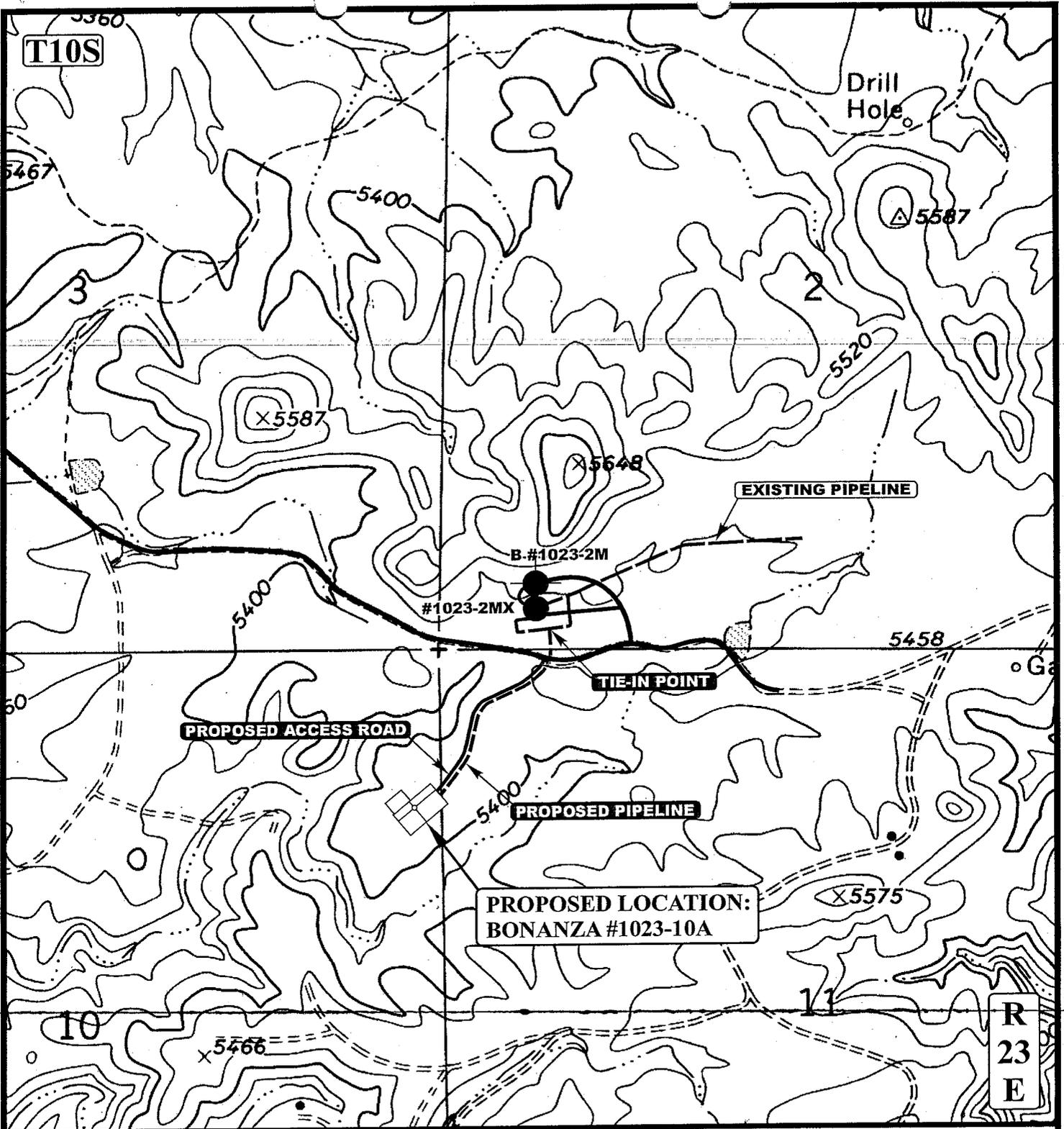


**Utah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

<b>TOPOGRAPHIC MAP</b>	<b>03</b>	<b>15</b>	<b>06</b>
	<small>MONTH</small>	<small>DAY</small>	<small>YEAR</small>
<small>SCALE: 1" = 2000'</small>	<small>DRAWN BY: B.C.</small>	<small>REVISED: 00-00-00</small>	

**B  
TOPO**





APPROXIMATE TOTAL PIPELINE DISTANCE = 281' +/-

**LEGEND:**

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE



**Kerr-McGee Oil & Gas Onshore LP**

**BONANZA #1023-10A**  
**SECTION 10, T10S, R23E, S.L.B.&M.**  
**1146' FNL 178' FEL**



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

**TOPOGRAPHIC** 03 15 06  
**MAP** MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: B.C. REVISED: 00-00-00



**Kerr-McGee Oil & Gas Onshore LP**  
**BONANZA #1023-10A**  
 PIPELINE ALIGNMENT  
 LOCATED IN UTAH COUNTY, UTAH  
 SECTION 10, T10S, R23E, S.L.B.&M.



**TIE-IN POINT**

**PHOTO: VIEW OF TIE-IN POINT**

**CAMERA ANGLE: SOUTHERLY**



**PHOTO: VIEW OF PIPELINE ALIGNMENT**

**CAMERA ANGLE: SOUTHERLY**



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

**PIPELINE PHOTOS**

<b>03</b>	<b>15</b>	<b>06</b>
MONTH	DAY	YEAR

**PHOTO**

TAKEN BY: P.J.

DRAWN BY: B.C.

REVISED: 00-00-00

- Since 1964 -

# Kerr-McGee Oil & Gas Onshore LP

FIGURE #1

## LOCATION LAYOUT FOR

BONANZA #1023-10A  
SECTION 10, T10S, R23E, S.L.B.&M.

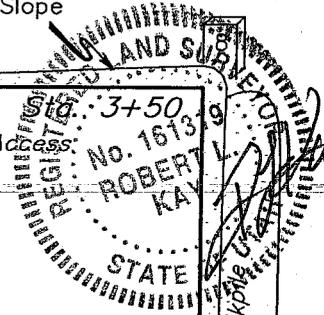
1146' FNL 178' FEL

Approx. Toe of Fill Slope

F-3.8'  
El. 30.1'

C-3.2'  
El. 37.1'  
Topsoil Stockpile

C-1.5'  
El. 35.4'



Topsoil Stockpile

Proposed Access Road

SCALE: 1" = 50'  
DATE: 03-14-06  
Drawn By: S.L.

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

Reserve Pit Backfill & Spoils Stockpile

FLARE PIT

C-5.3'  
El. 39.2'

El. 32.4'  
C-8.5'  
(btm. pit)

Bloote Line

PIPE TUBS

PIPE RACKS

CATWALK

C-2.9'  
El. 36.8'

Sta. 1+50

TOILET

F-3.5'  
El. 30.4'

RESERVE PITS  
(10' Deep)

Total Pit Capacity  
W/2' of Freeboard  
= 15,490 Bbls. ±  
Total Pit Volume  
= 4,280 Cu. Yds.

15' WIDE BENCH / DIKE

1 1/2:1 Slope

C-5.5'  
El. 39.4'

C-1.8'  
El. 35.7'

El. 29.4'  
C-5.5'  
(btm. pit)

PROPANE STORAGE

LIGHT PLANT

BOILER

PUMP HOUSE

COMPRESSOR

BOOSTER

WATER TANK

Sta. 0+50

Round Corners as Needed

Sta. 0+00

Topsoil Stockpile

Reserve Pit Backfill & Spoils Stockpile

C-1.4'  
El. 35.3'

C-0.1'  
El. 34.0'

F-5.3'  
El. 28.6'

**NOTES:**

Elev. Ungraded Ground At Loc. Stake = 5436.8'  
FINISHED GRADE ELEV. AT LOC. STAKE = 5433.9'

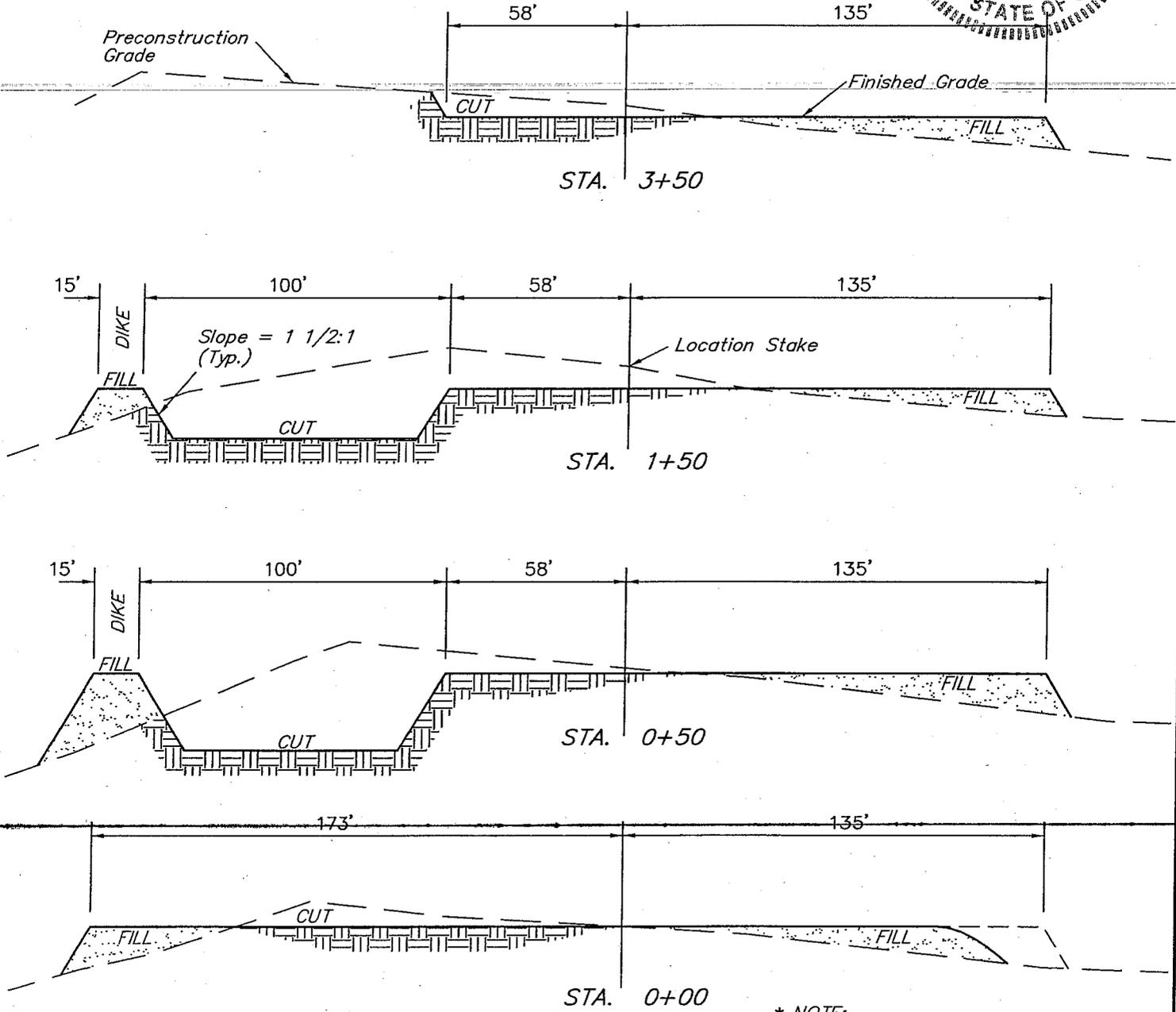
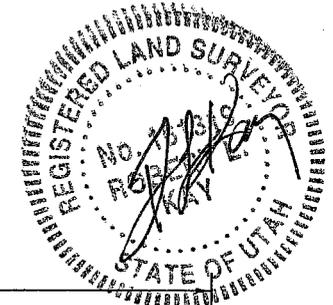
Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR  
 BONANZA #1023-10A  
 SECTION 10, T10S, R23E, S.L.B.&M.  
 1146' FNL 178' FEL

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

DATE: 03-14-06  
 Drawn By: S.L.



\* NOTE:  
 FILL QUANTITY INCLUDES  
 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,840 Cu. Yds.
Remaining Location	= 7,120 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 8,960 CU.YDS.</b>
<b>FILL</b>	<b>= 4,980 CU.YDS.</b>

EXCESS MATERIAL	= 3,980 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,980 Cu. Yds.
EXCESS UNBALANCE (After Interim 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: 06/20/2006

API NO. ASSIGNED: 43-047-38307

WELL NAME: BONANZA 1023-10A  
 OPERATOR: KERR-MCGEE OIL & GAS ( N2995 )  
 CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

NENE 10 100S 230E  
 SURFACE: 1146 FNL 0178 FEL  
 BOTTOM: 1146 FNL 0178 FEL  
 COUNTY: UINTAH  
 LATITUDE: 39.96762 LONGITUDE: -109.3038  
 UTM SURF EASTINGS: 644860 NORTHINGS: 4425331  
 FIELD NAME: NATURAL BUTTES ( 630 )

INSPECT LOCATN BY: / /		
<b>Tech Review</b>	<b>Initials</b>	<b>Date</b>
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTU-40736  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSMVD  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

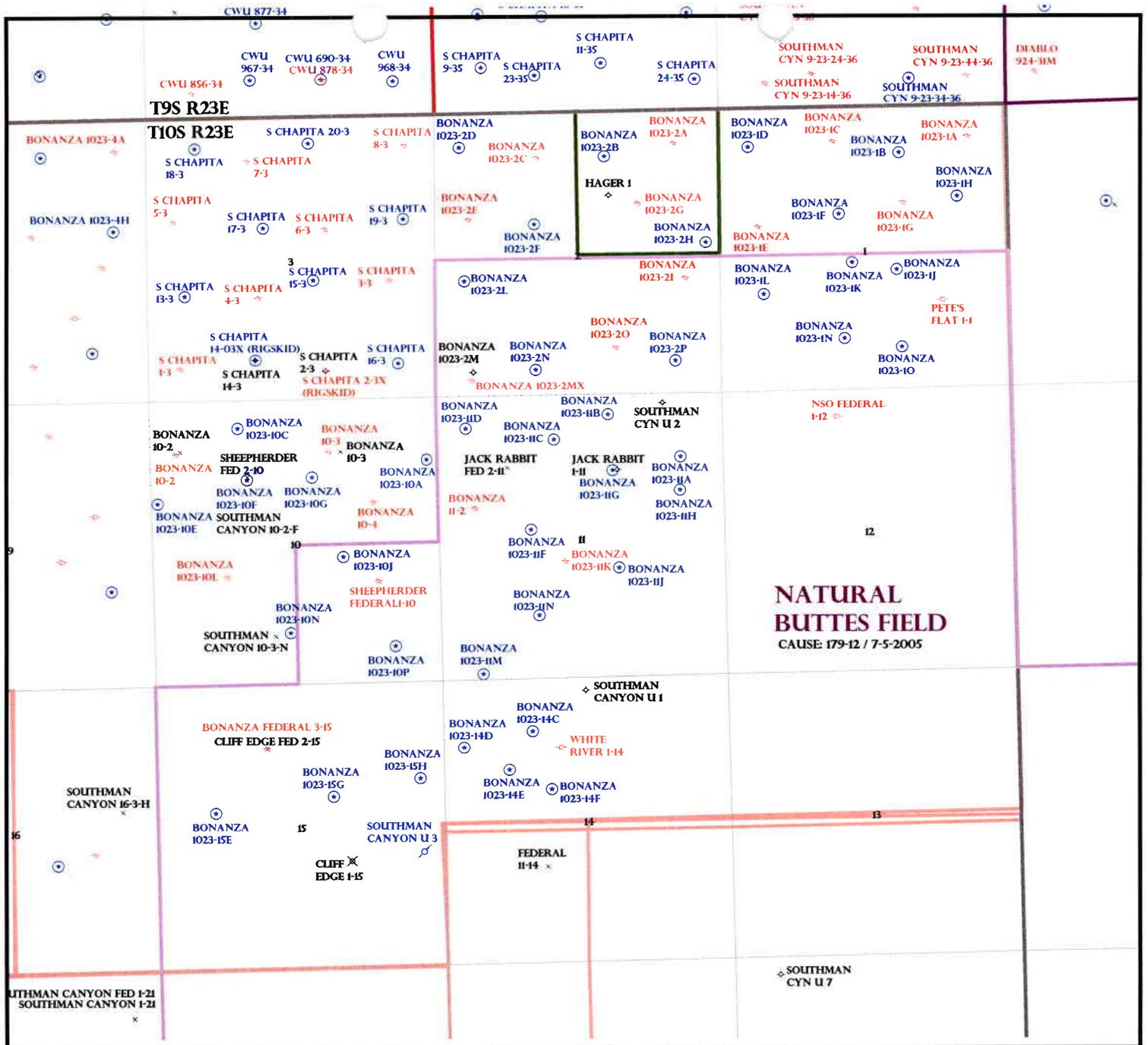
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. WY-2357 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 43-8496 )
- RDCC Review (Y/N)  
(Date: \_\_\_\_\_ )
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: \_\_\_\_\_
- R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit  
Board Cause No: 179-12  
Eff Date: 7-5-05  
Siting: 460' From Qtr/Qtr & 920' Between Wells
- R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_

STIPULATIONS: 1-federal Approval



**OPERATOR: KERR MCGEE O&G (N2995)**  
**SEC: 1,10,11,14,15 T. 10S R. 23E**  
**FIELD: NATURAL BUTTES (630)**  
**COUNTY: UINTAH**  
**CAUSE: 179-12 / 7-5-2005**

Field Status	Unit Status
ABANDONED	EXPLORATORY
ACTIVE	GAS STORAGE
COMBINED	NF PP OIL
INACTIVE	NF SECONDARY
PROPOSED	PENDING
STORAGE	PI OIL
TERMINATED	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: 22-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 22, 2006

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

Re: Bonanza 1023-10A Well, 1146' FNL, 178' FEL, NE NE, Sec. 10, T. 10 South,  
R. 23 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 43-047-38307.

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** Bonanza 1023-10A

**API Number:** 43-047-38307

**Lease:** UTU-40736

**Location:** NE NE                      **Sec.** 10                      **T.** 10 South                      **R.** 23 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. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**

**Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.  
UTU-40736

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
UTU-60774

8. Well Name and No.  
**BONANZA 1023-10A**

9. API Well No.  
4304738307

10. Field and Pool, or Exploratory Area  
NATURAL BUTTES

11. County or Parish, State  
UINTAH COUNTY, UTAH

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

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 (Footage, Sec., T., R., M., or Survey Description)  
**NENE SEC. 10, T10S, R23E 1146'FNL, 178'FEL**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other PIPELINE
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	ROW _____
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	_____

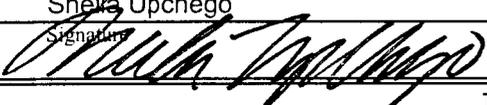
13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

AN ON-SITE WAS CONDUCTED ON MAY 17, 2006. IT WAS DECIDED AT THE ON-SITE TO CHANGE THE A 30' OF RIGHTS OF WAY WILL BE REQUIRED FOR APPROXIMATELY 700' OF 4" PIPELINE SHALL BE INSTALLED FROM THE PROPOSED LOCATION TO CROSS INTO SEC. 11, T10S, R23E (LEASE #UTU-38425), TO AN EXISTING PIPELINE.

PLEASE REFER TO THE ATTACHED TOPO MAP D FOR PIPELINE PLACEMENT.

**RECEIVED**  
**AUG 01 2006**  
DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct

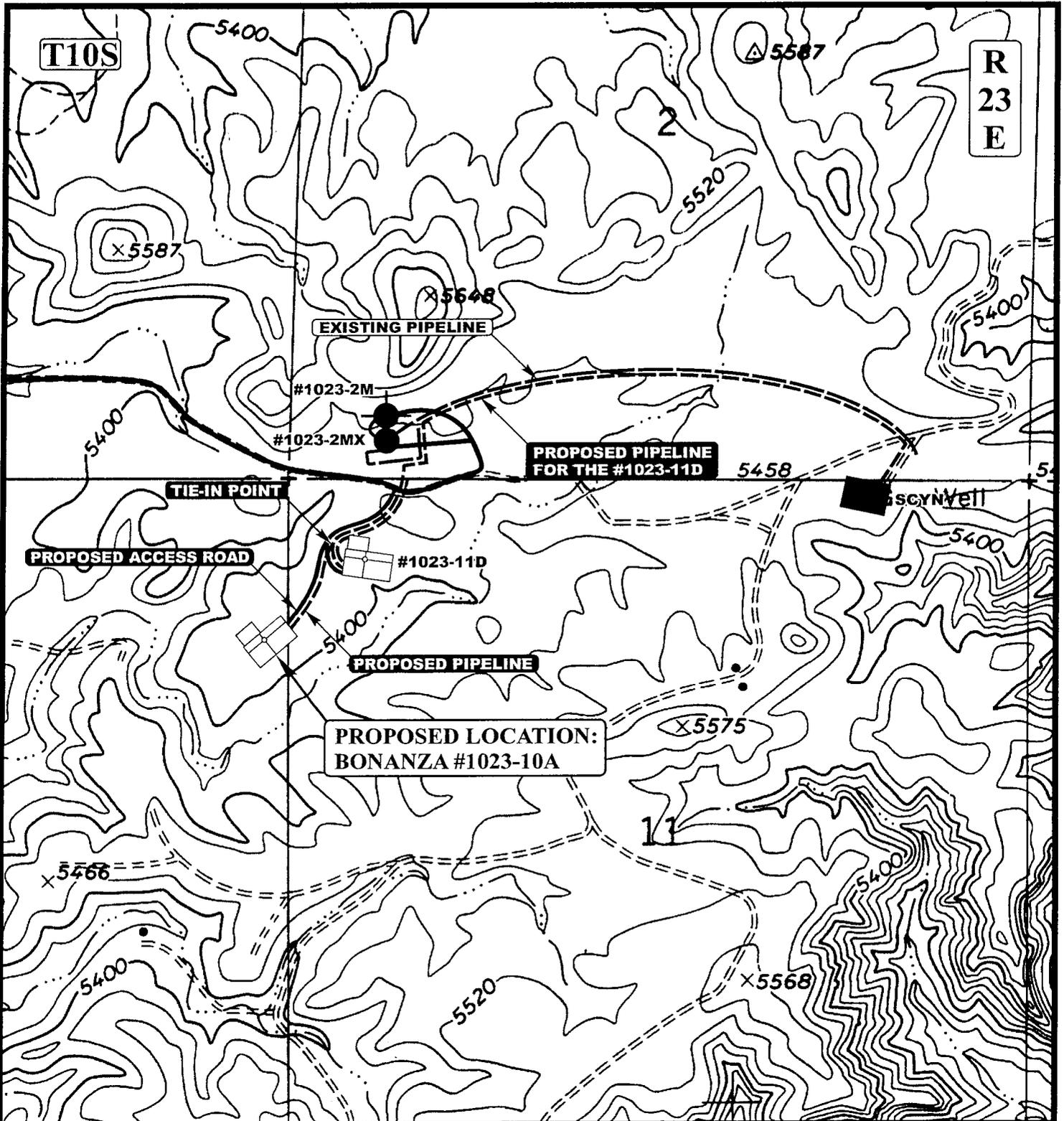
Name (Printed/Typed) <b>Sheila Upchego</b>	Title <b>Regulatory Analyst</b>
Signature 	Date <b>July 28, 2006</b>

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	<b>Accepted by the Utah Division of Oil, Gas and Mining</b>

Title 18 U.S.C. Section 1001, 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.

**For Record Only**



APPROXIMATE TOTAL PIPELINE DISTANCE = 700' +/-

**LEGEND:**

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED PIPELINE (SERVICING OTHER WELLS)

**RECEIVED**

**Kerr-McGee Oil & Gas Onshore LP**

AUG 11 2006

**BONANZA #1023-10A**  
**SECTION 10, T10S, R23E, S.L.B.&M.**  
**1146' FNL 178' FEL**

DIV. OF OIL, GAS & MINING



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

**TOPOGRAPHIC**  
**MAP**

**03 15 06**  
 MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: B.C. REVISED: 05-23-06C.P.



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
**UTU-40736**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
**UTU60774**

8. Well Name and No.  
**BONANZA 1023-10A**

9. API Well No.  
**4304738307**

10. Field and Pool, or Exploratory Area  
**NATURAL BUTTES**

11. County or Parish, State  
**UINTAH, UTAH**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
**KERR MCGEE OIL AND GAS ONSHORE LP**

3a. Address  
**1368 SOUTH 1200 EAST, VERNAL, UTAH 84078**

3b. Phone No. (include area code)  
**(435)781-7003**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**1146' FNL, 178' FEL  
NENE, SEC 10-T10S-R23E**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other APD EXTENSION
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<b>DOG M</b>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

THE OPERATOR REQUESTS AUTHORIZATION FOR A ONE YEAR EXTENSION FOR THE SUBJECT WELL LOCATION SO THAT THE DRILLING OPERATIONS MAY BE COMPLETED. THE ORIGINAL APD WAS APPROVED BY THE DIVISION OF OIL, GAS AND MINING ON JUNE 22, 2006.

Approved by: [Signature]  
Oil, Gas and Mining

Date: 05-30-07  
By: [Signature]

**RECEIVED**  
**MAY 29 2007**  
DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) <b>RAMEY HOOPES</b>	Title <b>REGULATORY CLERK</b>
Signature <i>Ramey Hoopes</i>	Date <b>May 22, 2007</b>

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
-------------	-------	------

Conditions of approval, if any, are attached. Approval of this notice 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.

Title 18 U.S.C. Section 1001, 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.

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 4304738307  
**Well Name:** BONANZA 1023-10A  
**Location:** NENE, SEC 10-T10S-R23E  
**Company Permit Issued to:** KERR-MCGEE OIL AND GAS ONSHORE LP  
**Date Original Permit Issued:** 6/22/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes  No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes  No

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes  No

Has the approved source of water for drilling changed? Yes  No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes  No

Is bonding still in place, which covers this proposed well? Yes  No

  
Signature

5/22/2007  
Date

Title: REGULATORY CLERK

Representing: KERR-MCGEE OIL AND GAS ONSHORE L

**RECEIVED**  
**MAY 29 2007**  
DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**RECEIVED**

JUN 21 2006

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

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

1a. Type of Work:  DRILL  REENTER

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

5. Lease Serial No.  
**UTU-40736**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.  
**CRG**

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

8. Lease Name and Well No.  
**BONANZA 1023-10A**

3A. Address  
**1368 SOUTH 1200 EAST VERNAL, UT 84078**

3b. Phone No. (include area code)  
**(435) 781-7024**

9. API Well No.  
**431047138307**

10. Field and Pool, or Exploratory

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
At surface **NENE 1146'FNL, 178'FEL**  
At proposed prod. Zone

11. Sec., T., R., M., or Blk, and Survey or Area  
**SEC 10, T10S, R23E**

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

12. County or Parish  
**UINTAH**

13. State  
**UTAH**

15. Distance from proposed\* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **178'**

16. No. of Acres in lease **642.36**

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 **7800'**

20. BLM/BIA Bond No. on file **BOND NO: WY-2357**

21. Elevations (Show whether DF, KDB, RT, GL, etc.) **5434'GL**

22. Approximate date work will start\*

23. Estimated duration

**24. Attachments**

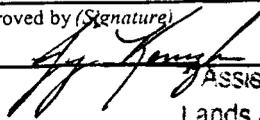
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form.

- 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 described in the 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.

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
**FOR RECORD ONLY**

25. Signature  Name (Printed/Typed) **SHEILA UPCHEGO** Date **6/15/2006**

Title **REGULATORY ANALYST**

Approved by (Signature)  Name (Printed/Typed) **JERRY KEVORK** Date **7-5-2007**

Title **Assistant Field Manager** Office **VERNAL FIELD OFFICE**  
**Lands & Mineral Resources**

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)

**NOTICE OF APPROVAL**

**CONDITIONS OF APPROVAL ATTACHED**

**RECEIVED**

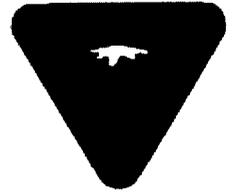
**JUL 13 2007**

**DIV. OF OIL, GAS & MINING**

06BM1507A



UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE  
170 South 500 East VERNAL, UT 84078 (435) 781-4400



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

Company: Kerr-McGee Oil & Gas Onshore, LP Location: NENE, Sec. 10, T10S, R23E  
Well No: Bonanza 1023-10A Lease No: UTU-40736  
API No: 43-047-38307 Agreement: CA CR-5

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	435-781-4490	435-828-4470
Petroleum Engineer:	Michael Lee	435-781-4432	435-828-7875
Petroleum Engineer:	James Ashley	435-781-4470	435-828-7874
Petroleum Engineer:	Ryan Angus	435-781-4430	435-828-7368
Supervisory Petroleum Technician:	Jamie Sparger	435-781-4502	435-828-3913
NRS/Enviro Scientist:	Paul Buhler	435-781-4475	435-828-4029
NRS/Enviro Scientist:	Karl Wright	435-781-4484	
NRS/Enviro Scientist:	Holly Villa	435-781-4404	
NRS/Enviro Scientist:	Chuck MacDonald	435-781-4441	
NRS/Enviro Scientist:	Jannice Cutler	435-781-3400	
NRS/Enviro Scientist:	Michael Cutler	435-781-3401	
NRS/Enviro Scientist:	Anna Figueroa	435-781-3407	
NRS/Enviro Scientist:	Verlyn Pindell	435-781-3402	
NRS/Enviro Scientist:	Darren Williams	435-781-4447	
NRS/Enviro Scientist:	Nathan Packer	435-781-3405	

Fax: 435-781-4410

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

- |  |  |
|--|--|
| Location Construction<br>(Notify NRS/Enviro Scientist)                     | - Forty-Eight (48) hours prior to construction of location and access roads.   |
| Location Completion<br>(Notify NRS/Enviro Scientist)                       | - Prior to moving on the drilling rig.   |
| Spud Notice<br>(Notify Petroleum Engineer)                                 | - Twenty-Four (24) hours prior to spudding the well.   |
| Casing String & Cementing<br>(Notify Supervisory Petroleum Technician)     | - Twenty-Four (24) hours prior to running casing and cementing all casing strings.   |
| BOP & Related Equipment Tests<br>(Notify Supervisory Petroleum Technician) | - Twenty-Four (24) hours prior to initiating pressure tests.   |
| First Production Notice<br>(Notify Petroleum Engineer)                     | - Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

***SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)***

**General Surface COAs**

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer AO. A report will be prepared by a BLM permitted paleontologist and submitted to the AO at the completion of surface disturbing activities.

**Specific Surface COAs**

- The topsoil from the reserve pit shall be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be recontoured and the topsoil respread, and the area shall be seeded in the same manner as the location topsoil.
- Once the location is plugged and abandoned, it shall be recontoured to natural contours, topsoil respread where appropriate, and the entire location seeded with the recommended seed mix. Seeding shall take place by broadcasting the seed and walking it into the soil with a dozer immediately after the dirt work is completed.

## **DOWNHOLE CONDITIONS OF APPROVAL**

### **SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL**

- Production casing cement shall be brought up and into the surface casing.
- A cement Bond Log (CBL) shall be run from the production casing shoe to the surface casing shoe.

**All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to.** The following items are emphasized:

### **DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment BOPE shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources such as Gilsonite, tar sands, oil shale, trona, etc. to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth from KB or GL of encounter, vertical footage of the encounter and, the name of the person making the report along with a telephone number should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log CBL will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT\_VN\_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

## **OPERATING REQUIREMENT REMINDERS:**

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" Oil and Gas Operations Report OGOR starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 303 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location  $\frac{1}{4}$   $\frac{1}{4}$ , Sec., Twn, Rng, and P.M..
  - Date well was placed in a producing status date of first production for which royalty will be paid.
  - The nature of the well's production, i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons.
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees NTL 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events fires, accidents, blowouts, spills, discharges as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" BLM Form 3160-4 shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include

deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples cuttings, fluid, and/or gas shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" Form BLM 3160-5 must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

## CONDITIONS OF APPROVAL

Communitization Agreement Number CR-5, (E1/2, Section 10, T10S, R23E) was approved to include only production from the Mesaverde Formation.

Prior to well completion, approval by this office shall be required before production is established from any other formation(s).

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
**UTU-40736**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
**CR-5**

8. Well Name and No.  
**BONANZA 1023-10A**

9. API Well No.  
**4304738307**

10. Field and Pool, or Exploratory Area  
**NATURAL BUTTES**

11. County or Parish, State  
**UINTAH COUNTY, UTAH**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

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 (Footage, Sec., T., R., M., or Survey Description)  
**NE/NE SEC, 10, T10S, R23E 1146'FNL, 178'FEL**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>WELL SPUD</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

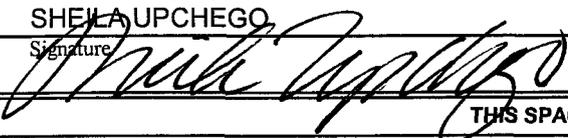
13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

MIRU PETE MARTIN BUCKET RIG. DRILLED 20" CONDUCTOR HOLE TO 40'. RAN 14" 36.7# SCHEDULE 10 PIPE. CMT W/28 SX READY MIX.

SPUD WELL LOCATION ON 02/21/2008 AT 1200 HRS.

**RECEIVED**  
**FEB 25 2008**  
DIV. OF OIL, GAS & MINING

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) <b>SHEILA UPCHEGO</b>	Title <b>SENIOR LAND ADMIN SPECIALIST</b>
Signature 	Date <b>February 21, 2008</b>

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	

Title 18 U.S.C. Section 1001, 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.

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 6

**ENTITY ACTION FORM**

Operator: KERR McGEE OIL & GAS ONSHORE LP Operator Account Number: N 2995  
 Address: 1368 SOUTH 1200 EAST  
city VERNAL  
state UT zip 84078 Phone Number: (435) 781-7024

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304738233	BONANZA 1023-11D		NWNW	11	10S	23E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	16711	2/21/2008			2/28/08	
Comments: MIRU PETE MARTIN BUCKET RIG. <i>W3mvd</i> SPUD WELL LOCATION ON 02/21/2008 AT 1030 HRS							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304738307	BONANZA 1023-10A		NENE	10	10S	23E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	16712	2/21/2008			2/28/08	
Comments: MIRU PETE MARTIN BUCKET RIG. <i>W3mvd</i> SPUD WELL LOCATION ON 02/21/2008 AT 1200 HRS							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

SHEILA UPCHEGO

Name (Please Print)

*Sheila Upchego*

Signature

SENIOR LAND SPECIALIST

2/21/2008

Title

Date

RECEIVED

FEB 25 2008

(5/2000)

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**

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**CR-5**

8. Well Name and No.  
**BONANZA 1023-10A**

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**4304738307**

10. Field and Pool, or Exploratory Area  
**NATURAL BUTTES**

11. County or Parish, State  
**UINTAH COUNTY, UTAH**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

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 (Footage, Sec., T., R., M., or Survey Description)  
**NE/NE SEC, 10, T10S, R23E 1146'FNL, 178'FEL**

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

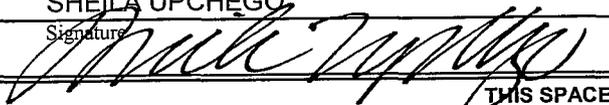
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other <b>SET SURFACE</b>
			<b>CSG</b>

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

MIRU PROPETRO AIR RIG ON 02/26/2008. DRILLED 12 1/4" SURFACE HOLE TO 2130'. RAN 9 5/8" 36# J-55 SURFACE CSG. LEAD CMT W/225 SX PREM CLASS G @15.8 PPG 1.15 YIELD. TAILED CMT W/100 SX PREM CLASS G @15.8 PPG 1.15 YIELD. NO RETURNS TO PIT. TOP OUT W/125 SX PREM CLASS G @15.8 PPG 1.15 YIELD. GOOD CMT TO SURFACE HOLE STAYED FULL.

WORT

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) <b>SHEILA UPCHEGO</b>	Title <b>SENIOR LAND ADMIN SPECIALIST</b>
Signature 	Date <b>March 3, 2008</b>

**THIS SPACE FOR FEDERAL OR STATE USE**

Approved by	Title	Date
-------------	-------	------

Conditions of approval, if any, are attached. Approval of this notice 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.

Title 18 U.S.C. Section 1001, 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.

**RECEIVED**

**MAR 10 2008**

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
**UTU-40736**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
**CR-5**

8. Well Name and No.  
**BONANZA 1023-10A**

9. API Well No.  
**4304738307**

10. Field and Pool, or Exploratory Area  
**NATURAL BUTTES**

11. County or Parish, State  
**UINTAH COUNTY, UTAH**

**SUBMIT IN TRIPLICATE – Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

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 (Footage, Sec., T., R., M., or Survey Description)  
**NE/NE SEC, 10, T10S, R23E 1146'FNL, 178'FEL**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>FINAL DRILLING OPERATIONS</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

FINISHED DRILLING FROM 2130' TO 7905' ON 04/06/2008. RAN 4 1/2" 11.6# I-80 PRODUCTION CSG. LEAD CMT W/340 SX PREM LITE II @11.3 PPG 3.02 YIELD. TAILED CMT W/1100 SX 50/50 POZ @ 14.3 PPG 1.31 YIELD. BUMP PLUG 700 OVER LIFT FLOATS HELD 30 BBLs CMT TO PIT. NIPPLE DOWN BOPE CLEAN MUD TANKS.

**RELEASED PIONEER RIG 69 ON 04/08/2008 AT 1600 HRS.**

14. I hereby certify that the foregoing is true and correct

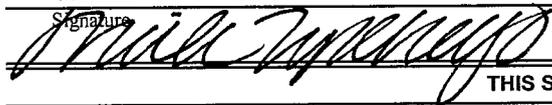
Name (Printed/Typed)

**SHEILA UPCHEGO**

Title

**SENIOR LAND ADMIN SPECIALIST**

Signature



Date

**April 9, 2008**

**THIS SPACE FOR FEDERAL OR STATE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice 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.

Office

Title 18 U.S.C. Section 1001, 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**

**APR 15 2008**

**DIV. OF OIL, GAS & MINING**

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
**UTU-40736**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
**CR-5**

8. Well Name and No.  
**BONANZA 1023-10A**

9. API Well No.  
**4304738307**

10. Field and Pool, or Exploratory Area  
**NATURAL BUTTES**

11. County or Parish, State  
**UINTAH COUNTY, UTAH**

**SUBMIT IN TRIPLICATE – Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

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 (Footage, Sec., T., R., M., or Survey Description)  
**NE/NE SEC, 10, T10S, R23E 1146'FNL, 178'FEL**

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

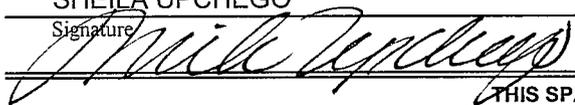
TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <b>PRODUCTION START-UP</b>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

THE SUBJECT WELL LOCATION WAS PLACED ON PRODUCTION ON 06/20/2008 AT 8:00 AM.

PLEASE REFER TO THE ATTACHED CHRONOLOGICAL WELL HISTORY.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) <b>SHEILA UPCHEGO</b>	Title <b>SENIOR LAND ADMIN SPECIALIST</b>
Signature 	Date <b>June 23, 2008</b>

THIS SPACE FOR FEDERAL OR STATE USE

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice 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.	Office	

Title 18 U.S.C. Section 1001, 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**

**JUN 26 2008**

DIV. OF OIL, GAS & MINING

Wins No.: 95605

## BONANZA 1023-10A

## Well Operations Summary Long

Operator KERR MCGEE OIL & GAS ONSHORE LP	FIELD NAME BONANZA	SPUD DATE 02/21/2008	GL 5,437	KB 5456	ROUTE
API 4304738307	STATE UTAH	COUNTY UINTAH	DIVISION ROCKIES		
Long/Lat.: 39.96753 / -109.30429	Q-Q/Sect/Town/Range: NENE / 10 / 10S / 23E	Footages: 1,146.00' FNL 178.00' FEL			

## Wellbore: BONANZA 1023-10A

MTD 7,905	TVD 7,902	PBMD	PBTVD
--------------	--------------	------	-------

EVENT INFORMATION:	EVENT ACTIVITY: DRILLING	START DATE: 2/21/2008
	OBJECTIVE: DEVELOPMENT	END DATE: 4/8/2008
	OBJECTIVE 2: ORIGINAL	DATE WELL STARTED PROD.:
	REASON: SURF FACILITIES	Event End Status: COMPLETE

RIG OPERATIONS:	Begin Mobilization	Rig On Location	Rig Charges	Rig Operation Start	Finish Drilling	Rig Release	Rig Off Location
PIONEER 69 / 69	03/28/2008	03/29/2008	03/30/2008	03/31/2008	04/06/2008	04/08/2008	04/08/2008

Date	Time Start-End	Duration (hr)	Phase	Code	Subcode	P/U	Operation	MD:
3/29/2008	SUPERVISOR: HEINS CONSULTING							2,130
2/21/2008	SUPERVISOR: LEW WELDON							58
	12:00 - 18:00	6.00	DRLCON	02		P	MOVE IN AND RIG UP BUCKET RIG SPUD WELL @ 1200 HR 2/21/08 DRILL AND SET 40' OF SCHEDULE 10 PIPE DRILL RODENT HOLES FOR RIG 69 BLM AND STATE NOTIFIED OF SPUD	
	18:00 - 18:00	0.00	DRLCON				WAIT ON AIR RIG	
2/26/2008	SUPERVISOR: LEW WELDON							870
	14:00 - 0:00	10.00	DRLSUR	02		P	MOVE IN AND RIG UP AIR RIG SPUD WELL @ 1400 HR 2/26/08 HIT SOME WATER @ 940' DA AT REPORT TIME	
2/27/2008	SUPERVISOR: LEW WELDON							1,650
	0:00 - 12:00	12.00	DRLSUR	02		P	RIG DRILLING AHEAD 1260'	
	12:00 - 0:00	12.00	DRLSUR	02		P	RIG DRILLING AHEAD HIT TRONA WATER @ 1530' CIRCULATING WITH SKID PUMP 1650'	
2/28/2008	SUPERVISOR: LEW WELDON							2,130
	0:00 - 12:00	12.00	DRLSUR	02		P	RIG DRILLING AHEAD CIRCULATING WITH SKID PUMP 1980'	
	12:00 - 22:30	10.50	DRLSUR	02		P	RIG T/D @ 2130' CONDITION HOLE 1 HR	
	22:30 - 0:00	1.50	DRLSUR	05		P	TRIP DP OUT OF HOLE	
2/29/2008	SUPERVISOR: LEW WELDON							2,130
	0:00 - 1:00	1.00	DRLSUR	05		P	FINISH TRIPPING DP OUT OF HOLE	

Wins No.: 95605

BONANZA 1023-10A

API No.: 4304738307

0:00 - 1:00	1.00	DRLSUR	05	P	FINISH TRIPPING DP OUT OF HOLE
1:00 - 13:00	12.00	DRLSUR	07	Z	RIG LOST HYDRAULICS REPAIR RIG
13:00 - 16:00	3.00	DRLSUR	11	P	RUN 2039' OF 9 5/8 CSG WAS UNABLE TO GET LAST JNT TO BOTTOM RIG DOWN AIR RIG
16:00 - 17:00	1.00	DRLSUR	15	P	CEMENT 1ST STAGE WITH 225 SKS @ 15.8# 1.15 5.0 GAL SK NO RETURNS TO PIT
17:00 - 17:30	0.50	DRLSUR	15	P	1ST TOP JOB 100 SKS WOC
17:30 - 19:30	2.00	DRLSUR	15	P	2ND TOP JOB 125 SKS CMT TO SURFACE AND STAYED AT SURFACE
19:30 - 19:30	0.00	DRLSUR			NO VISIBLE LEAKS PIT 1/4 FULL WORT

3/28/2008 SUPERVISOR: TIM HEINS MD: 2,130  
 15:00 - 0:00 9.00 DRLPRO 01 E P RIG DOWN FOR MOVE

3/29/2008 SUPERVISOR: TIM HEINS MD: 2,130  
 0:00 - 8:00 8.00 DRLPRO 01 E P RIG DOWN FOR MOVE  
 8:00 - 18:00 10.00 DRLPRO 01 A P MOVE RIG  
 18:00 - 0:00 6.00 DRLPRO 01 B P RIG UP ON LOCATION

3/30/2008 SUPERVISOR: TIM HEINS MD: 2,130  
 0:00 - 3:00 3.00 DRLPRO 01 B P RIGGING UP  
 3:00 - 8:00 5.00 DRLPRO 13 A P NIPPLE UP BOPE  
 8:00 - 10:30 2.50 DRLPRO 01 D P DRILL OUT RATHOLE  
 10:30 - 11:30 1.00 DRLPRO 06 D P SLIP & CUT DRLG LINE  
 11:30 - 16:30 5.00 DRLPRO 13 C P TEST BOP ANN-2500, RAMS-5000, CHOKE MANIFOLD & CHOKE LINE 5000, CASING 1500  
 16:30 - 20:30 4.00 DRLPRO 05 A P P/U BIT, MOTOR & DRILLSTRING, TAG CEMENT @ 1980  
 20:30 - 21:30 1.00 DRLPRO 13 B P PICKUP KELLY, INSTALL ROTATING HEAD RUBBER & DRIVE BUSHINGS

20:30 - 21:30	1.00	DRLPRO	13	B	P	PICKUP KELLY, INSTALL ROTATING HEAD RUBBER & DRIVE BUSHINGS
21:30 - 0:00	2.50	DRLPRO	02	F	P	DRLG CEMENT, FE & SHOE

3/31/2008 SUPERVISOR: TIM HEINS MD: 3,258

0:00 - 0:30	0.50	DRLPRO	02	A	P	DRLG FORMATION F/ 2130' TO 2213' = 83' MUD WT = 8.4 VIS = 27
0:30 - 1:00	0.50	DRLPRO	09	A	P	SURVEY @ 2138' = 2.52 DEGREE
1:00 - 7:00	6.00	DRLPRO	02	A	P	DRLG F/ 2213' TO 2435' = 222' - 32' HR MUD WT = 8.4 VIS = 27
7:00 - 7:30	0.50	DRLPRO	09	A	P	SURVEY @ 2357' = 2.10 DEGREE
7:30 - 12:00	4.50	DRLPRO	02	A	P	DRLG F/ 2435' TO 2720' = 285' - 63' HR MUD WT = 8.4 VIS = 27
12:00 - 12:30	0.50	DRLPRO	06	A	P	LUBRICATE RIG
12:30 - 17:30	5.00	DRLPRO	02	A	P	DRLG F/ 2720' TO 2942' = 222' - 44' HR MUD WT = 8.4 VIS = 27
17:30 - 18:00	0.50	DRLPRO	09	A	P	SURVEY @ 2870' = 2.15 DEGREE
18:00 - 0:00	6.00	DRLIN1	02	A	P	DRLG F/ 2942' TO 3258' = 316' - 53' HR MUD WT = 8.4 VIS = 27

4/1/2008 SUPERVISOR: TIM HEINS MD: 4,575

0:00 - 3:30	3.50	DRLPRO	02	A	P	DRLG F/ 3258' TO 3448' = 190' - 54' HR MUD WT = 8.4 VIS = 27
3:30 - 4:00	0.50	DRLPRO	09	A	P	SURVEY @ 3378' = 1.64 DEGREE
4:00 - 10:30	6.50	DRLPRO	02	A	P	DRLG F/ 3448' TO 3834' = 386' - 59' HR MUD WT = 8.6 VIS = 28
10:30 - 11:00	0.50	DRLPRO	06	A	P	LUBRICATE RIG
11:00 - 0:00	13.00	DRLPRO	02	A	P	DRLG F/ 3834' TO 4575' = 741' - 57' HR MUD WT = 9.5 VIS = 35

4/2/2008 SUPERVISOR: TIM HEINS MD: 5,475

0:00 - 17:30	17.50	DRLPRO	02	A	P	DRLG F/ 4575' TO 5253 = 678' = 39' HR - MUD WT = 9.9 - VIS = 42
17:30 - 18:00	0.50	DRLPRO	06		P	LUBRICATE RIG
18:00 - 0:00	6.00	DRLPRO	02	A	P	DRLG F/ 5253' TO 5475' = 222' - 37' HR - MUD WT = 10.3+ VIS = 46

Wins No.: 95605

BONANZA 1023-10A

API No.: 4304738307

	Time	MD	Rate	Tool	Bit	Phase	Notes
	18:00 - 0:00	6.00	DRLPRO	02	A	P	DRLG F/ 5253' TO 5475' = 222' - 37' HR - MUD WT = 10.3+ VIS = 46
4/3/2008	SUPERVISOR: TIM HEINS						MD: 6,267
	0:00 - 16:30	16.50	DRLPRO	02	A	P	DRLG F/ 5475' TO 6045' = 570' - 35' HR MUD WT = 10.3 TO 10.8 VIS = 45 TO 48
	16:30 - 17:00	0.50	DRLPRO	06	A	P	LUBRICATE RIG
	17:00 - 0:00	7.00	DRLPRO	02	A	P	DRLG F/ 6045' TO 6267' = 222' - 32' HR MUD WT = 10.9 VIS = 47
4/4/2008	SUPERVISOR: TIM HEINS						MD: 7,026
	0:00 - 17:00	17.00	DRLPRO	02	A	P	DRLG F/ 6267' TO 6806' = 539' - 32' HR MUD WT 11.0 VIS = 45
	17:00 - 17:30	0.50	DRLPRO	06	A	P	LUBRICATE RIG
	17:30 - 22:30	5.00	DRLPRO	02	A	P	DRLG F/ 6806' TO 7005' = 199' - 40' HR MUD WT = 11.1 VIS = 44
	22:30 - 23:00	0.50	DRLPRO	07	B	Z	WORK ON PUMP
	23:00 - 23:30	0.50	DRLPRO	02	A	P	DRLG F/ 7005' TO 7026" = 21' 42' HR MUD WT = 11.1+ VIS - 45
	23:30 - 0:00	0.50	DRLPRO	07	B	Z	WORK ON PUMP
4/5/2008	SUPERVISOR: TIM HEINS						MD: 7,280
	0:00 - 1:00	1.00	DRLPRO	02	A	P	DRLG F/ 7026' TO 7058' = 50' HR - MUD WT = 11.4+ VIS= 45
	1:00 - 1:30	0.50	DRLPRO	07		Z	WORK ON PUMP
	1:30 - 10:00	8.50	DRLPRO	02	A	P	DRLG F/ 7058' TO 7280' = 222' - 26' HR - MUD WT = 11.6 VIS = 46
	10:00 - 10:30	0.50	DRLPRO	04	C	P	CIRC, PUMP SLUG
	10:30 - 17:00	6.50	DRLPRO	05	A	P	PUMP SLUG, TRIP OUT F/ BIT # 1 ( TIGHT @ 4000' ) L/D MTR AND BIT# 1 P/U BIT # 2 AND BIT SUB
	17:00 - 23:30	6.50	DRLPRO	05	A	P	TRIP IN HOLE ( WORK TIGHT SPOT @ 6700' )
	23:30 - 0:00	0.50	DRLPRO	03	A	X	WASH AND REAM F/ 7153' TO 7180'
4/6/2008	SUPERVISOR: TIM HEINS						MD: 7,905
	0:00 - 0:30	0.50	DRLPRO	03	A	P	WASH AND REAM F/ 7180' TO 7280'



Wins No.: 95605

BONANZA 1023-10A

API No.: 4304738307

EVENT INFORMATION:    EVENT ACTIVITY: COMPLETION    START DATE: 4/26/2008  
                          OBJECTIVE: CONSTRUCTION                    END DATE: 4/30/2008  
                          OBJECTIVE 2: ORIGINAL                    DATE WELL STARTED PROD.:  
                          REASON: SURF FACILITIES                    Event End Status: COMPLETE

RIG OPERATIONS:    Begin Mobilization    Rig On Location    Rig Charges    Rig Operation Start    Finish Drilling    Rig Release    Rig Off Location

Date	Time Start-End	Duration (hr)	Phase	Code	Subcode	P/U	Operation
4/26/2008	SUPERVISOR: HAL BLANCHARD						

Wins No.: 95605

BONANZA 1023-10A

API No.: 4304738307

EVENT INFORMATION:      EVENT ACTIVITY: COMPLETION      START DATE: 6/13/2008  
 OBJECTIVE: DEVELOPMENT      END DATE: 6/17/2008  
 OBJECTIVE 2: ORIGINAL      DATE WELL STARTED PROD.:  
 REASON: MV      Event End Status: COMPLETE

RIG OPERATIONS:      Begin Mobilization      Rig On Location      Rig Charges      Rig Operation Start      Finish Drilling      Rig Release      Rig Off Location  
 MILES 3 / 3      06/14/2008      06/17/2008

Date	Time Start-End	Duration (hr)	Phase	Code	Subcode	P/U	Operation
6/13/2008	<u>SUPERVISOR:</u> GARTH McCONKIY						
	14:00 - 15:00	1.00	COMP	30	A	P	DAY 1 - JSA & SM #1
	15:00 - 18:00	3.00	COMP	30	A	P	R.R. F/ BON 1023-11C, T/ BON 1023-10A MIRU RIG. SPOT EQUIP.
							NDWH, NUBOP. RU FLOOR & TBG EQUIP. PREP & TALLY TBG. PU 3 7/8" MILL & BIT SUB. RIH ON NEW 2 3/8" J55 TBG. EOT @ 3771"
							18:00 SWI - SDFN. PREP WELL TO CONT. TO RIH W/TBG.
6/14/2008	<u>SUPERVISOR:</u> GARTH McCONKIY						
	7:00 - 7:15	0.25	COMP	48		P	DAY # 2. HSM, JSA #2.
	7:15 - 15:00	7.75	COMP	31	I	P	SICP 0 PSI. OPEN WELL. EOT @ 3772'. CONT PU NEW 2 3/8 J - 55 TBG. TAG PBTD W/ 250 JT'S TBG @ 7851'. CIRC WELL CLEAN W/ 2 % KCL WATER.
							X-OVER POOH LD 49 JT'S, S.B. 208 JT'S IN DRK. LD 3 7/8 MILL + BIT SUB. ND BOP, NU FRAC V.
							MIRU B & C QUICK TEST. PT CSG & FRAC VALVES. (GOOD TEST). RDMO B & C QUICK TEST.
							13:00 SWI - SDFD. PREP WELL TO FRAC ON 6/16/2008.
6/16/2008	<u>SUPERVISOR:</u> DOUG CHIVERS						
	6:30 - 7:00	0.50	COMP	48		P	HSM. FRACING & PERFORATING

Wins No.: 95605

BONANZA 1023-10A

API No.: 4304738307

7:00 - 19:00 12.00 COMP 36 B P

MIRU BJ & CUTTERS TO PERFORATE & FRAC THE MESA VERDE ZONES.  
PRIME UP PUMPS & LINES & PRESSURE TEST SURFACE EQUIPMENT TO 8,500 PSI GOOD TEST.

STG 1 ) PU & RIH W/ 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 DEG PHASING.

PERF 7,806' - 10' 4 SPF, 7,754' - 58' 4 SPF, 7,702' - 04' 4 SPF, 40 HOLES.

WHP 175 PSI, BRK 3,505 PSI @ 3.5 BPM, ISIP 2,080 PSI, FG .71.  
PUMP 100 BBLS @ 51.5 BPM @ 3,850 PSI = 100% HOLES OPEN.  
MP 4,108 PSI, MR 51.7 BPM, AP 3,806 PSI, AR 49.6 BPM, ISIP 2,240 PSI, FG .73, NPI 160 PSI.  
PUMP 2,149 BBLS SW & 75,140 LBS OF 30/50 SAND & 5,216 LBS OF 20/40 RESIN SAND.  
TOTAL PROP PUMPED 80,356 LBS.

STG 2 ) PU 4 1/2" CBP & RIH W/ 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 DEG PHASING.

SET 8K BAKER CBP @ 7,525' PERF 7,492' - 95' 4 SPF, 7,470' - 72' 4 SPF, 7,449' - 52' 4 SPF, 7,428' - 30' 4 SPF, 40 HOLES.

WHP 123 PSI, BRK 3,449 PSI @ 4.6 BPM, ISIP 2,220 PSI, FG .74.  
PUMP 100 BBLS @ 39.6 BPM @ 3,650 PSI = 100% HOLES OPEN.  
MP 4,060 PSI, MR 40.3 BPM, AP 3,666 PSI, AR 39.9 BPM, ISIP 2,468 PSI, FG .78, NPI 248 PSI.  
PUMP 1,438 BBLS SW & 46,519 LBS OF 30/50 SAND & 5,216 LBS OF 20/40 RESIN SAND.  
TOTAL PROP PUMPED 51735 LBS.

STG 3 ) PU 4 1/2" CBP & RIH W/ 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 DEG PHASING.

SET 8K BAKER CBP @ 7,340' PERF 7,306' - 10' 4 SPF, 7,268' - 70' 4 SPF, 7,252' - 54' 4 SPF, 7,226' - 28' 4 SPF, 40 HOLES.

WHP 150 PSI, BRK 3,208 PSI @ 2.6 BPM, ISIP 2,050 PSI, FG .72.  
PUMP 100 BBLS @ 50.1 BPM @ 4,400 PSI = 100% HOLES OPEN.  
MP 6,670 PSI, MR 50.6 BPM, AP 4,781 PSI, AR 46.5 BPM, ISIP 6670 PSI, FG 1.4, NPI 4620 PSI.  
SCREENED OUT W/ 62,579 LBS OF 30/50 SAND IN FORMATION.  
NO RESIN IN FORMATION. PLACED 71% OF DESIGN.  
PUMP 1,943 BBLS SW & 62,975 LBS OF 30/50 SAND & 1,000 LBS OF 20/40 RESIN SAND.  
TOTAL PROP PUMPED 63,975.  
FLOWED WELL BACK & REFLUSHED.

STG 4 ) PU 4 1/2" CBP & RIH W/ 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 DEG PHASING.

SET 8K BAKER CBP @ 7,142' PERF 7,104' - 12' 4 SPF, 6,960' - 62' 4 SPF, 40 HOLES.

WHP 0 PSI, BRK 2,473 PSI @ 4.6 BPM, ISIP 1,840 PSI, FG .70.  
PUMP 100 BBLS @ 52.1 BPM @ 3,775 PSI = 100% HOLES OPEN.  
MP 3,959 PSI, MR 52.2 BPM, AP 3,728 PSI, AR 51.8 BPM, ISIP 1,860 PSI, FG .71, NPI 20 PSI.  
PUMP 2,265 BBLS SW & 81,503 LBS OF 30/50 SAND & 7,000 LBS OF 20/40 RESIN SAND.  
TOTAL PROP PUMPED 88,503 LBS.

STG 5 ) PU 4 1/2" CBP & RIH W/ 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 DEG PHASING.

SET 8K BAKER CBP @ 6,874' PERF 6748' - 50' 4 SPF, 6,686' - 88' 4 SPF, 6658' - 60' 4 SPF, 48 HOLES.

WHP 105 PSI, BRK 2,630 PSI @ 4.6 BPM, ISIP 1,520 PSI, FG .67.  
PUMP 100 BBLS @ 55.6 BPM @ 3,650 PSI = 100% HOLES OPEN.  
MP 4,303 PSI, MR 56.2 BPM, AP 3,768 PSI, AR 54.8 BPM, ISIP 1,770 PSI, FG .70, NPI 250 PSI.  
PUMP 6,021 BBLS SW & 235,859 LBS OF 30/50 SAND & 7,648 LBS OF 20/40 RESIN SAND.  
TOTAL PROP PUMPED 243,507 LBS.

KILL PLG ) PU 4 1/2" 8K BAKER CBP RIH SET @ 6,608'. RDMO BJ & CUTTERS.  
SWI SDFN

6/17/2008 SUPERVISOR: DOUG CHIVERS

7:00 - 7:30 0.50 COMP 48 P HSM, JSA # 3.



**NOTICE OF LATE REPORTING  
DRILLING & COMPLETION INFORMATION**

Utah Oil and Gas Conservation General Rule R649-3-6 states that,

- Operators shall submit monthly status reports for each drilling well (including wells where drilling operations have been suspended).

Utah Oil and Gas Conservation General Rule R649-3-21 states that,

- A well is considered completed when the well has been adequately worked to be capable of producing oil or gas or when well testing as required by the division is concluded.
  
- Within 30 days after the completion or plugging of a well, the following shall be filed:
  - Form 8, Well Completion or Recompletion Report and Log
  - A copy of electric and radioactivity logs, if run
  - A copy of drillstem test reports,
  - A copy of formation water analyses, porosity, permeability or fluid saturation determinations
  - A copy of core analyses, and lithologic logs or sample descriptions if compiled
  - A copy of directional, deviation, and/or measurement-while-drilling survey for each horizontal well

Failure to submit reports in a timely manner will result in the issuance of a Notice of Violation by the Division of Oil, Gas and Mining, and may result in the Division pursuing enforcement action as outlined in Rule R649-10, Administrative Procedures, and Section 40-6-11 of the Utah Code.

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As of the mailing of this notice, the division has not received the required reports for

Operator: KERR-MCGEE OIL & GAS OHSORE, LP Today's Date: 06/27/2008

Well:	API Number:	Drilling Commenced:
NBU 1021-1G	4304739001	11/01/2007
NBU 1022-13I4S	4304739475	11/15/2007
BONANZA 1023-10A	4304738307	02/21/2008

*10S 23E 10*

List Attached

To avoid compliance action, required reports should be mailed within 7 business days to:

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

If you have questions or concerns regarding this matter, please contact Rachel Medina  
at (801) 538-5260.

cc: Well File  
Compliance File

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0137  
Expires: November 30, 2000

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

5. Lease Serial No.  
**UTU-40736**

1a. Type of Well  Oil Well  Gas  Dry Other  
b. Type of Completion:  New  Work Over  Deepen  Plug Back  Diff. Resvr.  
Other \_\_\_\_\_

6. If Indian, Allottee or Tribe Name

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

7. Unit or CA Agreement Name and No.  
**CR-5**

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

8. Lease Name and Well No.  
**BONANZA 1023-10A**

4. Location of Well (Report locations clearly and in accordance with Federal requirements)\*

At surface **NE/NE 1146'FNL, 178'FEL**

9. API Well No.  
**4304738307**

At top prod. interval reported below

10. Field and Pool, or Exploratory  
**NATURAL BUTTES**

At total depth

11. Sec., T., R., M., or Block and Survey or Area **SEC. 10, T10S, R23E**

14. Date Spudded **02/21/08**  
15. Date T.D. Reached **04/06/08**  
16. Date Completed  D & A  Ready to Prod. **06/20/08**

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

17. Elevations (DF, RKB, RT, GL)\*  
**5434'GL**

18. Total Depth: MD **7905'** TVD  
19. Plug Back T.D.: MD **7851'** TVD  
20. Depth Bridge Plug Set: MD TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)

22. Was well cored?  No  Yes (Submit copy)  
Was DST run?  No  Yes (Submit copy)  
Directional Survey?  No  Yes (Submit copy)

**CBL-CBL-GR Comp 2, CD, CN, Cal, HDI, DA**

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
20"	14"	36.7#		40'		28 SX			
12 1/4"	9 5/8"	36#		2130'		450 SX			
7 7/8"	4 1/2"	11.6#		7905'		1440 SX			

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Set (MD)
2 3/8"	7406'							

25. Producing Intervals

26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) MESAVERDE	6658'	7810'	6658'-7810'	0.36	208	OPEN
B)						
C)						
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, Etc.

Depth Interval	Amount and type of Material
6658'-7810'	PMP 13,816 BBLs SLICK H2O & 439,573# 30/50 SD

**RECEIVED**

**JUL 15 2008**

28. Production - Interval A

**DIV. OF OIL, GAS & MINING**

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
06/20/08	06/23/08	24	→	0	2,229	600			FLOWS FROM WELL
Choke Size	Tbg. Press. Flwg. 1500# SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Well Status	
24/64	SI	2200#	→	0	2229	600			PRODUCING GAS WELL

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Well Status	
	SI		→						

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas : Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

**SOLD**

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

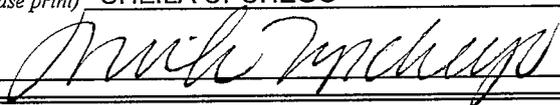
Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
WASATCH MESAVERDE	4027' 5865'	5865'			

32. Additional remarks (include plugging procedure):

33. Circle enclosed attachments:

- 1. Electrical/Mechanical Logs (1 full set req'd.)
- 2. Geologic Report
- 3. DST Report
- 4. Directional Survey
- 5. Sundry Notice for plugging and cement verification
- 6. Core Analysis
- 7. Other:

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)\*

Name (please print) SHEILA UPCHEGO Title REGULATORY ANALYST  
 Signature  Date 07/09/08

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.

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>  <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-40736
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> BONANZA 1023-10A
<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.	<b>9. API NUMBER:</b> 43047383070000
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	<b>PHONE NUMBER:</b> 720 929-6007 Ext
<b>4. LOCATION OF WELL FOOTAGES AT SURFACE:</b> 1146 FNL 0178 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NENE Section: 10 Township: 10.0S Range: 23.0E Meridian: S	<b>9. FIELD and POOL or WILDCAT:</b> NATURAL BUTTES  <b>COUNTY:</b> UINTAH  <b>STATE:</b> UTAH

**11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start: 12/29/2009	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input checked="" type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: _____

**12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.**

THE OPERATOR REQUESTS AUTHORIZATION TO TEMPORARILY ABANDON THE SUBJECT WELL LOCATION. THE OPERATOR PROPOSES TO TEMPORARILY ABANDON THE WELL TO DRILL THE BONANZA 1023-10A PAD, WHICH CONSIST OF THE BONANZA 1023-10A2DS, BONANZA 1023-10A4BS (FKA 10A4DS), BONANZA 1023-10H1BS, BONANZA 1023-10H2DS. PLEASE REFER TO THE ATTACHED TEMPORARILY ABANDON PROCEDURE.

**Accepted by the Utah Division of Oil, Gas and Mining**

**Date:** December 28, 2009

**By:** *Derek Duff*

<b>NAME (PLEASE PRINT)</b> Andy Lytle	<b>PHONE NUMBER</b> 720 929-6100	<b>TITLE</b> Regulatory Analyst
<b>SIGNATURE</b> N/A		<b>DATE</b> 12/22/2009

BONANZA 1023-10A  
 1146' FNL & 0178' FEL  
 SWNE SEC.10, T10S, R23E  
 Uintah County, UT

KBE: 5452'  
 GLE: 5434'  
 TD: 7905'  
 PBDT: 7851'

API NUMBER: 43-047-38307  
 LEASE NUMBER: UTU-40736  
 WINS #: 95605  
 WI: 80.0000%  
 NRI: 59.9750%

**CASING:** 20" hole  
 14" STL 36.7# csg @ 40' GL  
 Cemented to surface w/ 28 sx

12 1/4" hole  
 9 5/8" 32.3# H-40 @ 2058' (KB)  
 Cement w/ 450 sx, TOC at surface by circulation

7.875" hole  
 4 1/2" 11.6# I-80 @ 7895'  
 Cement w/ 1440 sks, TOC @ 1055' per CBL

**TUBING:** 2 3/8" 4.7# J-55 tubing landed at 7,405.5'.

Tubular/Borehole	Drift inches	Collapse psi	Burst psi	Capacities		
				Gal./ft.	Cuft/ft.	Bbl./ft.
2.375" 4.7# J-55 tbg.	1.901	8100	7700	0.1624	0.02173	0.00387
4.5" 11.6# P-110	3.875	6350	7780	0.6528	0.0872	0.01554
9.625" 32.3# H-40	8.845	1400	2270	3.3055	0.4418	0.0787
14" 36.7# Stl						
<b>Annular Capacities</b>						
2.375" tbg. X 4 1/2" 11.6# csg				0.4227	0.0565	0.01006
4.5" csg X 9 5/8" 32.3# csg				2.478	0.3314	0.059
4.5" csg X 7.875 borehole				1.7052	0.2278	0.0406
9.625" csg X 12 1/4" borehole				2.3436	0.3132	0.0558
9.625" csg X 14" csg				3.4852	0.4659	0.083
14" csg X 20" borehole						

**GEOLOGIC INFORMATION:**

Formation	Depth to top, ft.
Uinta	Surface
Green River	974'
Mahogany	1715'
Wasatch	4027'
Mesa Verde	5865'

**Tech. Pub. #92 Base of USDW's**

USDW Elevation 1700' MSL

USDW Depth 3752' KBE

**PERFORATIONS:**

Formation	Date	Top	Btm	Spf	Status
Mesaverde	6/16/2008	6,658	6,660	4	Open
Mesaverde	6/16/2008	6,686	6,688	4	Open
Mesaverde	6/16/2008	6,748	6,750	4	Open
Mesaverde	6/16/2008	6,792	6,794	4	Open
Mesaverde	6/16/2008	6,840	6,844	4	Open
Mesaverde	6/16/2008	6,960	6,962	4	Open
Mesaverde	6/16/2008	7,104	7,112	4	Open
Mesaverde	6/16/2008	7,226	7,228	4	Open
Mesaverde	6/16/2008	7,252	7,254	4	Open
Mesaverde	6/16/2008	7,268	7,270	4	Open
Mesaverde	6/16/2008	7,306	7,310	4	Open
Mesaverde	6/16/2008	7,428	7,430	4	Open
Mesaverde	6/16/2008	7,449	7,452	4	Open
Mesaverde	6/16/2008	7,470	7,472	4	Open
Mesaverde	6/16/2008	7,492	7,495	4	Open
Mesaverde	6/16/2008	7,702	7,704	4	Open
Mesaverde	6/16/2008	7,754	7,758	4	Open
Mesaverde	6/16/2008	7,806	7,810	4	Open

**WELL HISTORY:**

- Spud Well 2/21/08, TD'd 4/8/08
- 6/16/08 - Completed MV intervals f/ 6658' - 7810'. Frac gross interval in 5 stages using 235,859# 30/50 sand & 7,648 20/40 Resin sand & 6,021 bbls slick water fluid.
- 6/23/08 - Well IP'd: 2229 MCF, 0 BC, 600 BW, TP: 1500#, CP: 2200#, 24/64 CHK, 24 HRS, LP: 293#.

**REMARKS:**

- Land Exploration/Operations - Okay to TA. Partners will be notified.
- Geology - OK to TA for pad drilling.
- Reservoir Engineering - 86 MBOE of reserves left on this well. Plan to return to production once the new wells are drilled on completed.
- Operations Engineering - Currently producing 260 mcf/d and 30 bwpd. Ok to TA for pad drilling.

**Recommended future action for disposition of well bore:**

Temporarily abandon the wellbore during the drilling and completion operations of the Bonanza 1023-10A pad wells. Return to production as soon as possible once completions are done.

## **BONANZA 1023-10A TEMPORARY ABANDONMENT PROCEDURE**

### **GENERAL**

- H2S MAY BE PRESENT. CHECK FOR H2S AND TAKE APPROPRIATE PRECAUTIONS.
- CEMENT QUANTITIES BELOW ASSUME NEAT CLASS G, YIELD 1.145 CUFT./SX. IF A DIFFERENT PRODUCT IS USED, WELLSITE PERSONNEL ARE RESPONSIBLE FOR CORRECTING QUANTITIES TO YIELD THE STATED SLURRY VOLUME. WHEN SQUEEZING, INCLUDE 10% EXCESS PER 1000' OF DEPTH.
- TREATED FRESH WATER WILL BE PLACED BETWEEN ALL PLUGS INSTEAD OF BRINE.
- ALL DISPLACEMENT FLUID SHALL CONTAIN CORROSION INHIBITOR AND BIOCIDES. PREMIX 5 GALLONS PER 100 BBLs FLUID.
- NOTIFY BLM 24 HOURS BEFORE MOVING ON LOCATION.

### **PROCEDURE**

**Note: An estimated 19 sx Class "G" cement needed for procedure**

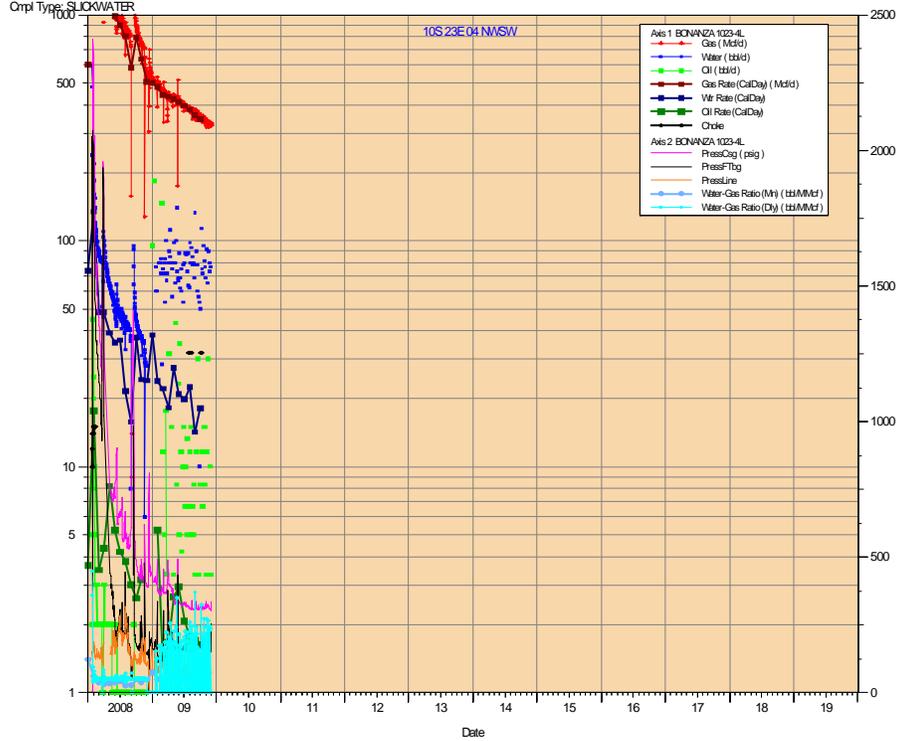
1. MIRU. KILL WELL AS NEEDED. ND WH, NU AND TEST BOPE.
2. PULL TBG & LD SAME. RU WIRELINE AND MAKE A GAUGE RING RUN TO CHECK FOR FILL.
3. **PLUG #1, ISOLATE MESAVERDE PERFORATIONS (6658' - 7810')**: RIH W/ 4 ½" CBP. SET @ ~6608'. RELEASE CBP, PUH 10', BRK CIRC W/ FRESH WATER. PRESSURE TEST CASING TO 500 PSI. INFORM ENGINEERING IF IT DOESN'T TEST. DISPLACE A MINIMUM OF 4.36 CUFT CMT (4 SX) ON TOP OF PLUG. PUH ABOVE TOC (~6558'). REVERSE CIRCULATE W/ TREATED FRESH WATER.
4. **PLUG #2, PROTECT MESAVERDE TOP (5865')**: PUH TO ~5965'. BRK CIRC W/ FRESH WATER. DISPLACE 17.44 CUFT. (15 SX) AND BALANCE PLUG W/ TOC @ ~5765' (200' COVERAGE). PUH ABOVE TOC. REVERSE CIRCULATE W/ TREATED FRESH WATER.
5. LOWER WELLHEAD TO GROUND LEVEL TO ACCOMMODATE DRILLING OPS AND INSTALL MARKER PER BLM GUIDELINES.
6. RDMO. TURN OVER TO DRILLING OPERATIONS.

DKB 12/16/09

BONANZA CENTRAL  
KERR-MOGEE OIL & GAS ONSHO  
MM  
Orpl Type: SLICKWATER

**BONANZA 1023-4L**  
43047382110000

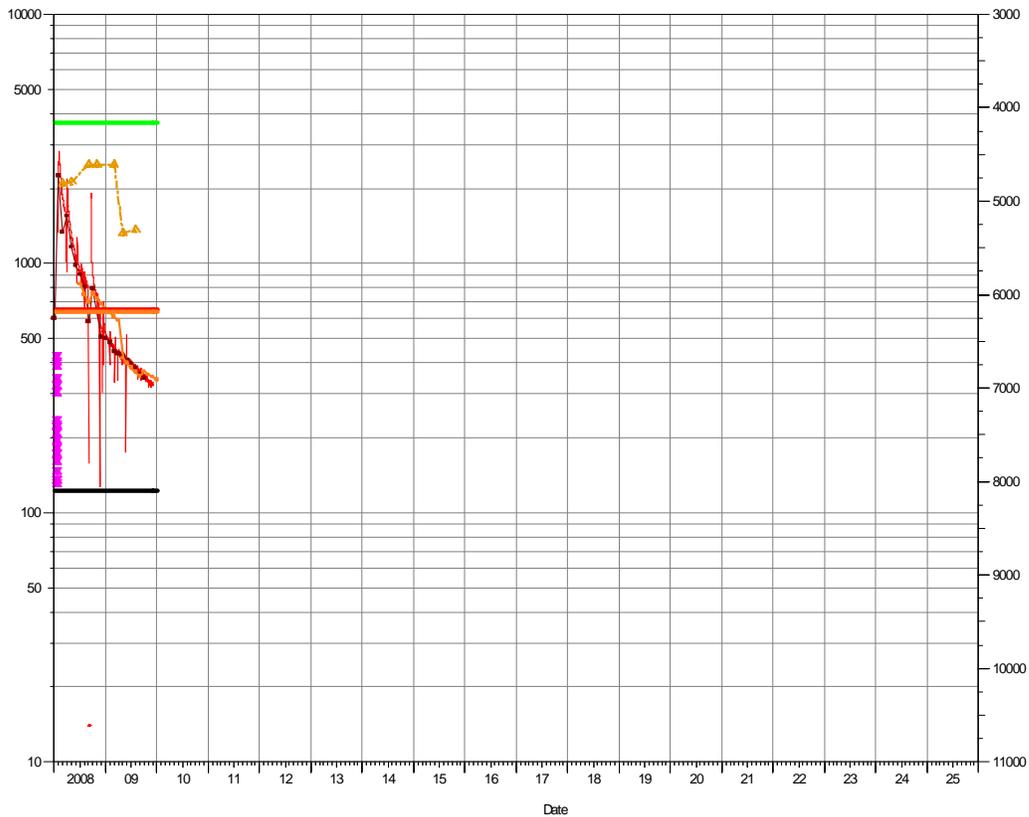
Gas Cum Monthly : 494 MMcf  
Gas Cum Dly : 504814 Mcf



BONANZA CENTRAL  
KERR-MOGEE OIL & GAS ONSHO  
MM  
Orpl Type: SLICKWATER

**BONANZA 1023-4L**  
43047382110000  
10S 23E 04 NMSW

Gas Cum Monthly : 494 MMcf  
Gas Cum Dly : 504814 Mcf





<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>  <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> UTU-40736
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	<b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b>  <b>7. UNIT or CA AGREEMENT NAME:</b>
<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> BONANZA 1023-10A
<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.	<b>9. API NUMBER:</b> 43047383070000
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	<b>PHONE NUMBER:</b> 720 929-6007 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 1146 FNL 0178 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NENE Section: 10 Township: 10.0S Range: 23.0E Meridian: S	<b>9. FIELD and POOL or WILDCAT:</b> NATURAL BUTTES  <b>COUNTY:</b> UINTAH  <b>STATE:</b> UTAH

**11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> <b>NOTICE OF INTENT</b> Approximate date work will start:	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input checked="" type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion: 7/26/2010	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> <b>DRILLING REPORT</b> Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input checked="" type="checkbox"/> <b>PRODUCTION START OR RESUME</b>	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: _____

**12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.**  
 THIS TEMPORARILY ABANDONED WELL HAS RETURNED TO PRODUCTION.  
 THIS WELL RETURNED TO PRODUCTION ON 7/26/2010 AT 11:30 A.M.

Accepted by the  
 Utah Division of  
 Oil, Gas and Mining  
**FOR RECORD ONLY**  
 July 27, 2010

<b>NAME (PLEASE PRINT)</b> Andy Lytle	<b>PHONE NUMBER</b> 720 929-6100	<b>TITLE</b> Regulatory Analyst
<b>SIGNATURE</b> N/A		<b>DATE</b> 7/27/2010

**US ROCKIES REGION**  
**Operation Summary Report**

Well: BONANZA 1023-10A		Spud Conductor: 2/21/2008	Spud Date: 2/26/2008
Project: UTAH-UINTAH		Site: BONANZA 1023-10A PAD	Rig Name No:
Event: WELL WORK EXPENSE		Start Date: 5/24/2010	End Date:
Active Datum: RKB @5,456.00ft (above Mean Sea Level)		UWI: BONANZA 1023-10A	

Date	Time Start-End	Duration (hr)	Phase	Code	Sub Code	P/U	MD From (ft)	Operation
5/24/2010	7:00 - 7:15	0.25	WO/REP	48		P		JSA WATCH NEW GUY
	7:15 - 17:00	9.75	WO/REP	30		P		RD RIG OFF 1023-10A2 MOVE TO 10A RU RIG SPOT IN TUBING PU 3-7/8" BIT & BIT SUB TALLEY & PU 184 JNTS OF 2-3/8" J-55 TUBING TAG TOP OF CEM @ 5830' RU RIG PUMP & PWR SWVL EST REV CIRC C/O & DRILL TO 5896' PACKING ON SWVL GAVE OUT CIRC CLEAN POOH 30' SWIFN REPAIR SWVL IN AM & CONTINUE DRILLING
5/25/2010	7:00 - 7:15	0.25	WO/REP	48		P		JSA= HIGH PRESS
	7:15 - 7:15	0.00	WO/REP	30				0 PSI ON WELL REPAIR PACKING ON SWIVEL CONTINUE DRILLING CEM FELL FREE @ 5988' RIH TAG 2ND CEM PLUG @ 6584' RU FOAMER EST CIRC DRILL 25' CEM TO CBP DRILL THRU CBP IN 8 MIN W/ 1000 PSI INCREASE IN PRESS CONTINUE TO RIH TAG FILL @ 7720' EST CIRC W/ FOAMER C/O & DRILL TO 7830' CIRC CLEAN LD 14 JNTS POOH LD BIT & BIT SUB. SWIFN
5/26/2010	7:00 - 7:15	0.25	WO/REP	48		P		JSA = BROACHING TUB
	7:15 - 13:00	5.75	WO/REP	30		P		SIWP= 1350# OPEN WELL TO PIT TO RELEASE PRESS PUMP 60 BBLS TMAC TO CONTROL WELL PU NOTCHED 1.87XN RIH TO 3700' PUMP 10 BBLS TMAC TO FLUSH & CONTROL WELL RIH TO XN NPL W/ 1.901 BROACH CONTINUE TO RIH W/ TUBING LAND ON HANGER W/ 233 JNTS OF 2-3/8" J-55 YB TUBING PUMP 10 BBLS TMAC TO FLUSH PU RIH W/ BROACH TO 3800' RD FLOOR & TUBING EQUIP ND BOPS NU WELLHEAD RD RIG & PUMP MOVE TO BON 1023-1C