

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work:  DRILL  REENTER

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

5. Lease Serial No.  
**UTU-0466**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.  
**UNIT #891008900A Natural Buttes**

8. Lease Name and Well No.  
**NBU 1022-7J-2T**

9. API Well No.  
**43-047-38493**

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**

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

11. Sec., T., R., M., or Blk, and Survey or Area  
**SEC. 7, T10S, R22E**

12. County or Parish  
**UINTAH**

13. State  
**UTAH**

4. Location of Well (Report location clearly and in accordance with any State requirements.)\* **39.102803**  
At surface **NWSE 2228'FSL, 2207'FEL 621806x**  
At proposed prod. Zone **4.24.04 - 159.180004**

14. Distance in miles and direction from nearest town or post office\*  
**24.4 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) **2207'**

16. No. of Acres in lease **453.62**

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 **9180'**

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**5289'UNGRADED GL**

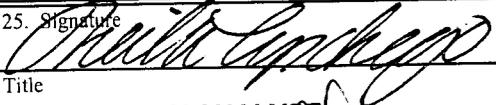
22. Approximate date work will start\*

23. Estimated duration

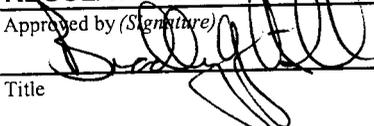
24. Attachments

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

25. Signature  Name (Printed/Typed) **SHEILA UPCHEGO** Date **8/9/2006**

Title **REGULATORY ANALYST**

Approved by (Signature)  Name (Printed/Typed) **BRADLEY G. HILL** Date **08-28-06**

Title **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

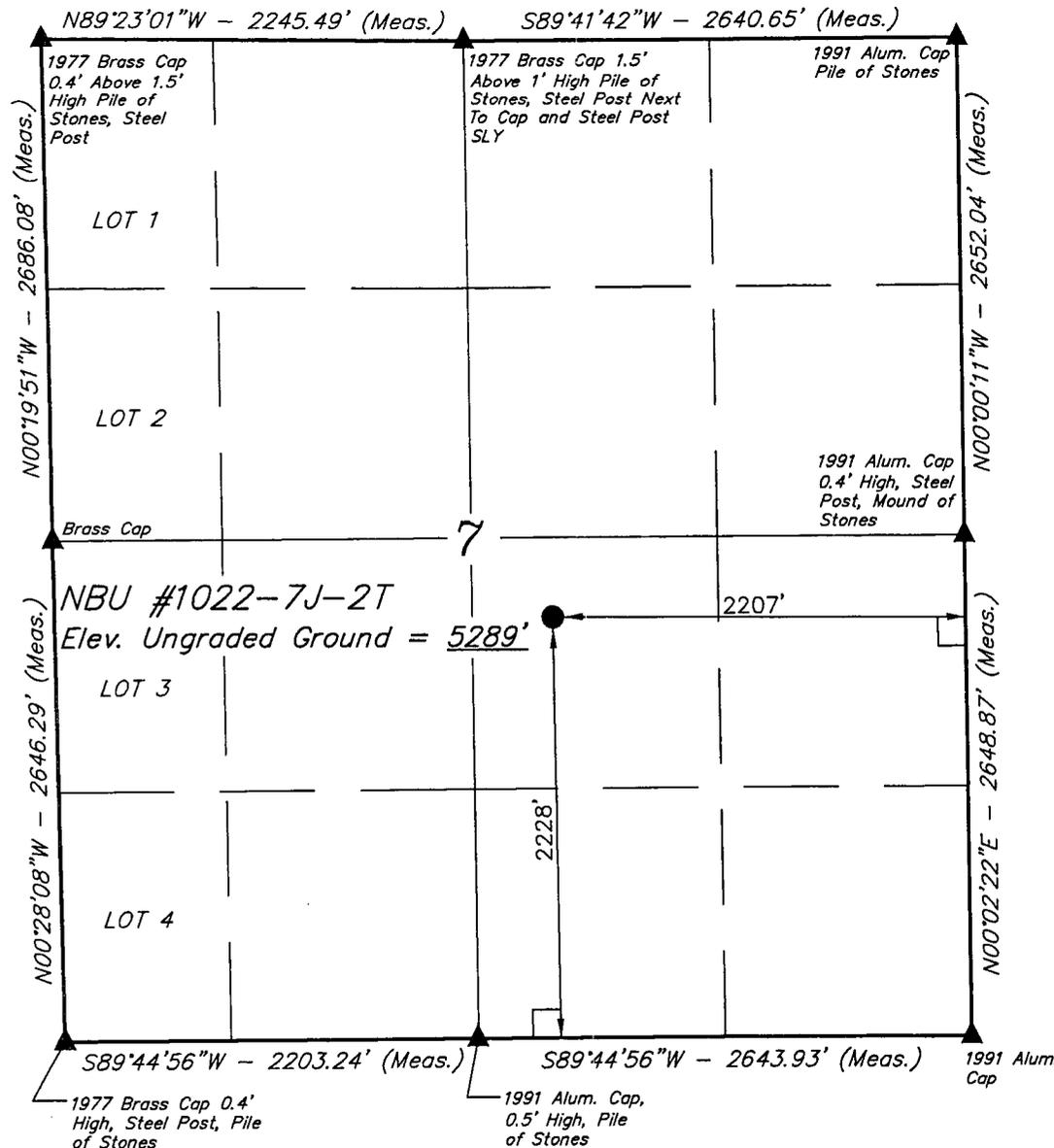
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AUG 21 2006

DIV. OF OIL, GAS & MINING

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

## Kerr McGee Oil & Gas Onshore LP

Well location, NBU #1022-7J-2T, located as shown in the NW 1/4 SE 1/4 of Section 7, T10S, R22E, S.L.B.&M. Uintah County, Utah.

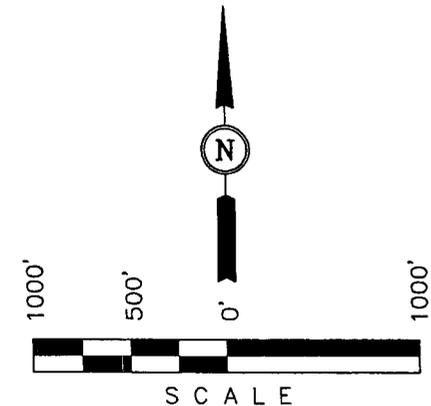


### BASIS OF ELEVATION

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

### BASIS OF BEARINGS

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



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.



### LEGEND:

- = 90° SYMBOL
- = PROPOSED WELL HEAD.
- = SECTION CORNERS LOCATED.

(NAD 83)  
 LATITUDE = 39°57'44.17" (39.962269)  
 LONGITUDE = 109°28'51.46" (109.480961)

(NAD 27)  
 LATITUDE = 39°57'44.29" (39.962303)  
 LONGITUDE = 109°28'48.99" (109.480275)

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

SCALE 1" = 1000'	DATE SURVEYED: 05-01-06	DATE DRAWN: 05-03-06
PARTY J.R. L.M. S.L.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE Kerr McGee Oil & Gas Onshore LP	

# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

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

**IN REPLY REFER TO:**

3160  
(UT-922)

August 28, 2006

**Memorandum**

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

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

API #	WELL NAME	LOCATION
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(Proposed PZ Wasatch/MesaVerde)

43-047-38486	NBU 1022-3C-2	Sec 03 T10S R22E 0094 FNL 1890 FWL
43-047-38488	NBU 1022-3K-4T	Sec 03 T10S R22E 1570 FSL 2044 FWL
43-047-38489	NBU 1022-4O-3	Sec 04 T10S R22E 0025 FSL 2081 FEL
43-047-38490	NBU 1022-5M-4T	Sec 05 T10S R22E 0526 FSL 1079 FWL
43-047-38491	NBU 1022-5H-4	Sec 05 T10S R22E 2563 FNL 0241 FEL
43-047-38487	NBU 1022-6K-3	Sec 06 T10S R22E 1844 FSL 1161 FWL
43-047-38492	NBU 1022-6O-3	Sec 06 T10S R22E 0038 FSL 2083 FEL
43-047-38493	NBU 1022-7J-2T	Sec 07 T10S R22E 2228 FSL 2207 FEL
43-047-38494	NBU 1022-9N-2T	Sec 09 T10S R22E 1086 FSL 1850 FWL
43-047-38485	NBU 922-34L-1	Sec 34 T09S R22E 2524 FSL 1094 FWL

This office has no objection to permitting the wells at this time.

/s/ Michael L. Coulthard

**NBU #1022-7J-2T  
NWNWSE SEC 7-T10S-R22E  
UINTAH COUNTY, UTAH  
UTU-0466**

**ONSHORE ORDER NO. 1**

***DRILLING PROGRAM***

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

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	1324'
Top of Birds Nest Water	1634'
Mahogany	2268'
Wasatch	4537'
Mesaverde	7119'
MVU2	8017'
MVL1	8622
TD	9180'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
	Green River	1324'
	Top of Birds Nest Water	1634'
	Mahogany	2268'
	Wasatch	4537'
Gas	Mesaverde	7119'
Gas	MVU2	8017'
Gas	MVL1	8622
Water	N/A	
Other Minerals	N/A	

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

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

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

*Please see the Natural Buttes Unit SOP.*

**5. Drilling Fluids Program:**

*Please see the Natural Buttes Unit SOP.*

**6. Evaluation Program:**

*Please see the Natural Buttes Unit SOP.*

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 9180' TD, approximately equals 5692 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3672 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. **Variations:**

*Please see Natural Buttes Unit SOP.*

10. **Other Information:**

*Please see Natural Buttes Unit SOP.*





# 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 2140	32.30	H-40	STC	0.64*****	1.37	4.20
PRODUCTION	4-1/2"	0 to 9180	11.60	I-80	LTC	7780	6350	201000
						2.18	1.14	2.16

- 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 = 11.7 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 3566 psi

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

## CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE		<b>NOTE: If well will circulate water to surface, option 2 will be utilized</b>					
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
PRODUCTION	LEAD	4,030'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	440	60%	11.00	3.38
	TAIL	5,150'	50/50 Poz/G + 10% salt + 2% gel + .1% R-3	1440	60%	14.30	1.31

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

## FLOAT EQUIPMENT & CENTRALIZERS

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

## ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

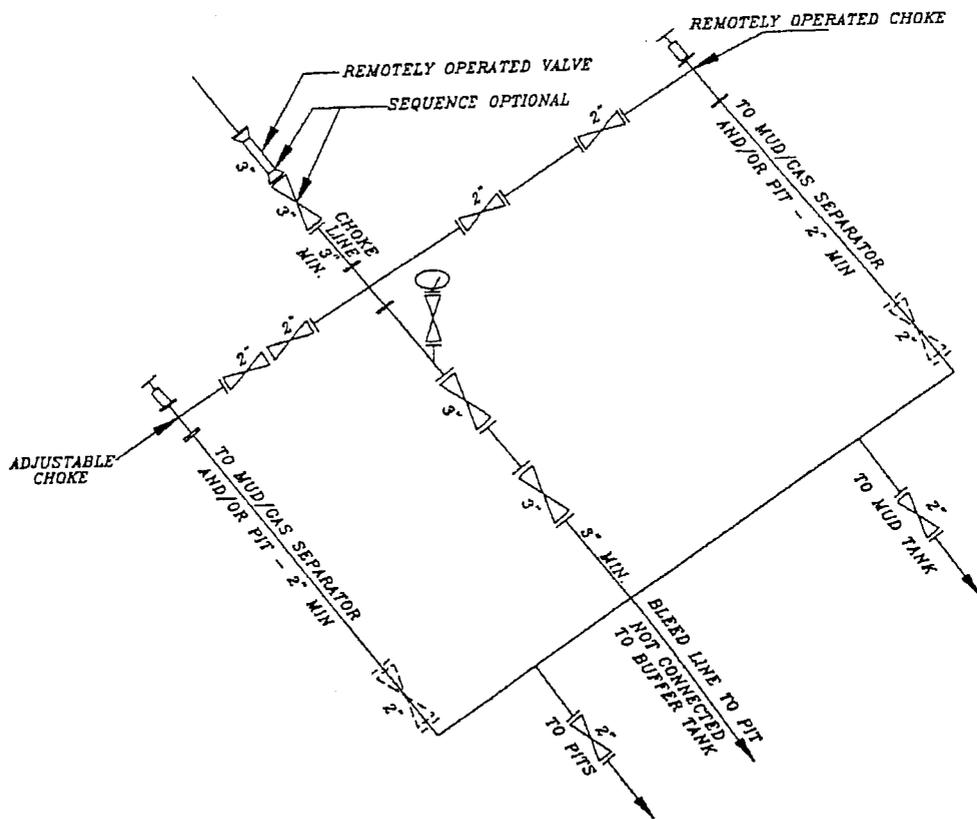
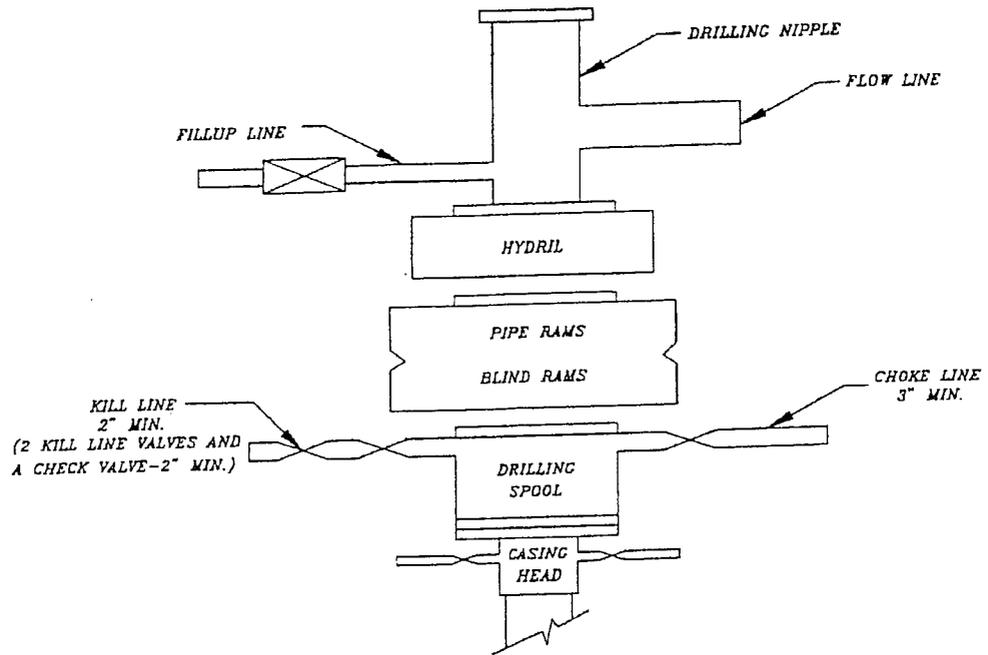
DRILLING ENGINEER: \_\_\_\_\_  
Brad Laney

DRILLING SUPERINTENDENT: \_\_\_\_\_  
Randy Bayne

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

# 5M BOP STACK and CHOKE MANIFOLD SYSTEM



**NBU #1022-7J-2T  
NWNWSE SEC 7-T10S-R22E  
UINTAH COUNTY, UTAH  
UTU-0466**

**ONSHORE ORDER NO. 1**

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

**1. Existing Roads:**

Refer to the attached location directions.

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

**2. Planned Access Roads:**

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

Approximately 150' +/- of new access road is proposed. Please refer to the attached Topo Map B.

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

Please refer to Topo Map C.

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

*Please see the Natural Buttes Unit SOP.*

Approximately 1050' +/- of 4" re-route pipeline to tie-in to an existing pipeline is proposed. Approximately 500' +/- of 4" pipeline is proposed. Refer to Topo Map D.

**Variances to Best Management Practices (BMPs) Requested:**

The pipeline shall be installed on surface within the access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

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

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

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

*Please see the Natural Buttes SOP.*

6. **Source of Construction Materials:**

*Please see the Natural Buttes SOP.*

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

*Please see the Natural Buttes SOP.*

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

8. **Ancillary Facilities:**

*Please see the Natural Buttes SOP.*

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

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

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

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

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

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

*Please see the Natural Buttes SOP.*

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

Galleta Grass	20 lbs.
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Operator shall call the BLM for the seed mixture when final reclamation occurs.

**11. Surface Ownership:**

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

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

**12. Other Information:**

A Class III archaeological survey has been performed and completed on July 31, 2006; The archaeological report No. 06-360 is attached. The paleontological survey have been performed and will be filed when received by our office

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

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

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

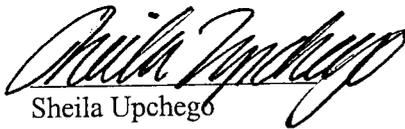
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

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

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

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

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

  
Sheila Upchego

8/9/2006

Date

**Kerr-McGee Oil & Gas Onshore LP**  
**NBU #1022-7J-2T**  
**SECTION 7, T10S, R22E, S.L.B.&M.**

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 6.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN LEFT AND PROCEED IN A SOUTHEASTERLY, THEN EASTERLY DIRECTION APPROXIMATELY 5.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 3.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 6.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE WEST; TURN RIGHT AND PROCEED IN A WESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 1.1 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTH; FOLLOW ROAD FLAGS IN A SOUTHERLY DIRECTION APPROXIMATELY 150' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 55.4 MILES.

# Kerr-McGee Oil & Gas Onshore LP

NBU #1022-7J-2T  
LOCATED IN UINTAH COUNTY, UTAH  
SECTION 7, T10S, R22E, S.L.B.&M.

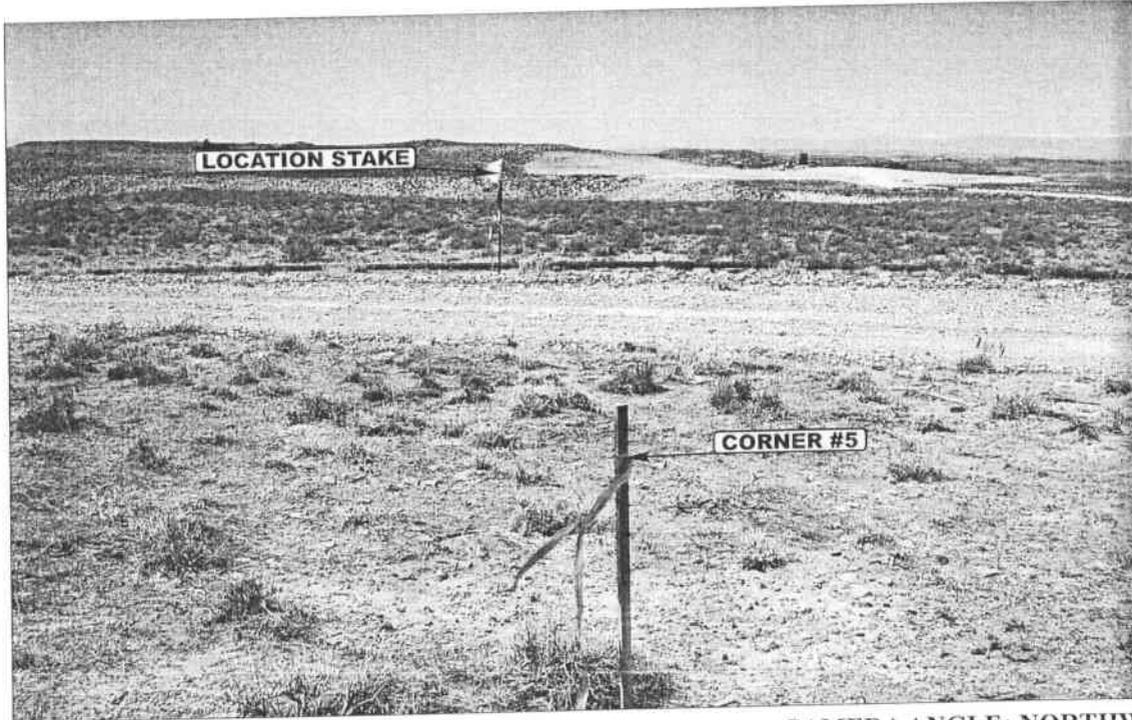


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY

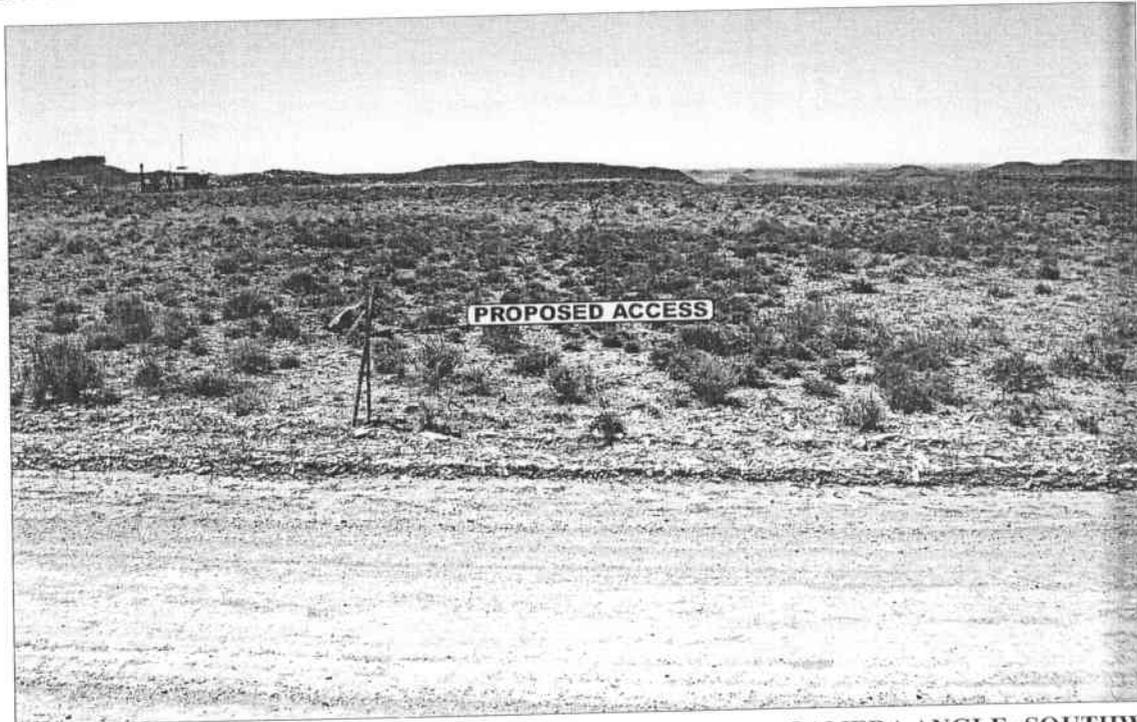


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

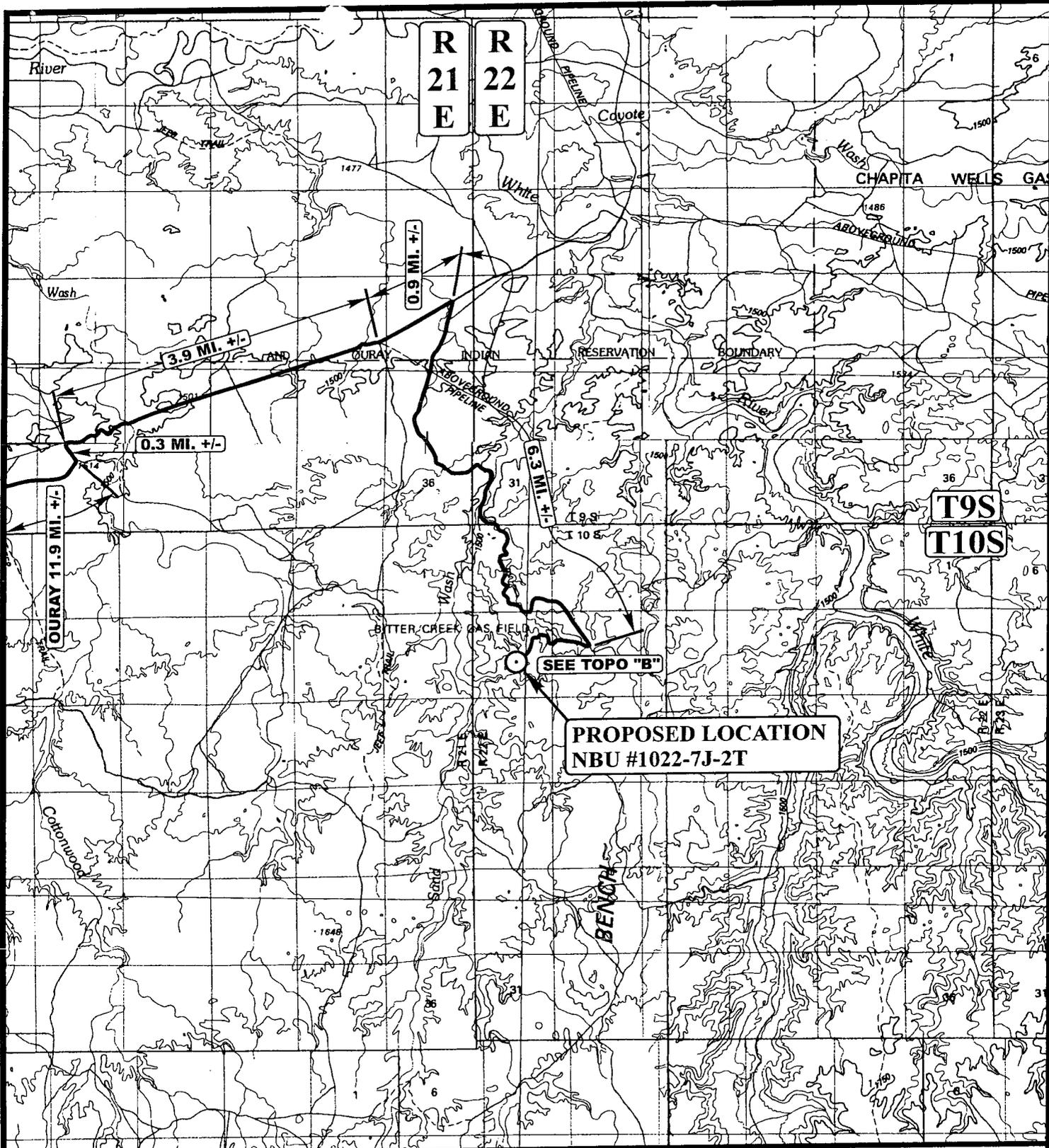
CAMERA ANGLE: SOUTHWESTERLY



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

- Since 1964 -

LOCATION PHOTOS	05	10	06	PHOTO
	MONTH	DAY	YEAR	
TAKEN BY: J.R.	DRAWN BY: C.P.		REVISED: 00-00-00	



**SEE TOPO "B"**

**PROPOSED LOCATION  
NBU #1022-7J-2T**

**LEGEND:**

⊙ PROPOSED LOCATION



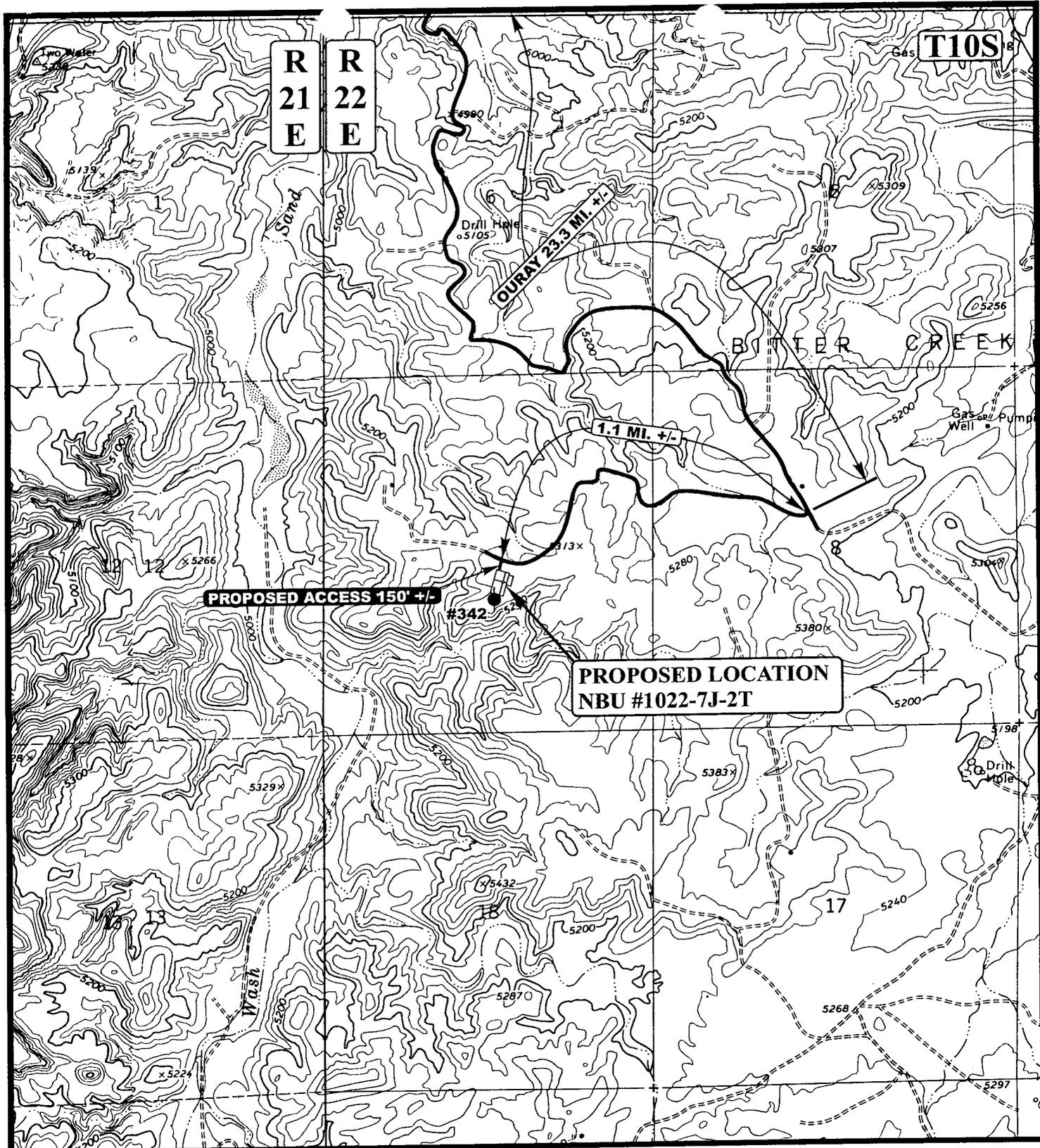
**Kerr-McGee Oil & Gas Onshore LP**

**NBU #1022-7J-2T**  
**SECTION 7, T10S, R22E, S.L.B.&M.**  
**2228' FSL 2207' FEL**

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

<b>TOPOGRAPHIC MAP</b>	<b>05</b> MONTH	<b>10</b> DAY	<b>06</b> YEAR
SCALE: 1:100,000	DRAWN BY: C.P.		REVISED: 00-00-00





**LEGEND:**

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD



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

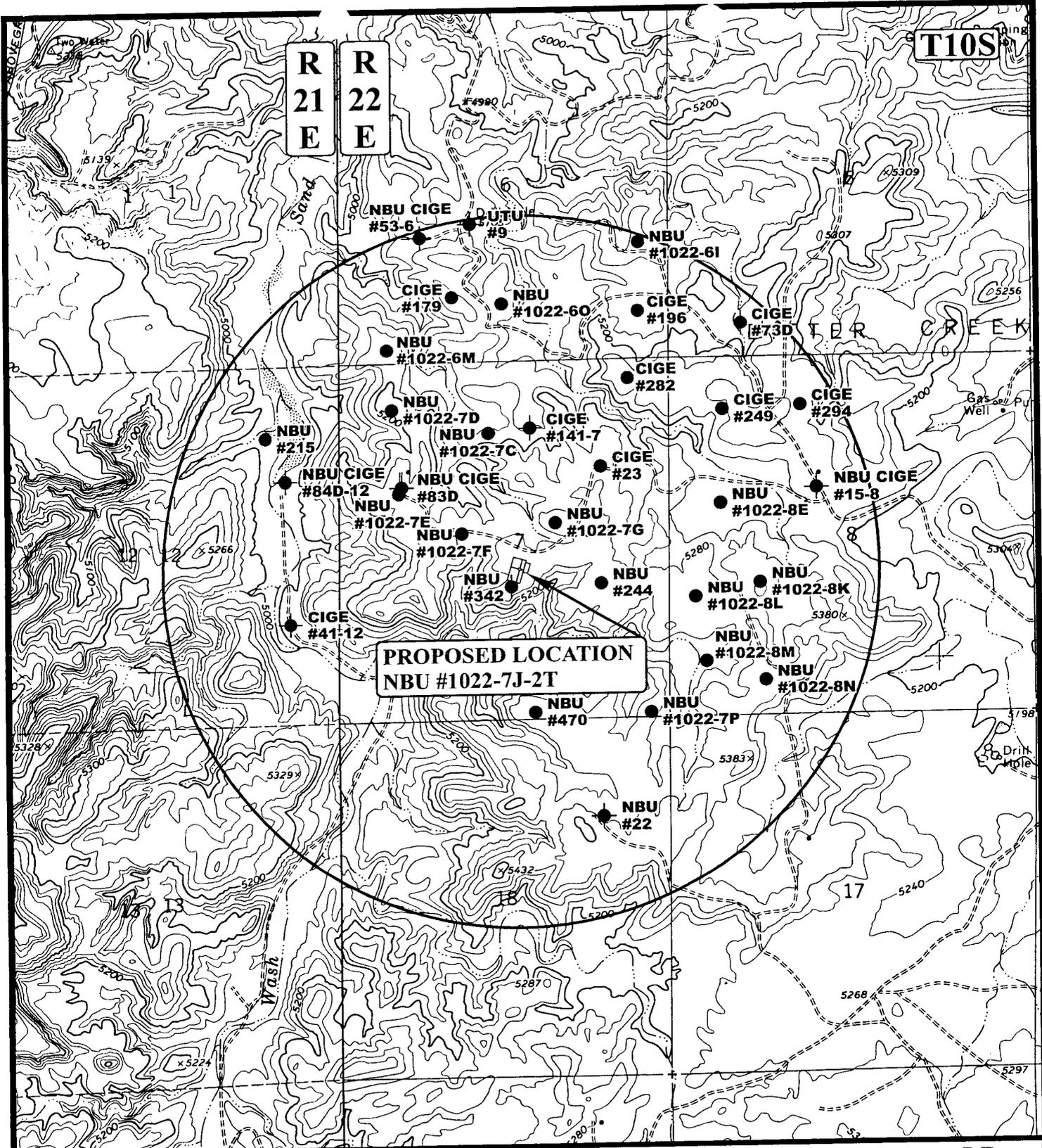
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**SECTION 7, T10S, R22E, S.L.B.&M.**  
**2228' FSL 2207' FEL**



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

**TOPOGRAPHIC** 05 10 06  
**MAP** MONTH DAY YEAR  
 SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





**PROPOSED LOCATION  
NBU #1022-7J-2T**

**LEGEND:**

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

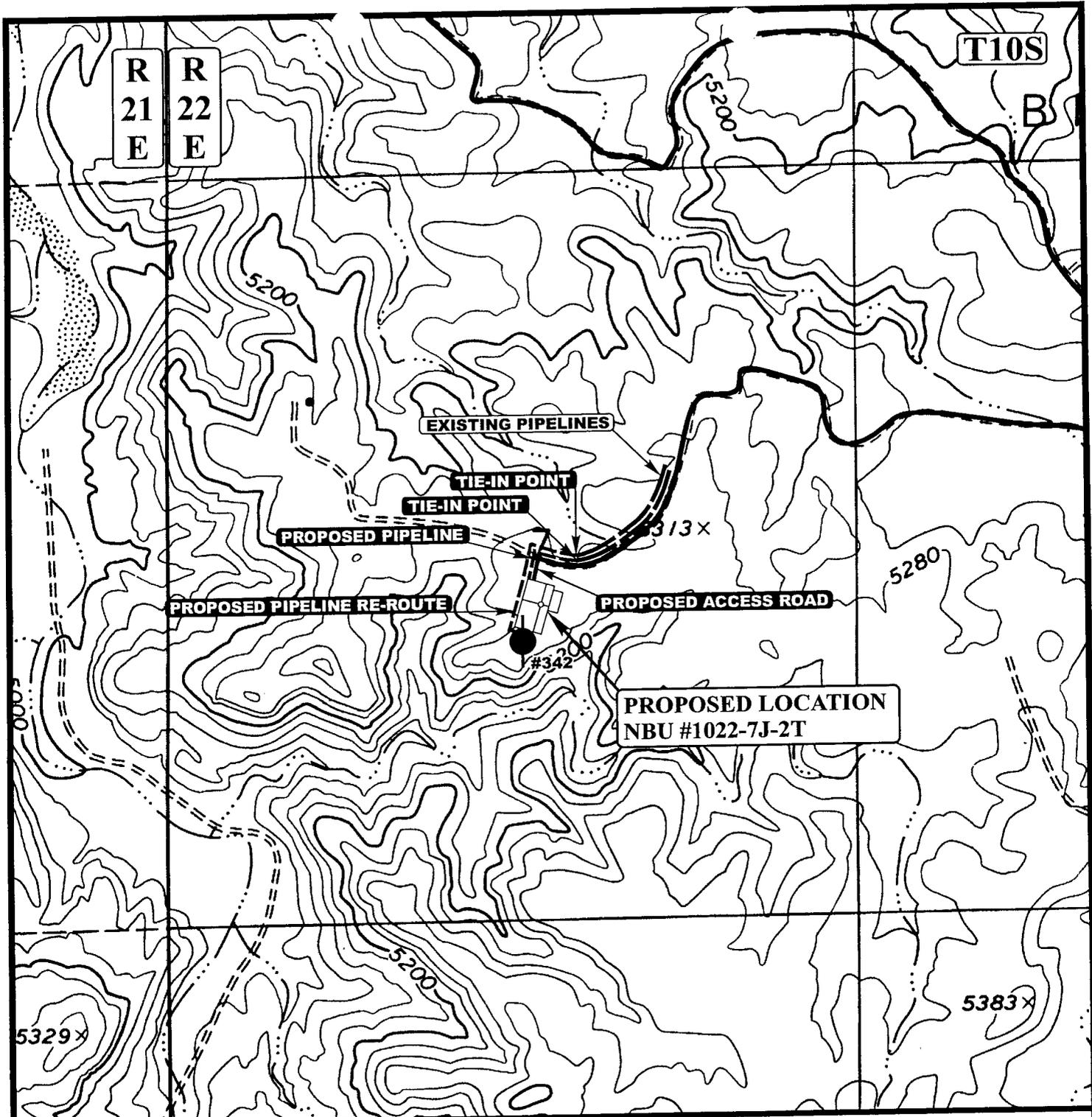
**Kerr-McGee Oil & Gas Onshore LP**

**NBU #1022-7J-2T  
SECTION 7, T10S, R22E, S.L.B.&M.  
2228' FSL 2207' FEL**

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



<b>TOPOGRAPHIC</b>	<b>05</b>	<b>10</b>	<b>06</b>	<b>C</b>
<b>MAP</b>	MONTH	DAY	YEAR	
SCALE: 1" = 2000'	DRAWN BY: C.P.		REVISED: 00-00-00	<b>TOPO</b>



APPROXIMATE TOTAL PIPELINE RE-ROUTE DISTANCE = 1,050' +/-

APPROXIMATE TOTAL PIPELINE DISTANCE = 500' +/-

**LEGEND:**

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE
-  PROPOSED PIPELINE RE-ROUTE



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

NBU #1022-7J-2T  
SECTION 7, T10S, R22E, S.L.B.&M.  
2228' FSL 2207' FEL



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

TOPOGRAPHIC	07	05	06
MAP	MONTH	DAY	YEAR
SCALE: 1" = 1000'	DRAWN BY: C.P.		REVISED: 00-00-00



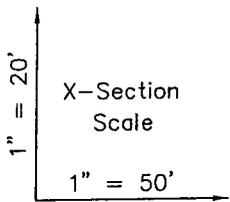


TYPICAL CROSS SECTIONS FOR

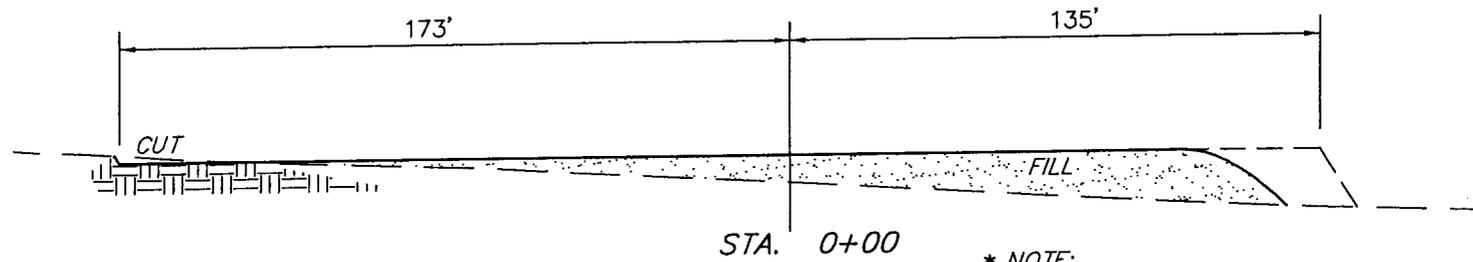
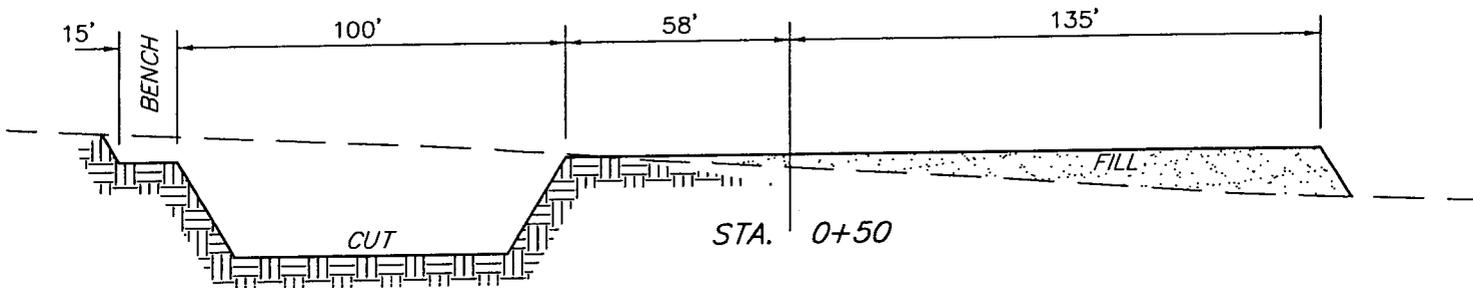
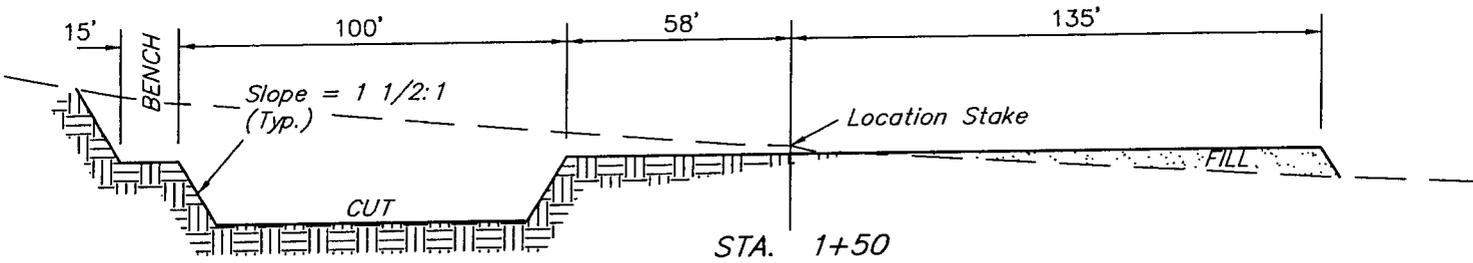
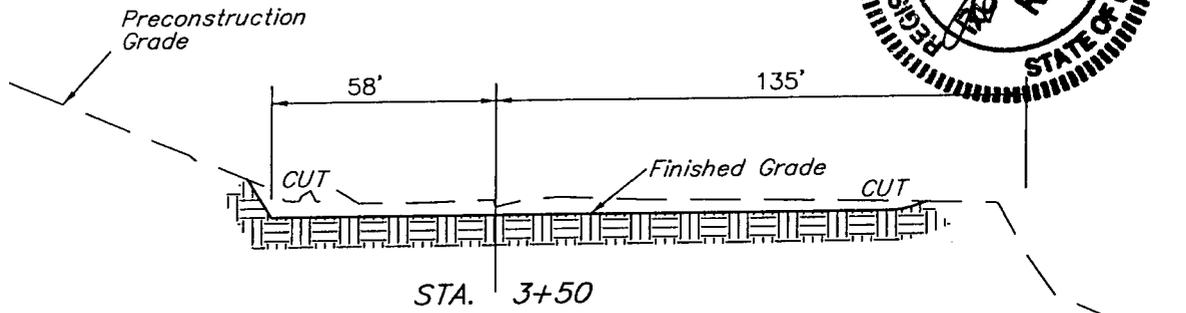
NBU #1022-7J-2T

SECTION 7, T10S, R22E, S.L.B.&M.

2228' FSL 2207' FEL



DATE: 05-03-06  
Drawn By: S.L.



\* NOTE:  
FILL QUANTITY INCLUDES  
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,590 Cu. Yds.
Remaining Location	= 8,430 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 10,020 CU.YDS.</b>
<b>FILL</b>	<b>= 5,810 CU.YDS.</b>

EXCESS MATERIAL	= 4,210 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,730 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 480 Cu. Yds.

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

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/21/2006

API NO. ASSIGNED: 43-047-38493

WELL NAME: NBU 1022-7J-2T  
 OPERATOR: KERR-MCGEE OIL & GAS ( N2995 )  
 CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

NWSE 07 100S 220E  
 SURFACE: 2228 FSL 2207 FEL  
 BOTTOM: 2228 FSL 2207 FEL  
 COUNTY: UINTAH  
 LATITUDE: 39.96225 LONGITUDE: -109.4802  
 UTM SURF EASTINGS: 629806 NORTHINGS: 4424464  
 FIELD NAME: NATURAL BUTTES ( 630 )

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

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTU-0466  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSMVD  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

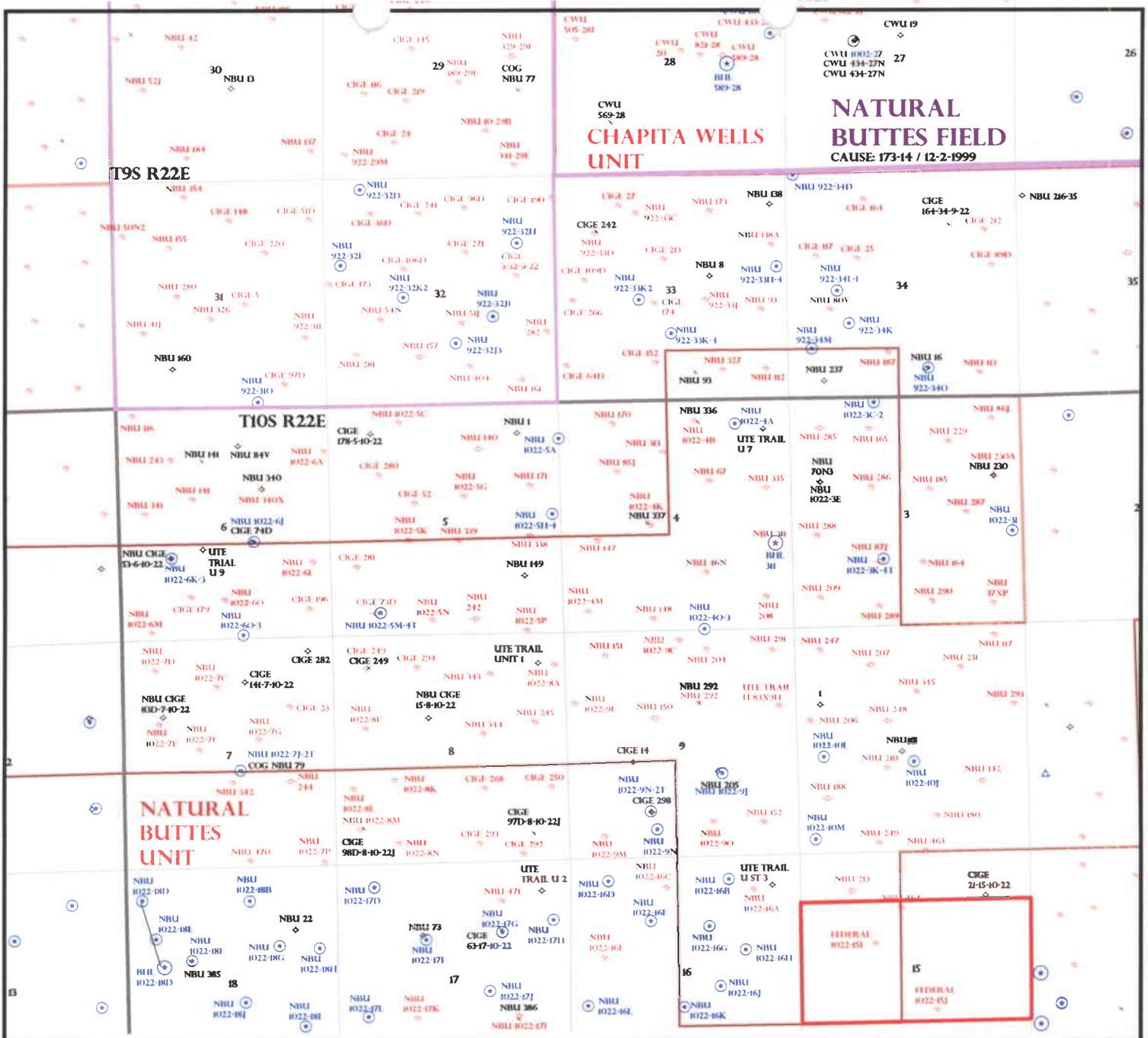
- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. WY-2357 )
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit  
(No. 43-8496 )
- RDCC Review (Y/N)  
(Date: )
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: NATURAL BUTTES
- R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit  
Board Cause No: 173 14  
Eff Date: 12-2-1999  
Siting: 460' fr u burg & uncomm. Tru 1
- R649-3-11. Directional Drill

COMMENTS: Sep, Separate file

STIPULATIONS: 1- Fedly Approved  
2- OIL SHALE



**NATURAL BUTTES FIELD**  
**CAUSE: 173-14 / 12-2-1999**

**CHAPITA WELLS UNIT**

T9S R22E

T10S R22E

**NATURAL BUTTES UNIT**

OPERATOR: KERR MCGEE O&G (N2995)  
 SEC: 3,4,5,6,7,9 T.10S R. 22E  
 FIELD: NATURAL BUTTES (630)  
 COUNTY: UINTAH  
 CAUSE: 173-14 / 12-2-1999

- |                     |                    |
|---------------------|--------------------|
| <b>Field Status</b> | <b>Unit Status</b> |
| 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-AUGUST-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*

August 28, 2006

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

Re: Natural Buttes Unit 1022-7J-2T Well, 2228' FSL, 2207' FEL, NW SE, Sec. 7,  
T. 10 South, R. 22 East, Uintah County, Utah

Gentlemen:

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

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 43-047-38493.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt  
Associate Director

pab  
Enclosures

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

**Operator:** Kerr McGee Oil & Gas Onshore LP  
**Well Name & Number** Natural Buttes Unit 1022-7J-2T  
**API Number:** 43-047-38493  
**Lease:** UTU-0466

**Location:** NW SE                      **Sec.** 7                      **T.** 10 South                      **R.** 22 East

### **Conditions of Approval**

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

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

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

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

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

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

UNITED STATES GOVERNMENT  
**MEMORANDUM**

DATE: January 24, 2007

43-047-38493

REPLY TO  
ATTN OF: Acting Superintendent, Uintah & Ouray Agency

SUBJECT: APD Concurrence for Questar Exploration & Production Company

TO: Bureau of Land Management, Vernal District Office  
Attn: Minerals & Mining Division

**We recommend the approval of the Application for Permit to Drill (APD) for the listed WELL SITES with required stipulations:**

ROW No.	Well Name/No.	Modification Type
H62-2001-304	GB 10W-30-8-22 & GB 10SG-30-8-22	Well Site <b>GB 10SG-30-8-22</b> added to easement
H62-2002-120	OUGB 12WX-29-8-22 & GB 12SG-29-8-22	Well Site <b>GB 12SG-29-8-22</b> added to easement
H62-2003-115	<b>GB 7MU-36-8-21 &amp; GB 7SG-36-8-21</b>	Well Site <b>GB 7SG-36-8-21</b> added to easement
H62-2003-123	GB 4MU-36-8-21 & GB 4SG-36-8-21	Well Site <b>GB 4SG-36-8-21</b> added to easement
H62-2004-423	FR 7P-36-14-19 & FR 9P-36-14-19	Well Site <b>FR 7P-36-14-19</b> added to easement

Based on the available information received at the site specific onsite inspections the proposed locations were cleared in the following areas of environmental impact.

YES		NO	X	Listed threatened endangered species
YES		NO	X	Critical wildlife habitat
YES		NO	X	Archaeological or cultural resources
YES		NO		Air quality aspects (to be used only if Project is in or adjacent to a Class I area)

**Enclosed is a copy of the BIA's Environmental Analysis (EA) concurred and signed by the Ute Indian Tribe. Please refer to item 6.0 for Mitigation Stipulations as well as any applicable stipulations in 10.0 for Additional Stipulations**

REMARKS: The Ute Tribe Energy & Minerals (E&M) Department also requires that all companies adhere to the following criteria, during and after, all phases of construction activities.

*W. A. Peltz*

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF INDIAN AFFAIRS

ADMINISTRATIVE  
MODIFICATION

ALLOTMENT NO.: \_\_\_\_\_  
ROW NO.: H62-2003-115

CONTRACT NO. \_\_\_\_\_  
T.B. \_\_\_\_\_  
PAGE \_\_\_\_\_

It is hereby agreed by and between the Superintendent for the Bureau of Indian Affairs, lessor(s), and Questar Exploration & Production Company, lessee, that GRANT OF RIGHT OF WAY EASEMENT No. H62-2003-115 be modified to provide the following:

1. CHANGE WELL NAME TO READ:

**GB 7MU-36-8-21 & GB 7SG-36-8-21**, vice GB 7MU-36-8-21

2. CHANGE ACREAGE TO READ:

**4.989 acres**, vice the originally granted 3.262 acres

RECORDED NO: 687-237-03

This modification does not change any of the terms, conditions, or stipulations except as specifically set forth herein.

(An Administrative Modification does not require the signature or approval of the Lessee)

N/A  
(Additional Lessee's of Record, if applicable)

N/A  
(Lessee)

N/A  
(Lessor)

N/A  
(Lessor)

UNITED STATES INDIAN SERVICE

The within the modification is hereby approved and declared to be made in accordance with the law and the rules and regulations prescribed by the Secretary of the Interior thereunder, and now in force.

Pursuant to authority delegated to the Assistant Secretary - Indian Affairs by 209 DM 8, 230 DM 1, and to the Western Regional Director by 3 IAM 4 (Release No. 99-03), and to the Superintendent/Field Representatives by 10 BIAM 11, as amended by Western Regional Release No. 97-1 an any further delegation needed to effectuate the reorganization embodied in DM Releases dated April, 2003.

DATE APPROVED: January 24, 2007

[Signature]

Acting Superintendent  
Uintah and Ouray Agency  
Fort Duchesne, Utah

SUPERINTENDENT'S ACKNOWLEDGEMENT

Subscribed and sworn to by Dinah M. Peltier, before me, a Notary Public in and for the County of Uintah, State of Utah, this 24<sup>th</sup> day of January, 2007.



Notary Public  
SARAH A. JACK  
980 S. 7500 E., P.O. Box 130  
Fort Duchesne, UT 84026  
My Commission Expires  
June 16, 2010  
State of Utah

[Signature]  
Sarah A. Jack, Notary Public

My Commission Expires: June 16, 2010

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-0466**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
**UNIT #8910089 00A**

8. Well Name and No.  
**NBU 1022-7J-2T**

9. API Well No.  
**4304738493**

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)  
**2228' FSL, 2207' FEL  
NWSE, SEC 7-T10S-R22E**

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 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.

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 AUGUST 28, 2006.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 07-18-07  
By: [Signature]

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

Name (Printed/Typed) <b>RAMEY HOORES</b>	Title <b>LAND SPECIALIST I</b>
Signature <u>[Signature]</u>	Date <b>July 5, 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.

**RECEIVED**

(Instructions on reverse)

COPY SENT TO OPERATOR  
Date: 7-20-07  
Initials: RM

JUL 17 2007

DIV. OF OIL, GAS & MINING

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

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

**API:** 4304738493  
**Well Name:** NBU 1022-7J-2T  
**Location:** NWSE, SEC 7-T10S-R22E  
**Company Permit Issued to:** KERR-MCGEE OIL AND GAS ONSHORE LP  
**Date Original Permit Issued:** 8/28/2006

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

7/5/2007

Date

Title: LAND SPECIALIST I

Representing: Kerr McGee Oil and Gas Onshore LP

RECEIVED  
JUL 17 2007

DIV OF OIL, GAS & MINING

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

FORM 9

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>		5. LEASE DESIGNATION AND SERIAL NUMBER: <b>UTU-0466</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.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>N/A</b>
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: <b>891008900A</b>
2. NAME OF OPERATOR: <b>Kerr-McGee Oil &amp; Gas Onshore, LP</b>		8. WELL NAME and NUMBER: <b>NBU 1022-7J-2T</b>
3. ADDRESS OF OPERATOR: P.O. Box 173779 CITY <b>Denver</b> STATE <b>CO</b> ZIP <b>80217-3779</b>		9. API NUMBER: <b>4304738493</b>
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>2228' FSL &amp; 2207' FEL</b>  QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NWSE 7 10S 22E</b>		10. FIELD AND POOL, OR WILDCAT: <b>Natural Buttes Field</b>  COUNTY: <b>Uintah</b>  STATE: <b>UTAH</b>

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>APD Extension</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Kerr-McGee Oil & Gas Onshore, LP, respectfully requests an APD Extension for one year for this location, so that drilling operations may be completed. The original APD was approved by the Utah Division of Oil, Gas, and Mining on 8/28/2006.

Approved by the  
Utah Division of  
Oil, Gas and Mining

**COPY SENT TO OPERATOR**

Date: 7.15.2008  
Initials: KS

Date: 07-14-08  
By: [Signature]

NAME (PLEASE PRINT) <u>Kevin McIntyre</u>	TITLE <u>Regulatory Analyst I</u>
SIGNATURE <u>[Signature]</u>	DATE <u>7/9/2008</u>

(This space for State use only)

**RECEIVED**  
**JUL 11 2008**  
DIV. OF OIL, GAS & MINING

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

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

**API:** 4304738493  
**Well Name:** NBU 1022-7J-2T  
**Location:** NWSE, Sec. 7, T10S R22E  
**Company Permit Issued to:** Kerr-McGee Oil & Gas Onshore, LP  
**Date Original Permit Issued:** 8/28/2006

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

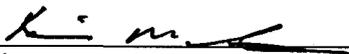
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes  No

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

7/9/2008  
Date

Title: Regulatory Analyst I

Representing: Kerr-McGee Oil & Gas Onshore, LP

**RECEIVED**  
**JUL 11 2008**  
DIV. OF OIL, GAS & MINING

**RECEIVED**

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

**AUG 10 2006**

**APPLICATION FOR PERMIT TO DRILL OR REENTER**

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. <b>UTU-0466</b>
b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator <b>KERR MCGEE OIL &amp; GAS ONSHORE LP</b>		7. If Unit or CA Agreement, Name and No. <b>UNIT #891008900A</b>
3A. Address <b>1368 SOUTH 1200 EAST VERNAL, UT 84078</b>	3b. Phone No. (include area code) <b>(435) 781-7024</b>	8. Lease Name and Well No. <b>NBU 1022-7J-2T</b>
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface <b>NWNWSE 2228'FSL, 2207'FEL</b> At proposed prod. Zone		9. API Well No. <b>43-047-32493</b>
14. Distance in miles and direction from nearest town or post office* <b>24.4 MILES SOUTHEAST OF OURAY, UTAH</b>		10. Field and Pool, or Exploratory <b>NATURAL BUTTES</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>2207'</b>	16. No. of Acres in lease <b>453.62</b>	11. Sec., T., R., M., or Blk. and Survey or Area <b>SEC. 7, T10S, R22E</b>
17. Spacing Unit dedicated to this well <b>40.00</b>	12. County or Parish <b>UINTAH</b>	13. State <b>UTAH</b>
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>REFER TO TOPO C</b>	19. Proposed Depth <b>9180'</b>	20. BLM/BIA Bond No. on file <b>BOND NO: WY-2357</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>5289'UNGRADED GL</b>	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:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).   |
| 2. A Drilling Plan.  | 5. Operator certification.  |
| 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. | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature 	Name (Printed/Typed) <b>SHEILA UPCHEGO</b>	Date <b>8/9/2006</b>
Title <b>REGULATORY ANALYST</b>		
Approved by (Signature) 	Name (Printed/Typed) <b>Terry Kevaka</b>	Date <b>AUG 25 2008</b>
Title <b>Assistant Field Manager Lands &amp; Mineral Resources</b>	Office <b>VERNAL FIELD OFFICE</b>	

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

Conditions of approval, if any, are attached.

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

\*(Instructions on reverse)

**RECEIVED**

**SEP 16 2008**

DIV. OF OIL, GAS & MINING

**CONDITIONS OF APPROVAL ATTACHED**

**NOTICE OF APPROVAL**

*4406M*  
*04BM1759A*

*05/24/06*



**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**

<b>Company:</b>	<b>Kerr-McGee Oil &amp; Gas Onshore, LP</b>	<b>Location:</b>	<b>NWSE, Sec. 7, T10S, R22E</b>
<b>Well No:</b>	<b>NBU 1022-7J-2T</b>	<b>Lease No:</b>	<b>UTU-466</b>
<b>API No:</b>	<b>43-047-38493</b>	<b>Agreement:</b>	<b>Natural Buttes Unit</b>

<b>Title</b>	<b>Name</b>	<b>Office Phone Number</b>	<b>Cell Phone Number</b>
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
Supervisory NRS:	Karl Wright	(435) 781-4484	(435) 828-7381
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	(435) 828-3544
NRS/Enviro Scientist:	James Hereford	(435) 781-3412	
NRS/Enviro Scientist:	Chuck Macdonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Dan Emmett	(435) 781-3414	
NRS/Enviro Scientist:	Paul Percival	(435) 781-4493	
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	(435) 828-3546
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	(435) 828-4029
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545

**Fax: (435) 781-3420**

**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 (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (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)***

- 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 determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

**SITE SPECIFIC CONDITIONS OF APPROVAL**

- During operations, if any vertebrate paleontological resources are discovered, all operations affecting such sites shall be immediately suspended, and all discoveries shall be left intact until authorized to proceed by the Authorized Officer. The appropriate Authorized Officer of the Vernal BLM office shall be notified within 48 hrs of the discovery, and a decision as to the preferred alternative/course of action will be rendered.
- The topsoil from the reserve pit should 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 should take place by broadcasting the seed and walking it into the soil with a dozer immediately after the dirt work is completed.
- Seeding shall occur in the fall (August 1<sup>st</sup> until snow or ground is frozen).

**DOWNHOLE PROGRAM  
CONDITIONS OF APPROVAL (COAs)**

**SITE SPECIFIC DOWNHOLE COAs:**

- Cement bond log shall be run to TOC and a field copy must be submitted to this office.
- Pressure integrity test of each casing shoe shall be performed.
- Surface site specific COA's
- Operator must notify any active gilsonite operation within 2 miles of the location 48 hrs prior to any blasting associated with this well.

**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.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- 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.
- While actively drilling, 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 (¼¼, 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.

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT**

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

5. LEASE SERIAL NO. UTU0466
6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA
7. IF UNIT OR CA/AGREEMENT, NAME AND/OR NO. 891008900A
8. WELL NAME AND NO. NBU 1022-7J-2T
9. API WELL NO. 43-047-38493
10. FIELD AND POOL, OR EXPLORATORY AREA Natural Buttes
11. COUNTY OR PARISH, STATE Uintah, Utah

**SUBMIT IN TRIPLICATE**

1. TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: _____
2. NAME OF OPERATOR Kerr-McGee Oil & Gas Onshore LP
3. ADDRESS AND TELEPHONE NO. CONTACT: Danielle Piernot 1099 18th Street, Suite 1800 PHONE: 720-929-6156 Denver, CO 80202 danielle.piernot@anadarko.com
4. LOCATION OF WELL (Footage, T, R, M, or Survey Description) 2,228' FSL 2,207' FEL NWSE Sec. 7 T10S R22E Lat. 39.962269 Long. -109.480961 NAD 83

**12. CHECK APPROPRIATE BOX(S) 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"/> Subsequent Report	<input checked="" 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 type="checkbox"/> Other

13. Describe Proposed or completed Operation (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 the 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 must 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 APD for this location was submitted to the BLM and UDOGM and was assigned API 49-047-38493. UDOGM approved their portion of the APD on August 28, 2006 and approved extensions on July 18, 2007 and July 14, 2008. The BLM approved their portion of the APD on August 25, 2008.

Kerr-McGee respectfully requests to change the surface casing for this well due to revised drilling practices.

The surface casing is changing

FROM: 2,140'

TO: 2,475'

Please see the attached drilling diagram for additional details. All other information remains the same.

Thank you.

**RECEIVED**  
**APR 16 2009**

DIV. OF OIL, GAS & MINING  
COPY SENT TO OPERATOR

Date: 4-28-2009

Initials: KS

14. I hereby certify that the foregoing is true and correct	
Name (Printed/Typed) Danielle Piernot	Title Regulatory Analyst
Signature <i>Danielle Piernot</i>	Date April 15, 2009

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE.**

Approved by <i>D. Piernot</i>	Title <i>Pet. Eng.</i>	Date <i>4/23/09</i>
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 <i>DOG M</i>	Federal Approval of this Action Is Necessary





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

### CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'						
						3,520	2,020	453,000
SURFACE	9-5/8"	0 to 2475	36.00	J-55	LTC	1.00	1.74	6.47
						7,780	6,350	201,000
PRODUCTION	4-1/2"	0 to 9180	11.60	I-80	LTC	2.21	1.15	2.16

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 - (0.22 psi/ft-partial evac gradient x TD)  
 (Burst Assumptions: TD = 11.6 ppg) 0.22 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 3,414 psi**

3) Maximum Anticipated Bottom Hole Pressure (MABHP) = Pore Pressure at TD  
 (Burst Assumptions: TD = 11.6 ppg) 0.59 psi/ft = bottomhole gradient  
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing\*Buoy.Fact. of water)  
**MABHP 5,433 psi**

### CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl	215	60%	15.60	1.18
Option 1			+ 25 pps flocele				
	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt	50		15.60	1.18
			+ 2% CaCl + 25 pps flocele				
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE			<b>NOTE: If well will circulate water to surface, option 2 will be utilized</b>				
Option 2	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite	170	35%	11.00	3.82
			+ 25 pps Flocele + 3% salt BWOC				
	TAIL	500	Premium cmt + 2% CaCl	180	35%	15.60	1.18
			+ .25 pps flocele				
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	4,030'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	400	60%	11.00	3.38
	TAIL	5,150'	50/50 Poz/G + 10% salt + 2% gel + 1% R-3	1440	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. The BOPE will be installed before the production hole is drilled and tested to 5,000 psi (annular to 2,500 psi) prior to drilling out the surface casing shoe. Record on chart recorder and tour sheet. Function test rams on each trip.

Maintain safety valve and inside BOP on rig floor at all times. Most rigs have top drives; however, if used, the Kelly is to be equipped with upper and 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: \_\_\_\_\_ DATE: \_\_\_\_\_  
 John Huycke / Grant Schluender

DRILLING SUPERINTENDENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 John Merkel / Lovel Young

<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-0466
<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> NATURAL BUTTES
<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> NBU 1022-7J-2T
<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.	<b>9. API NUMBER:</b> 43047384930000
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	<b>PHONE NUMBER:</b> 720 929-6587 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2228 FSL 2207 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWSE Section: 07 Township: 10.0S Range: 22.0E 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 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 checked="" type="checkbox"/> <b>SPUD REPORT</b> Date of Spud: 5/12/2009	<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 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.**  
 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 05/12/2009 AT 0930 HRS.

**Accepted by the**  
**Utah Division of**  
**Oil, Gas and Mining**  
**FOR RECORD ONLY**  
 May 18, 2009

<b>NAME (PLEASE PRINT)</b> Sheila Upchego	<b>PHONE NUMBER</b> 435 781-7024	<b>TITLE</b> Regulatory Analyst
<b>SIGNATURE</b> N/A	<b>DATE</b> 5/15/2009	

<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-0466
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<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> NATURAL BUTTES
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<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> NBU 1022-7J-2T
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<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.	<b>9. API NUMBER:</b> 43047384930000
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<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	<b>PHONE NUMBER:</b> 720 929-6587 Ext	<b>9. FIELD and POOL or WILDCAT:</b> NATURAL BUTTES
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<b>4. LOCATION OF WELL FOOTAGES AT SURFACE:</b> 2228 FSL 2207 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWSE Section: 07 Township: 10.0S Range: 22.0E Meridian: S	<b>COUNTY:</b> UINTAH  <b>STATE:</b> UTAH
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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 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 checked="" type="checkbox"/> <b>DRILLING REPORT</b> Report Date: 5/12/2009	<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 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.  
 MIRU PROPETRO AIR RIG ON 05/12/2009. DRILLED 12 1/4" SURFACE HOLE TO 2130'. RAN 9 5/8" 36# J-55 SURFACE CSG. PMP 350 SX PREM CLASS G @15.8 PPG 1.15 YIELD. MIX 100 SX PREM CLASS G @15.8 PPG 1.15 YIELD. PMP 100 SX PREM CLASS G @15.8 PPG 1.15 YIELD. PMP 200 SX PREM CLASS G @15.8 PPG 1.15 YIELD. CMT TO SURFACE HOLE STAYED FULL. WORK REPORT

Accepted by the  
 Utah Division of  
 Oil, Gas and Mining  
**FOR RECORD ONLY**  
 May 19, 2009

<b>NAME (PLEASE PRINT)</b> Sheila Upchego	<b>PHONE NUMBER</b> 435 781-7024	<b>TITLE</b> Regulatory Analyst
<b>SIGNATURE</b> N/A		<b>DATE</b> 5/19/2009

<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-0466
<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> NATURAL BUTTES
<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> NBU 1022-7J-2T
<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.	<b>9. API NUMBER:</b> 43047384930000
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	<b>PHONE NUMBER:</b> 720 929-6587 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2228 FSL 2207 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWSE Section: 07 Township: 10.0S Range: 22.0E 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 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 checked="" type="checkbox"/> <b>DRILLING REPORT</b> Report Date: 5/27/2009	<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 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.**

FINISHED DRILLING FROM 2130' TO 9230' ON 05/24/2009. RAN 4 1/2" 11.6# I-80 PRODUCTION CSG. LEAD CMT W/520 SX PREM LITE II @11.5 PPG 3.38 YIELD. TAILED CMT W/1107 SX 50/50 POZ @14.3 PPG 1.31 YIELD. CLEAN LINES DROP PLUG & DISPLACE W/142.3 BBLS CLAY TREAT WATER. FLOATS HELD. FULL RETURNS THROUGH OUT JOB W/20 BBLS CMT TO PIT. 1.5 BLEED BACK TO TRUCK. NIPPLE DOWN CLEAN PITS. RELEASED PIONEER RIG 69 ON 05/27/2009 AT 0800 HRS.

**Accepted by the**  
**Utah Division of**  
**Oil, Gas and Mining**  
**FOR RECORD ONLY**  
 June 01, 2009

<b>NAME (PLEASE PRINT)</b> Sheila Upchego	<b>PHONE NUMBER</b> 435 781-7024	<b>TITLE</b> Regulatory Analyst
<b>SIGNATURE</b> N/A	<b>DATE</b> 5/29/2009	

<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-0466
<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> NATURAL BUTTES
<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> NBU 1022-7J-2T
<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.	<b>9. API NUMBER:</b> 43047384930000
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	<b>PHONE NUMBER:</b> 720 929-6587 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 2228 FSL 2207 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWSE Section: 07 Township: 10.0S Range: 22.0E 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 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
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<input checked="" type="checkbox"/> <b>DRILLING REPORT</b> Report Date: 5/12/2009	<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 type="checkbox"/> TEMPORARY ABANDON
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	<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.

MIRU PROPETRO AIR RIG ON 05/12/2009. DRILLED 12 1/4" SURFACE HOLE TO 2130'. RAN 9 5/8" 36# J-55 SURFACE CSG. PMP 350 SX PREM CLASS G @15.8 PPG 1.15 YIELD. MIX 100 SX PREM CLASS G @15.8 PPG 1.15 YIELD. PMP 100 SX PREM CLASS G @15.8 PPG 1.15 YIELD. PMP 200 SX PREM CLASS G @15.8 PPG 1.15 YIELD. CMT TO SURFACE HOLE STAYED FULL. WORK REPORT

Accepted by the  
 Utah Division of  
 Oil, Gas and Mining  
**FOR RECORD ONLY**  
 May 19, 2009

<b>NAME (PLEASE PRINT)</b> Sheila Upchego	<b>PHONE NUMBER</b> 435 781-7024	<b>TITLE</b> Regulatory Analyst
<b>SIGNATURE</b> N/A	<b>DATE</b> 5/19/2009	