

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: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-01191-A
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 KERR MCGEE OIL & GAS ONSHORE LP		7. If Unit or CA Agreement, Name and No. UNIT #891008900A
3A. Address 1368 SOUTH 1200 EAST VERNAL, UT 84078	3b. Phone No. (include area code) (435) 781-7024	8. Lease Name and Well No. NBU 1022-5M-2
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface SWSW 1219'FSL, 116'FWL At proposed prod. Zone 630456X 39.974061 4425786Y -109.47199D		9. API Well No. 43-047-38519
14. Distance in miles and direction from nearest town or post office* 22.6 MILES SOUTHEAST OF OURAY, UTAH		10. Field and Pool, or Exploratory NATURAL BUTTES
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 116'	16. No. of Acres in lease 1363.21	11. Sec., T., R., M., or Blk. and Survey or Area SEC. 5, T10S, R22E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. REFER TO TOPO C	19. Proposed Depth 9080'	12. County or Parish UINTAH
20. BLM/BIA Bond No. on file BOND NO: WY-2357	17. Spacing Unit dedicated to this well 20.00	13. State UTAH
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5149'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:

- | | |
|--|---|
| 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) SHEILA UPCHEGO	Date 8/23/2006
Title REGULATORY ANALYST		
Approved by (Signature) 	Name (Printed/Typed) BRADLEY G. HILL	Date 08-29-06
Title ENVIRONMENTAL MANAGER	Office	

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
AUG 28 2006
DIV. OF OIL, GAS & MINING

**Federal Approval of this
Action is Necessary**

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

Kerr McGee Oil & Gas Onshore LP

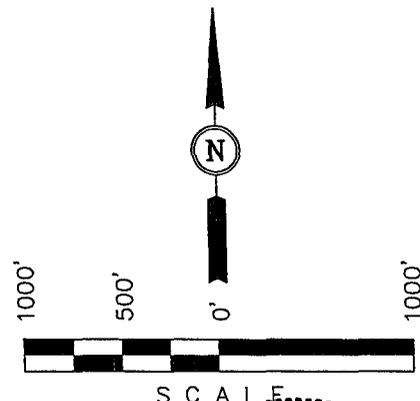
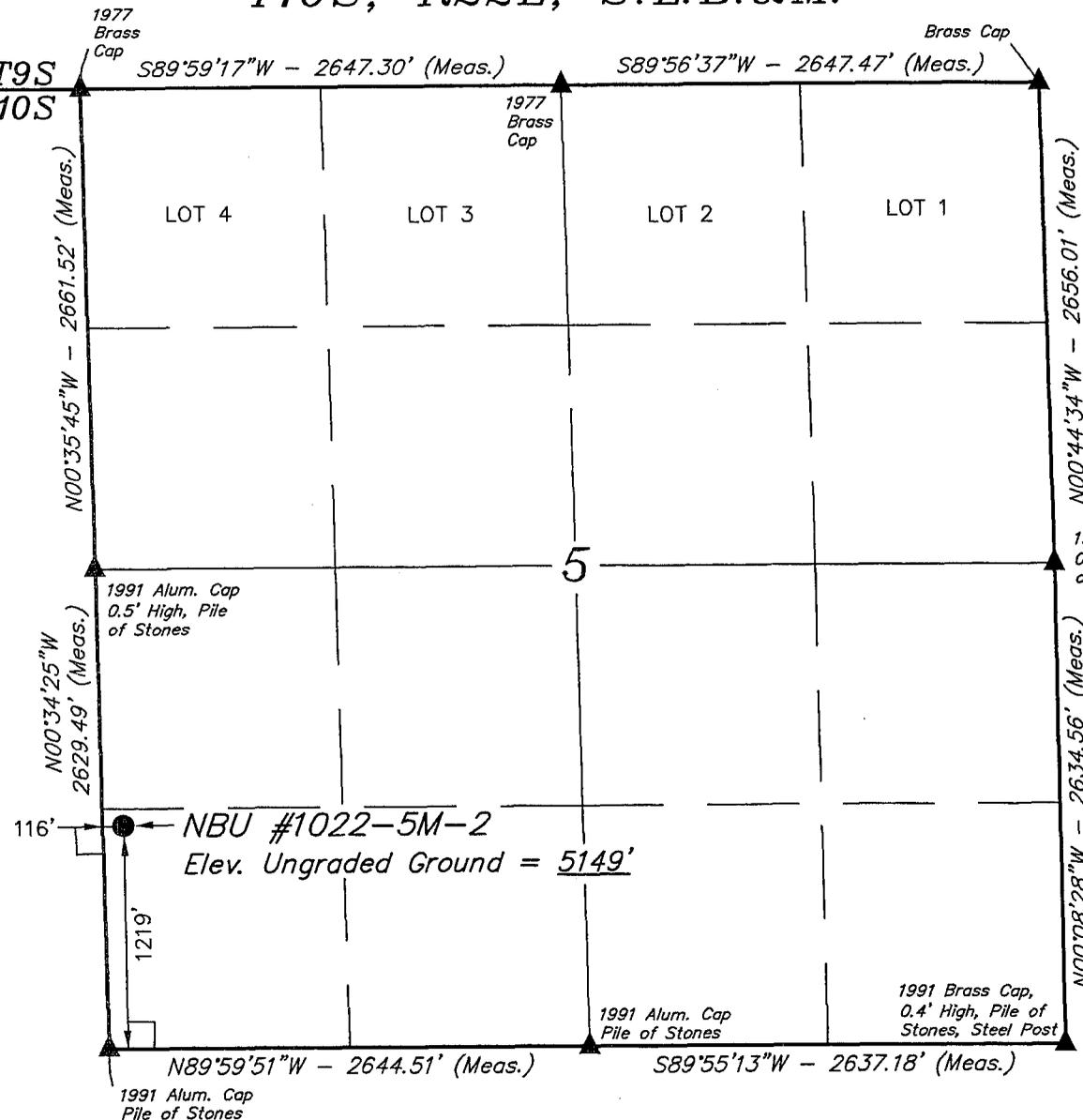
Well location, NBU #1022-5M-2, located as shown in the SW 1/4 SW 1/4 of Section 5, T10S, R22E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M. TAKEN FROM THE BIG PACK MTN NE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE 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 SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ROBERT L. [Signature]
 REGISTERED LAND SURVEYOR
 STATE OF UTAH No. 169318
 1985-1319

NOTE:
 FOOTAGES FOR PROPOSED WELL HEAD ARE CALCULATED PARALLEL TO SECTION LINES

(NAD 83)
 LATITUDE = 39°58'26.68" (39.974078)
 LONGITUDE = 109°28'21.79" (109.472719)

(NAD 27)
 LATITUDE = 39°58'26.81" (39.974114)
 LONGITUDE = 109°28'19.33" (109.472036)

LEGEND:
 ● = 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: 04-10-06+	DATE DRAWN: 04-21-06
PARTY P.J. J.A. S.L.	REFERENCES G.L.O. PLAT	
WEATHER HOT	FILE Kerr McGee Oil & Gas Onshore LP	

NBU #1022-5M-2
NWSWSW SEC 5-T10S-R22E
UINTAH COUNTY, UTAH
UTU-01191-A

ONSHORE ORDER NO. 1

DRILLING PROGRAM

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

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	1216'
Top of Birds Nest Water	1559'
Mahogany	2188'
Wasatch	4430'
Mesaverde	6982'
MVU2	7914'
MVL1	8493'
TD	9080'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
	Green River	1216'
	Top of Birds Nest Water	1559'
	Mahogany	2188'
Gas	Wasatch	4430'
Gas	Mesaverde	6982'
Gas	MVU2	7914'
Gas	MVL1	8493'
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 9080' TD, approximately equals 5630 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3632 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

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE August 23, 2006
 WELL NAME NBU 1022-5M-2 TD 9,080' MD/TVD _____
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,149' GL KB 5,164'
 SURFACE LOCATION NWSWSW SECTION 5, T10S, R22E 1219'FSL, 116'FWL BHL Straight Hole
 Latitude: 39.974078 Longitude: 109.472719
 OBJECTIVE ZONE(S) Wasatch/Mesaverde
 ADDITIONAL INFO Regulatory Agencies: BLM (SURF & MINERALS), UDOGM, Tri-County Health Dept.

GEOLOGICAL			MECHANICAL		
LOGS	FORMATION TOPS	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
		40'		14"	
			12-1/4"	9-5/8", 32.3#, H-40, STC	Air mist
Catch water sample, if possible, from 0 to 4,430' Green River @ 1,216' Top of Birds Nest Water @ 1559' Preset f/ GL @ 2,060' 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 @	2,188'			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	8.3-11.5 ppg
	Wasatch @	4,430'			
	Mverde @	6,982'			
	MVU2 @	7,914'			
	MVL1 @	8,493'			
	TD @	9,080'			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 2060	32.30	H-40	STC	0.66*****	1.42	4.36
						7780	6350	201000
PRODUCTION	4-1/2"	0 to 9080	11.60	I-80	LTC	2.27	1.17	2.19

- 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 3432 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	NOTE: If well will circulate water to surface, option 2 will be utilized Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	3,930'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	430	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

DATE: _____

DRILLING SUPERINTENDENT: _____
 Randy Bayne

DATE: _____

NBU #1022-5M-2
NWSWSW SEC 5-T10S-R22E
UINTAH COUNTY, UTAH
UTU-01191-A

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).

The operator will utilize an existing access road. 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 600' +/- of 4" low pressure pipeline is proposed to tie-in to an existing pipeline is proposed. Approximately 1100' +/- of 4" high pressure pipeline is proposed to tie-in to an existing pipeline. 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:

Galletta Grass

20 lbs.

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

11. Surface Ownership:

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

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

12. Other Information:

A Class III Archaeological Survey Report No. 06-164, completed on May 3, 2006 for the well location; also, a Archaeological Survey Report No. 06-363 completed on July 31, 2006 for the pipeline. These two Archaeological Reports are submitted along with the Application for Permit to Drill. 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

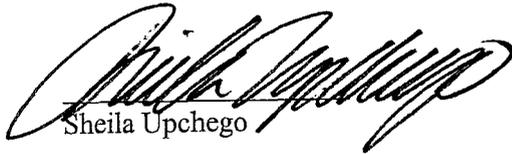
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

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

8/23/2006

Date

Kerr-McGee Oil & Gas Onshore LP
NBU #1022-5M-2
SECTION 5, 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 5.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTH; TURN LEFT AND PROCEED IN A NORTHERLY DIRECTION APPROXIMATELY 230' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 54.3 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-5M-2

LOCATED IN UINTAH COUNTY, UTAH
SECTION 5, T10S, R22E, S.L.B.&M.

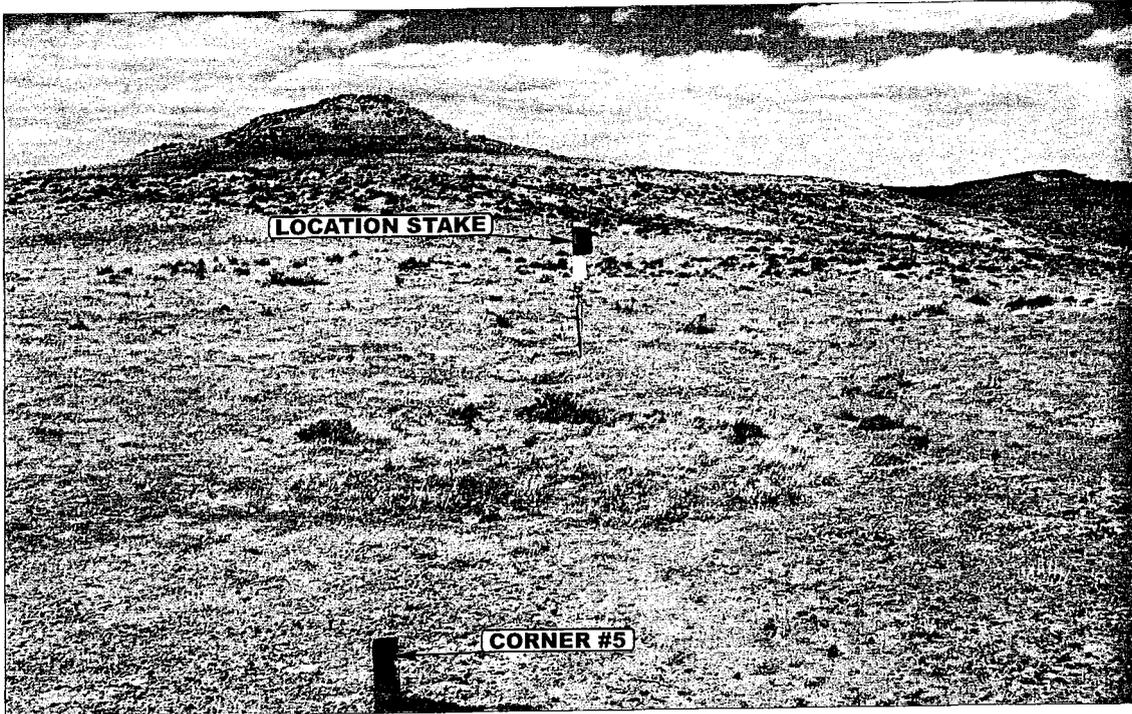


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY

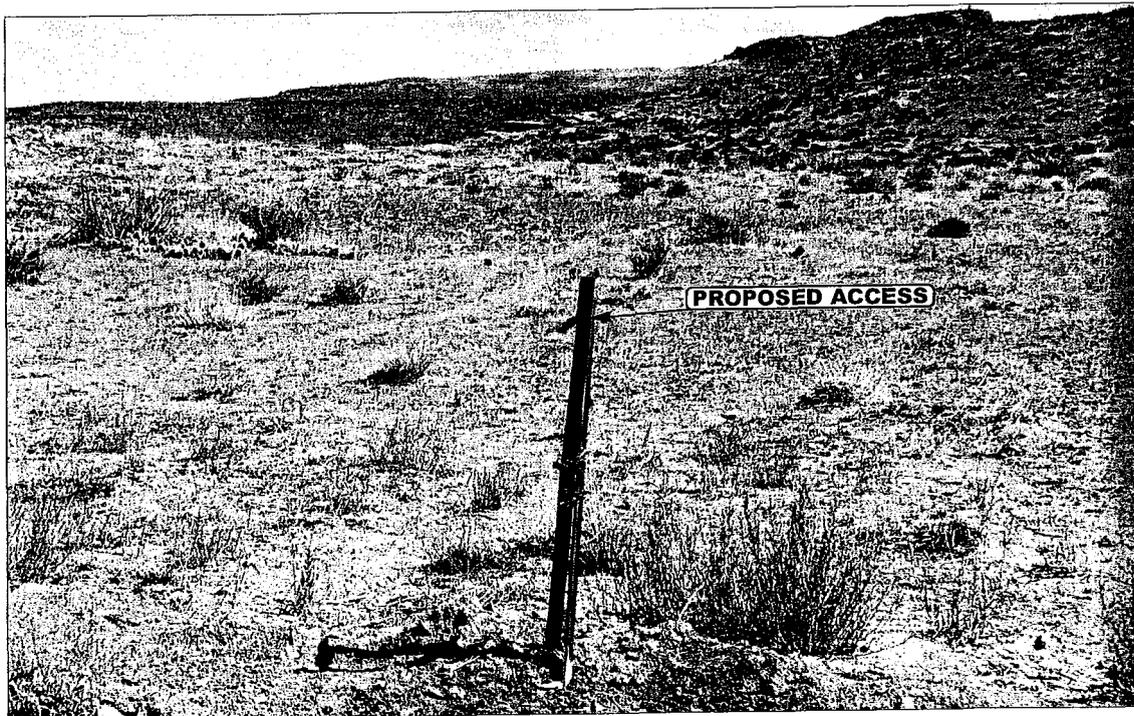


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

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

LOCATION PHOTOS

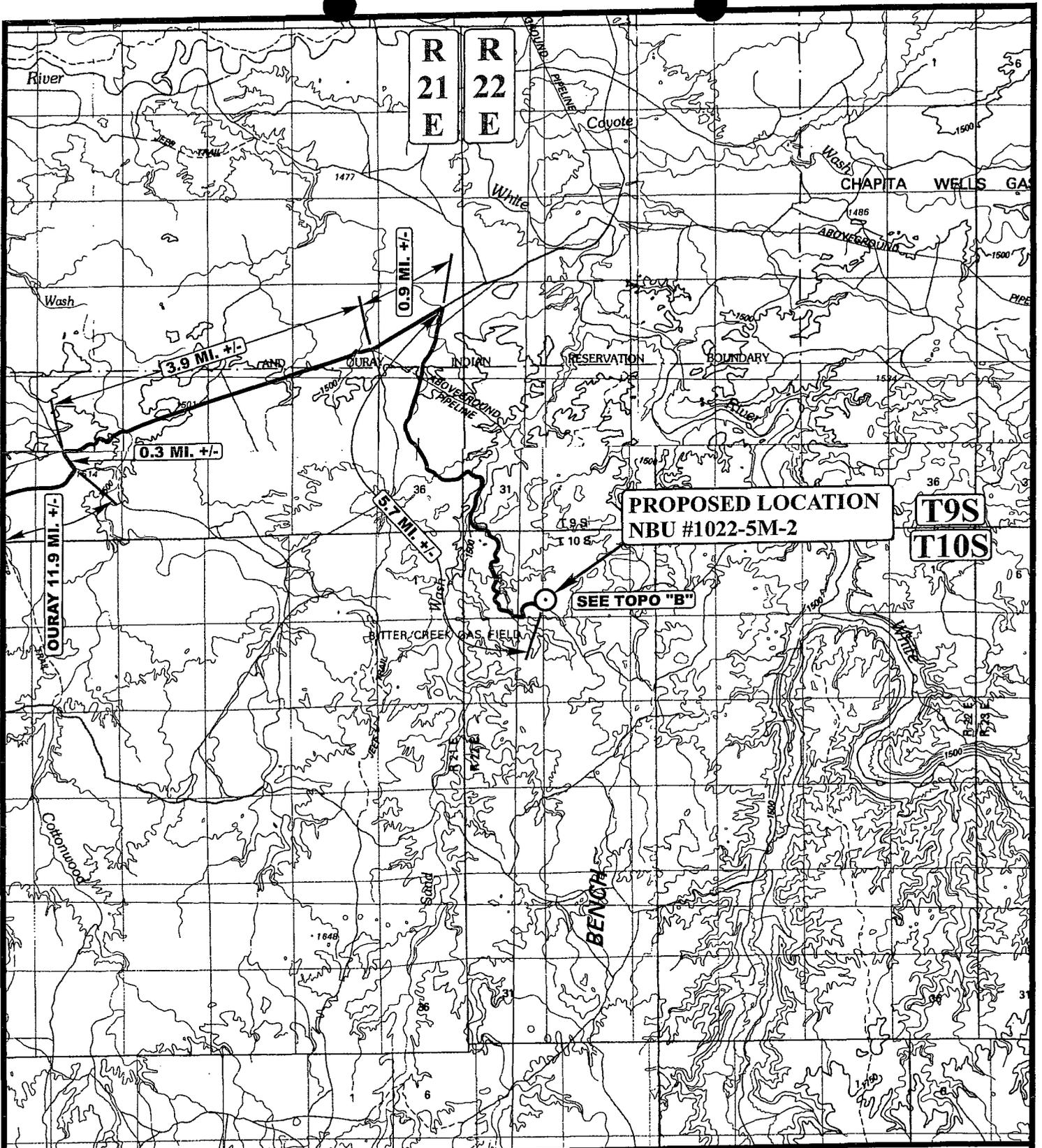
04 18 06
MONTH DAY YEAR

PHOTO

TAKEN BY: P.J.

DRAWN BY: C.P.

REVISED: 00-00-00



LEGEND:

○ PROPOSED LOCATION



Kerr-McGee Oil & Gas Onshore LP

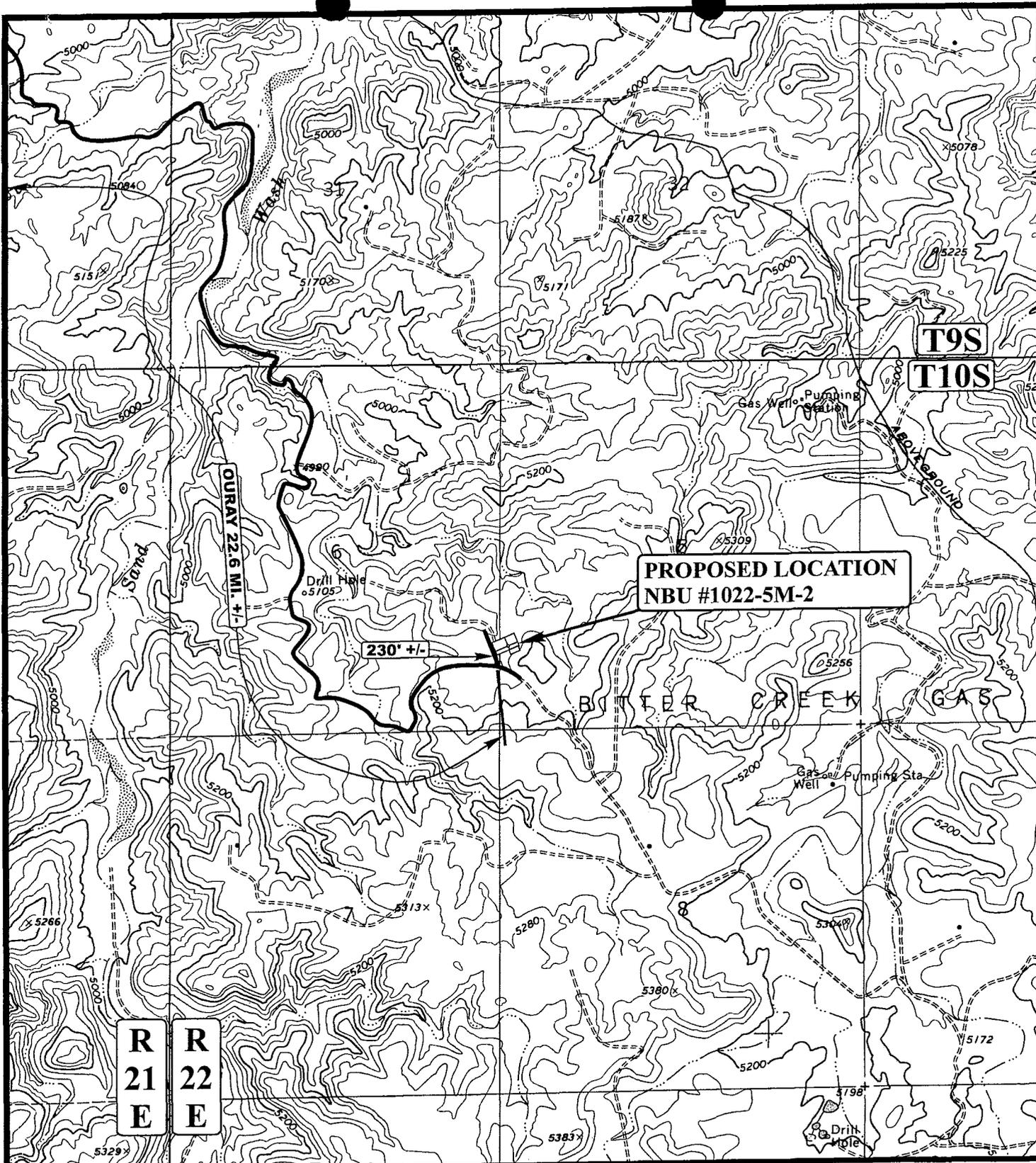
NBU #1022-5M-2
SECTION 5, T10S, R22E, S.L.B.&M.
1219' FSL 116' FWL

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

TOPOGRAPHIC MAP
SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00

04	18	06
MONTH	DAY	YEAR





**PROPOSED LOCATION
NBU #1022-5M-2**

**R
21
E** **R
22
E**

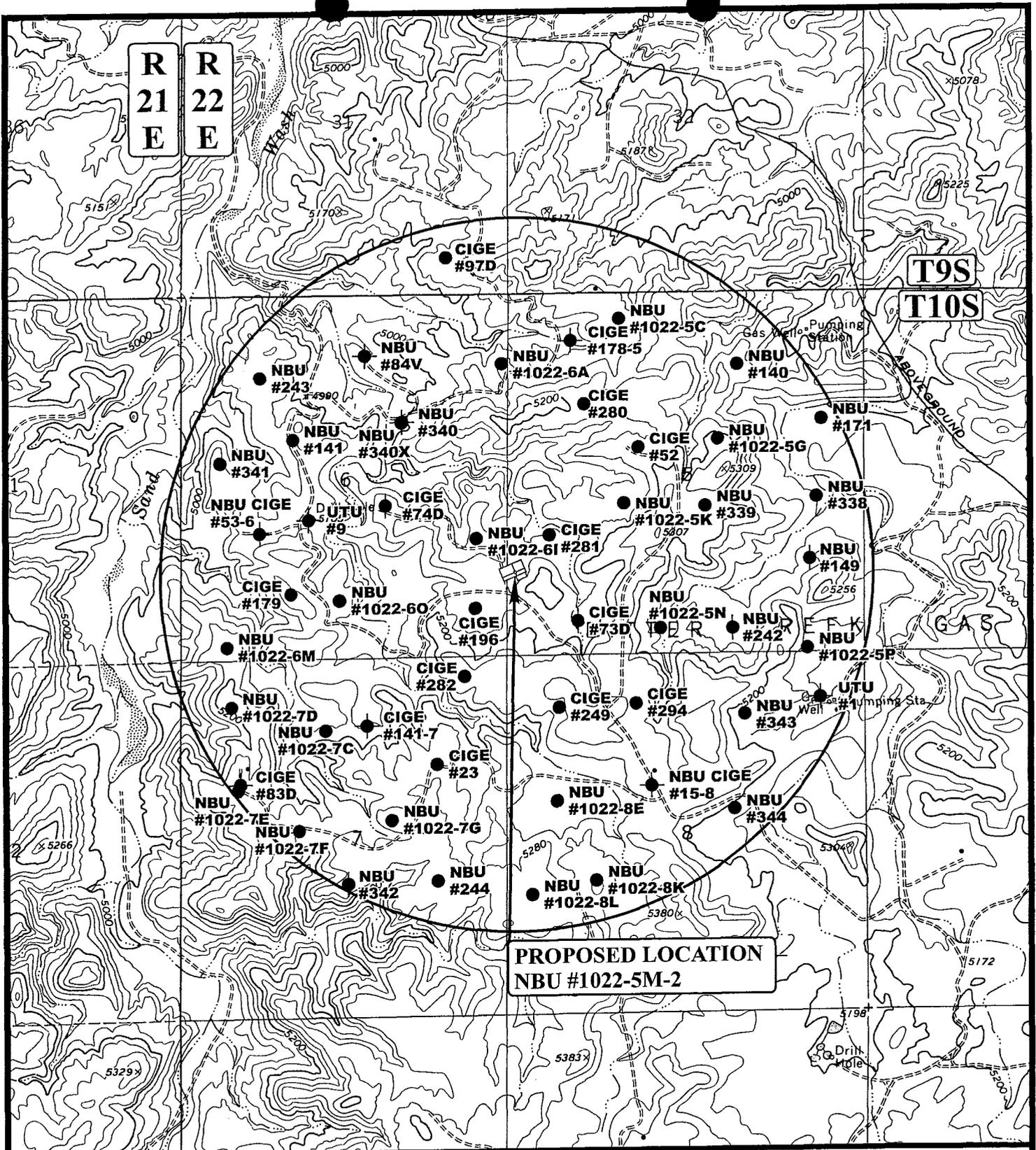
LEGEND: **Kerr-McGee Oil & Gas Onshore LP**

————— EXISTING ROAD

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



TOPOGRAPHIC **04** **18** **06**
MAP **MONTH** **DAY** **YEAR**
SCALE: 1" = 2000' **DRAWN BY: C.P.** **REVISED: 00-00-00** **B**
TOPO



PROPOSED LOCATION
NBU #1022-5M-2

LEGEND:

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

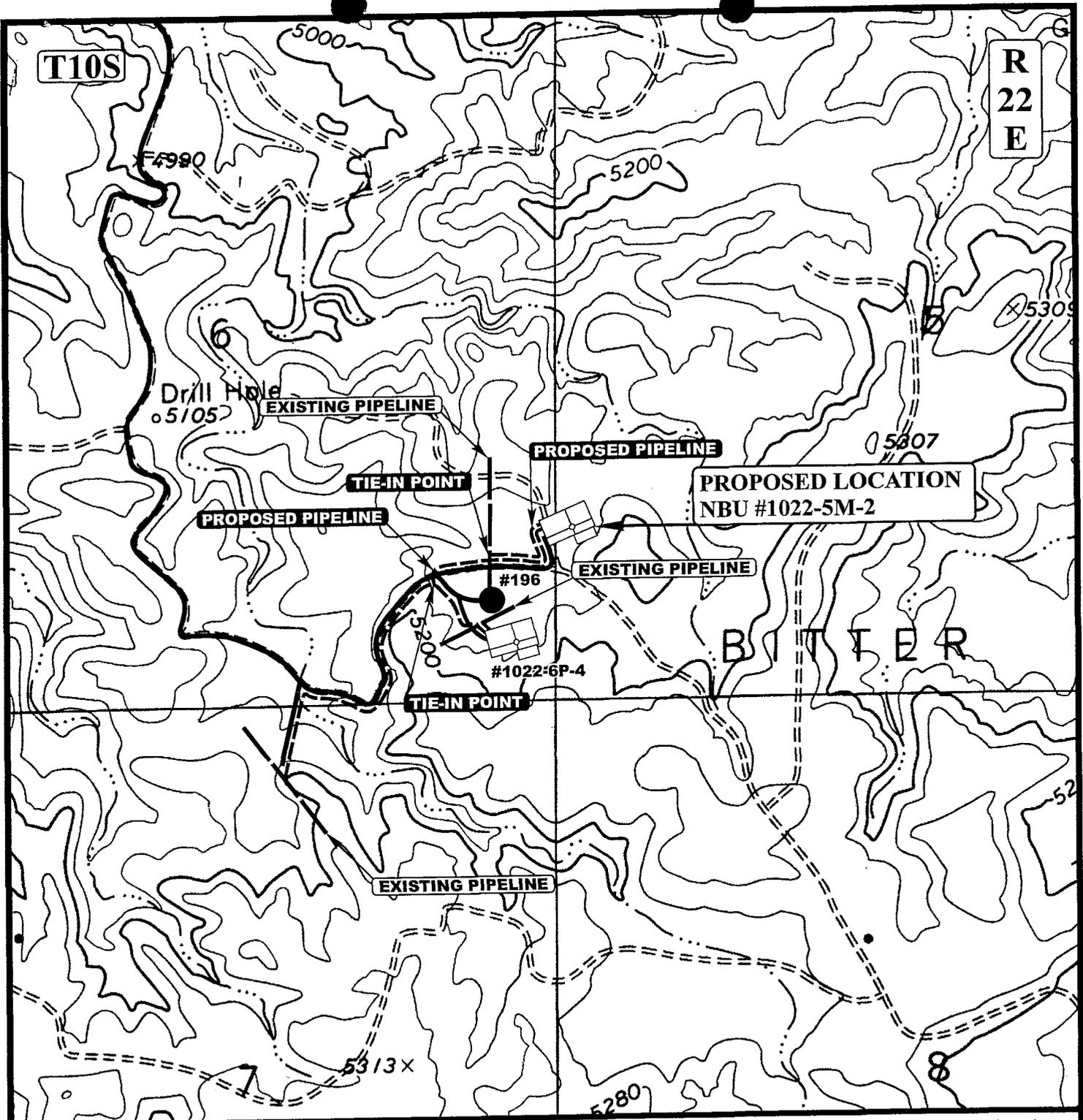
Kerr-McGee Oil & Gas Onshore LP

NBU #1022-5M-2
SECTION 5, T10S, R22E, S.L.B.&M.
1219' FSL 116' FWL

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



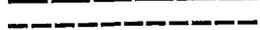
TOPOGRAPHIC 04 18 06
MAP MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00 **C**
TOPO



APPROXIMATE TOTAL LOW-PRESSURE PIPELINE DISTANCE = 600' +/-

APPROXIMATE TOTAL HIGH-PRESSURE PIPELINE DISTANCE = 1,100' +/-

LEGEND:

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-5M-2
SECTION 5, T10S, R22E, S.L.B.&M.
1219' FSL 116' FWL



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

TOPOGRAPHIC MAP 04 18 06
MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 07-05-06

D
TOPO

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-5M-2

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 5, T10S, R22E, S.L.B.&M.

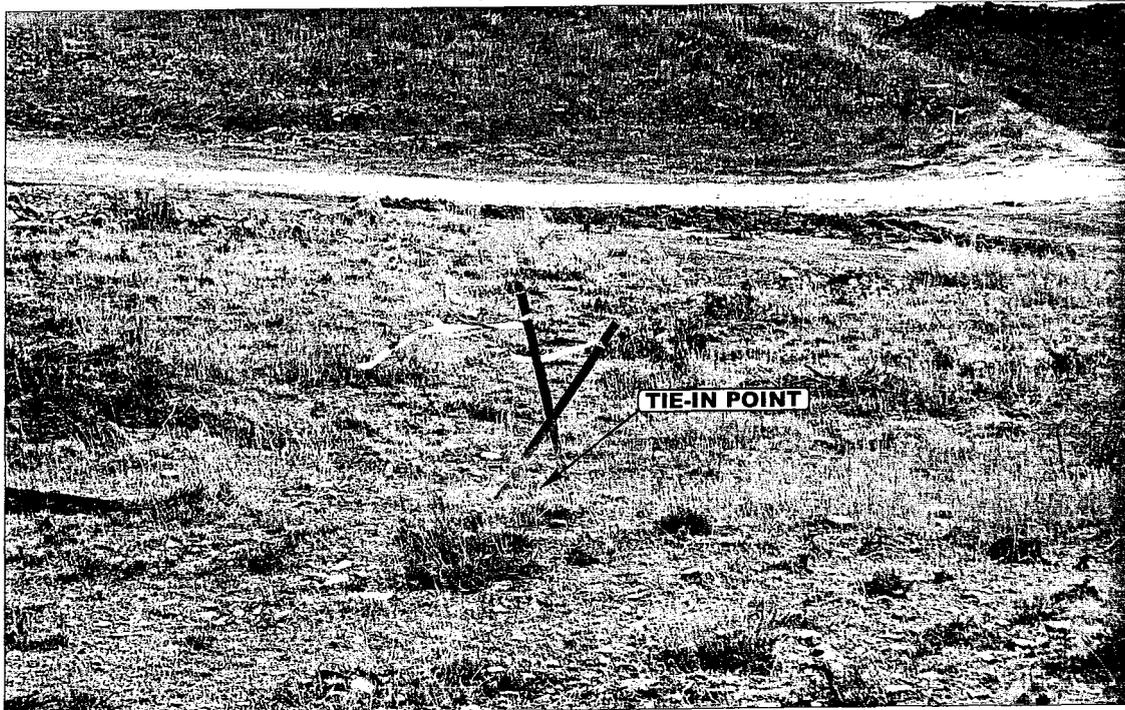


PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW OF PIPELINE AT LOCATION

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

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

PIPELINE PHOTOS

04 18 06
MONTH DAY YEAR

PHOTO

TAKEN BY: P.J.

DRAWN BY: C.P.

REVISED: 00-00-00

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

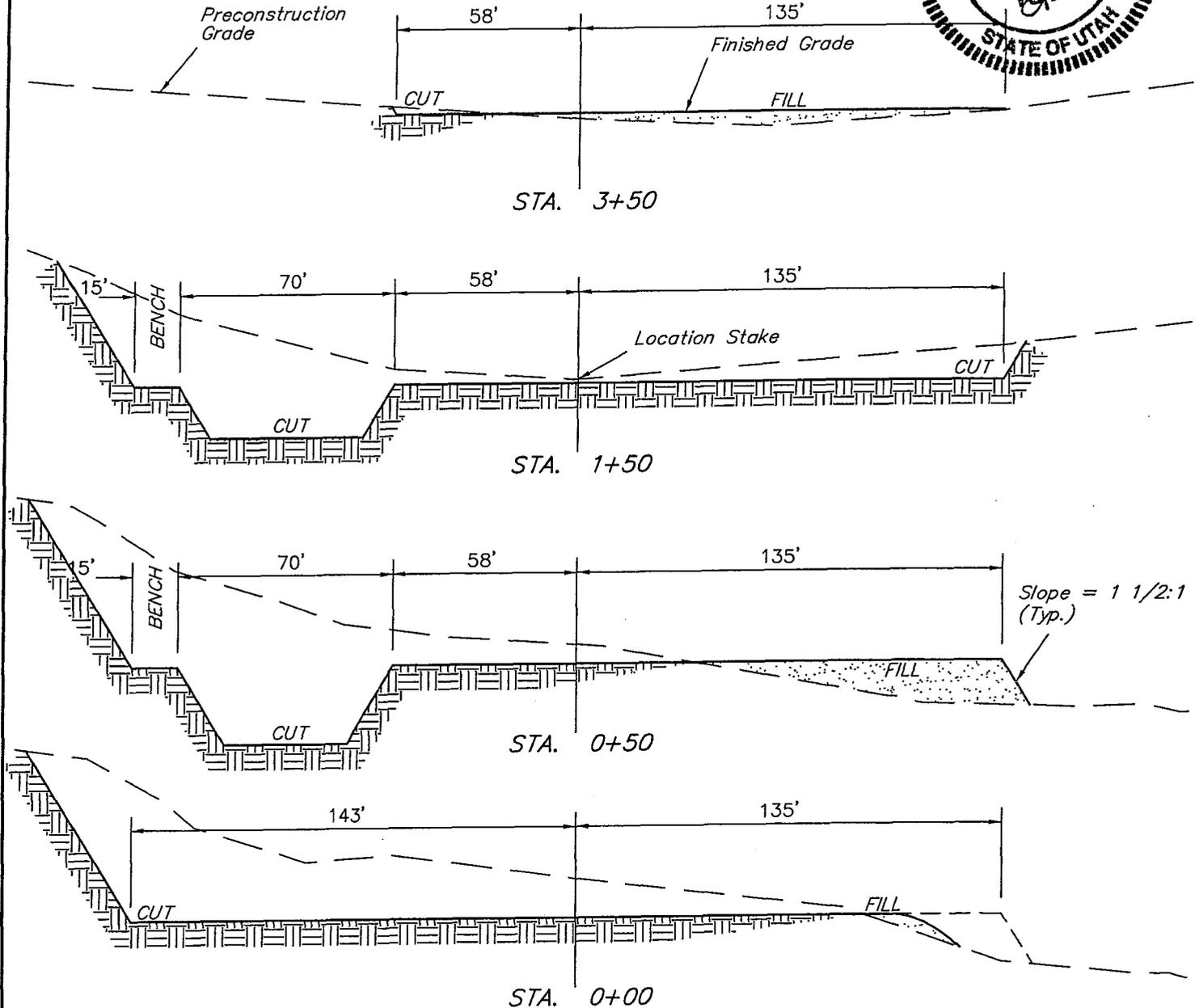
TYPICAL CROSS SECTIONS FOR

NBU #1022-5M-2
SECTION 5, T10S, R22E, S.L.B.&M.
1219' FSL 116' FWL



X-Section Scale
1" = 50'

DATE: 04-21-06
Drawn By: S.L.



NOTE:

Topsoil should not be Stripped Below Finished Grade on Substructure Area.

*** NOTE:**

FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,830 Cu. Yds.
Remaining Location	= 11,460 Cu. Yds.
TOTAL CUT	= 13,290 CU.YDS.
FILL	= 1,800 CU.YDS.

EXCESS MATERIAL	= 11,490 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,220 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 8,270 Cu. Yds.

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

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 08/28/2006

API NO. ASSIGNED: 43-047-38519

WELL NAME: NBU 1022-5M-2

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 435-781-7024

CONTACT: SHEILA UPCHEGO

PROPOSED LOCATION:

SWSW 05 100S 220E

SURFACE: 1219 FSL 0116 FWL

BOTTOM: 1219 FSL 0116 FWL

COUNTY: UINTAH

LATITUDE: 39.97406 LONGITUDE: -109.4720

UTM SURF EASTINGS: 630486 NORTHINGS: 4425786

FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-01191-A

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 half § unknown. Trans
- R649-3-11. Directional Drill

COMMENTS:

See Separate file

STIPULATIONS:

1- Federal Approval
2- OIL SHALE

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 29, 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
(PZ MesaVerde)		
43-047-38513	NBU 1022-3M-4T	Sec 03 T10S R22E 0639 FSL 0665 FWL
43-047-38514	NBU 1022-4D-1T	Sec 04 T10S R22E 0565 FNL 1162 FWL
43-047-38515	NBU 1022-41-4	Sec 04 T10S R22E 1656 FSL 0537 FEL
43-047-38516	NBU 1022-4E-1T	Sec 04 T10S R22E 1623 FNL 1289 FWL
43-047-38517	NBU 1022-4J-4T	Sec 04 T10S R22E 1385 FSL 1941 FEL
43-047-38511	NBU 922-34O-3	Sec 34 T09S R22E 0011 FSL 1433 FEL
43-047-38512	NBU 922-34D-3	Sec 34 T09S R22E 1217 FNL 0162 FWL
43-047-38525	NBU 1022-6G-1	Sec 06 T10S R22E 1372 FNL 1338 FEL
43-047-38526	NBU 1022-6L-1	Sec 06 T10S R22E 2451 FSL 0708 FWL
43-047-38527	NBU 1022-6P-4	Sec 06 T10S R22E 0413 FSL 0281 FEL
43-047-38528	NBU 1022-6C-4	Sec 06 T10S R22E 1178 FNL 2192 FEL
43-047-38518	NBU 1022-5O-1	Sec 05 T10S R22E 0873 FSL 1630 FEL
43-047-38519	NBU 1022-5M-2	Sec 05 T10S R22E 1219 FSL 0116 FWL
43-047-38520	NBU 1022-51-4	Sec 05 T10S R22E 1955 FSL 0139 FEL
43-047-38521	NBU 1022-5N-2	Sec 05 T10S R22E 1228 FSL 1980 FWL
43-047-38522	NBU 1022-5C-4	Sec 05 T10S R22E 1269 FNL 2606 FWL
43-047-38523	NBU 1022-5D-4T	Sec 05 T10S R22E 0696 FNL 0894 FWL
43-047-38524	NBU 1022-5L-1	Sec 05 T10S R22E 2132 FSL 0986 FWL

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



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

ION M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

August 29, 2006

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

Re: Natural Buttes Unit 1022-5M-2 Well, 1219' FSL, 116' FWL, SW SW, Sec. 5,
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 43-047-38519.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Kerr McGee Oil & Gas Onshore LP
Well Name & Number Natural Buttes Unit 1022-5M-2
API Number: 43-047-38519
Lease: UTU-01191-A

Location: SW SW Sec. 5 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
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-01191-A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.
UNIT #8910089 DOA

8. Well Name and No.
NBU 1022-5M-2

9. API Well No.
4304738519

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)
**1219' FSL, 116' FWL
SWSW, SEC 5-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	DOG M
	<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 29, 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) RAMEY HOOPES	Title LAND SPECIALIST I
Signature <u>[Signature]</u>	Date July 3, 2007

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)

72007
RM

RECEIVED

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: 4304738519
Well Name: NBU 1022-5M-2
Location: SWSW, SEC 5-T10S-R22E
Company Permit Issued to: KERR-MCGEE OIL AND GAS ONSHORE LP
Date Original Permit Issued: 8/29/2006

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

Ramey Hoopes
Signature

7/3/2007
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

SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-01191A
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: N/A
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: 891008900A
2. NAME OF OPERATOR: Kerr-McGee Oil & Gas Onshore, LP		8. WELL NAME and NUMBER: NBU 1022-5M-2
3. ADDRESS OF OPERATOR: P.O. Box 173779 CITY Denver STATE CO ZIP 80217-3779		9. API NUMBER: 4304738519
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1219' FSL & 116' FWL		10. FIELD AND POOL, OR WILDCAT: Natural Buttes Field
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSW 5 10S 22E		COUNTY: Uintah
		STATE: UTAH

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 checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<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 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 8/29/2006.

Approved by the
Utah Division of
Oil, Gas and Mining

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

COPY SENT TO OPERATOR
Date: 7.15.2008
Initials: KS

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: 4304738519
Well Name: NBU 1022-5M-2
Location: SWSW, Sec. 5, T10S R22E
Company Permit Issued to: Kerr-McGee Oil & Gas Onshore, LP
Date Original Permit Issued: 8/29/2006

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

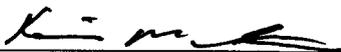
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

AUG 24 2006

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

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-01191-A
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 KERR MCGEE OIL & GAS ONSHORE LP		7. If Unit or CA Agreement, Name and No. UNIT #891008900A
3A. Address 1368 SOUTH 1200 EAST VERNAL, UT 84078	3b. Phone No. (include area code) (435) 781-7024	8. Lease Name and Well No. NBU 1022-5M-2
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NWSWSW 1219'FSL, 116'FWL At proposed prod. Zone		9. API Well No. 43-047-38519
14. Distance in miles and direction from nearest town or post office* 22.6 MILES SOUTHEAST OF OURAY, UTAH		10. Field and Pool, or Exploratory NATURAL BUTTES
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 116'	16. No. of Acres in lease 1363.21	11. Sec., T., R., M., or Blk, and Survey or Area SEC. 5, T10S, R22E
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. REFER TO TOPO C	19. Proposed Depth 9080'	12. County or Parish UINTAH
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5149'UNGRADED GL	20. BLM/BIA Bond No. on file BOND NO: WY-2357 WYB000291	13. State UTAH
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) SHEILA UPCHEGO	Date 8/23/2006
Title REGULATORY ANALYST		
Approved by (Signature) 	Name (Printed/Typed) Terry Kereks	Date AUG 25 2008
Title Assistant Field Manager Lands & Mineral Resources	Office VERNAL FIELD OFFICE	

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. **CONDITIONS OF APPROVAL 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)

06BM 1707A
Entered in AFMSS
Date 11-20-06

RECEIVED
SEP 02 2008
DIV. OF OIL, GAS & MINING

NOTICE OF APPROVAL

NOS 05/09/06



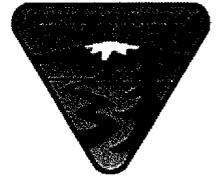


**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE**

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Kerr McGee Oil & Gas Onshore LP
Well No: NBU 1022-5M-2
API No: 43-047-38519

Location: NWSWSW, Sec. 5, T10S, R22E
Lease No: UTU-01191-A
Agreement: Natural Buttes Unit

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
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.
- 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 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.
- Seeding shall occur in the fall (August 1st until snow or ground is frozen).

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

SITE SPECIFIC DOWNHOLE COAs:

- Production casing cement shall be brought up and into the surface casing. The minimum cement top is 200 ft above the surface casing shoe.
- A cement Bond Log (CBL) shall be run from the production casing shoe to the surface casing shoe. A field copy of the CBL shall be submitted to the BLM Vernal Field Office.

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.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: KERR-McGEE OIL & GAS ONSHORE, L.P.

Well Name: NBU 1022-5M-2

Api No: 43-047-38519 Lease Type: FEDERAL

Section 05 Township 10S Range 22E County UINTAH

Drilling Contractor PETE MARTIN DRLG RIG # BUCKET

SPUDDED:

Date 11/18/2008

Time 11:00 AM

How DRY

Drilling will Commence: _____

Reported by JAMES GOBER

Telephone # (435) 828-7024

Date 11/18/08 Signed CHD

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 reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

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

5. Lease Serial No.
UTU-01191-A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
NBU 1022-5M-2

9. API Well No.
4304738579 19

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)
**SWSW 1219' FSL, 116' FWL
SEC. 5 T10S-R22E**

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 WELL SPUD
	<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 recompleate 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 recompleation 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 11/18/2008 AT 1100 HRS.

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

Name (Printed/Typed) SHEILA UPCHEGO	Title REGULATORY ANALYST
Signature <i>Sheila Upchego</i>	Date November 18, 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
NOV 24 2008
DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

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.
UTU-01191-A

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE – Other instructions on page 2.

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, UTAH 84078

3b. Phone No. (include area code)
435.781.7024

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
SW/SW SEC. 5, T10S, R22E 1219'FSL, 116'FWL

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

8. Well Name and No.
NBU 1022-5M-2

9. API Well No.
4304738579 **43-047-38519**

10. Field and Pool or Exploratory Area
NATURAL BUTTES

11. Country or Parish, State
UINTAH COUNTY, UTAH

12. CHECK THE 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 SET SURFACE
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	CSG
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

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 BLM/BIA. Required subsequent reports must 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 must 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 11/23/2008. DRILLED 12 1/4" SURFACE HOLE TO 2310'. RAN 9 5/8" 36# J-55 SURFACE CSG. CMT W/300 SX PREM CLASS G @15.8 PPG 1.15 YIELD. NO RETURNS THROUGH OUT JOB 130 PSI LIFT. TOP OUT W/150 SX PREM CLASS G @15.8 PPG 1.15 YIELD. DOWN BACKSIDE. WOC. 2ND TOP OUT W/100 SX PREM CLASS G @15.8 PPG 1.15 YIELD. WOC. 3RD TOP OUT W/150 SX PREM CLASS G @15.8 PPG 1.15 YIELD. WOC. 4TH TOP OUT W/100 SX PREM CLASS G @15.8 PPG 1.15 YIELD WOC. 5TH TOP OUT W/100 SX PREM CLASS G @15.8 PPG 1.15 YIELD. DOWN BACKSIDE GOOD CMT TO SURFACE HOLE STAYED FULL.

WORT.

RECEIVED

DEC 08 2008

DIV. OF OIL, GAS & MINING

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

Name (Printed/Typed)

SHEILA UPCHEGO

Title REGULATORY ANALYST

Signature



Date 12/01/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE 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 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 page 2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. UTU01191A
2. Name of Operator KERR-MCGEE OIL & GAS ONSHORE		6. If Indian, Allottee or Tribe Name
3a. Address 1368 SOUTH 1200 EAST VERNAL, UT 84078		7. If Unit or CA/Agreement, Name and/or No. UNIT #891008900A
3b. Phone No. (include area code) Ph: 435-781-7024		8. Well Name and No. NBU 1022-5M-2
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 5 T10S R22E SWSW 1219FSL 116FWL		9. API Well No. 43-047-38579
		10. Field and Pool, or Exploratory NATURAL BUTTES
		11. County or Parish, and State UINTAH COUNTY, UT

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 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 Drilling Operations
	<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 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 BLM/BLA. 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 2310' TO 9171' ON 12/15/2008. RAN 4 1/2" 11.6# I-80 PRODUCTION CSG. LEAD CMT W/500 SX PREM LITE II @12.1 PPG 2.30 YIELD. TAILED CMT W/1200 SX PREM LITE II @14.3 PPG 1.31 YIELD. WASH LINES DROP PLUG & DISPLACE W/141.3 BBLS WATER CLAY TREATED + 1 GAL MAGNACIDE @8.3 PPG BUMP PLUG W/3300 PSI PLUG HELD. 2800 PUMPING PSI 500 OVER PSI LOST RETURNS 121 BBLS INTO DISPLACEMENT MUD CLEAN SPACER WAS AT SURFACE. 1.5 BBLS BLEED OFF SET MANDREL & TEST TO 5000 PSI NIPPLE DOWN BOP 20 CHLORINE TABS DOWN CSG. INSTALL NIGHT CAP CLEAN MUD PITS.

RELEASED PIONEER RIG 68 ON 12/17/2008 AT 1200 HRS.

14. I hereby certify that the foregoing is true and correct.
**Electronic Submission #65775 verified by the BLM Well Information System
 For KERR-MCGEE OIL & GAS ONSHORE L, sent to the Vernal**

Name (Printed/Typed) SHEILA UPCHEGO	Title OPERATIONS
Signature  (Electronic Submission)	Date 12/22/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE 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 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.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED

RECEIVED

DEC 31 2008

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

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.
UTU01191A

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
NBU 1022-5M-2

9. API Well No.
43-047-38579

10. Field and Pool, or Exploratory
NATURAL BUTTES

11. County or Parish, and State
UINTAH COUNTY, UT

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 L
Contact: SHEILA UPCHEGO
Email: sheila.upchego@anadarko.com

3a. Address
1368 SOUTH 1200 EAST
VERNAL, UT 84078

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 5 T10S R22E SWSW 1219FSL 116FWL

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 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 Production Start-up
	<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 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 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 WAS PLACED ON PRODUCTION ON 01/18/2009 AT 4:00 PM.

PLEASE REFER TO THE ATTACHED CHRONOLOGICAL WELL HISTORY.

14. I hereby certify that the foregoing is true and correct.
Electronic Submission #66444 verified by the BLM Well Information System
For KERR-MCGEE OIL & GAS ONSHORE L, sent to the Vernal

Name (Printed/Typed) SHEILA UPCHEGO

Title OPERATIONS

Signature

Date 01/19/2009

THIS SPACE FOR FEDERAL OR STATE OFFICE 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

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** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED

RECEIVED
JAN 27 2009
DIV. OF OIL, GAS & MINING

Wins No.: 95337

NBU 1022-5M-2

Well Operations Summary Long

Operator KERR MCGEE OIL & GAS ONSHORE LP	FIELD NAME NATURAL BUTTES	SPUD DATE 11/23/2008	GL 5,149	KB 5149	ROUTE V41
API 4304738519	STATE UTAH	COUNTY UINTAH	DIVISION ROCKIES		
Long/Lat.: 39.97406 / -109.47199		Q-Q/Sec/Town/Range: SWSW / 5 / 10S / 22E	Footages: 1,219.00' FSL 116.00' FWL		

Wellbore: NBU 1022-5M-2

MTD 9,171	TVD 9,166	PBMD	PBTVD
EVENT INFORMATION:	EVENT ACTIVITY: DRILLING	START DATE: 11/23/2008	AFE NO.: 2024576
	OBJECTIVE: DEVELOPMENT	END DATE: 12/17/2008	
	OBJECTIVE 2: VERTICAL WELL	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
	11/23/2008	11/23/2008	11/23/2008	11/23/2008	11/26/2008	11/26/2008	11/26/2008

Date	Time Start-End	Duration (hr)	Phase	Code	Subcode	P/U	Operation	MD:
11/23/2008	<u>SUPERVISOR:</u> LEW WELDON							1,368
	2:00 - 12:00	10.00	DRLSUR	02		P	MOVE IN AND RIG UP AIR RIG SPUD WELL @ 0200 HR 11/23/08 DA 930'	
	12:00 - 0:00	12.00	DRLSUR	02		P	RIG DRILLING AHEAD NO WATER 1350'	
11/24/2008	<u>SUPERVISOR:</u> LEW WELDON							1,708
	0:00 - 12:00	12.00	DRLSUR	02		P	RIG DRILLING AHEAD HIT TRONA WATER @ 1500' CIRCULATING WITH SKID PUMP 1560'	
	12:00 - 0:00	12.00	DRLSUR	02		P	RIG DRILLING AHEAD CIRCULATING WITH SKID PUMP 1690'	
11/25/2008	<u>SUPERVISOR:</u> LEW WELDON							2,328
	0:00 - 12:00	12.00	DRLSUR	02		P	RIG DRILLING AHEAD CIRCULATING WITH SKID PUMP 2090'	
	12:00 - 0:00	12.00	DRLSUR	02		P	RIG T/D @ 2310' CONDITION HOLE @ REPORT TIME	
11/26/2008	<u>SUPERVISOR:</u> LEW WELDON							2,328
	0:00 - 5:00	5.00	DRLSUR	05		P	TRIP DP OUT OF HOLE	
	5:00 - 9:00	4.00	DRLSUR	11		P	RUN 2255' OF 9 5/8 CSG AND RIG DOWN AIR RIG	
	9:00 - 10:00	1.00	DRLSUR	15		P	CEMENT 1ST STAGE WITH 300 SKS TAIL @ 15.8# 1.15 5.0 GAL/SK NO RETURNS THRU OUT JOB 130 PSI LIFT	
	10:00 - 10:30	0.50	DRLSUR	15		P	1ST TOP JOB 150 SKS DOWN BS WOC	
	10:30 - 12:30	2.00	DRLSUR	15		P	2ND TOP JOB 100 SKS DOWN BS WOC	
	12:30 - 14:30	2.00	DRLSUR	15		P	3RD TOP JOB 150 SKS DOWN BS WOC	
	14:30 - 16:30	2.00	DRLSUR	15		P	4TH TOP JOB 100 SKS DOWN BS WOC	
	16:30 - 18:30	2.00	DRLSUR	15		P	5TH TOP JOB 100 SKS DOWN BS GOOD CMT TO SURFACE AND STAYED AT SURFACE	
	18:30 - 18:30	0.00	DRLSUR				NO VISIBLE LEAKS PIT 20% FULL WORT	

DATE	SUPERVISOR	TIME	ACTIVITY	UNIT	STATUS	DESCRIPTION	MD
12/5/2008	JAMES GOBER	8:30 - 0:00	15.50	RDMO	01	E P	2,328
						RIG DOWN RIG ON BITTER CREEK 1122-4G. READY RIG FOR TRUCKS. WILL MOVE RIG TO NBU 1022-5M-2 THIS A.M	
12/6/2008	JAMES GOBER	0:00 - 6:00	6.00	RDMO	01	E P	2,328
						RIG DOWN RIG, READY RIG FOR TRUCKS.	
		6:00 - 7:00	1.00	RDMO	12	D P	
						WAIT FOR DAYLIGHT TO MOVE RIG. RIG IDLE	
		7:00 - 14:00	7.00	RDMO	01	A P	
						HOLD SAFETY MEETING W/ L&S TRUCKING (8 HAUL TRUCKS AND 4 BED TRUCKS, 2 SWAMPERS), W/ JC INC.(1 CRANE W 2 SWAMPERS) AND MOUNTAIN WEST(2 HAUL TRUCKS, 1 ONE TON, AND 2 SWAMPERS). ANADARKO SAFETY HAND PRESENT. TEAR DOWN RIG AND MOVE 8.3 MILES.	
		14:00 - 18:00	4.00	MIRU	01	B P	
						SPOT IN SUB (MOUSE HOLE WILL NEED REAMED OUT W/ RIG) SPOT IN 85% OF RIG. STAND DOWN TRUCKS AND CRANE FOR DARK.	
		18:00 - 0:00	6.00	MIRU	01	B P	
						RIG UP LIGHT PLANT AND RIG UP BACK YARD.	
12/7/2008	JAMES GOBER	0:00 - 2:00	2.00	MIRU	01	A P	2,328
						RIG UP BACK YARD. PITS, PUMPS, RUN FLARE LINES ECT...	
		2:00 - 6:00	4.00	MIRU	12	D P	
						WAIT FOR DAYLIGHT TO FINISH MOVING RIG IN AND TO RAISE SUB AND DERRICK.	
		6:00 - 21:00	15.00	MIRU	01	B P	
						FINSIH SPOTTING RIG. 2 BED TRUCKS RELEASED @ 08:30. RELEASE CRANE @ 10:00. RURT.	
		21:00 - 0:00	3.00	DRLPRO	13	A P	
						LOCKDOWN AND TEST FMC FLANGE, INSTALL BOP, CHOKE LINE, SUPER CHOKE, KILL LINE, ROTATING HEAD AND FLOW LINE.	
12/8/2008	JAMES GOBER	0:00 - 2:00	2.00	DRLPRO	13	A P	2,291
						NIPPLE UP BOP AND EQUIPMENT.	
		2:00 - 7:30	5.50	DRLPRO	13	C P	
						TEST BOP AND RELATED EQUIPMENT TO 5000 PSI FOR 10 MIN AND LOW TEST OF 250 PSI FOR 5 MIN. TEST ANNULAR TO 2500 PSI FOR 10 MIN AND 250 PSI FOR 5 MIN. TEST CSG TO 1500 PSI FOR 30 MIN. INSTALL WEAR BUSHING.	
		7:30 - 12:00	4.50	DRLPRO	01	D P	
						HOLD SAFETY MEETING, P/U MOTOR AND 10 5/8 BIT AND DRILL OUT MOUSE HOLE. REAM OUT SEVERAL TIMES INSTALL MOUSE HOLE SOCK.	
		12:00 - 16:30	4.50	DRLPRO	05	A P	
						HOLD SAFETY MEETING W/ WEATHERFORD TRS AND RIG UP LAYDOWN MACHINE, P/U DRILL STRING, TAG CEMENT 2200', RIG DOWN WEATHERFORD TRS.	
		16:30 - 19:00	2.50	DRLPRO	06	D P	
						HOLD SAFETY MEETING AND SLIP AND CUT DRILL LINE.	
		19:00 - 20:30	1.50	DRLPRO	17	P	
						DO PRE SPUD SAFETY INSPECTION.	
		20:30 - 21:00	0.50	DRLPRO	13	B P	
						INSTALL NEW ROT HEAD RUBBER.	
		21:00 - 23:00	2.00	DRLPRO	02	F P	
						DRILL CEMENT F/ 2200' TO 2328' SHOE @ 2291'.	
		23:00 - 0:00	1.00	DRLPRO	02	B P	
						SPUD @ 23:00 12/08/2008 . DRILL F/ 2328' TO 2399'. MUD WT 8.3 VIS 26	
12/9/2008	TIM OXNER	0:00 - 0:30	0.50	DRLPRO	09	A P	4,201
						SURVEY 2291'= 2.68 DEGREES	

Wins No.: 95337

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API No.: 4304738519

	0:00 - 0:30	0.50	DRLPRO	09	A	P	SURVEY 2291' = 2.68 DEGREES	
	0:30 - 13:00	12.50	DRLPRO	02	B	P	DRILL F/ 2399' TO 3411' 1012' TOTAL @ 80.9' HR	
	13:00 - 13:30	0.50	DRLPRO	09	A	P	SURVEY @ 3336' 1.77 DEG	
	13:30 - 15:30	2.00	DRLPRO	02	B	P	DRILL F/ 3411' - 3569' 158' TOTAL @ 79.0' HR	
	15:30 - 16:00	0.50	DRLPRO	06	A	P	RIG SERVICE	
	16:00 - 0:00	8.00	DRLPRO	02	B	P	DRILL F/ 3569' - 4201' 632' TOTAL @ 79.0' HR 32 VIS / 9.2 MW	
								<u>MD:</u> 5,878
12/10/2008	<u>SUPERVISOR:</u> TIM OXNER							
	0:00 - 3:00	3.00	DRLPRO	02	B	P	DRILL F/ 4201' - 4422' 221' TOTAL @ 73.6' HR	
	3:00 - 3:30	0.50	DRLPRO	09	A	P	SURVEY @ 4358' 1.44 DEG	
	3:30 - 12:30	9.00	DRLPRO	02	B	P	DRILL F/ 4422' - 5182' 760' TOTAL @ 84.4' HR	
	12:30 - 13:00	0.50	DRLPRO	06	A	P	RIG SERVICE	
	13:00 - 0:00	11.00	DRLPRO	02	B	P	DRILL F/ 5182' - 5878' 696' TOTAL @ 63.2' HR HOLE TAKING FLUID @ 5285'. MIX LCM SWEEP, STILL TAKING FLUID. RAISE LCM F/ 1% TO 8% HOLE HEALED. VIS 34 WT 9.5	
								<u>MD:</u> 6,576
12/11/2008	<u>SUPERVISOR:</u> TIM OXNER							
	0:00 - 1:00	1.00	DRLPRO	02	B	P	DRILL F/ 5878' -5909' 31' TOTAL @ 31' HR	
	1:00 - 1:30	0.50	DRLPRO	09	A	P	SURVEY @ 5844' 1.36 DEG	
	1:30 - 11:00	9.50	DRLPRO	02	B	P	DRILL F/ 5909' - 6381' 472' TOTAL @ 49.6' HR	
	11:00 - 11:30	0.50	DRLPRO	06	A	P	RIG SERVICE	
	11:30 - 16:30	5.00	DRLPRO	02	B	P	DRILL F/ 6381' - 6576' 195' TOTAL @ 39' HR 34 VIS 10.0 MW	
	16:30 - 18:00	1.50	DRLPRO	04	C	P	CIRCULATE, MIX & PUMP PILL, DROP SURVEY (HELD SAFETY MEETING)	
	18:00 - 23:00	5.00	DRLPRO	05	A	P	TOOH W/ BIT # 1, SWITCH BITS	
	23:00 - 0:00	1.00	DRLPRO	05	A	P	TIH W/ BIT # 2	
								<u>MD:</u> 7,427
12/12/2008	<u>SUPERVISOR:</u> TIM OXNER							
	0:00 - 4:30	4.50	DRLPRO	05	A	P	TIH W/ BIT # 2	
	4:30 - 5:00	0.50	DRLPRO	03	E	P	WASH & REAM 34' TO BOTTOM, NO FILL	
	5:00 - 16:00	11.00	DRLPRO	02	B	P	DRILL F/ 6576' - 7079' 503' TOTAL @ 45.7' HR	
	16:00 - 16:30	0.50	DRLPRO	06	A	P	RIG SERVICE	
	16:30 - 0:00	7.50	DRLPRO	02	B	P	DRILL F/ 7079' - 7427' 348' TOTAL @ 46.4' HR	
								<u>MD:</u> 7,965
12/13/2008	<u>SUPERVISOR:</u> TIM OXNER							
	0:00 - 13:00	13.00	DRLPRO	02	B	P	DRILL F/ 7427' - 7869' 442' TOTAL @ 34' HR	
	13:00 - 13:30	0.50	DRLPRO	06	C	P	RIG SERVICE	

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	13:30 - 17:00	3.50	DRLPRO	02	B	P	DRILL F/ 7869' - 7965' 96' TOTAL @ 27.4' HR
	17:00 - 18:30	1.50	DRLPRO	04	A	P	CIRCULATE, MIX & PUMP PILL, DROP SURVEY (HELD SAFETY MEETING)
	18:30 - 0:00	5.50	DRLPRO	05	A	P	TOOH F/ BIT # 3
12/14/2008	<u>SUPERVISOR:</u> TIM OXNER						MD: 8,669
	0:00 - 7:00	7.00	DRLPRO	05	A	P	TIH W/ BIT # 3
	7:00 - 7:30	0.50	DRLPRO	03	E	P	WASH & REAM 15' TO BOTTOM.
	7:30 - 16:00	8.50	DRLPRO	02	B	P	DRILL F/ 7965' - 8432' 467' TOTAL @ 54.9' HR
	16:00 - 16:30	0.50	DRLPRO	06	A	P	RIG SERVICE
	16:30 - 0:00	7.50	DRLPRO	02	B	P	DRILL F/ 8432' - 8669' 237' TOTAL @ 31.6' HR
12/15/2008	<u>SUPERVISOR:</u> TIM OXNER						MD: 9,171
	0:00 - 11:30	11.50	DRLPRO	02	B	P	DRILL F/ 8669' - 9033' 364' TOTAL @ 31.6' HR
	11:30 - 12:00	0.50	DRLPRO	06	A	P	RIG SERVICE
	12:00 - 18:00	6.00	DRLPRO	02	B	P	DRILL F/ 9033' - 9171' TD 138' TOTAL @ 23' HR 41 VIS, 12.6 MW, 6% LCM
	18:00 - 19:30	1.50	DRLPRO	04	C	P	CIRCULATE F/ SHORT TRIP (HELD SAFETY MEETING)
	19:30 - 21:30	2.00	DRLPRO	05	E	P	SHORT TRIP 20 STDS TO 7881'
	21:30 - 23:00	1.50	DRLPRO	04	C	P	CIRCULATE TO LDDS. (HELD SAFETY MEETING W/ WEATHERFORD & RIG UP)
	23:00 - 0:00	1.00	DRLPRO	05	A	P	LDDS
12/16/2008	<u>SUPERVISOR:</u> TIM OXNER						MD: 9,171
	0:00 - 9:30	9.50	DRLPRO	05	A	P	LDDS & PULL WEAR BUSHING
	9:30 - 14:30	5.00	DRLPRO	08	F	P	(HELD SAFETY MEETING W/ HALLIBURTON) RIG UP EQUIPMENT. RUN TRIPLE COMBO F/ 9168' TO SHOE & GR TO SURFACE.
	14:30 - 15:30	1.00	DRLPRO	11	A	P	(HELD SAFETY MEETING) & RIG UP WEATHERFORD TRS
	15:30 - 22:00	6.50	DRLPRO	11	B	P	RUN 4.5 PRODUCTION CSG, TAG @ 9171' PICK UP & LAND FLUTED MANDREL.
	22:00 - 0:00	2.00	DRLPRO	04	E	P	MAKE UP BJ HEAD & CIRCULATE OUT GAS W/ RIG PUMP
12/17/2008	<u>SUPERVISOR:</u> TIM OXNER						MD: 9,171

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0:00 - 5:30	5.50	DRLPRO	15	A	P	(HELD SAFETY MEETING W/ BJ SERVICES)SWITHC LINES & TEST TO 4500 PSI. (PUMP 20 BBLS MUD CLEA @ 8.3 PPG) (PUMP 9.75 BBLS SCAVENGER 20 SCKS PREMIUM LITE 11 @ 11.0 PPG,3.31cF SACK YIELD) (PUMP 205 BBLS LEAD ,500 SACKS PREMIUM LITE 11@ 12.1 PPG,2.30 cF SACK YIELD) (PUMP 280 BBLS TAIL 1200 SCKS 50:50 POZ MIX @ 14.3 PPG,1.31cF SACK YIELD) (WASH LINES DROP PLUG & DISPLACE W/ 141.3 BBLS WATER CLAYTREATED + 1 GL MAGNACIDE @ 8.3 PPG) (BUMP PLUG W/ 3300 PSI,PLUG HELD) (2800 PUMPING PSI) (500 OVER PSI) (LOST RETURNS 121 BBLS INTO DISPLACEMENT MUD CLEAN SPACER WAS @ SURFACE) (1.5 BBLS BLEED OFF) (RIG DOWN BJ & SET MANDREL PACKING ASSEMBLY & TEST TO 5000 PSI.)
5:30 - 12:00	6.50	DRLPRO	13	A	P	NIPPLE DOWN BOP,20 CHLORINE TABS DOWN CSG,INSTALL NIGHT CAP.CLEAN MUD PITS. RELEASE RIG @ 12:00 12/17/2008

EVENT INFORMATION: EVENT ACTIVITY: COMPLETION START DATE: 1/12/2009 AFE NO.: 2024576
 OBJECTIVE: DEVELOPMENT END DATE:
 OBJECTIVE 2: ORIGINAL DATE WELL STARTED PROD.:
 REASON: MV Event End Status:

RIG OPERATIONS: Begin Mobilization Rig On Location Rig Charges Rig Operation Start Finish Drilling Rig Release Rig Off Location
 MILES 3 / 3 01/15/2009 01/19/2009

Date	Time Start-End	Duration (hr)	Phase	Code	Subcode	P/U	Operation
1/12/2009	<u>SUPERVISOR:</u> DOUG CHIVERS <u>MD:</u>						
	7:00 - 7:30	0.50	COMP	48		P	HSM. RIGGING UP FRAC VALVES
	7:30 - 14:00	6.50	COMP	47	A	P	MIRU BLUE MOUNTAIN. ND WELL HEAD NU FRAC VALVES. SET IN PLACE WELL HEAD STAND. TARP WELL HEAD STAND. HOOK UP FLOW LINE. SDFN. THIS IS A RIGLESS FRAC.
1/13/2009	<u>SUPERVISOR:</u> DOUG CHIVERS <u>MD:</u>						
	7:00 - 7:30	0.50	COMP	48		P	HSM. PRESSURE TESTING CASING & FRAC VALVES.
	7:30 - 8:30	1.00	COMP	33	C	P	MIRU B&C QUICK TEST & PRESSURE TEST CASING & BOTH FRAC VALVES TO 7,500 PSI. GOOD TEST.
	8:30 - 15:00	6.50	COMP	34	H	P	MIRU CUTTERS WIRE LINE & CRANE TRUCKS. MIRU BJ SERVICES. STG 1) PU 3 3/8" EXP GNS, 23 GRM, .36 HOLES 120 DEG PHASING. RIH PERF 8,953' - 60' 3SPF, 8,872' - 76' 3SPF, 8,783' - 86' 3SPF, 42 HOLES. PRESSURE TEST PUMPS & LINES @ 13:40. WHP 500 PSI, BRK 3,664 PSI @ 6.3 BPM, ISIP 2,563 PSI, FG .73. PUMP 100 BBLS @ 53.6 BPM @ 4,876 PSI = 82% OPEN. MP 5,789 PSI, MR 56 BPM, AP 5,202 PSI, AR 55.6 BPM, ISIP 2,853 PSI, FG .77, NPI 290 PSI. PUMP 3,953 BBLS SW & 136,063 LBS 40/70 SAND & 5,000 LBS OF 20/40 RESIN SAND. TOTAL PROP 141,063 LBS.
	15:00 - 17:00	2.00	COMP	36	B	P	STG 2) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES 90 DEG PHASING. RIH SET 8K CBP @ 8,714' & PERF 8,678' - 84' 4SPF, 8,588' - 90' 4SPF, 8,480' - 82' 4SPF, 40 HOLES. WHP 1,080 PSI, BRK 2,995 PSI @ 6.7 BPM, ISIP 2,248 PSI, FG .71. PUMP 100 BBLS @ 51.4 BPM @ 5,500 PSI = 83% OPEN. MP 6,335 PSI, MR 51.7 BPM, AP 5,573 PSI, AR 51.3 BPM, ISIP 3,450 PSI, FG .85, NPI 1,202 PSI. PUMP 1,248 BBLS SW & 42,430 LBS 40/70 SAND & 5,000 LBS OF 20/40 RESIN SAND. TOTAL PROP 47,430 LBS. SWI WINTERIZE WELL HEAD SDFN.
1/14/2009	<u>SUPERVISOR:</u> DOUG CHIVERS <u>MD:</u>						
	7:00 - 7:30	0.50	COMP	48		P	HSM. FRACING & PERFORATING
	7:30 - 9:30	2.00	COMP	36	B	P	PRESSURE TEST LINES TO 8,000 PSI. STG 3) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES 90 DEG PHASING. RIH SET 8K CBP @ 8,370' & PERF 8,335' - 40' 4SPF, 8,262' - 67' 4SPF, 40 HOLES. WHP 1,320 PSI, BRK 2,958 PSI @ 6.3 BPM, ISIP 2,200 PSI, FG .71. PUMP 100 BBLS @ 55 BPM @ 5,200 PSI = 100% OPEN. MP 5,311 PSI, MR 58 BPM, AP 4,830 PSI, AR 56.5 BPM, ISIP 2,750 PSI, FG .78, NPI 550 PSI. PUMP 3,940 BBLS SW & 141,886 LBS 40/70 SAND & 5,000 LBS OF 20/40 RESIN SAND. TOTAL PROP 146,886 LBS.
	9:30 - 11:10	1.67	COMP	36	B	P	STG 4) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES 120 DEG PHASING. RIH SET 8K CBP @ 8,161' & PERF 8,124' - 31' 3SPF, 8,082' - 86' 3SPF, 7,969' - 72' 3SPF, 42 HOLES. WHP 1,430 PSI, BRK 3,159 PSI @ 6.3 BPM, ISIP 2,297 PSI, FG .71. PUMP 100 BBLS @ 55.5 BPM @ 4,975 PSI = 100% OPEN. MP 5,086 PSI, MR 56.4 BPM, AP 4,528 PSI, AR 55.8 BPM, ISIP 2,350 PSI, FG .74, NPI 53 PSI. PUMP 1,524 BBLS SW & 54,387 LBS 40/70 SAND & 5,000 LBS OF 20/40 RESIN SAND. TOTAL PROP 59,387 LBS.

11:10 - 12:30	1.33	COMP	36	B	P	STG 5) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES 90 DEG PHASING. RIH SET 8K CBP @ 7,924' & PERF 7,890' - 94' 4SPF, 7,838' - 40' 4SPF, 7,781' - 85' 4SPF, 40 HOLES. WHP 225 PSI, BRK 3,761 PSI @ 6.6 BPM, ISIP 2,389 PSI, FG .75. PUMP 100 BBLs @ 53 BPM @ 4,600 PSI = 100% OPEN. MP 5,298 PSI, MR 56.2 BPM, AP 4,671 PSI, AR 55.7 BPM, ISIP 2,650 PSI, FG .78, NPI 261PSI. PUMP 776 BBLs SW & 22,056 LBS 40/70 SAND & 5,000 LBS OF 20/40 RESIN SAND. TOTAL PROP 27,056 LBS.
12:30 - 14:00	1.50	COMP	36	B	P	STG 6) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES 90 DEG PHASING. RIH SET 8K CBP @ 7,672' & PERF 7,639' - 46' 4SPF, 7,489' - 92' 4SPF, 40 HOLES. WHP 300 PSI, BRK 2,947 PSI @ 6.5 BPM, ISIP 1,620 PSI, FG .66. PUMP 100 BBLs @ 52 BPM @ 4,400 PSI = 100% OPEN. MP 4,783 PSI, MR 56.9 BPM, AP 4,432 PSI, AR 56.7 BPM, ISIP 2,340 PSI, FG .75, NPI 720 PSI. PUMP 2,094 BBLs SW & 73,832 LBS 40/70 SAND & 5,000 LBS OF 20/40 RESIN SAND. TOTAL PROP 78,832 LBS.
14:00 - 16:15	2.25	COMP	36	B	P	STG 7) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES 120 DEG PHASING. RIH SET 8K CBP @ 7,270' & PERF 7,233' - 40' 3SPF, 7,105' - 08' 3SPF, 7,054' - 58' 3SPF, 42 HOLES. WHP 230 PSI, BRK 2,892 PSI @ 6.5 BPM, ISIP 1,350 PSI, FG .63. PUMP 100 BBLs @ 54.3 BPM @ 3,900 PSI = 100% OPEN. MP 4,783 PSI, MR 56.9 BPM, AP 4,432 PSI, AR 56.7 BPM, ISIP 2,340 PSI, FG .75, NPI 720 PSI. PUMP 2,094 BBLs SW & 73,832 LBS 40/70 SAND & 5,000 LBS OF 20/40 RESIN SAND. TOTAL PROP 78,832 LBS.
16:15 - 18:00	1.75	COMP	34	I	P	KILL PLUG) PU 4 1/2" BAKER CBP RIH SET @ 7,004'. RDMO CUTTERS & BJ SERVICES. WINTERIZE WELL HEAD. SWI SDFN.

1/15/2009 SUPERVISOR: WILL GLEAVE MD:
12:00 - 17:30 5.50 COMP 31 I P HSM. MIRU FROM NBU 1022-5C. RU RIG. ND FRAC VALVE. NU BOP. RU TBG EQUIP. PU 3-7/8 ROCK BIT, POBS, & S.N. PREP & TALLY 2-3/8 J-55 TBG. TIH W/ 135 JTS TBG

1/16/2009 SUPERVISOR: WILL GLEAVE MD:
7:00 - 16:30 9.50 COMP 44 C P HSM. CONT. TO PREP & TALLY TBG, TIH TO KILL PLUG @ 6998'. RU SWIVEL, PUMP & LINES. BREAK CONV. CIRC. D.O. 1ST CBP. (600# INC.)
TIH, TAG FILL @ 7240'. (30' FILL). C.O. FILL TO CBP @ 7270'. D.O. 2ND CBP. 200# INC.
TIH, TAG FILL @ 7646'. (26' FILL). C.O. FILL TO CBP @ 7672'. D.O. 3RD CBP. 500# INC.
TIH, TAG FILL @ 7894'. (30' FILL). C.O. FILL TO CBP @ 7924'. D.O. 4TH CBP. 300# INC.
TIH, TAG FILL @ 8131'. (30' FILL). C.O. FILL TO CBP @ 8161'. D.O. 5TH CBP. 500# INC.
TIH, TAG FILL @ 8340'. (30' FILL). C.O. FILL TO CBP @ 8370'. D.O. 6TH CBP. 600# INC.
TIH, TAG FILL @ 8684'. (30' FILL). C.O. FILL TO CBP @ 8714'. D.O. 7TH CBP. 500# INC.
TIH, TAG FILL @ 9047'. (65' FILL). C.O. FILL TO PBTD @ 9112'. CIRC WELL FOR 30 MIN W/ 2% KCL. LD SWIVEL. LD 21 JTS ON TRAILER. LAND TBG. ND BOP, DROP BALL, NU WH. PUMP OFF BIT SUB @ 1800#. TURN OVER TO F.B. CREW.

1800# SICP
1200# TBG PSI.
20/64 CHOKE

299 JTS ON LOC.
268 JTS IN WELL
31 JTS ON TRAILER
EOT @ 8450'

1/17/2009 SUPERVISOR: LYNN HADLOCK MD:
7:00 - 33 A 7 AM FLBK REPORT: CP 2400#, TP 2100#, 20/64" CK, 57 BWP, MED SAND, LIGHT GAS
TTL BBLs RECOVERED: 7350
BBLs LEFT TO RECOVER: 9320

1/18/2009 SUPERVISOR: LYNN HADLOCK MD:

Wins No.: 95337 NBU 1022-5M-2 API No.: 4304738519

	7:00 -	33	A	7 AM FLBK REPORT: CP 2500#, TP 2250#, 20/64" CK, 41 BWPH, TRACE SAND, MED GAS TTL BBLs RECOVERED: 8502 BBLs LEFT TO RECOVER: 8168	
1/19/2009	<u>SUPERVISOR:</u> LYNN HADLOCK				<u>MD:</u>
	7:00 -	33	A	7 AM FLBK REPORT: CP 3000#, TP 2400#, 20/64" CK, 36 BWPH, TRACE SAND, - GAS TTL BBLs RECOVERED: 9402 BBLs LEFT TO RECOVER: 7268	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5. Lease Serial No.
UTU01191A

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

6. If Indian, Allottee or Tribe Name

7. Unit or CA Agreement Name and No.
UNIT #891008900A

2. Name of Operator
KERR-MCGEE OIL & GAS ONSHORE
Contact: SHEILA UPCHEGO
Mail: sheila.upcheگو@anadarko.com

8. Lease Name and Well No.
NBU 1022-5M-2

3. Address 1368 SOUTH 1200 EAST
VERNAL, UT 84078

3a. Phone No. (include area code)
Ph: 435-781-7024

9. API Well No.
43-047-38519

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
 At surface SWSW 1219FSL 116FWL
 At top prod interval reported below SWSW 1219FSL 116FWL
 At total depth SWSW 1219FSL 116FWL

10. Field and Pool, or Exploratory
NATURAL BUTTES

11. Sec., T., R., M., or Block and Survey
or Area Sec 5 T10S R22E Mer SLB

12. County or Parish
UINTAH

13. State
UT

14. Date Spudded
11/18/2008

15. Date T.D. Reached
12/15/2008

16. Date Completed
 D & A Ready to Prod.
01/18/2009

17. Elevations (DF, KB, RT, GL)*
5149 GL

18. Total Depth: MD 9171
TVD

19. Plug Back T.D.: MD 9112
TVD

20. Depth Bridge Plug Set: MD
TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)
CBL-CCL-GR SD, DSN, ACTR

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

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 Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
20.000	14.000 STEEL	36.7		40		28			
12.250	9.625 J-55	36.0		2310		900			
7.875	4.500 I-80	11.6		9171		1700			

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2.375	8450							

25. Producing Intervals

26. Perforation Record

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) MESAVERDE	7054	8960	7054 TO 8960	0.360	286	OPEN
B) WSMVP						
C)						
D)						

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

Depth Interval	Amount and Type of Material
7054 TO 8960	PMP 16,675 BBLs SLICK H2O & 501,944# 40/70 SD

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
01/18/2009	01/21/2009	24	→	0.0	1783.0	0.0			FLOWS FROM WELL
Choke Size	Tbg. Press. Flwg.	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status	
20/64	600 SI	2150.0	→	0	1783	0		PGW	

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.	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas:Oil Ratio	Well Status	
			→						

RECEIVED

MAR 02 2009

(See Instructions and spaces for additional data on reverse side)

ELECTRONIC SUBMISSION #67585 VERIFIED BY THE BLM WELL INFORMATION SYSTEM

DIV. OF OIL, GAS & MINING

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

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
GREEN RIVER	1265				
BIRDS NEST	1553				
MAHOGANY	2048				
WASATCH	4468	6744			
MESAVERDE	7032	9098			

32. Additional remarks (include plugging procedure):

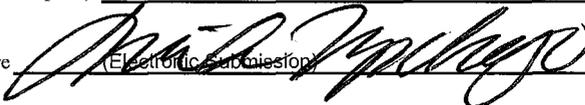
33. Circle enclosed attachments:

- 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:

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

Electronic Submission #67585 Verified by the BLM Well Information System.
For KERR-MCGEE OIL & GAS ONSHORE L, sent to the Vernal

Name (please print) SHEILA UPCHEGO Title OPERATIONS

Signature  Date 02/25/2009

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.