

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

5. Lease Serial No.

UTU-40736

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

BONANZA 1023-12G

9. API Well No.

43-047-38814

10. Field and Pool, or Exploratory

NATURAL BUTTES

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

SECTION 12, T10S, R23E

12. County or Parish

UINTAH

13. State

UTAH

1a. Type of Work: DRILL

REENTER

b. Type of Well: Oil Well Gas Well Other

Single Zone Multiple Zone

2. Name of Operator

KERR MCGEE OIL & GAS ONSHORE LP

3A. Address

1368 SOUTH 1200 EAST VERNAL, UT 84078

3b. Phone No. (include area code)

(435) 781-7024

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

SWNE 1402'FNL, 1456'FEL 647704X 39.966805

At proposed prod. Zone

4425295Y -109.270554

14. Distance in miles and direction from nearest town or post office*

34.3 MILES SOUTHEAST OF OURAY, UTAH

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

1402'

16. No. of Acres in lease

642.36

17. Spacing Unit dedicated to this well

320.00

18. Distance from proposed* location to nearest well, drilling, completed, applied for, on this lease, ft

REFER TO TOPO C

19. Proposed Depth

7600'

20. BLM/BIA Bond No. on file

WY-2357

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

5553'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.
- 2. A Drilling Plan.
- 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.
- 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- 5. Operator certification.
- 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

10/20/2006

Title

REGULATORY ANALYST

Approved by (Signature)

Name (Printed/Typed)

BRADLEY G. HILL

Date

11-15-06

Title

Off: **ENVIRONMENTAL MANAGER**

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

Conditions of approval, if any, are attached.

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

*(Instructions on reverse)

**Federal Approval of this
Action is Necessary**

RECEIVED

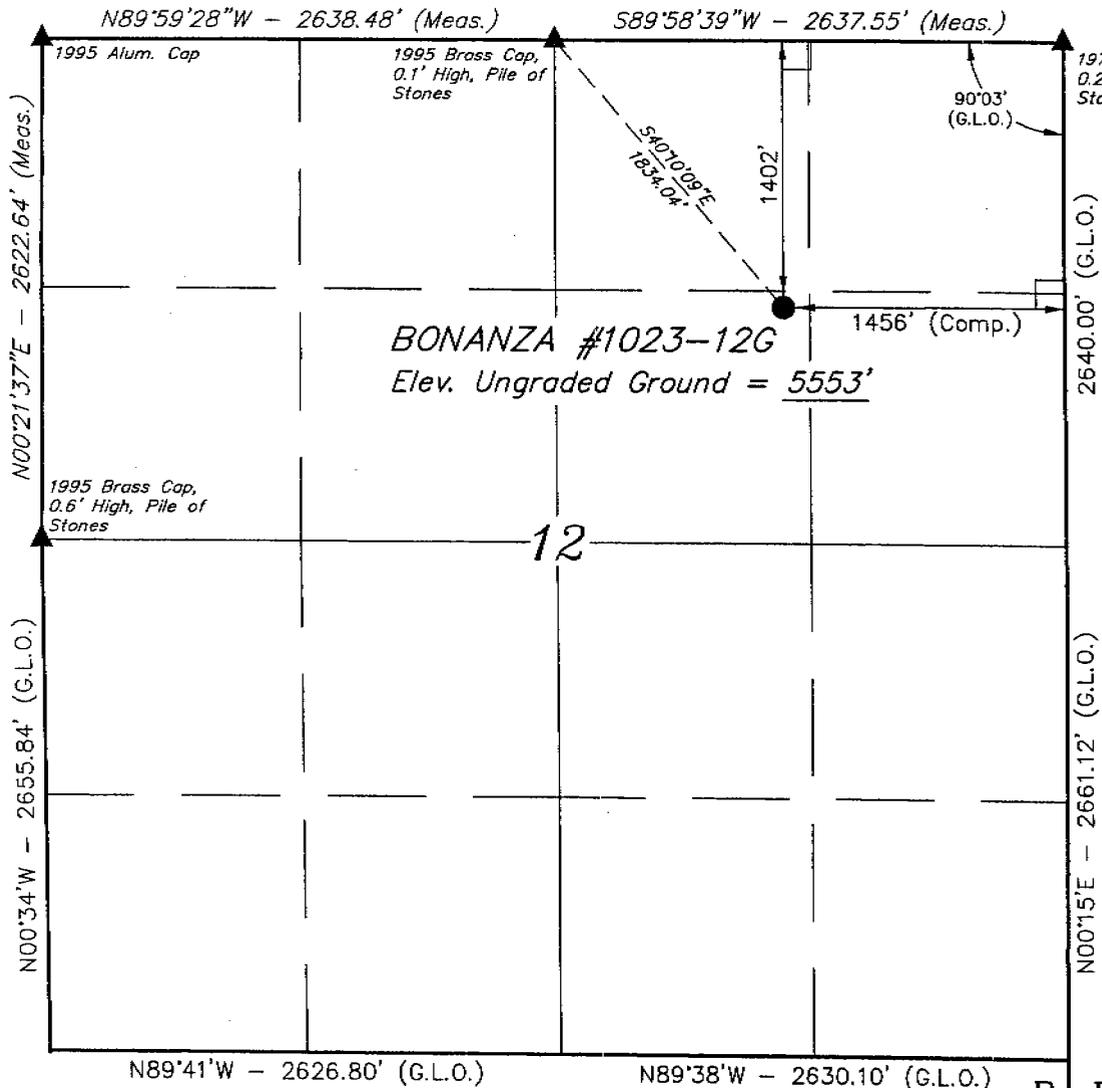
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DIV. OF OIL, GAS & MINING

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

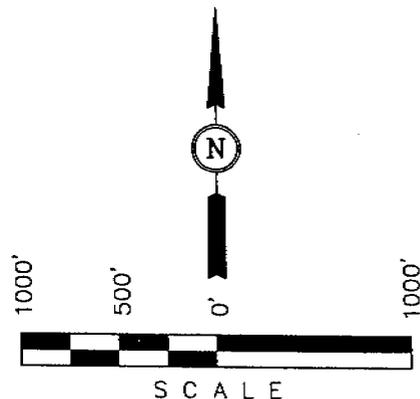
KERR McGEE OIL AND GAS ONSHORE LP

Well location, BONANZA #1023-12G, located as shown in the SW 1/4 NE 1/4 of Section 12, T10S, R23E, S.L.B.&M. Uintah County, Utah.



BASIS OF ELEVATION

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



CERTIFICATE OF SURVEY
 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 SAID PLAT IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.
 ROBERT L. KAY
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 65199
 STATE OF UTAH

Revised 9-25-06 T.D.

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

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

R
23
E
R
24
E

LEGEND:

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

(NAD 83)
 LATITUDE = 39°58'00.53" (39.966814)
 LONGITUDE = 109°16'16.38" (109.271217)
 (NAD 27)
 LATITUDE = 39°58'00.65" (39.966847)
 LONGITUDE = 109°16'13.95" (109.270542)

SCALE 1" = 1000'	DATE SURVEYED: 3-28-05	DATE DRAWN: 4-12-05
PARTY D.A. T.C. K.G.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE	KERR McGEE OIL AND GAS ONSHORE LP

**BONANZA #1023-12G
SW/NE SEC. 12, T10S,R23E
UINTAH COUNTY, UTAH
UTU-40736**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	813'
Top of Birds Nest Water	1333'
Mahogany	1994'
Wasatch	3899'
Mesaverde	5794'
MVU2	6601'
MVL1	7122'
TD	7600'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	813'
	Top of Birds Nest Water	1333'
	Mahogany	1994'
Gas	Wasatch	3899'
	Mesaverde	5794'
Gas	MVU2	6601'
Gas	MVL1	7122'
Water	N/A	
Other Minerals	N/A	

3. Pressure Control Equipment (Schematic Attached)

Please refer to the attached Drilling Program.

4. Proposed Casing & Cementing Program:

Please refer to the attached Drilling Program.

5. Drilling Fluids Program:

Please refer to the attached Drilling Program.

6. Evaluation Program:

Please refer to the attached Drilling Program.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 7600' TD, approximately equals 4712 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3040 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 refer to the attached Drilling Program.

10. **Other Information:**

Please refer to the attached Drilling Program.



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 1940	32.30	H-40	STC	0.85*****	1.51	4.63
PRODUCTION	4-1/2"	0 to 7600	11.60	I-80	LTC	2.91	1.46	2.61

- 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 = 11.0 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 2675 psi

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

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE	Option 2		NOTE: If well will circulate water to surface, option 2 will be utilized				
	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	3,390'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	370	60%	11.00	3.38
	TAIL	4,210'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1180	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.

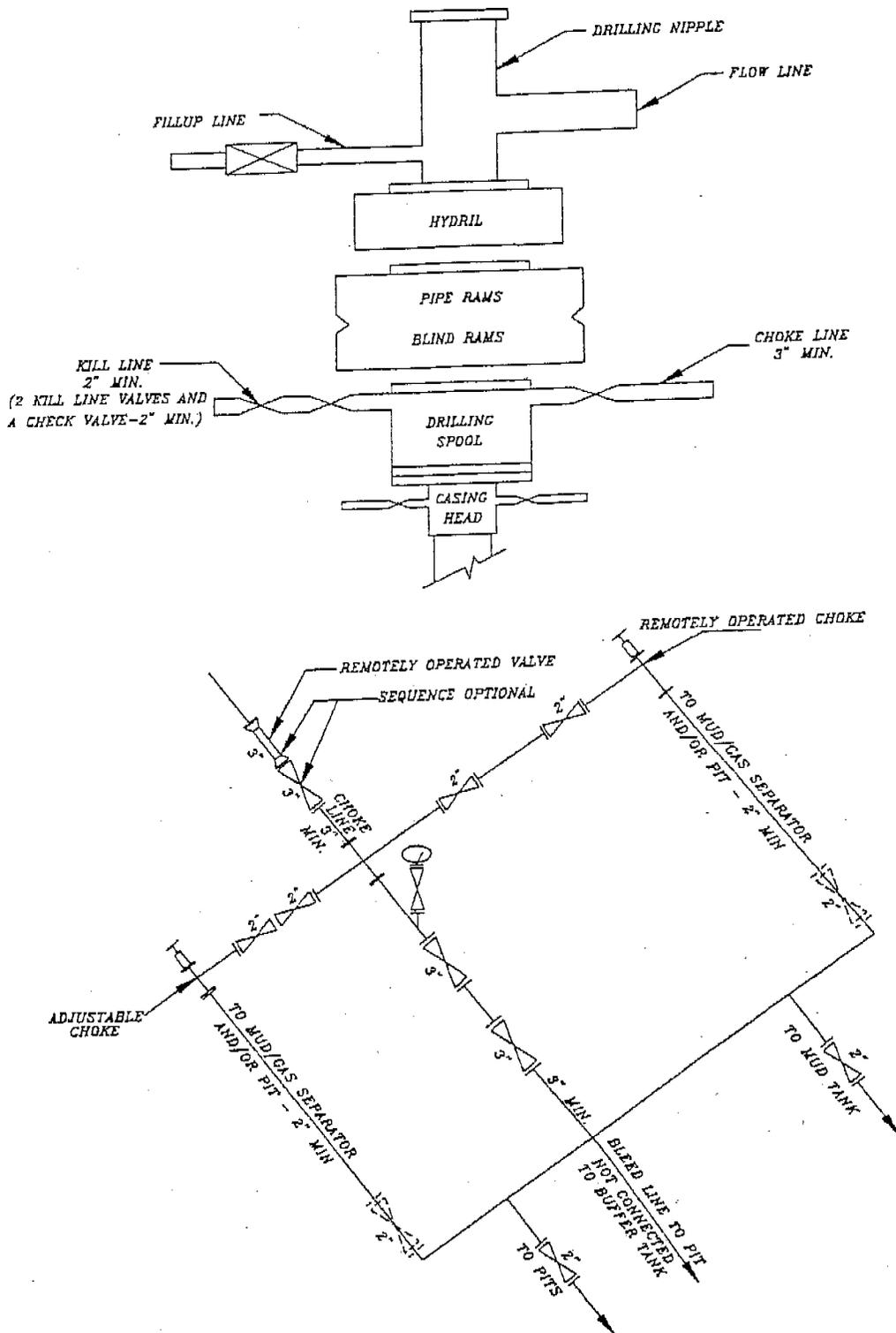
ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.
 BOPE: 11" 3M with one annular and 2 rams. Test to 3,000 psi (annular to 1,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.
 Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.
 Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

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

DATE: _____
 DATE: _____

5M BOP STACK and CHOKE MANIFOLD SYSTEM



BONANZA 1023-12G
SW/NE SEC. 12, T10S, R23E
UINTAH COUNTY, UTAH
UTU-40736

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. **Existing Roads:**

Directions to the proposed location are attached.

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

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

2. **Planned Access Roads:**

Approximately 0.3 +/- miles of new access roads is proposed. Refer to Topo Map B.

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

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

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

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

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities & Pipelines:

The following guidelines will apply if the well is productive.

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

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

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

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The requested color is Carlsbad Canyon (2.5 Y 6/2) as determined during the on-site inspection.

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

Variances to Best Management Practices (BMP) Requests:

A 30' of rights-of-way will be required approximately 1925' of 4" steel pipeline is proposed to tie-in to the proposed pipeline for the Bonanza 1023-12C. The pipeline will cross onto Lease #UTU-38423. Please refer to the Topo Map D. The pipeline will be butt-welded together.

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

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

5. Location and Type of Water Supply:

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

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

No water well is to be drilled on this lease.

6. Source of Construction Materials:

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

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

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

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

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

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

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

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

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

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

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

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

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

8. **Ancillary Facilities:**

None are anticipated.

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

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

The operator shall install low-profile tanks. As discussed at the on-site inspection.

The operator shall back fill the pit quickly after use. As discussed at the on-site inspection.

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

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

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

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

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

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

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

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

Producing Location:

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

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

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

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

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

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

Dry Hole/Abandoned Location:

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

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

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

Galleta Grass	20 lbs
---------------	--------

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

11. Surface Ownership:

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

12. Other Information:

A Class III Archaeological Report has been performed and completed on April 11, 2005, the Archaeological Report No. 05-109.

Paleontological Reconnaissance Report has been performed and completed on May 11, 2005, the Paleontological Reconnaissance Report No. 06-126. These reports are being submitted along with the Application for Permit to Drill (APD).

MEXICAN SPOTTED OWL HABITAT:

"The project area is proposed within Mexican Spotted Owl habitat. With this occurrence no surface occupancy will be allowed until the end of two calling (survey) seasons. If no owls are detected at the completion of the two seasons of calling surveys, then timing restrictions will no longer be required for the areas considered to be Mexican Spotted owl habitat or the buffer."

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

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

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

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

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

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

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

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

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


Sheila Upchego

October 20, 2006

Date

KERR McGEE OIL AND GAS ONSHORE L.P.
BONANZA #1023-12G
SECTION 12, T10S, R23E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 0.3 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 12.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 1.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 1.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 0.5 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 3.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 5.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 6.8 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY, THEN SOUTHEASTERLY, THEN SOUTHWESTERLY, THEN NORTHWESTERLY DIRECTION APPROXIMATELY 1.4 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE WEST; FOLLOW ROAD FLAGS IN A WESTERLY THEN, SOUTHEASTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 65.3 MILES.

KERR McGEE OIL AND GAS ONSHORE L.P.
BONANZA #1023-12G
 LOCATED IN UTAH COUNTY, UTAH
 SECTION 12, T10S, R23E, S.L.B.&M.

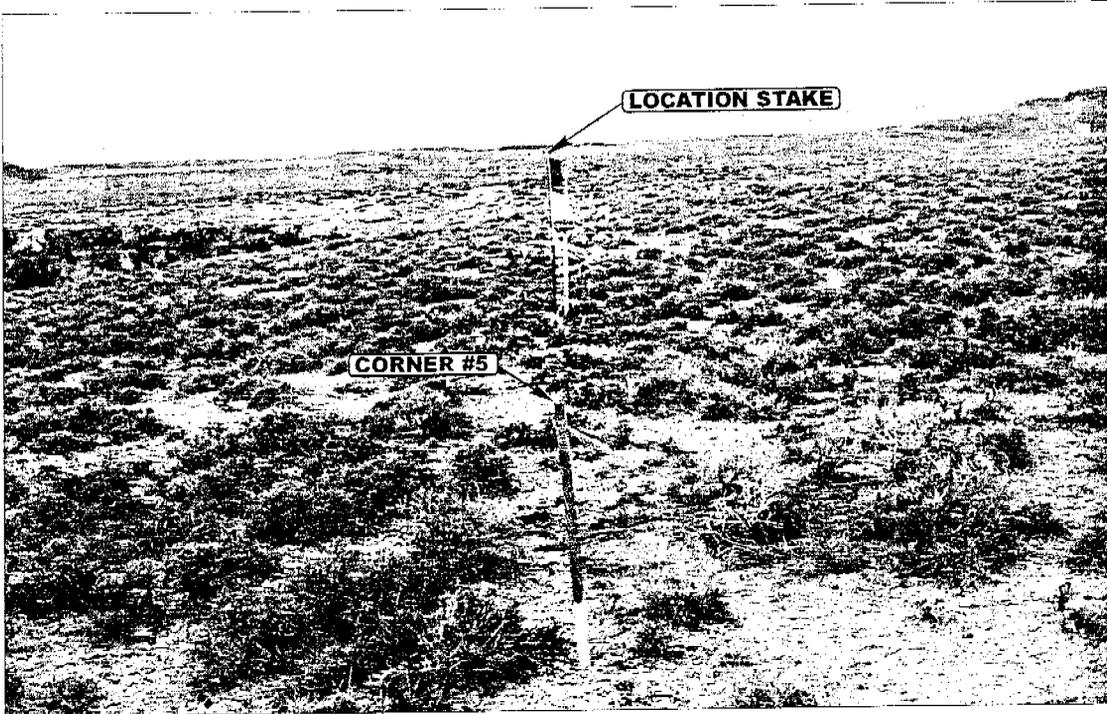


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



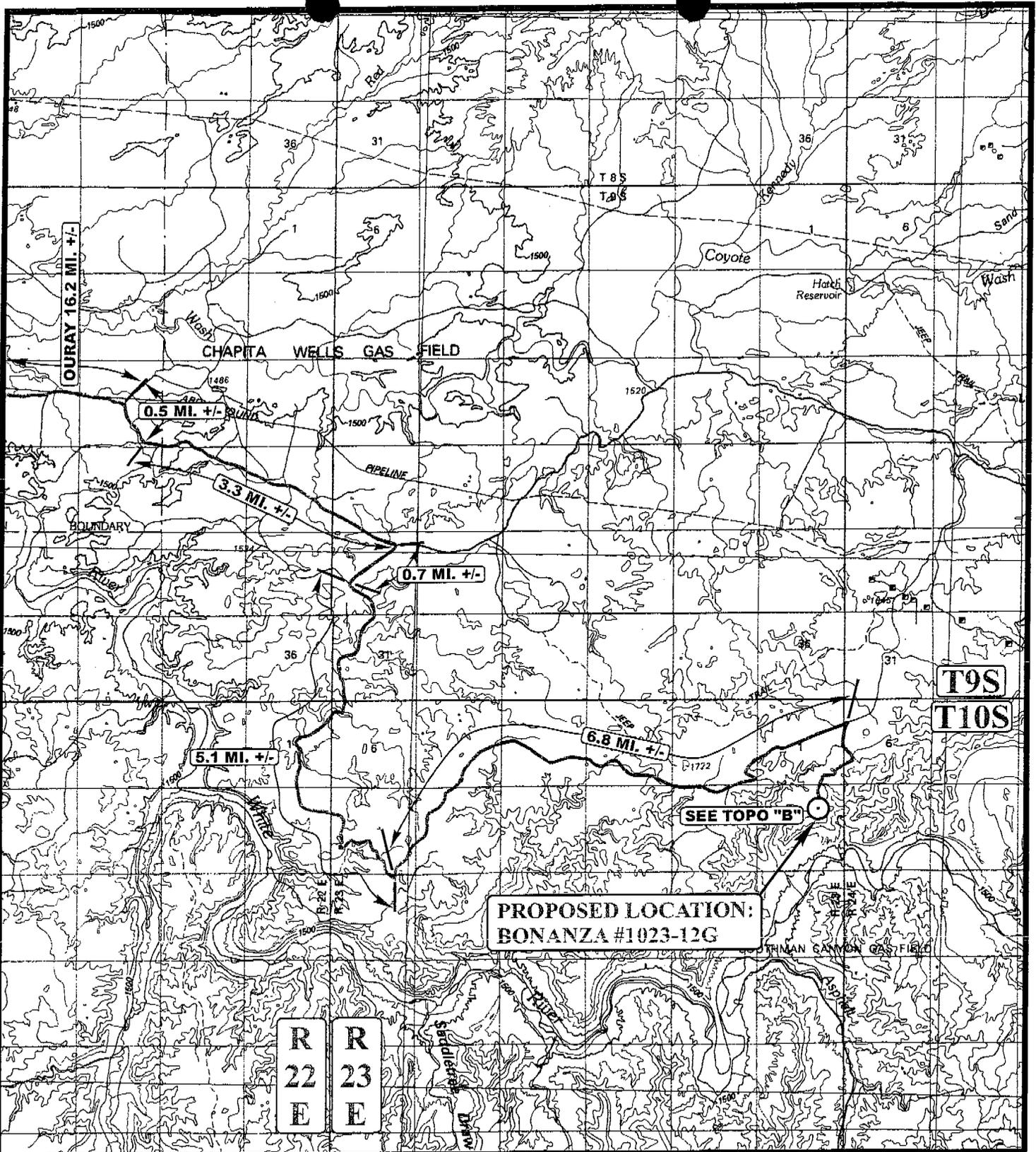
PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



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

LOCATION PHOTOS			03	29	05	PHOTO
			MONTH	DAY	YEAR	
TAKEN BY: D.A.	DRAWN BY: L.K.	REV: 09-25-06 T.D.				



LEGEND:

○ PROPOSED LOCATION

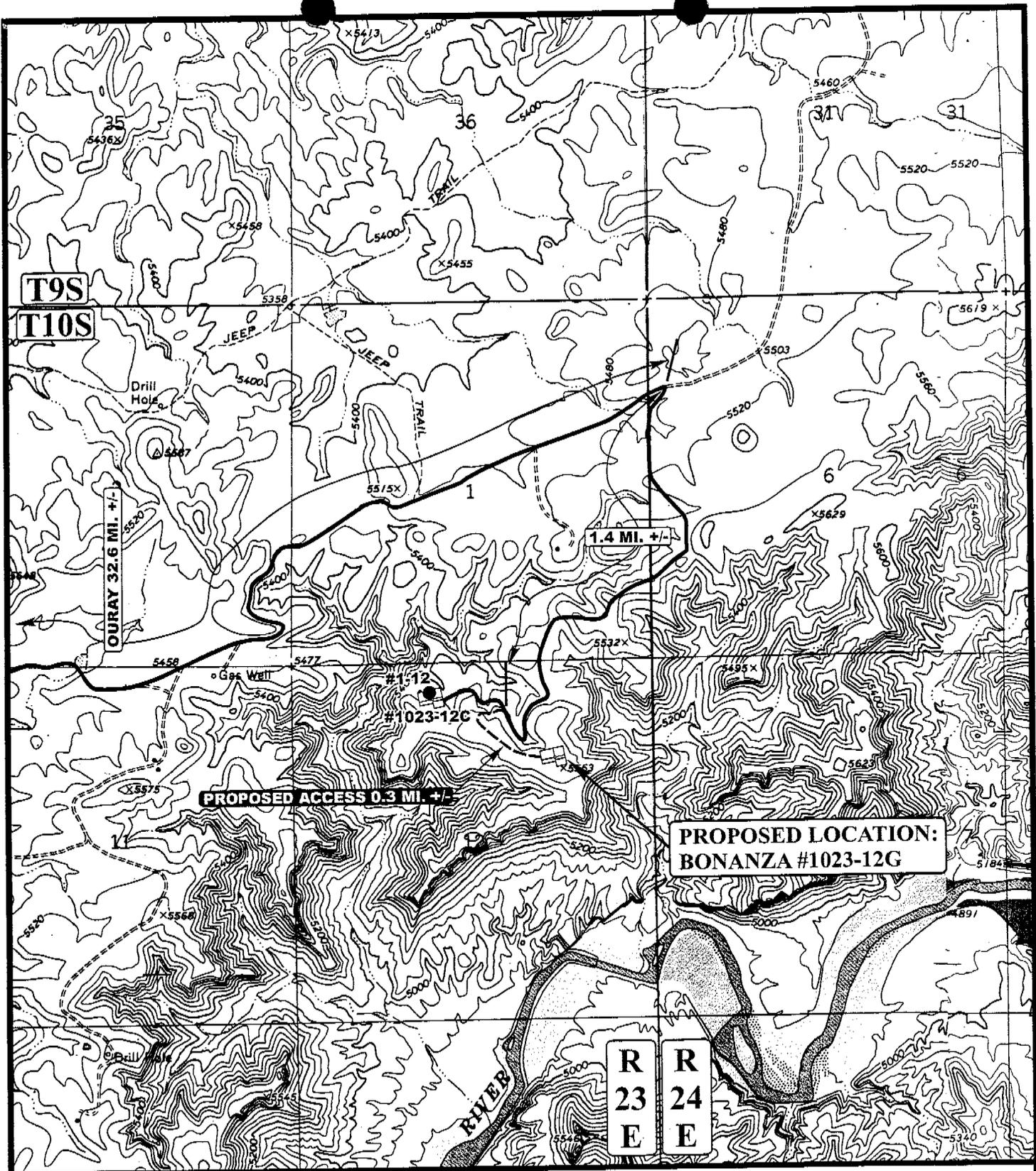
KERR MCGEE OIL AND GAS ONSHORE L.P.

BONANZA #1023-12G
SECTION 12, T10S, R23E, S.L.B.&M.
1402' FNL 1456' FEL

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



TOPOGRAPHIC MAP 03 29 05
 MONTH DAY YEAR
 SCALE: 1:100,000 DRAWN BY: L.K. REV: 09-25-06 T.D. **AT**



LEGEND:

- EXISTING ROAD
- - - - - PROPOSED ACCESS ROAD



Uintah Engineering & Land Surveying
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KERR MCGEE OIL AND GAS ONSHORE L.P.

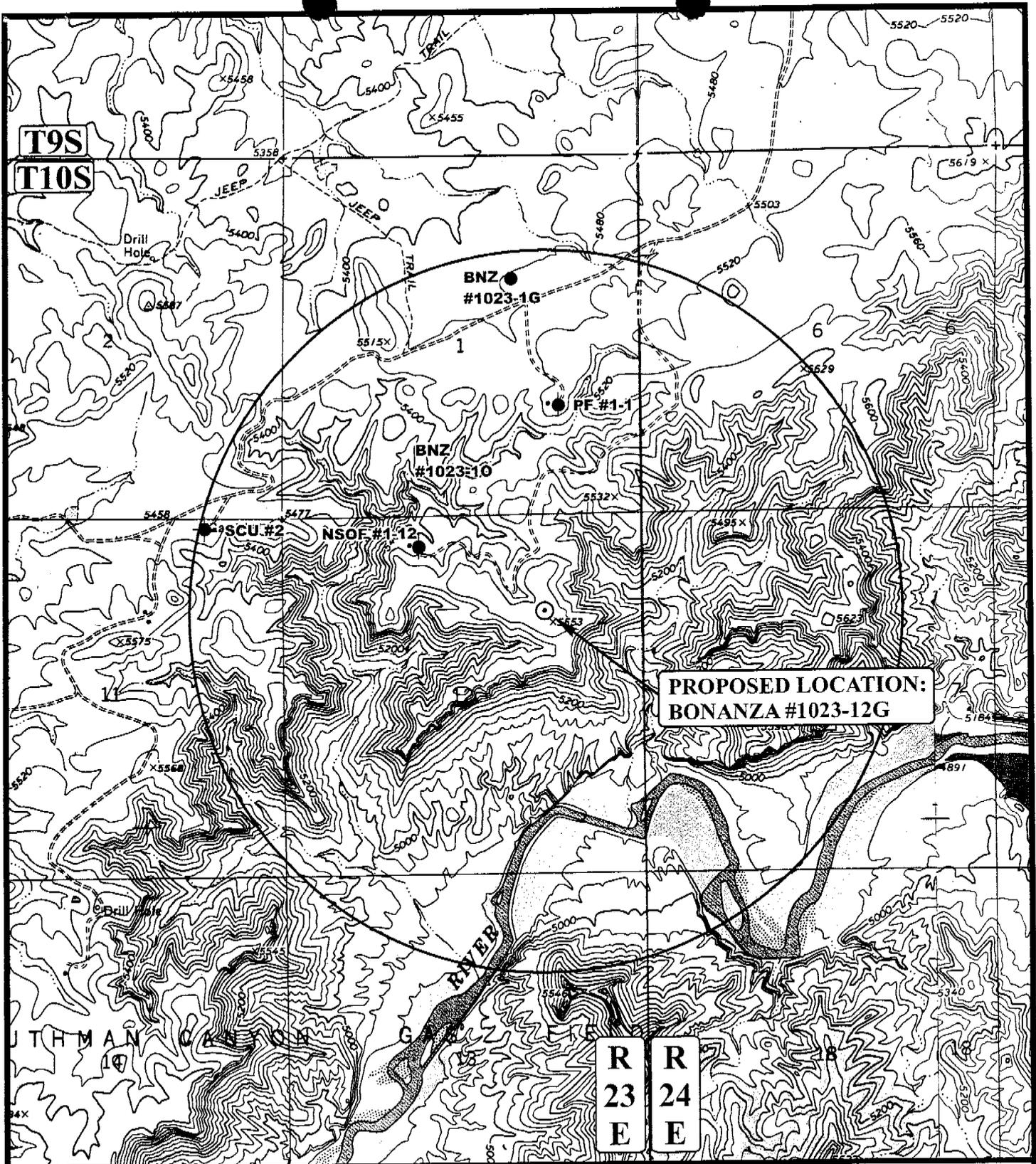
BONANZA #1023-12G
 SECTION 12, T10S, R23E, S.L.B.&M.
 1402' FNL 1456' FEL

TOPOGRAPHIC
 MAP

03 29 05
 MONTH DAY YEAR

B
 TOPO

SCALE: 1" = 2000' DRAWN BY: L.K. REV: 09-25-06 T.D.



**PROPOSED LOCATION:
BONANZA #1023-12G**

LEGEND:

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



KERR MCGEE OIL AND GAS ONSHORE L.P.

BONANZA #1023-12G
SECTION 12, T10S, R23E, S.L.B.&M.
1402' FNL 1456' FEL



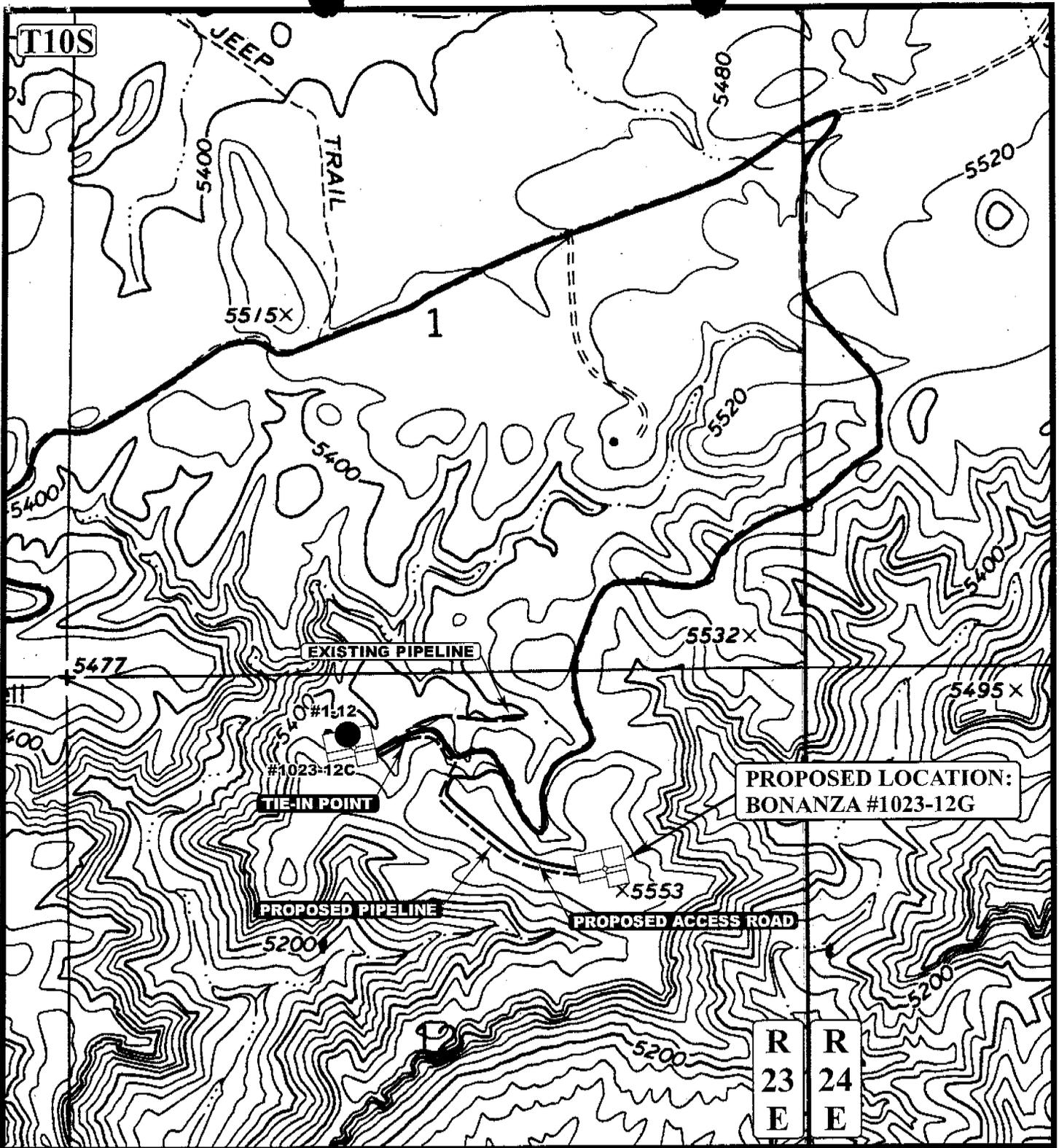
Utah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
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**TOPOGRAPHIC
MAP**

03 29 05
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: L.K. REV: 09-25-06 T.D.

**C
TOPO**



APPROXIMATE TOTAL PIPELINE DISTANCE = 1925' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- - - - - EXISTING PIPELINE
- PROPOSED PIPELINE



KERR MCGEE OIL AND GAS ONSHORE L.P.

BONANZA #1023-12G
SECTION 12, T10S, R23E, S.L.B.&M.
1402' FNL 1456' FEL



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 85 South 200 East Vernal, Utah 84078
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TOPOGRAPHIC
MAP

03 29 05
 MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: L.K. REV: 09-25-06 T.D.

D
TOPO

LOCATION LAYOUT FOR

BONANZA #1023-12G

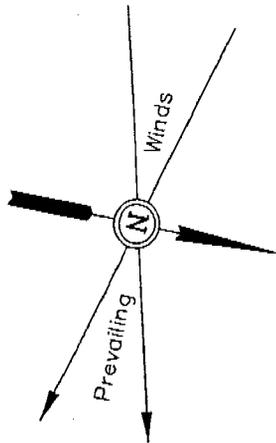
SECTION 12, T10S, R23E, S.L.B.&M.

C-1.9' 1402' FNL 1456' FEL
El. 53.5'

Approx. Toe of Fill Slope

F-8.5' El. 43.1'

Proposed Access Road



SCALE: 1" = 50'

DATE: 4-12-05

Drawn By: K.G.

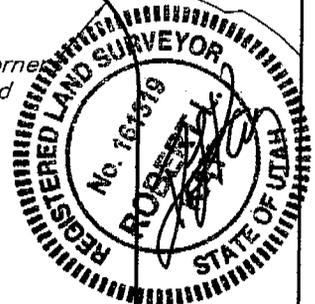
Revised 9-25-06 T.D.

NOTE:

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

Approx. Top of Cut Slope

Round Corners as Needed



Existing Drainage

PIPE TUBS

PIPE RACKS

CATWALK

Pit Topsoil

FLARE PIT

C-2.7' El. 54.3'

Slope Line

El. 58.1' C-16.5' (btm. pit)

C-1.4' El. 53.0'

F-1.1' El. 50.5'

RESERVE PITS (10' Deep)

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

Reserve Pit Backfill & Spoils Stockpile

15' WIDE BENCH

1 1/2:1 Slope

TOILET

TRAILER

WATER TANK

Topsoil Stockpile

LIGHT PLANT

BOILER

COMPRESSOR

BOOSTER

PUMP HOUSE

MUD TANKS

MUD TANKS

TRASH

PROPANE STORAGE

RIG

DOG HOUSE

Sta. 0+50

Sta. 0+00

Sta. 1+50

Sta. 3+50

El. 60.4' C-18.8' (btm. pit)

C-6.5' El. 58.1'

C-4.8' El. 56.4'

C-6.3' El. 57.9'

F-1.8' El. 49.8'

NOTES:

Elev. Ungraded Ground At Loc. Stake = 5553.0'

FINISHED GRADE ELEV. AT LOC. STAKE = 5551.6'

TYPICAL CROSS SECTIONS FOR

BONANZA #1023-12G

SECTION 12, T10S, R23E, S.L.B.&M.

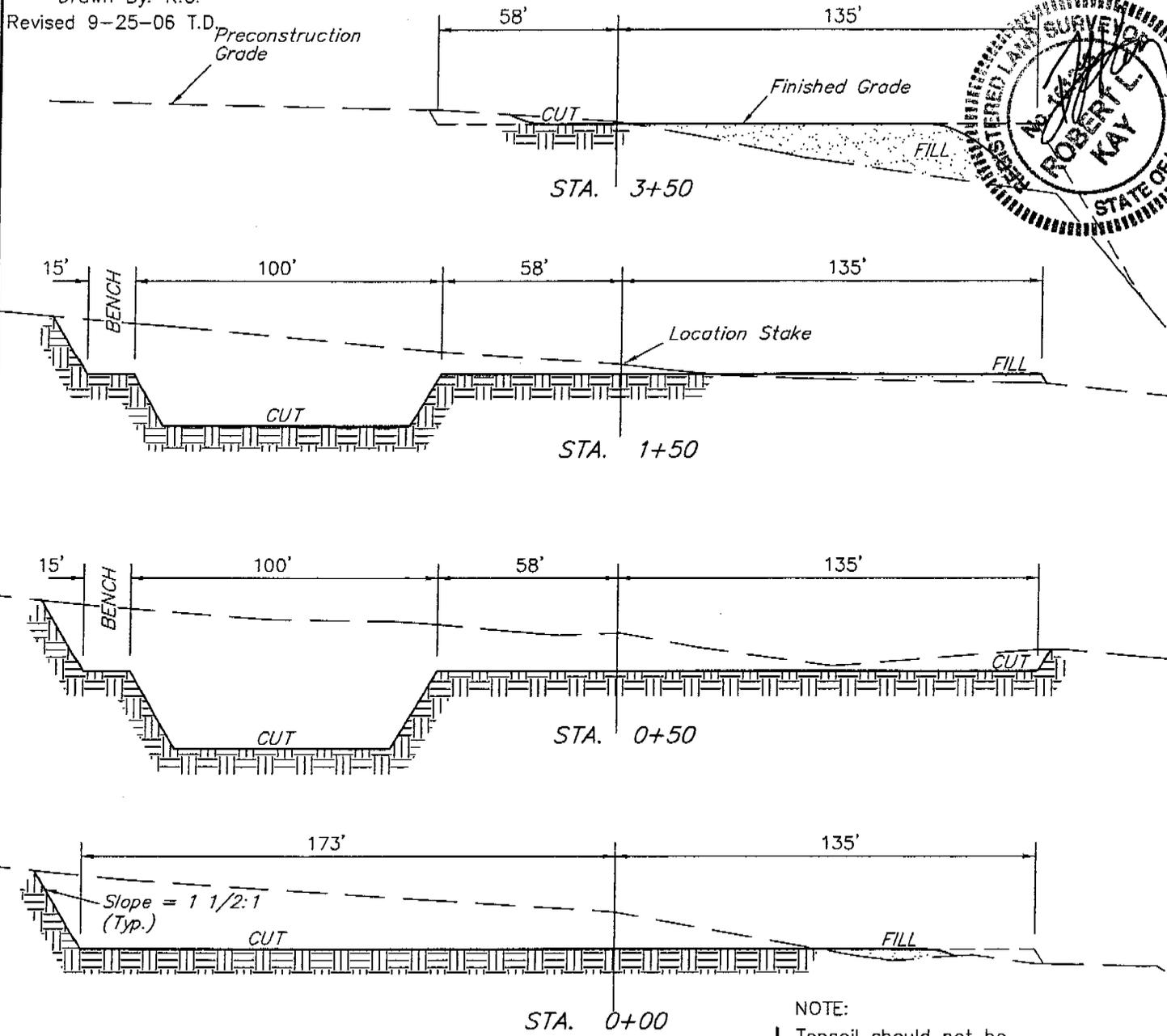
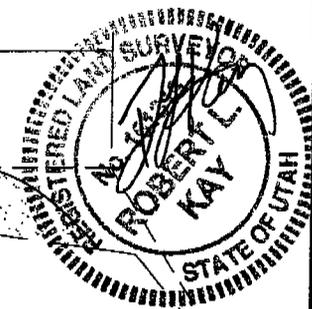
1402' FNL 1456' FEL

X-Section Scale
1" = 50'

DATE: 4-12-05

Drawn By: K.G.

Revised 9-25-06 T.D.



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	= 1,970 Cu. Yds.
Remaining Location	= 12,270 Cu. Yds.
TOTAL CUT	= 14,240 CU.YDS.
FILL	= 8,380 CU.YDS.

EXCESS MATERIAL	= 5,860 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 4,110 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 1,750 Cu. Yds.

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 11/01/2006

API NO. ASSIGNED: 43-047-38814

WELL NAME: BONANZA 1023-12G

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

SWNE 12 100S 230E
 SURFACE: 1402 FNL 1456 FEL
 BOTTOM: 1402 FNL 1456 FEL
 COUNTY: UINTAH
 LATITUDE: 39.96681 LONGITUDE: -109.2706
 UTM SURF EASTINGS: 647704 NORTHINGS: 4425295
 FIELD NAME: NATURAL BUTTES (630)

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

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

PROPOSED FORMATION: WSMVD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

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

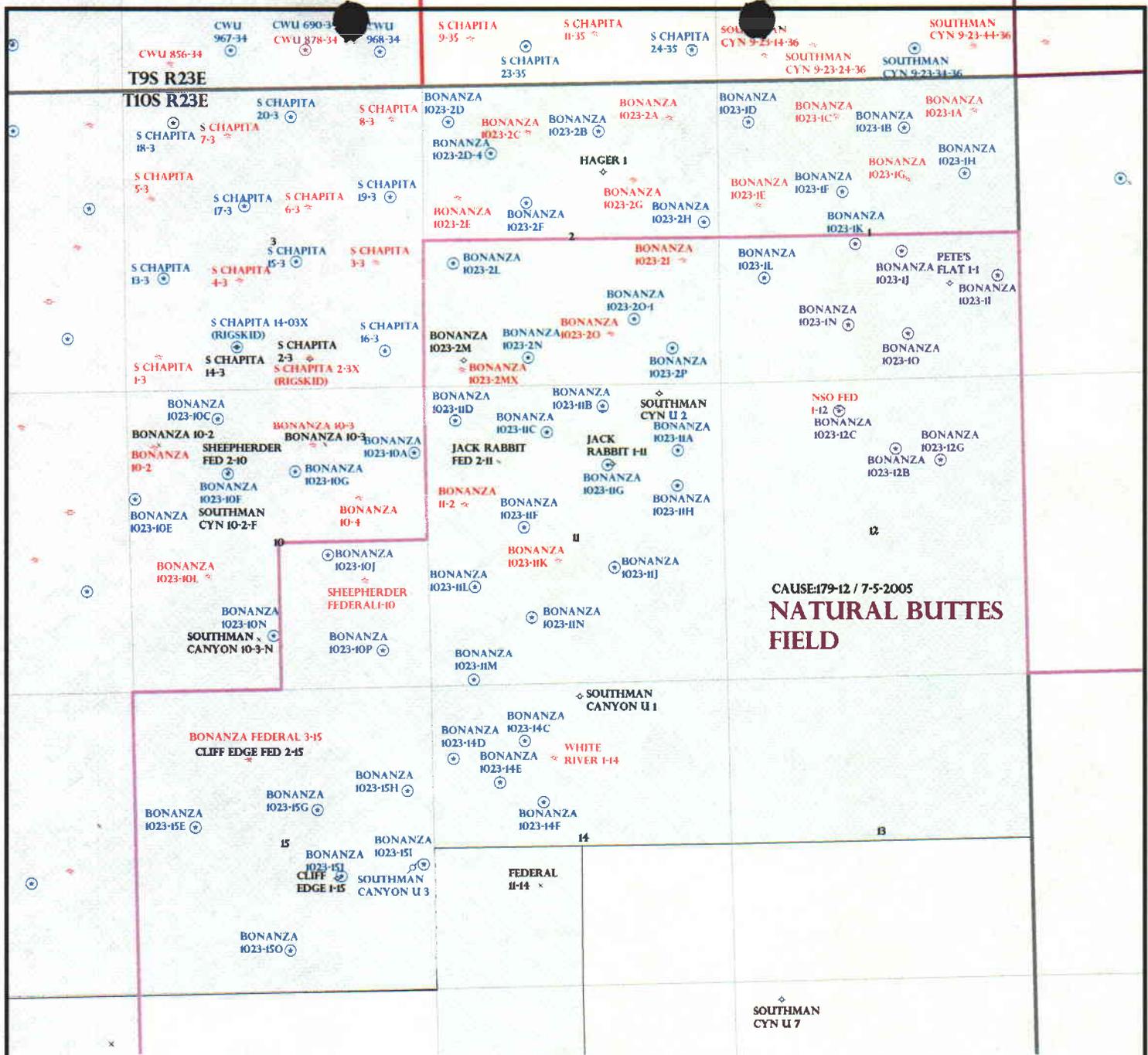
LOCATION AND SITING:

- R649-2-3.
- Unit: _____
- R649-3-2. General
Siting: 460' From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 179-12
Eff Date: 7-5-05
Siting: 460' from well to be drilled 920' from the previous
- R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1- Federal Approval



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

Field Status	Unit Status
ABANDONED	EXPLORATORY
ACTIVE	GAS STORAGE
COMBINED	NF PP OIL
INACTIVE	NF SECONDARY
PROPOSED	PENDING
STORAGE	PI OIL
TERMINATED	PP GAS
	PP GEOTHERML
	PP OIL
	SECONDARY
	TERMINATED

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



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
 DATE: 3-NOVEMBER-2006



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

November 6, 2006

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

RE: Bonanza 1023-12G
T10S-R23E
Section 12: SWNE
1,402' FNL, 1,456' FEL
Uintah County, Utah

Dear Ms. Whitney:

Kerr-McGee Oil & Gas Onshore LP has submitted a permit to drill the captioned well to test the Wasatch and Mesaverde formations. The well is located at an exception location to State Rule 179-12. The well location is less than 920' from the Bonanza 1023-12B well which is producing from the same pool. Both wells are located within the same E/2 spacing unit and the proximity between wells does not interfere with the correlative rights of the royalty and working interest owners.

Kerr-McGee requests your approval of this exception location. If you have any questions or require any additional information, please do not hesitate to call me at 720-264-2618.

Sincerely,

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

W. Chris Latimer, CPL
Landman Specialist

cc: Raleen White

RECEIVED

NOV 14 2006

2006-11-14 10:11:11



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

November 15, 2006

Kerr-McGee Oil & Gas Onshore
1368 South 1200 East
Vernal, UT 84078

Re: Bonanza 1023-12G Well, 1402' FNL, 1456' FEL, SW NE, Sec. 12, T. 10 South,
R. 23 East, Uintah County, Utah

Gentlemen:

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

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38814.

Sincerely,

Gil Hunt
Associate Director

mf
Enclosures

cc: Uintah County Assessor (via e-mail)
Bureau of Land Management, Vernal District Office

Operator: Kerr-McGee Oil & Gas Onshore

Well Name & Number Bonanza 1023-12G

API Number: 43-047-38814

Lease: UTU-40736

Location: SW NE Sec. 12 T. 10 South R. 23 East

Conditions of Approval

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

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

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

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

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



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

January 29, 2008

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

43 047 38814
10S 23E 12

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

Dear Ms. Upchego:

Enclosed find the list of APDs that you requested to be rescinded to Kerr-McGee O&G Onshore LP. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective January 28, 2008.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal



Federal 1021-35N	Sec 35-T10S-R21E 43-047-38934
Federal 1021-35L	Sec 35-T10S-R21E 43-047-38936
Federal 1021-35D	Sec 35-T10S-R21E 43-047-38939
Federal 1021-35M	Sec 35-T10S-R21E 43-047-38973
Federal 1021-35K	Sec 35-T10S-R21E 43-047-38974
Federal 1021-35J	Sec 35-T10S-R21E 43-047-38975
Federal 1021-35C	Sec 35-T10S-R21E 43-047-38977
Federal 1021-35B	Sec 35-T10S-R21E 43-047-38978
Love 1121-17D	Sec 17-T11S-R21E 43-047-38979
Bonanza 1023-12G	Sec 12-T10S-R23E 43-047-38814
NBU 1022-34G	Sec 34-T10S-R22E 43-047-38806
NBU 1021-12I	Sec 21-T10S-R21E 43-047-37435
NBU 1021-21K	Sec 21-T10S-R21E 43-047-37437
Archee 1-201	Sec 01-T09S-R20E 43-047-37731