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DIV. OF OIL, GAS & MINING



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

August 2, 2006

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

RE: Bonanza 1023-150
T10S-R23E
Section 15: SWSE
760' FSL, 2,594' FEL
Uintah County, Utah

Dear Ms. Whitney:

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

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

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Chris Latimer', written over a horizontal line.

W. Chris Latimer, CPL
Senior Landman

cc: Raleen Weddle

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-38427

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

BONANZA 1023-150

9. API Well No.

43-047-38818

10. Field and Pool, or Exploratory

NATURAL BUTTES

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

SECTION 15, 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 **SWSE 760'FSL, 2594'FEL 644188X 39.943762**
At proposed prod. Zone **4422669Y 109.312296**

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

33.4 MILES SOUTHEAST OF OURAY, UTAH

12. County or Parish

UINTAH

13. State

UTAH

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

760'

16. No. of Acres in lease

640.00

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

7840'

20. BLM/BIA Bond No. on file

WY-2357

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

5576'GL

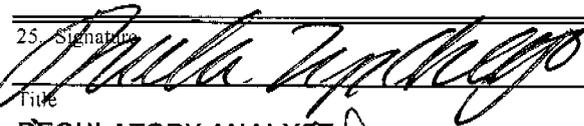
22. Approximate date work will start*

23. Estimated duration

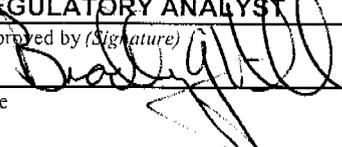
24. Attachments

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

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification.
- Such other site specific information and/or plans as may be required by the authorized office.

25. Signature  Name (Printed/Typed) **SHEILA UPCHEGO** Date **10/23/2006**

Title **REGULATORY ANALYST**

Approved by (Signature)  Name (Printed/Typed) **BRADLEY G. HILL** Date **11-06-06**

Title **ENVIRONMENTAL MANAGER**

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

Conditions of approval, if any, are attached.

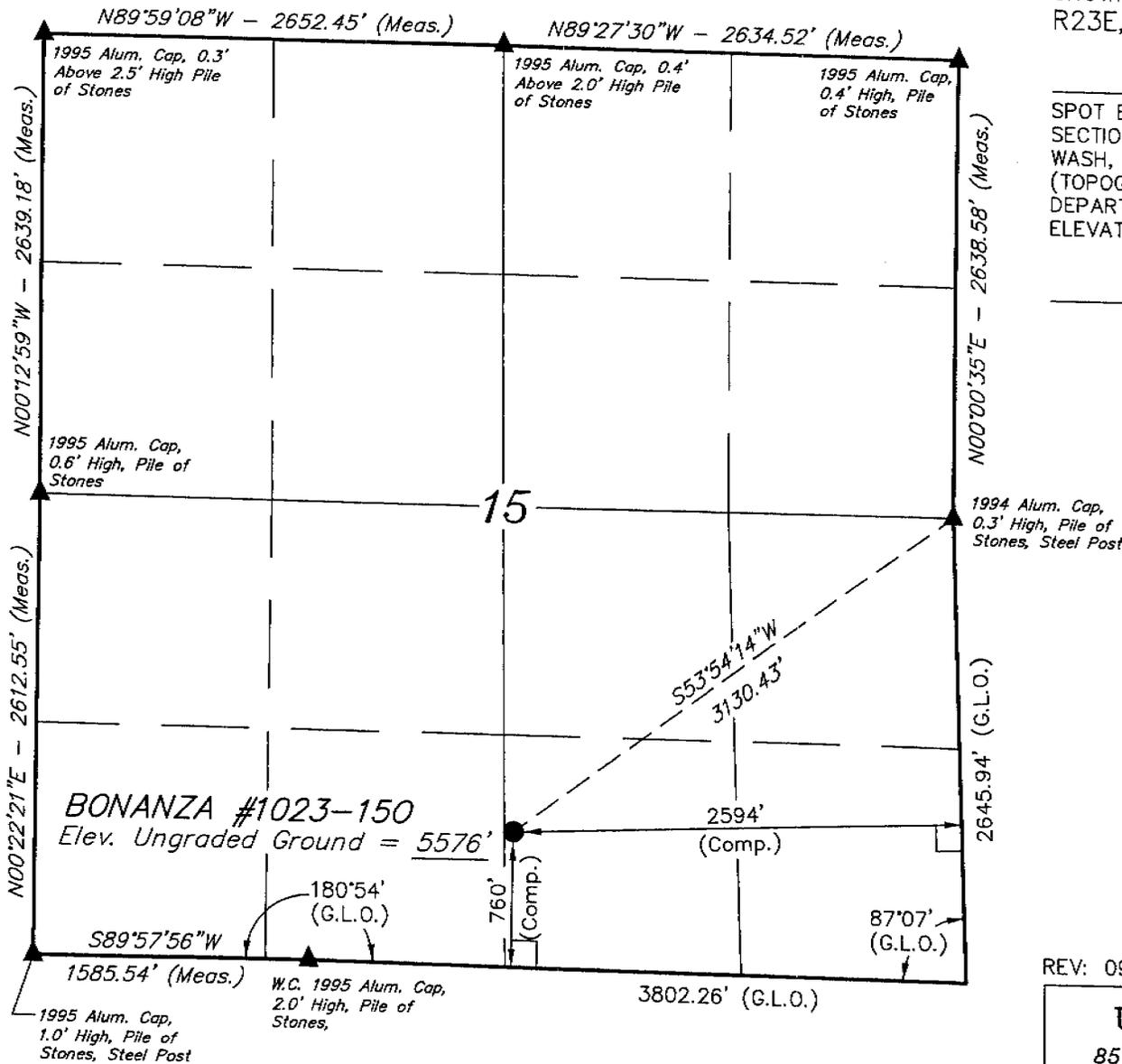
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

Federal Approval of this Action is Necessary

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NOV 01 2006
DIV. OF OIL, GAS & MINING**

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



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

(AUTONOMOUS NAD 83)
 LATITUDE = 39°56'38.14" (39.943928)
 LONGITUDE = 109°18'45.71" (109.312697)
 (AUTONOMOUS NAD 27)
 LATITUDE = 39°56'38.26" (39.943961)
 LONGITUDE = 109°18'43.27" (109.312019)

Kerr-McGee Oil & Gas Onshore L.P.

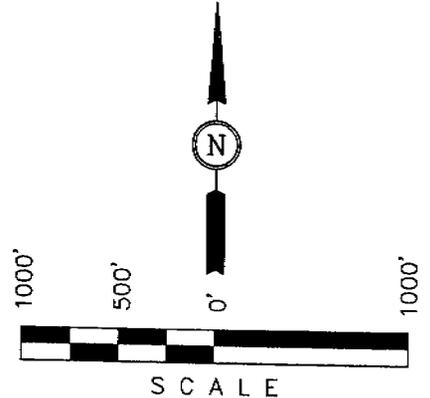
Well location, BONANZA #1023-150, located as shown in the SW 1/4 SE 1/4 of Section 15, T10S, R23E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION LOCATED AT THE SOUTHEAST CORNER OF SECTION 10, T10S, R23E, S.L.B.&M. TAKEN FROM THE ASPHALT WASH, 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 5484 FEET.

BASIS OF BEARINGS

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



CERTIFICATION

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

REGISTERED LAND SURVEYOR
 REGISTRATION NO. 10130
 STATE OF UTAH

REV: 09-21-06 C.H.

UINTAH ENGINEERING & LAND SURVEYING		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 02-28-05	DATE DRAWN: 03-15-05
PARTY D.K. T.B. P.M	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE Kerr-McGee Oil & Gas Onshore L.P.	

BONANZA #1023-150
SW/SE SEC. 15, T10S,R23E
UINTAH COUNTY, UTAH
UTU-38427

ONSHORE ORDER NO. 1

DRILLING PROGRAM

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

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	968'
Top of Birds Nest Water	1271'
Mahogany	1867'
Wasatch	3929'
Mesaverde	5894'
MVU2	6769'
MVL1	7333'
TD	7840'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	968'
	Top of Birds Nest Water	1271'
	Mahogany	1867'
Gas	Wasatch	3929'
Gas	Mesaverde	5894'
Gas	MVU2	6769'
Gas	MVL1	7333'
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 7840' TD, approximately equals 4861 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3136 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'						
SURFACE	9-5/8"	0 to 1780	32.30	H-40	STC	2270 0.77*****	1370 1.64	254000 5.04
PRODUCTION	4-1/2"	0 to 7840	11.60	I-80	LTC	7780 2.63	6350 1.35	201000 2.53

- 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 2964 psi

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	3,420'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	380	60%	11.00	3.38
	TAIL	4,420'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1240	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.

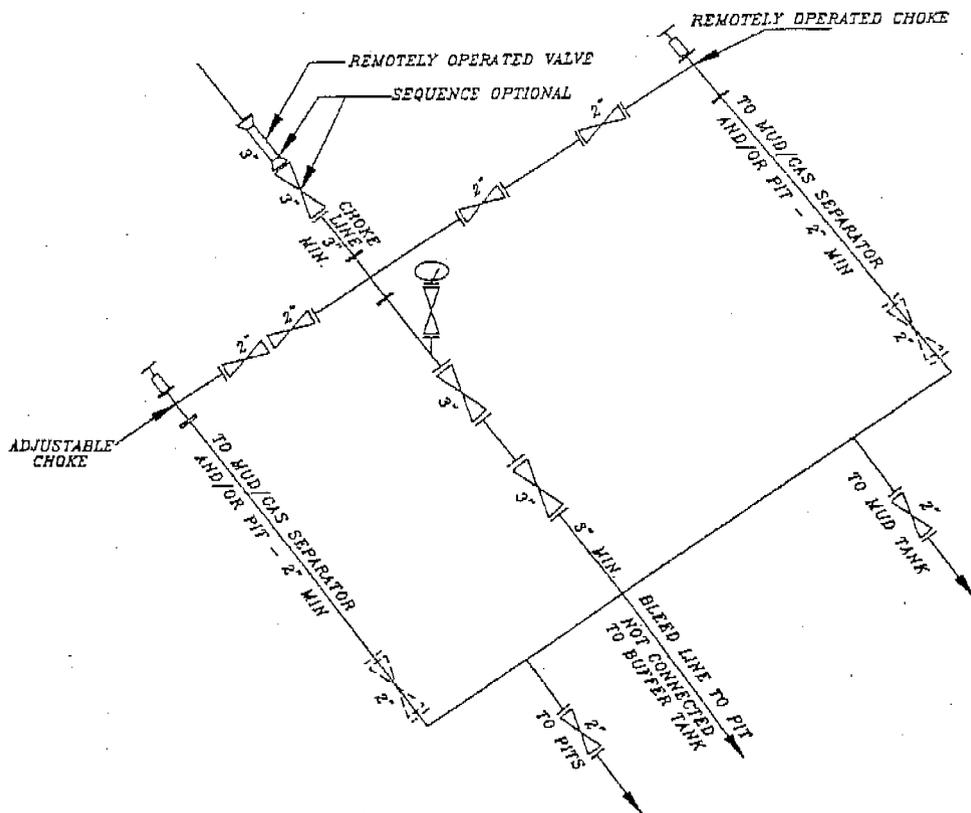
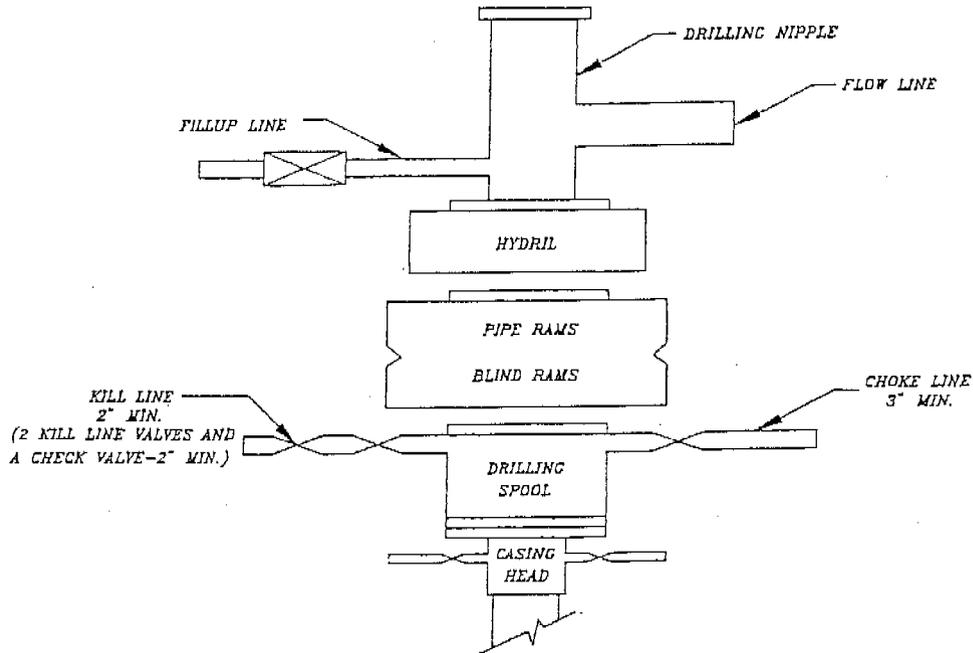
Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

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

DRILLING ENGINEER: _____ DATE: _____
Brad Laney

DRILLING SUPERINTENDENT: _____ DATE: _____
Randy Bayne

5M BOP STACK and CHOKE MANIFOLD SYSTEM



BONANZA 1023-150
SW/SE SEC. 15, T10S, R23E
UINTAH COUNTY, UTAH
UTU-38427

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 0.35 +/- miles of new access road 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.

Variations to Best Management Practices (BMP) Requests:

Approximately 1950' +/- of 4" pipeline is proposed from the location to tie-in to an existing pipeline. Please refer to Topo Map D for pipeline placement.

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

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

5. Location and Type of Water Supply:

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

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

No water well is to be drilled on this lease.

6. Source of Construction Materials:

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

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

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

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

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

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

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

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

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

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

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

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

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

8. **Ancillary Facilities:**

None are anticipated.

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

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

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

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

The operator will pressure ledge behind pit for visual buffer for the whiteriver. As discussed at the on-site inspection.

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 March 28, 2005, the Archaeological Report No. 05-103.

Paleontological Reconnaissance Report has been performed and completed on May 3, 2005, the Paleontological Reconnaissance Report No. 05-102. 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 23, 2006
Date

Kerr-McGee Oil & Gas Onshore L.P.
BONANZA #1023-150
SECTION 15, T10S, R23E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 0.3 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 12.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 1.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 1.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 0.5 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 3.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 5.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY, THEN EASTERLY DIRECTION APPROXIMATELY 4.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 0.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 1.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN LEFT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.35 MILES TO THE BEGINNING OF THE PROPOSED ACCESS ROAD TO THE SOUTHWEST; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY, THEN NORTHWESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 0.35 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 64.4 MILES.

Kerr-McGee Oil & Gas Onshore L.P.
BONANZA #1023-150
 LOCATED IN UINTAH COUNTY, UTAH
 SECTION 15, T10S, R23E, S.L.B.&M.

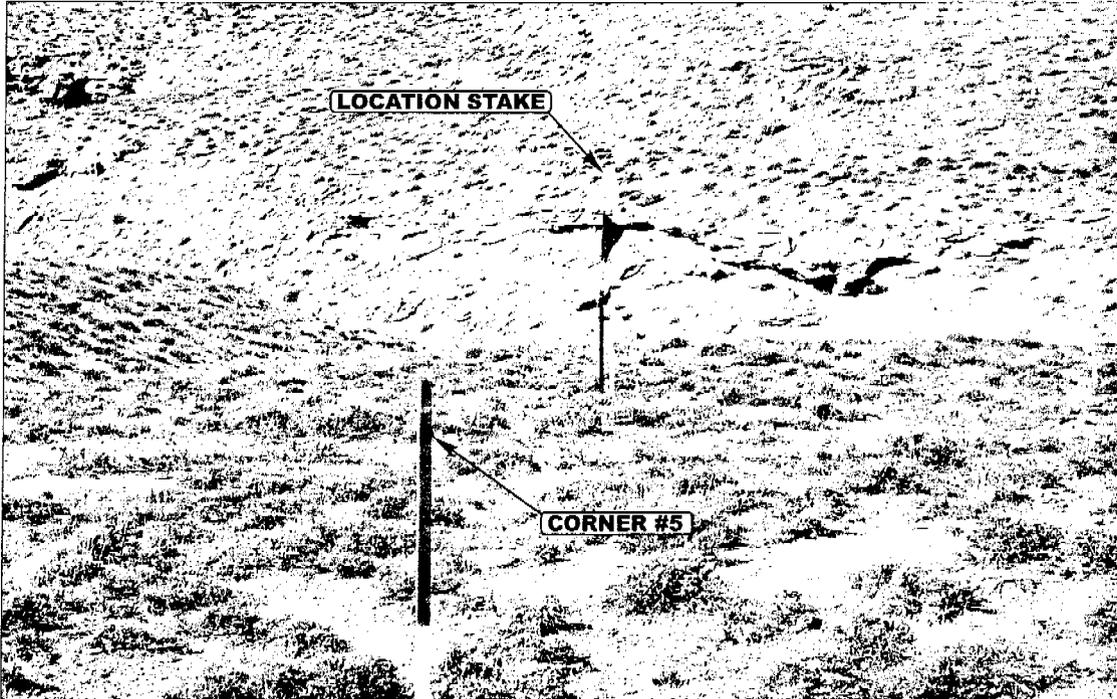


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY

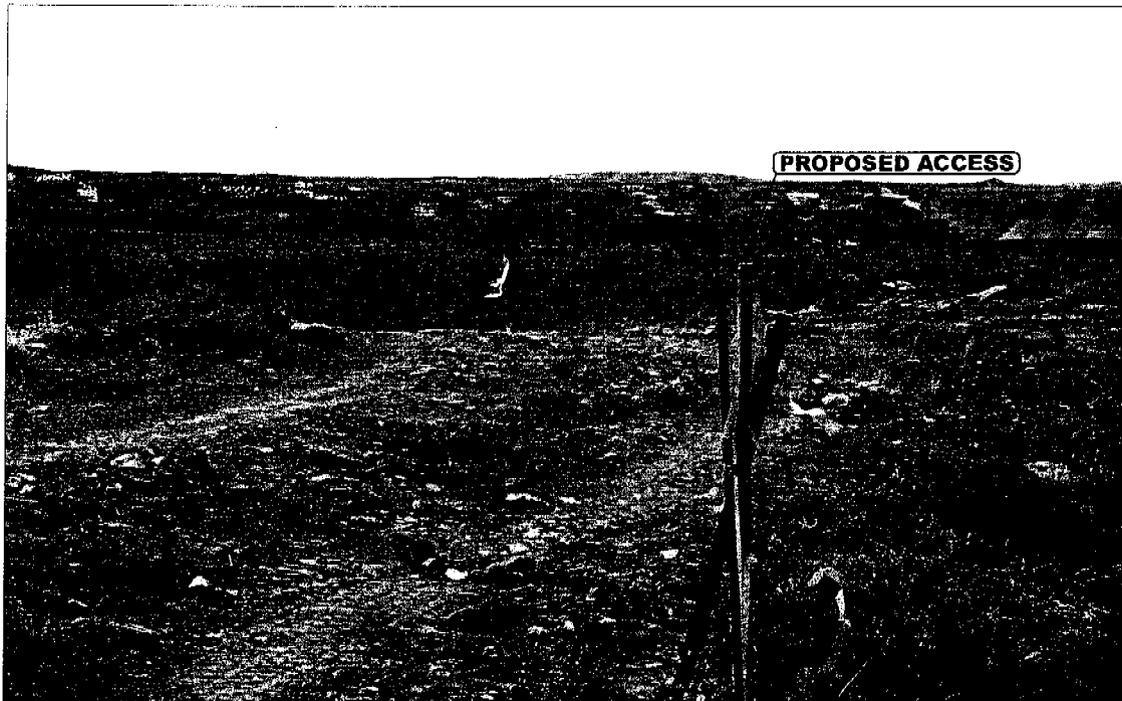


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

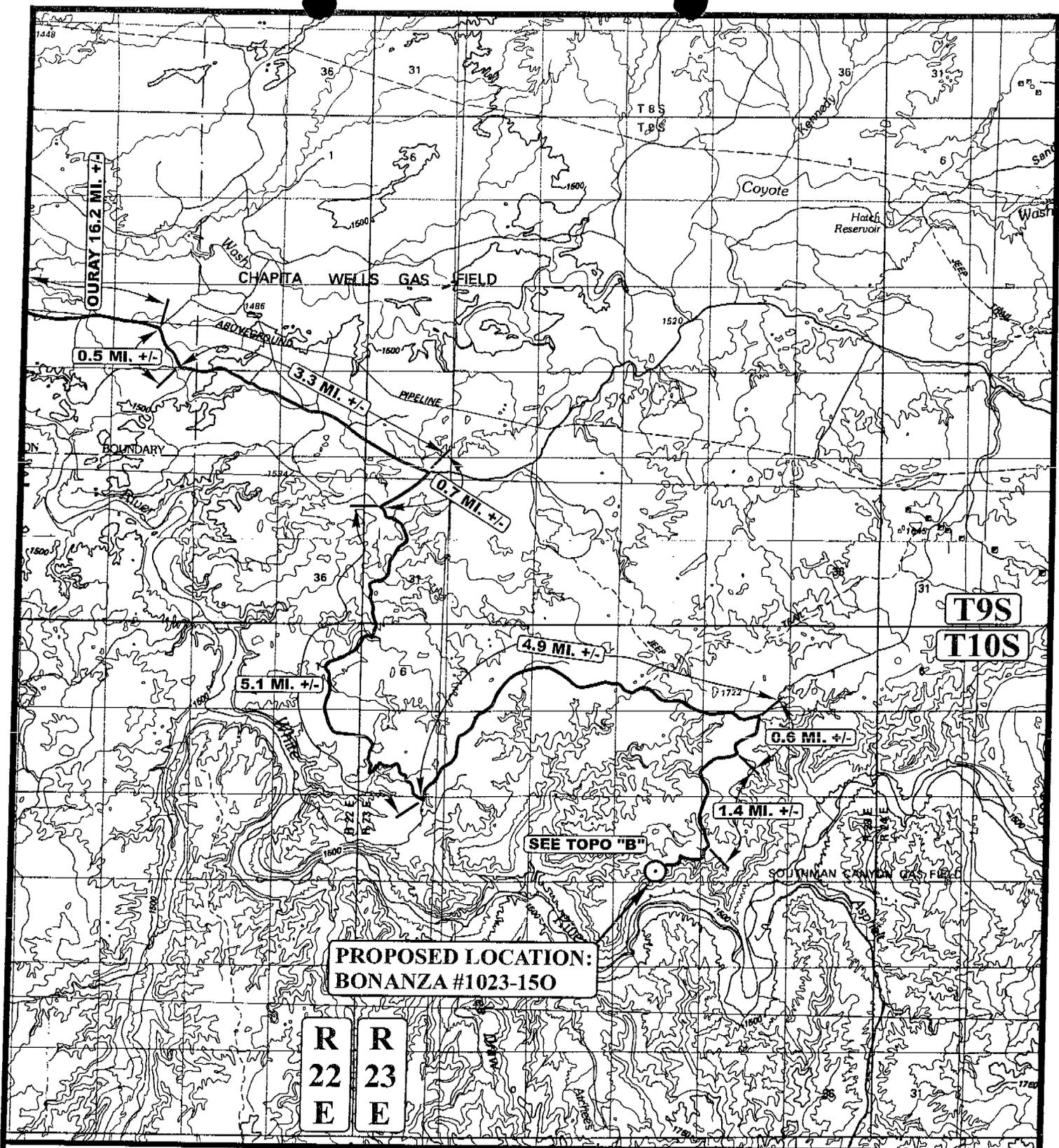
CAMERA ANGLE: SOUTHWESTERLY



- Since 1964 -

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

LOCATION PHOTOS	03	11	05	PHOTO
TAKEN BY: D.K.	MONTH	DAY	YEAR	
DRAWN BY: C.H.	REVISED: 09-21-06			



**PROPOSED LOCATION:
BONANZA #1023-150**

**R R
22 23
E E**

**T9S
T10S**

LEGEND:

○ PROPOSED LOCATION



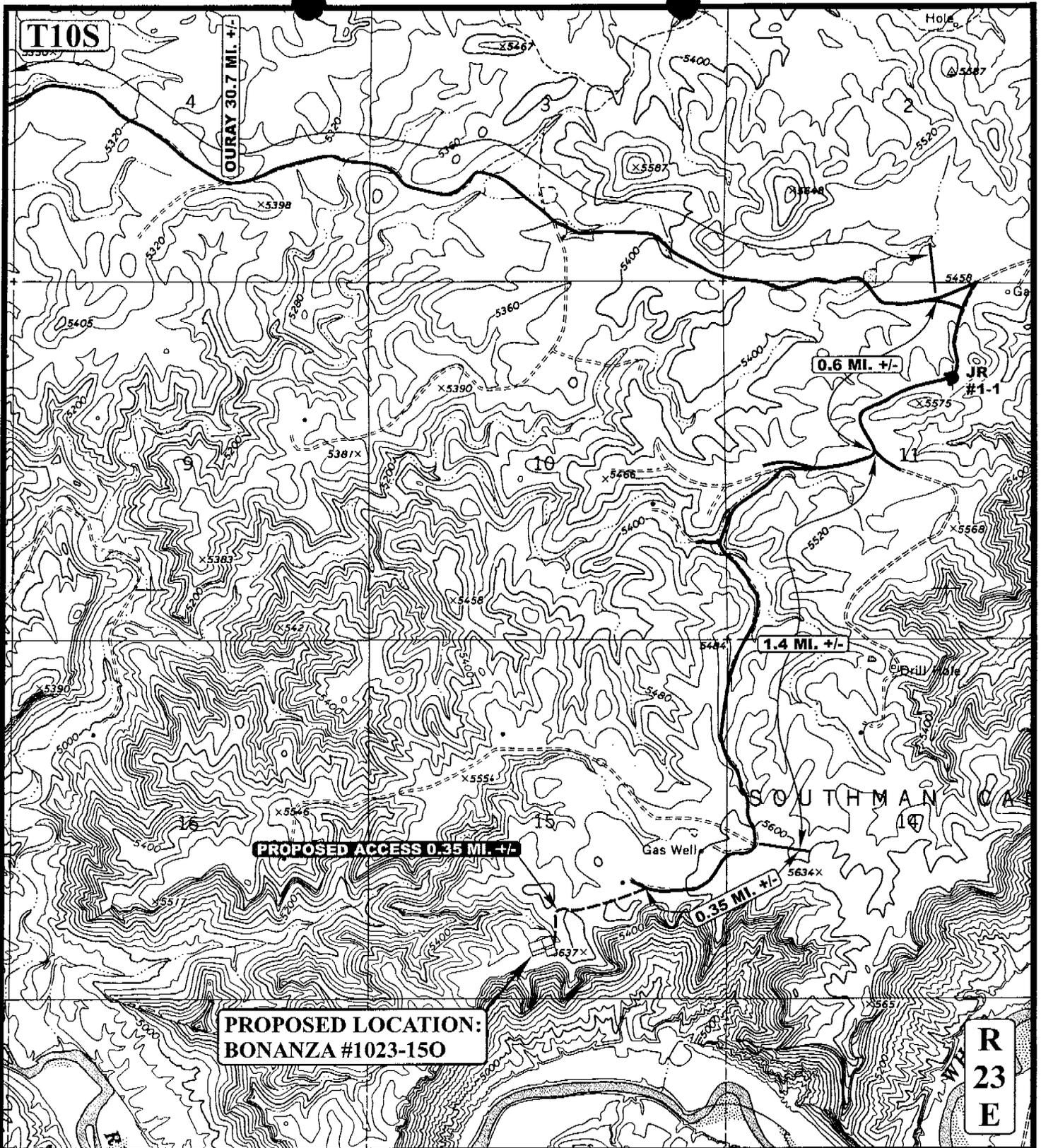
**Kerr-McGee Oil & Gas Onshore L.P.
BONANZA #1023-150
SECTION 15, T10S, R23E, S.L.B.&M.
760' FSL 2594' FEL**



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

TOPOGRAPHIC 03 11 05
MAP MONTH DAY YEAR
SCALE: 1:100,000 DRAWN BY: C.H. REVISED: 09-21-06





LEGEND:

- EXISTING ROAD
- - - - - PROPOSED ACCESS ROAD

Kerr-McGee Oil & Gas Onshore L.P.

BONANZA #1023-150
SECTION 15, T10S, R23E, S.L.B.&M.
760' FSL 2594' FEL

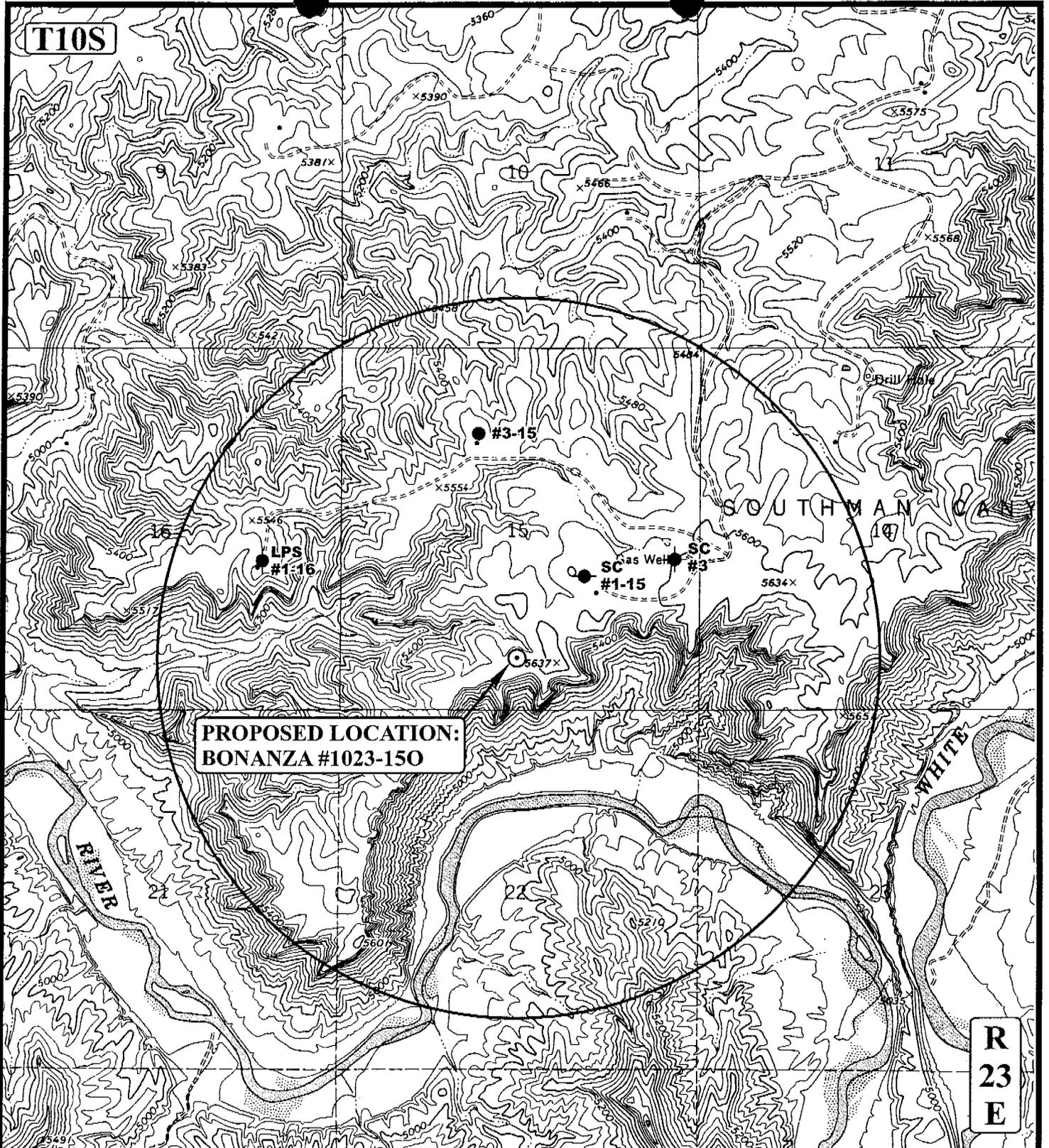


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 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC 03 11 05
M A P MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.H. REVISED: 09-21-06





**PROPOSED LOCATION:
BONANZA #1023-150**

**R
23
E**

- LEGEND:**
- ∅ DISPOSAL WELLS
 - PRODUCING WELLS
 - SHUT IN WELLS
 - ∅ WATER WELLS
 - ABANDONED WELLS
 - TEMPORARILY ABANDONED



Kerr-McGee Oil & Gas Onshore L.P.
BONANZA #1023-150
SECTION 15, T10S, R23E, S.L.B.&M.
760' FSL 2594' FEL

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

TOPOGRAPHIC MAP **03 11 05**
 MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.H. REVISED: 09-21-06

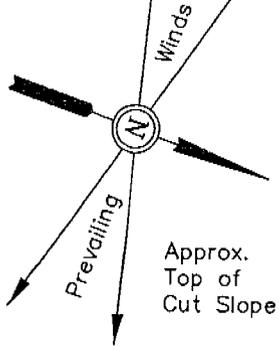
C
TOPO

Kerr-McGee Oil & Gas Onshore L.P.

FIGURE #1

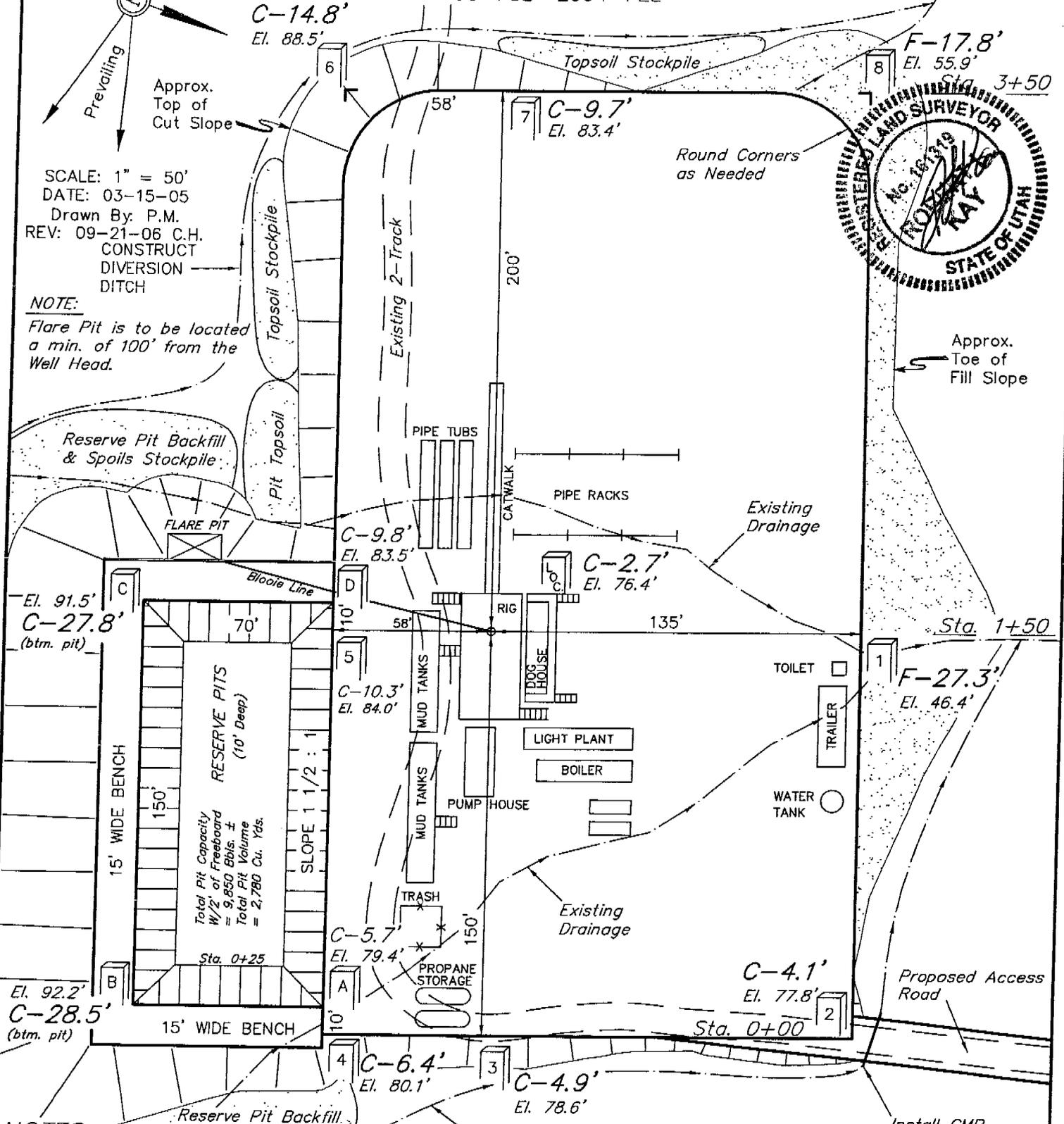
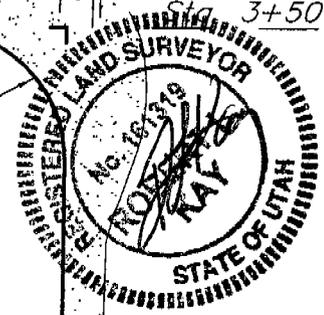
LOCATION LAYOUT FOR
 BONANZA #1023-150
 SECTION 15, T10S, R23E, S.L.B.&M.
 760' FSL 2594' FEL

Existing Drainage



SCALE: 1" = 50'
 DATE: 03-15-05
 Drawn By: P.M.
 REV: 09-21-06 C.H.
 CONSTRUCT DIVERSION DITCH

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



NOTES:
 Reserve Pit Backfill & Spoils Stockpile
 Elev. Ungraded Ground At Loc. Stake = 5576.4'
 FINISHED GRADE ELEV. AT LOC. STAKE = 5573.7'

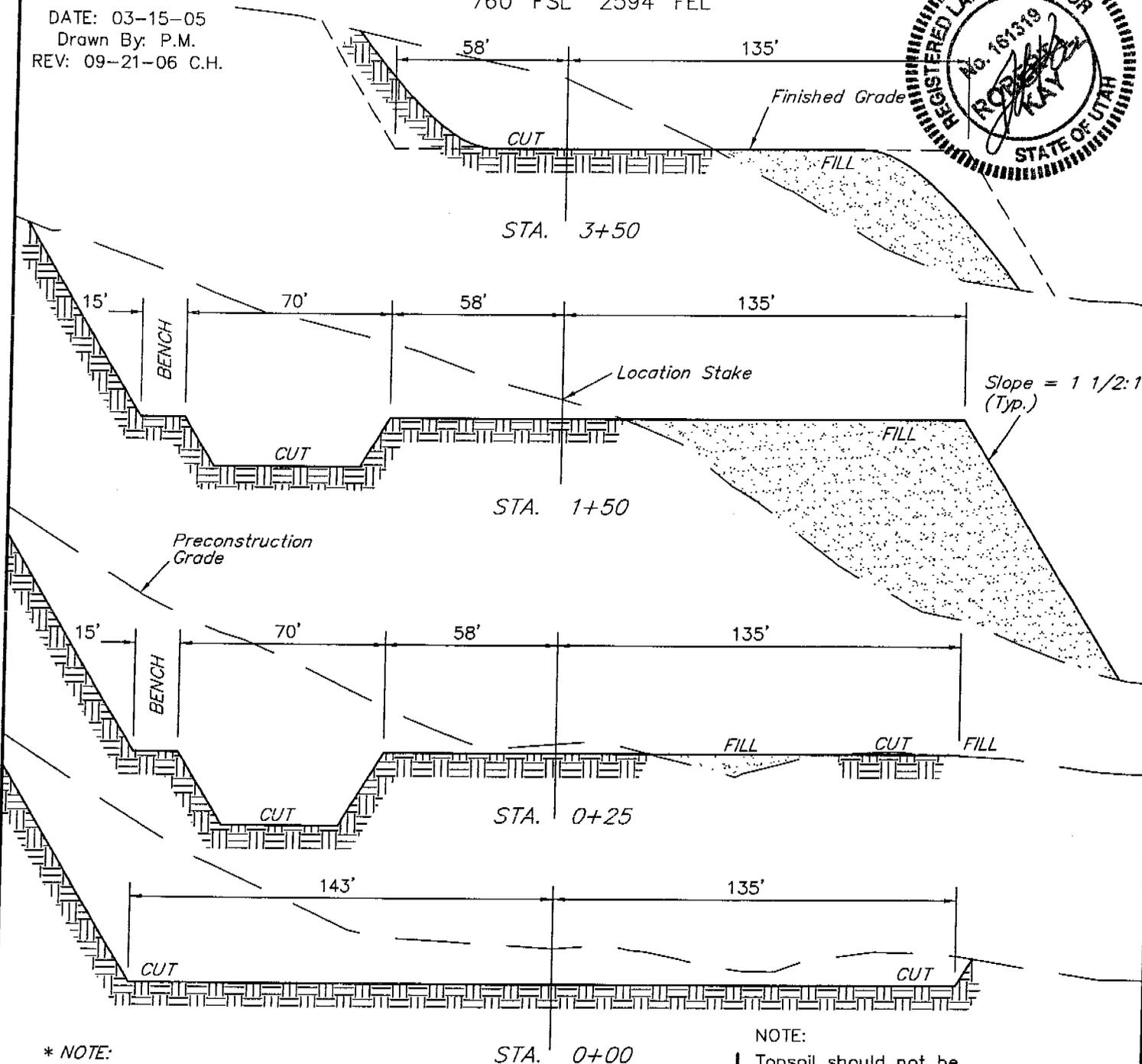
Kerr-McGee Oil & Gas Onshore L.P.

FIGURE #2

TYPICAL CROSS SECTIONS FOR
 BONANZA #1023-150
 SECTION 15, T10S, R23E, S.L.B.&M.
 760' FSL 2594' FEL

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

DATE: 03-15-05
 Drawn By: P.M.
 REV: 09-21-06 C.H.



* NOTE:
 FILL QUANTITY INCLUDES
 5% FOR COMPACTION

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

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 2,200 Cu. Yds.
Remaining Location	= 22,150 Cu. Yds.
TOTAL CUT	= 24,350 CU.YDS.
FILL	= 15,580 CU.YDS.

EXCESS MATERIAL	= 8,770 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,590 Cu. Yds.
EXCESS UNBALANCE (After Rehabilitation)	= 5,180 Cu. Yds.

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

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 11/01/2006

API NO. ASSIGNED: 43-047-38818

WELL NAME: BONANZA 1023-150
 OPERATOR: KERR-MCGEE OIL & GAS (N2995)
 CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:
 SWSE 15 100S 230E
 SURFACE: 0760 FSL 2594 FEL
 BOTTOM: 0760 FSL 2594 FEL
 COUNTY: UINTAH
 LATITUDE: 39.94376 LONGITUDE: -109.3123
 UTM SURF EASTINGS: 644188 NORTHINGS: 4422669
 FIELD NAME: NATURAL BUTTES (630)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-38427
 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

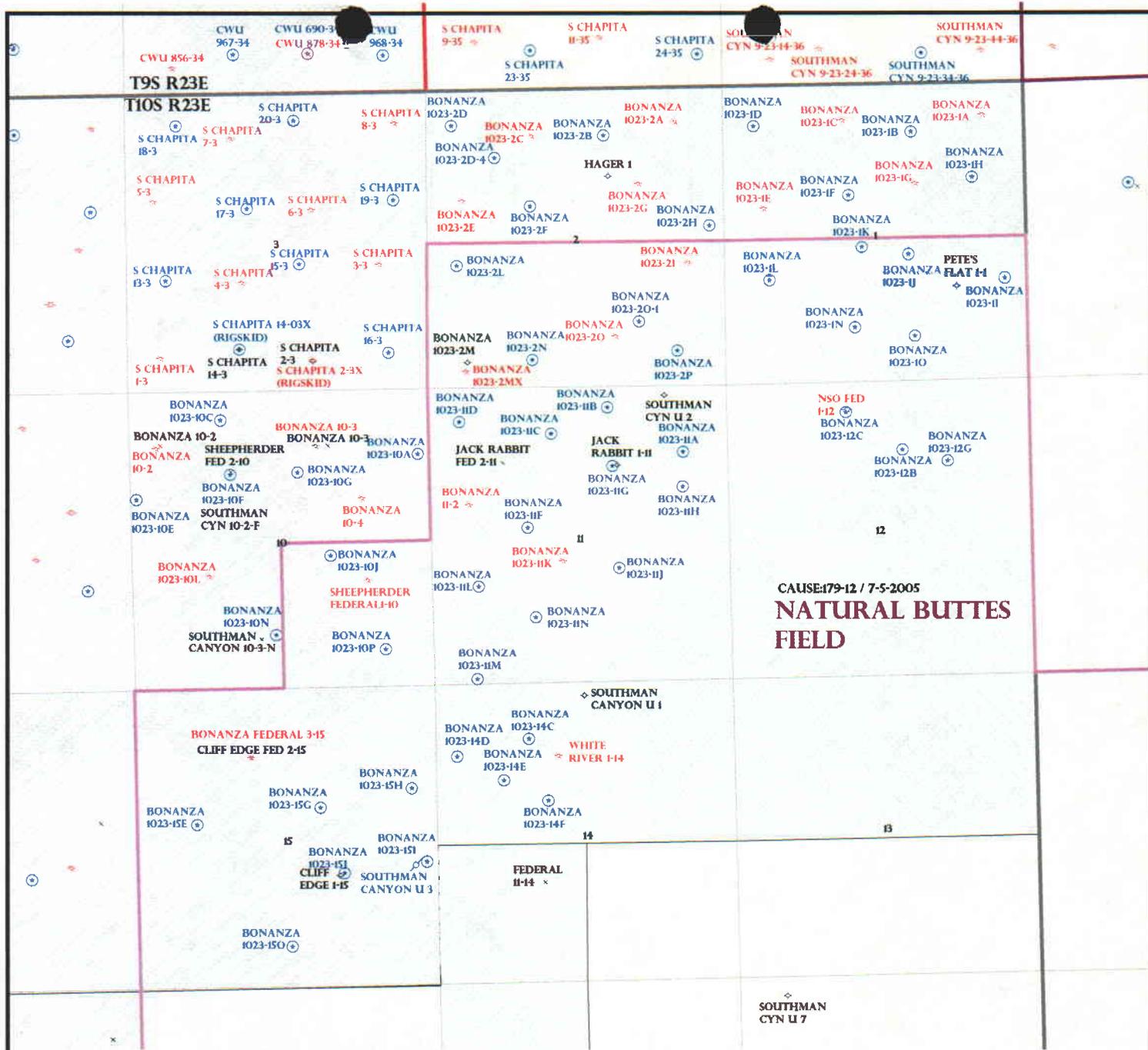
 R649-3-3. Exception

Drilling Unit
 Board Cause No: 179-12
 Eff Date: 7-5-05
 Siting: 400' by west 1/2 of 8920' by other wells.

 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

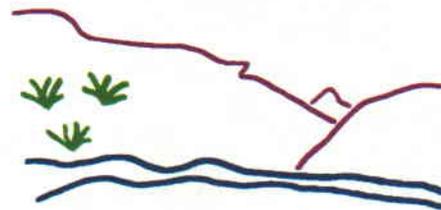
CAUSE:179-12 / 7-5-2005

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

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

Wells Status

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



Utah Oil Gas and Mining



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



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

November 6, 2006

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

Re: Bonanza 1023-150 Well, 760' FSL, 2594' FEL, SW SE, Sec. 15, 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.

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 43-047-38818.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Kerr McGee Oil & Gas Onshore LP
Well Name & Number Bonanza 1023-150
API Number: 43-047-38818
Lease: UTU-38427

Location: SW SE Sec. 15 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

June 12, 2007

Raleen White
Kerr McGee O&G Onshore LP
1999 Broadway, Suite 3700
Denver, CO 80202

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

Dear Ms. White:

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 June 11, 2007.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal



Page 2
June 12, 2007
Subject:

Bonanza 1023-12B

Bonanza 1023-1N

Bonanza 1023-1O

Bonanza 1023-11A

Bonanza 1023-11H

Bonanza 1023-14F

Bonanza 1023-15O

Bonanza 1023-15E

Bonanza 1023-17A

Bonanza 1023-17H

Bonanza 1023-17G

Bonanza 1023-17K

Bonanza 1023-17F

Bonanza 1023-17D

Bonanza 1023-18J