

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: ML-22452	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: UNIT #891008900A	
2. NAME OF OPERATOR: KERR MCGEE OIL & GAS ONSHORE L.P.				9. WELL NAME and NUMBER: NBU 1021-2K	
3. ADDRESS OF OPERATOR: 1368 S 1200 E CITY VERNAL STATE UT ZIP 84078			PHONE NUMBER: (435) 781-7024	10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1682'FSL, 2432'FWL AT PROPOSED PRODUCING ZONE:				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 2 10S 21E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 15.6 MILES SOUTH OF OURAY, UTAH				12. COUNTY: UINTAH	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1682'	16. NUMBER OF ACRES IN LEASE: 489.92		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40.00		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) REFER TO TOPO C	19. PROPOSED DEPTH: 9,400		20. BOND DESCRIPTION: RLB0005237		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5077'GL	22. APPROXIMATE DATE WORK WILL START:		23. ESTIMATED DURATION:		

24. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8	H-40	32.3#	2,200	265 SX CLASS G	1.18 YIELD	15.6 PPG
7 7/8"	4 1/2	I-80	11.6#	9,400	1940 SX 50/50 POZ	1.31 YIELD	14.3 PPG

25. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE REGULATORY ANALYST
SIGNATURE *Sheila Upchego* DATE 11/7/2006 **RECEIVED**

(This space for State use only)

Approved by the Utah Division of Oil, Gas and Mining NOV 13 2006
APPROVAL: *[Signature]* DIV. OF OIL, GAS & MINING

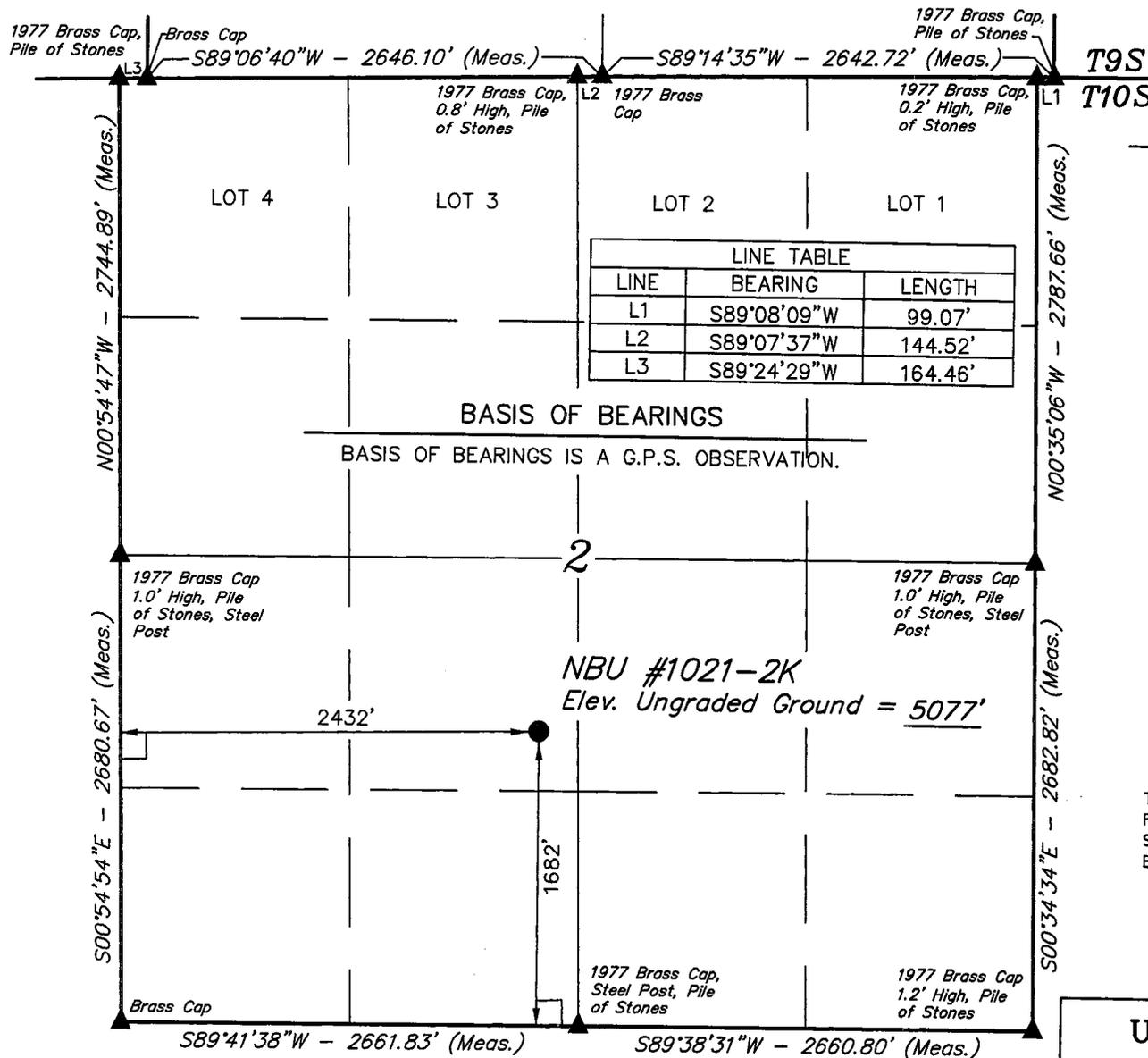
API NUMBER ASSIGNED: 43-047-38842

Date: 02-14-07
(See Instructions on Reverse Side)
By: *[Signature]*

T10S, R21E, S.L.B.&M.

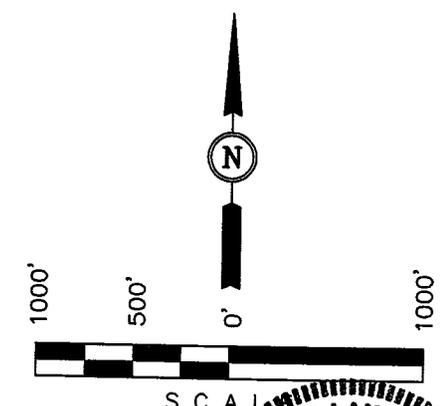
Kerr-McGee Oil & Gas Onshore LP

Well location, NBU #1021-2K, located as shown in the NE 1/4 SW 1/4 of Section 2, T10S, R21E, 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.



REGISTERED LAND SURVEYOR
 No. 161319
ROBERT J. KAY
 STATE OF UTAH
 REGISTERED SURVEYOR
 REGISTRATION No. 161319
 STATE OF UTAH

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.

LEGEND:

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

(NAD 83)
 LATITUDE = 39°58'29.53" (39.974869)
 LONGITUDE = 109°31'12.09" (109.520025)
 (NAD 27)
 LATITUDE = 39°58'29.66" (39.974906)
 LONGITUDE = 109°31'09.62" (109.519339)

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

SCALE 1" = 1000'	DATE SURVEYED: 09-14-06	DATE DRAWN: 09-14-06
PARTY J.W. A.A. S.L.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE Kerr-McGee Oil & Gas Onshore LP	

**NBU 1021-2K
NESW SEC. 2, T10S, R21E
UINTAH COUNTY, UTAH
ML-22452**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	1315'
Top of Birds Nest Water	1591'
Mahogany	2225'
Wasatch	4556'
Mesaverde	7289'
MVU2	8198'
MVL1	8799'
TD	9400'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	1315'
	Top of Birds Nest Water	1591'
	Mahogany	2225'
Gas	Wasatch	4556'
Gas	Mesaverde	7289'
Gas	MVU2	8198'
Gas	MVL1	8799'
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 9400' TD, approximately equals 5828 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3760 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

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE November 7, 2006
 WELL NAME NBU 1021-2K TD 9,400' MD/TVD
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,077' GL KB 5,092'
 SURFACE LOCATION NESW SEC. 2, T10S, R21E 1682;FSL, 2432FWL BHL Straight Hole
 Latitude: 39.974869 Longitude: 109.520025
 OBJECTIVE ZONE(S) Wasatch/Mesaverde
 ADDITIONAL INFO Regulatory Agencies: UDOGM (SURF & MINERALS), BLM, Tri-County Health Dept.

GEOLOGICAL FORMATION			MECHANICAL		
LOGS	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 4,556' Green River @ 1,315' Top of Birds Nest Water @ 1591' Preset #/ GL @ 2,200' 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 @	2,225'			Water/Fresh Water Mud
Mud logging program TBD Open hole logging program #/ TD - surf csg			7-7/8"	4-1/2", 11.6#, I-80 or equivalent LTC casing	8.3-11.5 ppg
	Wasatch @	4,556'			
	Mverde @	7,289'			
	MVU2 @	8,198'			
	MVL1 @	8,799'			
		TD @ 9,400'			Max anticipated Mud required 11.5 ppg

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 2200	32.30	H-40	STC	0.64*****	1.33	4.08
PRODUCTION	4-1/2"	0 to 9400	11.60	I-80	LTC	7780	6350	201000
						2.19	1.13	2.11

- 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 3553 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		NOTE: If well will circulate water to surface, option 2 will be utilized					
Option 2	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	4,050'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	440	60%	11.00	3.38
	TAIL	5,350'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1500	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

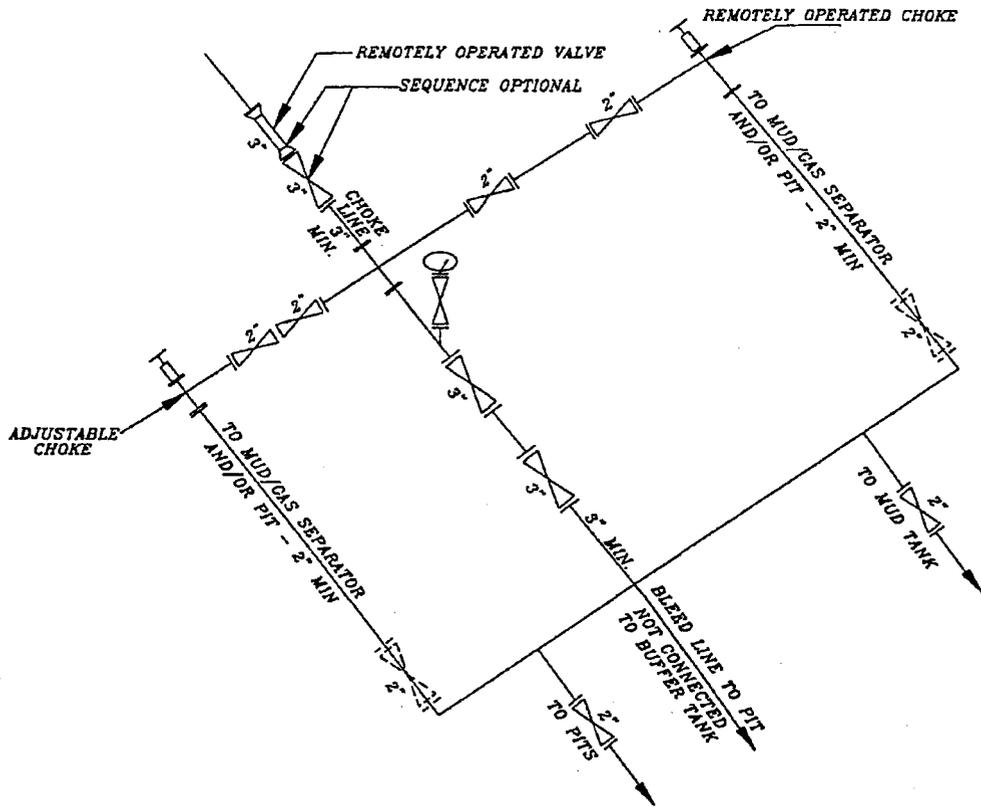
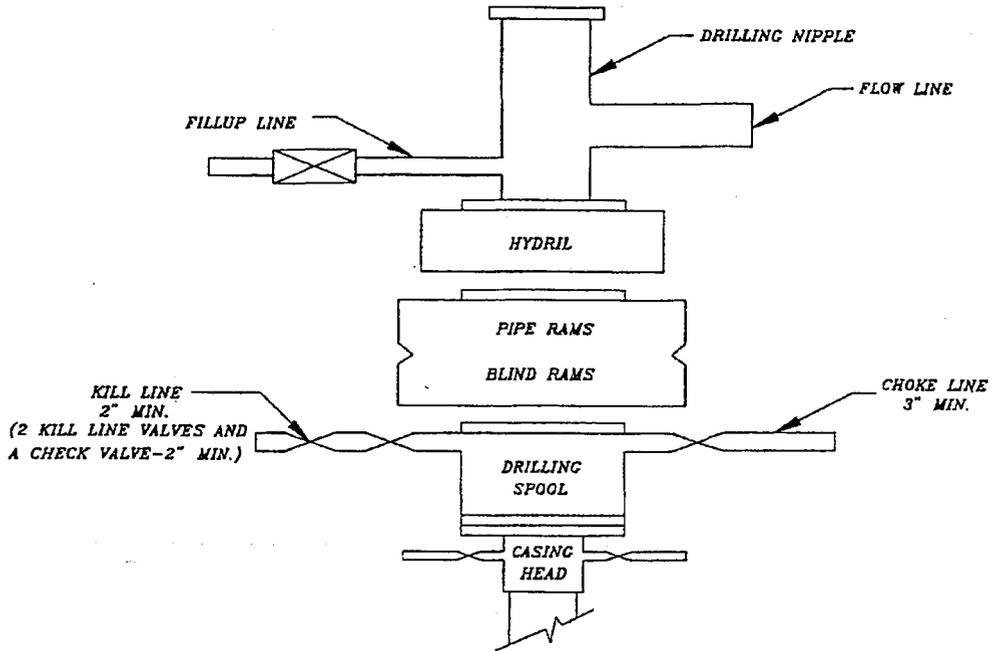
SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

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
 NBU1021-2K DHD.xls

5M BOP STACK and CHOKE MANIFOLD SYSTEM



NBU 1021-2K
NESW SEC. 2, T10S, R21E
Uintah County, UT
ML-22452

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Refer to Topo Map A for directions to the location.

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

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 30' +/- miles of new access road is proposed. Refer to Topo Map B for the location of the proposed access road.

The upgraded and new portions of the access road will be crowned and ditched with a running surface of 18 feet and a maximum disturbed width of 30 feet. Appropriate water control will be installed to control erosion.

Existence of pipelines; maximum grade; turnouts; major cut and fills, culverts, or bridges; gates, cattle guards, fence cuts, or modifications to existing facilities were determined at the on-site.

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

Surface disturbance and vehicular traffic will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

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

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities:

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 required color is Carlsbad Canyon, standard color number 2.5Y 6/2.

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

Approximately 15' +/- of 4" pipeline is proposed from the location to an tie-in point. Refer to Topo Map D.

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 and felt will be used, it will be a minimum of 20 mil thick, 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.

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 reserve pit will be lined, and when the reserve pit is closed, the pit liner will be buried below plow depth.

All pits will be fenced according to the following minimum standards:

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.

Location size may change prior to the drilling of the well due to 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 9 shall be submitted.

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.

A plastic, nylon reinforced liner will be used, it shall be torn and perforated before backfilling of the reserve pit.

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.

11. **Surface Ownership:**

SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102

12. **Other Information:**

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.

A Class III archaeological survey will be submitted when report becomes available.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

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

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by State Surety Bond #RLB0005237.

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

11/7/2006
Date

Kerr-McGee Oil & Gas Onshore LP

NBU #1021-2K

SECTION 2, T10S, R21E, 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 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 5.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 2.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 0.8 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTHEAST; FOLLOW ROAD FLAGS IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 30' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 46.6 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1021-2K

LOCATED IN UINTAH COUNTY, UTAH
SECTION 2, T10S, R21E, S.L.B.&M.

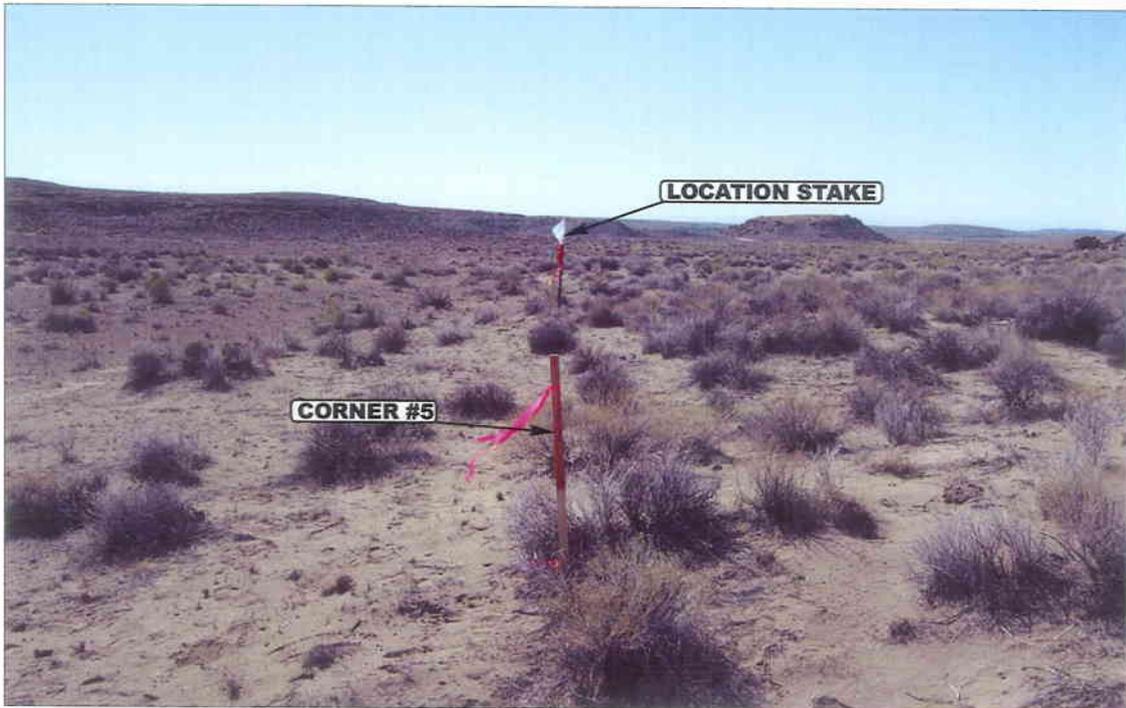


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: WESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHERLY



- Since 1964 -

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

LOCATION PHOTOS

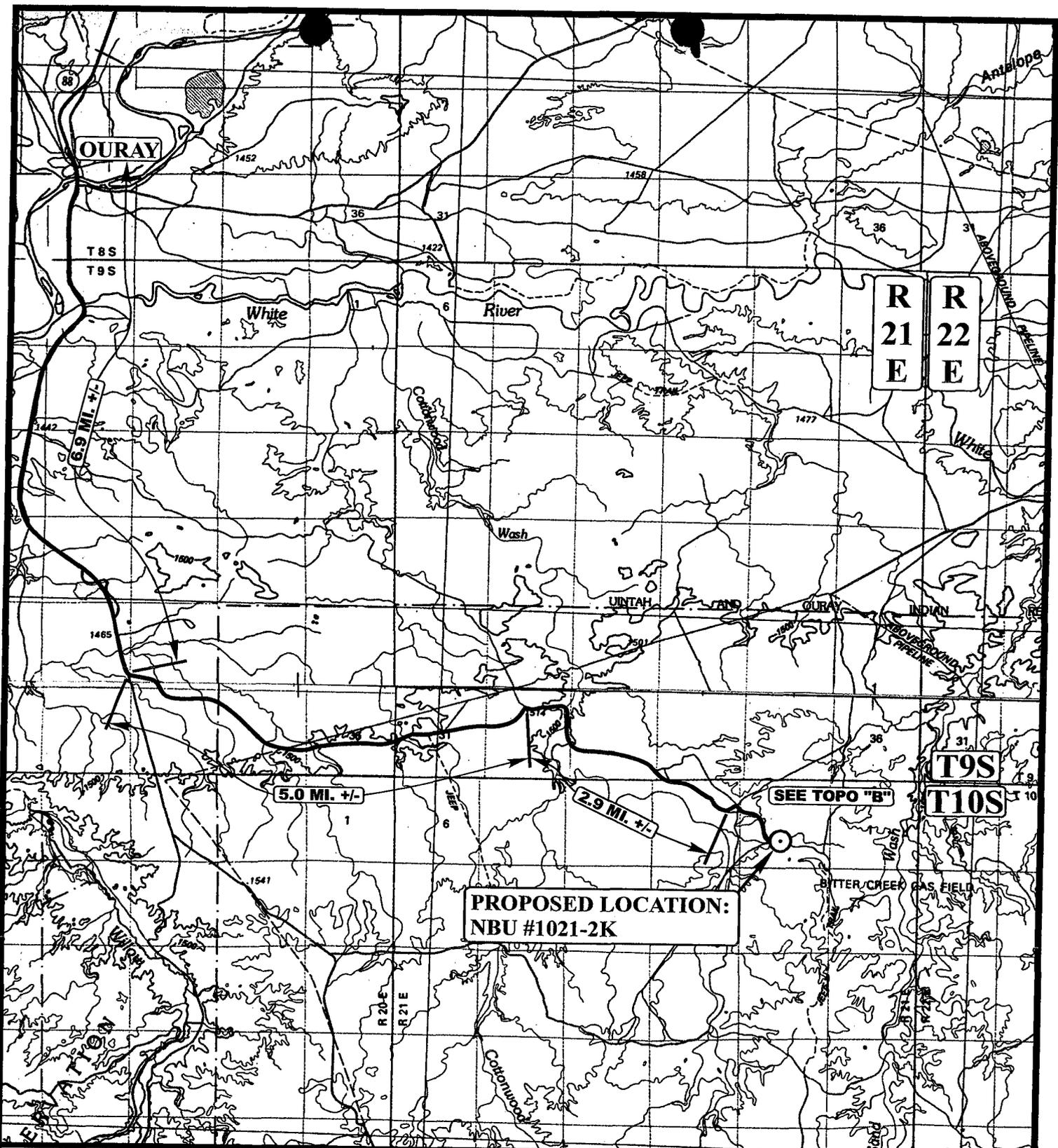
09 18 06
MONTH DAY YEAR

PHOTO

TAKEN BY: J.W.

DRAWN BY: C.P.

REVISED: 00-00-00



LEGEND:

○ PROPOSED LOCATION



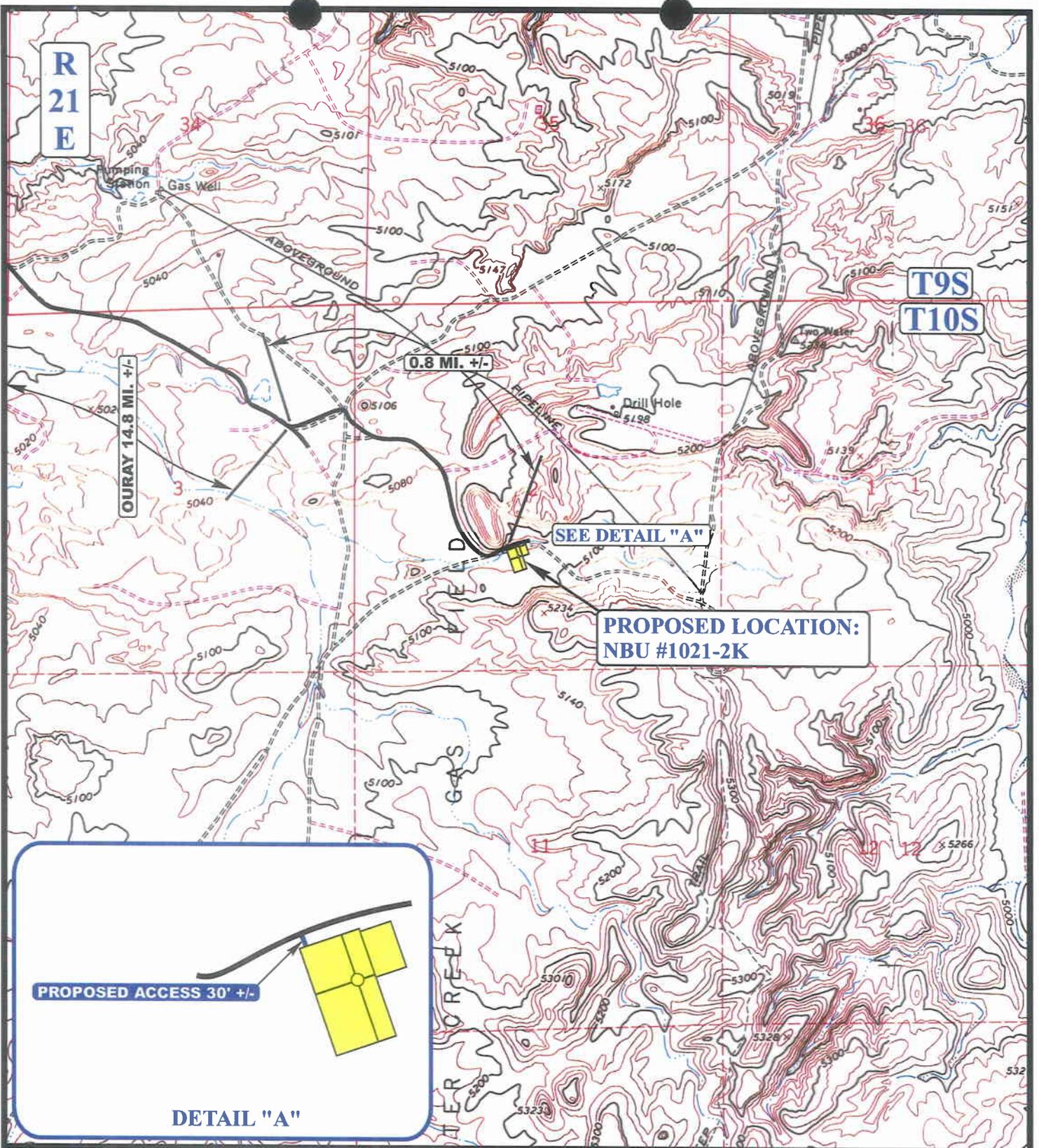
Kerr-McGee Oil & Gas Onshore LP

NBU #1021-2K
SECTION 2, T10S, R21E, S.L.B.&M.
1682' FSL 2432' FWL

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

TOPOGRAPHIC 09 18 06
MAP MONTH DAY YEAR
SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD

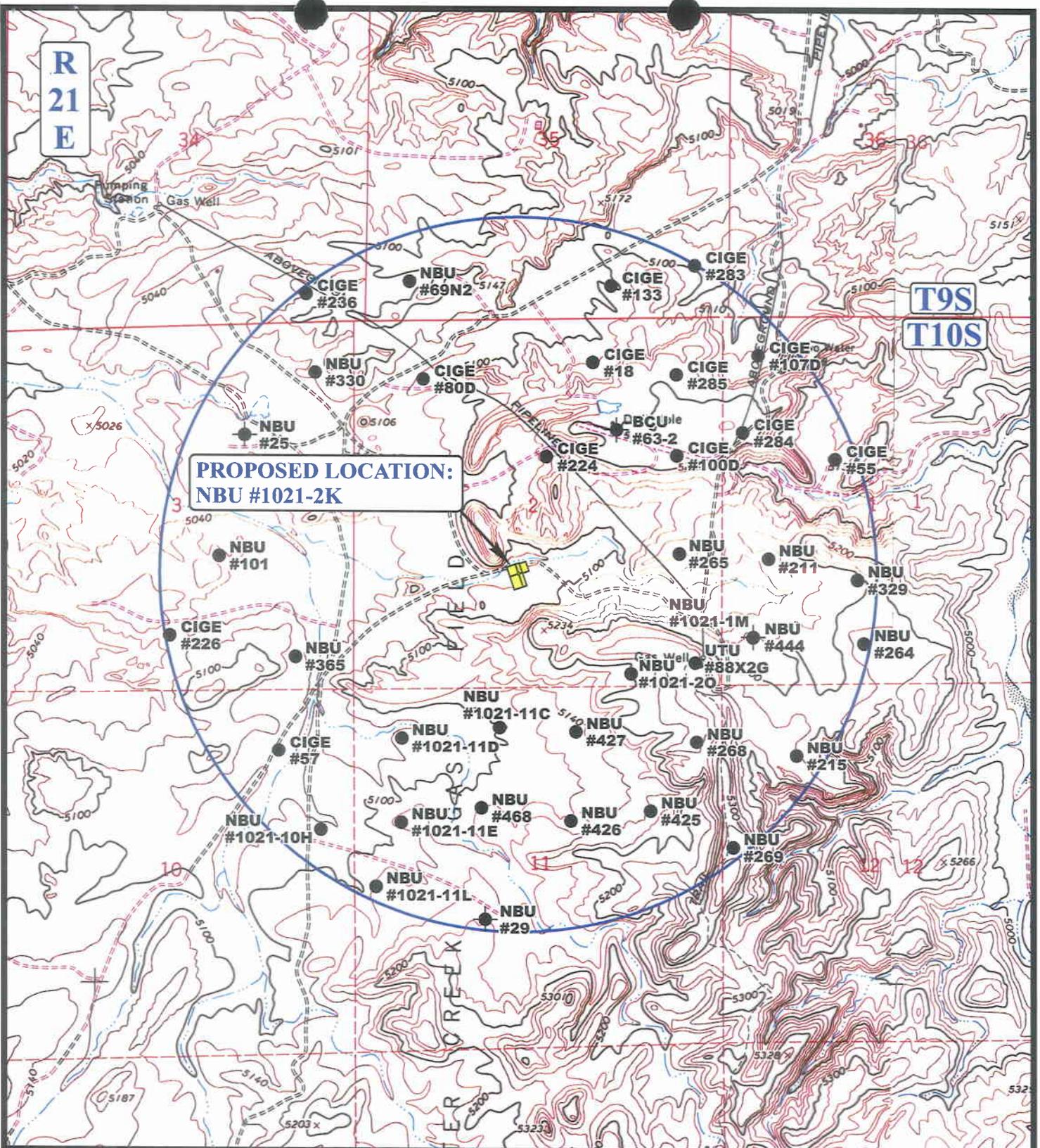


Kerr-McGee Oil & Gas Onshore LP

NBU #1021-2K
SECTION 2, T10S, R21E, S.L.B.&M.
1682' FSL 2432' FWL

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

TOPOGRAPHIC MAP **09 18 06**
MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00 **B TOPO**



**PROPOSED LOCATION:
NBU #1021-2K**

LEGEND:

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

Kerr-McGee Oil & Gas Onshore LP

**NBU #1021-2K
SECTION 2, T10S, R21E, S.L.B.&M.
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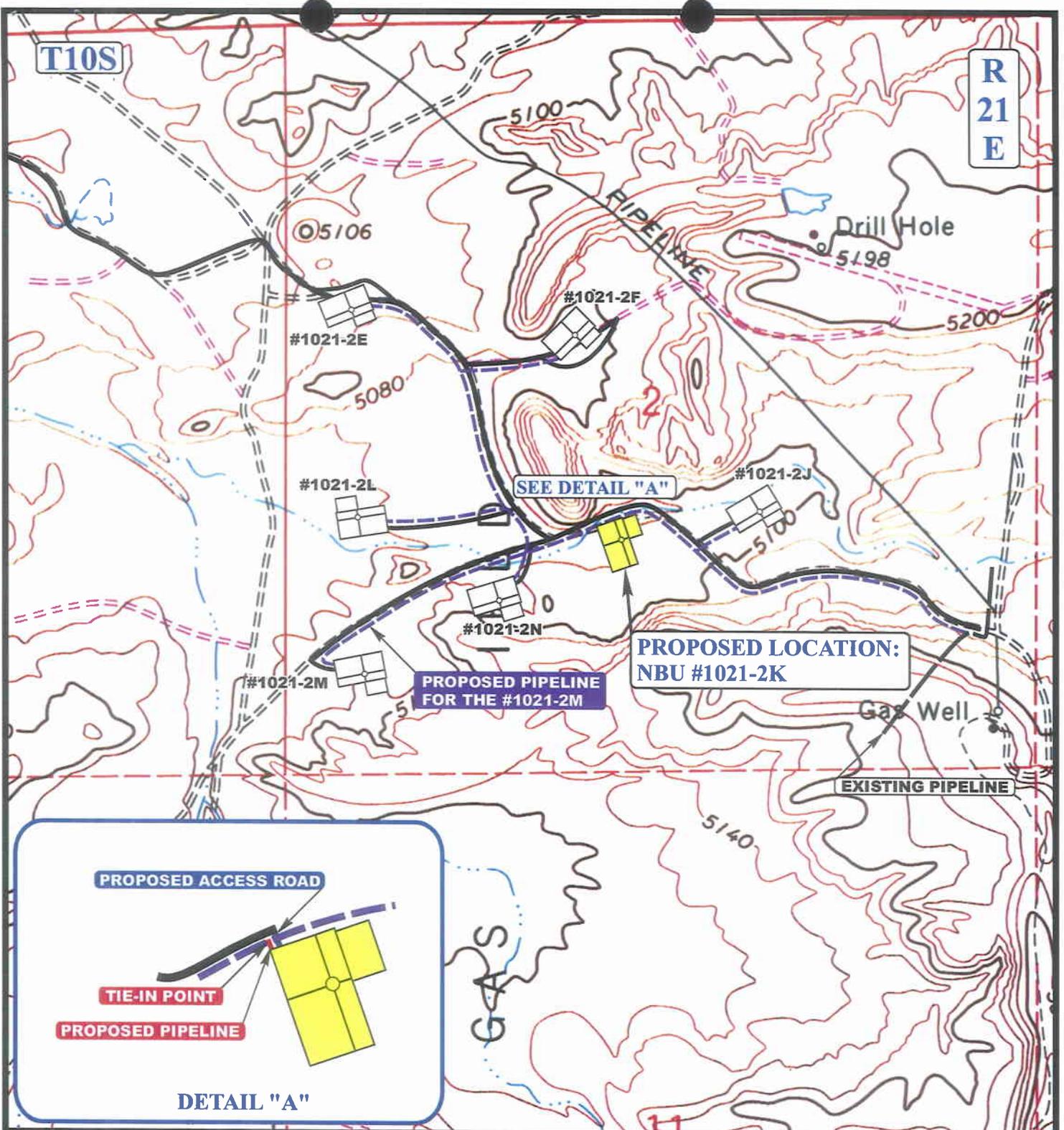


TOPOGRAPHIC MAP

09 18 06
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 15' +/-

LEGEND:

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



Kerr-McGee Oil & Gas Onshore LP

NBU #1021-2K

SECTION 2, T10S, R21E, S.L.B.&M.

1682' FSL 2432' FWL



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

TOPOGRAPHIC MAP 09 18 06
 MONTH DAY YEAR

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



Kerr-McGee Oil & Gas Onshore LP

NBU #1021-2K

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 2, T10S, R21E, S.L.B.&M.



PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: SOUTHEASTERLY



PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: SOUTHEASTERLY



- Since 1964 -

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

PIPELINE PHOTOS

09 18 06
MONTH DAY YEAR

PHOTO

TAKEN BY: D.K.

DRAWN BY: C.P.

REVISED: 00-00-00

Herr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR

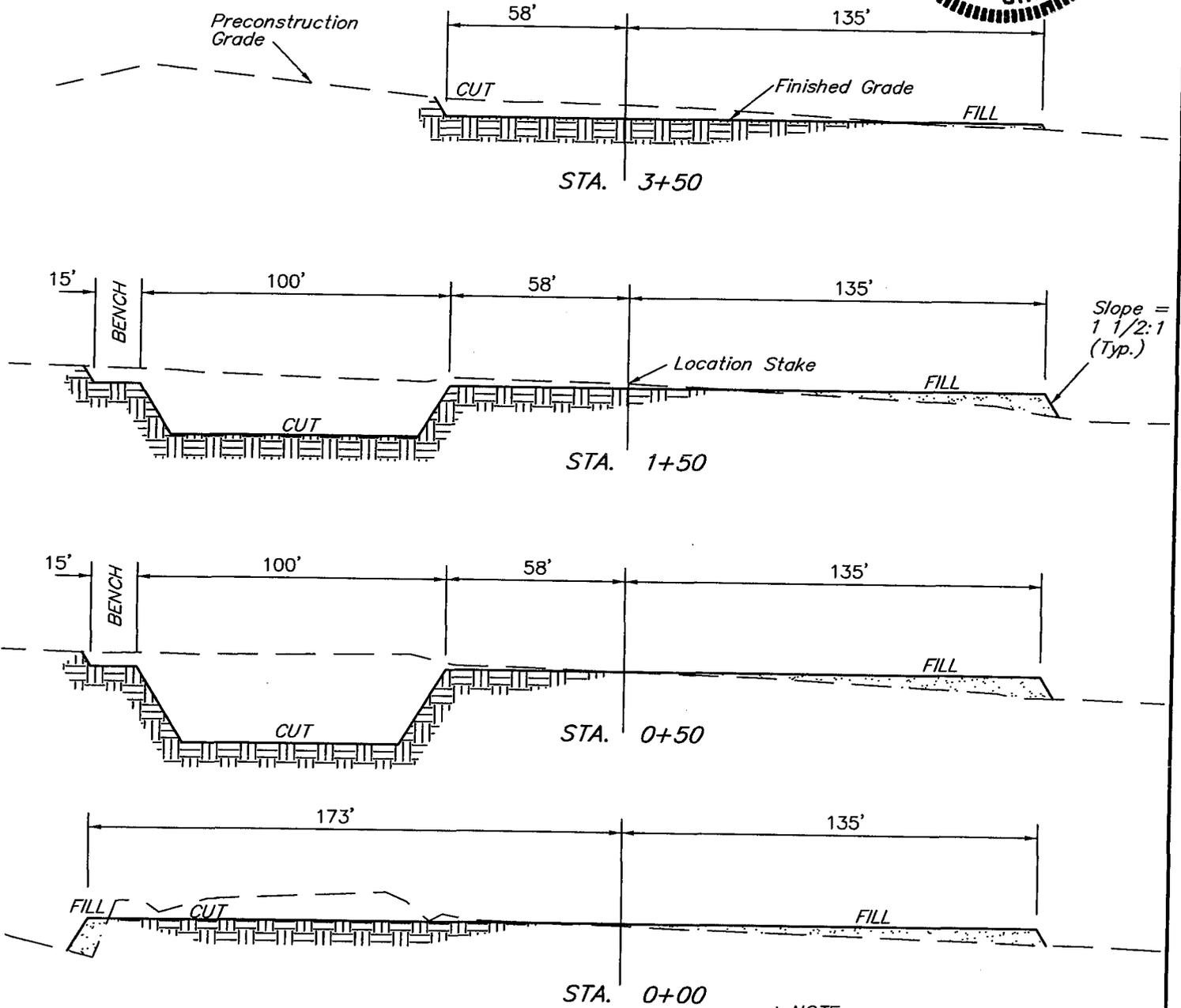
NBU #1021-2K

SECTION 2, T10S, R21E, S.L.B.&M.

1682' FSL 2432' FWL

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

DATE: 09-14-06
Drawn By: S.L.



* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,740 Cu. Yds.
Remaining Location	= 5,410 Cu. Yds.
TOTAL CUT	= 7,150 CU.YDS.
FILL	= 2,570 CU.YDS.

EXCESS MATERIAL	= 4,580 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,880 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 700 Cu. Yds.

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

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 11/13/2006

API NO. ASSIGNED: 43-047-38842

WELL NAME: NBU 1021-2K
 OPERATOR: KERR-MCGEE OIL & GAS (N2995)
 CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DWD	12/13/06
Geology		
Surface		

NESW 02 100S 210E
 SURFACE: 1682 FSL 2432 FWL
 BOTTOM: 1682 FSL 2432 FWL
 COUNTY: UINTAH
 LATITUDE: 39.97485 LONGITUDE: -109.5193
 UTM SURF EASTINGS: 626444 NORTHINGS: 4425805
 FIELD NAME: NATURAL BUTTES (630)

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-22452
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: WSMVD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 22013542)
- 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: 12-12-1999
Siting: Heath W. Berg & Kenneth J. Travis
- R649-3-11. Directional Drill

COMMENTS: Needs Permit (11-17-06)

STIPULATIONS: 1- STATEMENT OF BASIS
2- OIL SHALE
3- Surf. CSG Cont Step

NATURAL BUTTES FIELD NATURAL BUTTES UNIT

CAUSE: 173-14 / 12-2-1999

CIGE 283

MORGAN
STATE 14-36

NBU 69N2

CIGE B3

CIGE 236

T9S R21E

T10S R21E

NBU 1021-2C
CIGE 246-2-10-21

CIGE 18

CIGE 107D

NBU 330

CIGE 80D

CIGE 285

CIGE 284

NBU 1021-3H

NBU 1021-2E

CIGE 169-2-10-21

BITTER
CREEK U 63-2

CIGE 100D

CIGE 22-4
BHL 22-4

NBU 1021-2F

2

NBU 265

NBU 211

NBU 8

NBU 1021-2L

NBU 1021-2K

NBU 1021-2J

NBU 1021-2N

NBU 444
NBU 1021-1M
(RIGSKID)

NBU 365

NBU 1021-2M

NBU 1021-2O

UTE TRAIL
U 88X2G

CIGE 57

NBU 1021-11D

NBU 1021-11C

NBU 427

NBU 268
BHL 268

OPERATOR: KERR MCGEE O&G (N2995)

SEC: 2 T.10S R. 21E

FIELD: NATURAL BUTTES (630)

COUNTY: Uintah

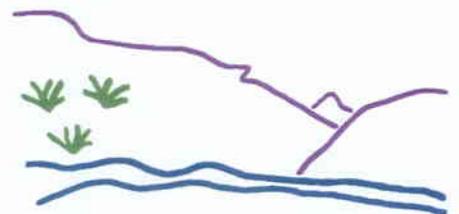
CAUSE: 173-14 / 12-2-1999

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
- 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: 16-NOVEMBER-2006

Application for Permit to Drill
Statement of Basis
Utah Division of Oil, Gas and Mining

11/30/2006

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
160	43-047-38842-00-00		GW	S	No
Operator	KERR-MCGEE OIL & GAS ONSHORE, LP		Surface Owner-APD		
Well Name	NBU 1021-2K		Unit		
Field	UNDESIGNATED		Type of Work		
Location	NESW 2 10S 21E S 0 FL 0 FL GPS Coord (UTM) 626444E 4425805N				

Geologic Statement of Basis

Kerr McGee proposes to set 2,200' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 3,600'. A search of Division of Water Rights records shows one water well within a 10,000 foot radius of the center of section 2. The well is approximately .5 miles from the proposed location. It produces from a depth of 2,640 and is listed as being used for oil field drilling water. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. Production casing cement should be brought to above the base of the moderately saline groundwater in order to isolate it from fresher waters uphole.

Brad Hill
APD Evaluator

11/30/2006
Date / Time

Surface Statement of Basis

The surface and minerals for the proposed location are both owned by SITLA. Mr. Jim Davis represented SITLA at the pre-site and had no concerns not covered in the APD. The proposed location appears to be the best site for drilling and operating a well in the immediate area.

The general area is the Sand Wash Drainage of Uintah, County. Sand Wash is approximately 36 air miles south of Vernal, Utah and approximately 18 miles southeast of Ouray, Utah. Access is by State of Utah Highways, Uintah County and oilfield development roads a distance of 51 miles from Vernal, UT.

Topography is characterized by broad open flats dissected by numerous sub-drainages, which often become steep with ridges and draws with exposed sandstone layers. No perennial streams occur in drainage. Individual draws or washes are ephemeral with spring runoff or flows from sometimes-intense summer rainstorms. White River is to the northeast about 3 miles. No springs exist in the area. An occasional constructed pond occurs furnishing water for antelope or livestock.

This proposed location is in a wide draw which has a slight slope to the southwest.. Higher ridges with ledges of sandstone lie to the northwest and south. An existing road is immediately north of the location.

Floyd Bartlett
Onsite Evaluator

11/17/2006
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 20 mils with a felt subliner shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator KERR-MCGEE OIL & GAS ONSHORE, LP
Well Name NBU 1021-2K
API Number 43-047-38842-0 **APD No** 160 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 NESW **Sec** 2 **Tw** 10S **Rng** 21E 0 FL 0 FL
GPS Coord (UTM) 626435 4425811 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Jim Davis (SITLA), Carroll Estes and Tony Kazneik (Kerr McGee), David Kay (UELS).

Regional/Local Setting & Topography

The general area is the Sand Wash Drainage of Uintah, County. Sand Wash is approximately 36 air miles south of Vernal, Utah and approximately 18 miles southeast of Ouray, Utah. Access is by State of Utah Highways, Uintah County and oilfield development roads a distance of 51 miles from Vernal, UT.

Topography is characterized by broad open flats dissected by numerous sub-drainages, which often become steep with ridges and draws with exposed sandstone layers. No perennial streams occur in drainage. Individual draws or washes are ephemeral with spring runoff or flows from sometimes-intense summer rainstorms. White River is to the northeast about 3 miles. No springs exist in the area. An occasional constructed pond occurs furnishing water for antelope or livestock.

This proposed location is in a wide draw which has a slight slope to the southwest.. Higher ridges with ledges of sandstone lie to the northwest and south.

Surface Use Plan

Current Surface Use

Wildlife Habitat
Grazing

New Road

Miles	Well Pad	Src Const Material	Surface Formation
0.01	Width 278	Onsite	UNTA
	Length 350		

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

The location is somewhat barren. A sparse vegetative cover of greasewood, cheat grass Indian rice grass and Russian thistle exists. Antelope, rabbits, small reptiles, birds and mammals. Sheep graze the area in the winter.

Soil Type and Characteristics

Deep sandy loam.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required N

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? Y Paleo Potential Observed? N Cultural Survey Run? Y Cultural Resources?

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	<10	0
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
Final Score		15 2 Sensitivity Level

Characteristics / Requirements

150' by 100' and 10'deep. The reserve pit is all within cut on the north east side of the location. A 15' wide bench is planned around the outer edges and 2' of freeboard.

A pit liner is required. Kerr McGee lines all pits with a 20 mil liner and a felt sub-liner.

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 20 Pit Underlayment Required? Y

Other Observations / Comments

Floyd Bartlett
Evaluator

11/17/2006
Date / Time

Casing Schematic

BHP
 $0.052(9400)11.5 = 5621 \text{ psi}$
 anticipate 3760 @ surf.

Gas
 $.12(9400) = 1128$
 4493 psi
 MASP

9-5/8"
 MW 8.4
 Frac 19.3

BOPE - 5M ✓

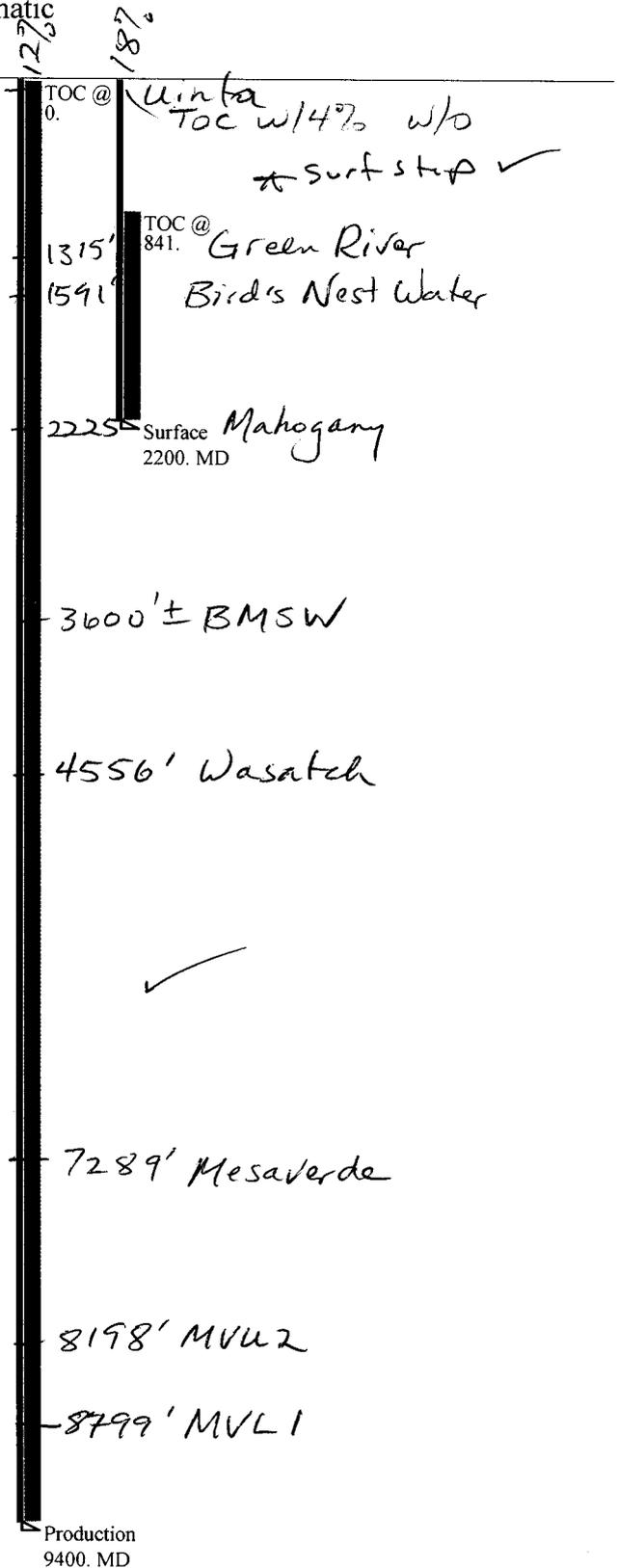
Burst 2270
 70% = 1589 psi

Max P @ csg shoe
 $.22(7200) = 1584$
 $5621 - 1584 = 4037 \text{ psi}$
 test to 1589 psi ✓

✓ Strip ⇒ surf. cmt
 (top-off planned)

✓ Adequate pres 12/13/06

Surface



4-1/2"
 MW 11.5

Production
 9400. MD

Well name:
Operator: **Kerr McGee Oil & Gas Onshore, LP**
String type: Surface
Location: Uintah County, Utah

2006-12 Kerr McGee NBU 1021-2K

Project ID:
43-047-38842

Design parameters:

Collapse

Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 1,936 psi
Internal gradient: 0.120 psi/ft
Calculated BHP: 2,200 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 1,929 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 106 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 841 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 9,400 ft
Next mud weight: 11,500 ppg
Next setting BHP: 5,616 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,200 ft
Injection pressure: 2,200 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2200	9.625	32.30	H-40	ST&C	2200	2200	8.876	972.1
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	960	1370	1.427	2200	2270	1.03	62	254	4.08 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: (801) 538-5357
FAX: (801) 359-3940

Date: December 11, 2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2200 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	2006-12 Kerr McGee NBU 1021-2K	
Operator:	Kerr McGee Oil & Gas Onshore, LP	
String type:	Production	Project ID: 43-047-38842
Location:	Uintah County, Utah	

Design parameters:

Collapse
Mud weight: 11.500 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:
Design factor 1.125

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 207 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Burst

Max anticipated surface pressure: 3,548 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,616 psi

Burst:

Design factor 1.00

Cement top: Surface

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.
Neutral point: 7,784 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	9400	4.5	11.60	I-80	LT&C	9400	9400	3.875	820.3
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5616	6360	1.133	5616	7780	1.39	90	212	2.35 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: (801) 538-5357
FAX: (801) 359-3940

Date: December 11, 2006
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 9400 ft, a mud weight of 11.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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)

November 22, 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
------	-----------	----------

(Proposed PZ Wasatch/MesaVerde)

43-047-38838	NBU 1021-2E	Sec 2 T10S R21E 2068 FNL 0471 FWL
43-047-38839	NBU 1021-2F	Sec 2 T10S R21E 2271 FNL 2090 FWL
43-047-38840	NBU 1021-2N	Sec 2 T10S R21E 1253 FSL 1545 FWL
43-047-38841	NBU 1021-2M	Sec 2 T10S R21E 0730 FSL 0576 FWL
43-047-38842	NBU 1021-2K	Sec 2 T10S R21E 1682 FSL 2432 FWL
43-047-38843	NBU 1021-2L	Sec 2 T10S R21E 1849 FSL 0520 FWL
43-047-38844	NBU 1021-2J	Sec 2 T10S R21E 1868 FSL 1998 FEL
43-047-38851	State 1022-250	Sec 25 T10S R22E 1274 FSL 2121 FEL

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

/s/ Michael L. Coulthard

bcc: File - Natural Buttes Unit
Division of Oil Gas and Mining
Central Files
Agr. Sec. Chron
Fluid Chron

MCoulthard:mc:11-22-06

From: Ed Bonner
To: Mason, Diana
Date: 2/14/2007 9:50 AM
Subject: The following wells have been given cultural resource clearance by the Trust Lands Cultural Resource

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil; sheila.upchego...
The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

- Kerr McGee Oil & Gas Onshore LP
- NBU 1022-7H-4 (API 43 047 38570)
 - NBU 1021-2E (API 43 047 38838)
 - NBU 1021-2F (API 43 047 38839)
 - NBU 1021-2M (API 43 047 38841)
 - NBU 1021-2K (API 43 047 38842)
 - NBU 1021-2L (API 43 047 38843)
 - NBU 1021-2J (API 43 047 38844)
 - NBU 1021-36D (API 43 047 38845)
 - NBU 1021-36E (API 43 047 38846)
 - NBU 1021-36F (API 43 047 38847)
 - NBU 1021-36N (API 43 047 38848)
 - NBU 1021-36K (API 43 047 38849)
 - NBU 1021-36C (API 43 047 38850)
 - NBU 1021-1G (API 43 047 39001)
 - NBU 1021-1O (API 43 047 39002)
 - NBU 1021-1P (API 43 047 39003)
 - NBU 1021-30I (API 43 047 39020)
 - NBU 1021-30J (API 43 047 39021)
 - NBU 1021-30K (API 43 047 39022)
 - NBU 1021-30L (API 43 047 39023)
 - NBU 1021-30M (API 43 047 39024)
 - NBU 1021-30N (API 43 047 39025)

If you have any questions regarding this matter please give me a call.



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

February 14, 2007

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

Re: NBU 1021-2K Well, 1682' FSL, 2432' FWL, NE SW, Sec. 2, T. 10 South,
R. 21 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 43-047-38842.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. 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.
7. Surface casing shall be cemented to the surface.

RECEIVED

FORM 3

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

NOV 09 2006

AMENDED REPORT
(highlight changes)

BLM

APPLICATION FOR PERMIT TO DRILL

1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>		5. MINERAL LEASE NO: ML-22452	6. SURFACE: State
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
2. NAME OF OPERATOR: KERR MCGEE OIL & GAS ONSHORE L.P.		8. UNIT or CA AGREEMENT NAME: UNIT #891008900A	
3. ADDRESS OF OPERATOR: 1368 S 1200 E CITY VERNAL STATE UT ZIP 84078		PHONE NUMBER: (435) 781-7024	9. WELL NAME and NUMBER: NBU 1021-2K
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1682'FSL, 2432'FWL AT PROPOSED PRODUCING ZONE: 43.047.38842		10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 15.6 MILES SOUTH OF OURAY, UTAH		12. COUNTY: UINTAH	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1682'	16. NUMBER OF ACRES IN LEASE: 489.92	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40.00	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) REFER TO TOPO C	19. PROPOSED DEPTH: 9,400	20. BOND DESCRIPTION: RLB0005237	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5077'GL	22. APPROXIMATE DATE WORK WILL START:	23. ESTIMATED DURATION:	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4"	9 5/8 H-40 32.3#	2,200	265 SX CLASS G 1.18 YIELD 15.6 PPG
7 7/8"	4 1/2 I-80 11.6#	9,400	1940 SX 50/50 POZ 1.31 YIELD 14.3 PPG

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
- EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
- COMPLETE DRILLING PLAN
- FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE REGULATORY ANALYST
 SIGNATURE *[Signature]* DATE 11/7/2006

(This space for State use only)

API NUMBER ASSIGNED: _____

APPROVAL: _____

ACCEPTED BY BLM FOR
UNIT PURPOSES ONLY
RECEIVED MAR 21 2007

MAR 30 2007

DIV. OF OIL, GAS & MINING



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410



IN REPLY REFER TO:

3160

UT08300

March 22, 2007

Ramey Hoopes
Kerr-McGee Oil & Gas Onshore, LP
1368 South 1200 East
P.O. Box 1148
Vernal, Utah 84078

Re Application for Permit to Drill
NBU 1021-2E;
NBU 1021-2F;
NBU 1021-2J;
NBU 1021-2K;
NBU 1022-2L;
NBU 1021-2M
SITLA Surface Ownership

Dear Ms. Hoopes:

Enclosed are your copies of the above State referenced APDs which we have accepted for Unit purposes.

If you have any questions, please contact me at (435) 781-4422.

Sincerely,

//s// Phyllis Phillips
Legal Instruments Examiner

Enclosures

cc: Well File
Reading File
Division of Oil-Gas-Mining

RECEIVED
MAR 30 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: ML-22452
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:
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		7. UNIT or CA AGREEMENT NAME: UNIT #891008900A
2. NAME OF OPERATOR: KERR McGEE OIL & GAS ONSHORE LP		8. WELL NAME and NUMBER: NBU 1021-2K
3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST CITY VERNAL STATE UT ZIP 84078		9. API NUMBER: 4304738842
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1682'FSL, 2432'FWL		10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 2 10S 21E		COUNTY: UINTAH
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____ <input 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.

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 FEBRUARY 14, 2007.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 02-25-08
By: [Signature]

COPY SENT TO OPERATOR
Date: 2-26-2008
Initials: KS

NAME (PLEASE PRINT) <u>SHEILA UPCHEGO</u>	TITLE <u>SENIOR LAND ADMIN SPECIALIST</u>
SIGNATURE <u>[Signature]</u>	DATE <u>2/6/2008</u>

(This space for State use only)

RECEIVED
FEB 25 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: 4304738842
Well Name: NBU 1021-2K
Location: NE/SW SEC. 2, T10S, R21E
Company Permit Issued to: KERR McGEE OIL AND GAS ONSHORE LP
Date Original Permit Issued: 2/14/2007

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

2/6/2008
Date

Title: SENOIR LAND ADMIN SPECIALIST

Representing: KERR-McGEE OIL & GAS ONSHORE LP

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

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

<p>SUNDRY NOTICES AND REPORTS ON WELLS</p> <p>Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells. Use APPLICATION FOR PERMIT -- for such proposals</p>		6. Lease Designation and Serial Number ML-22452
		7. Indian Allottee or Tribe Name
		8. Unit or Communitization Agreement UNIT #891008900A
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other (specify)	9. Well Name and Number NBU 1021-2K	
2. Name of Operator KERR MCGEE OIL & GAS ONSHORE LP	10. API Well Number 4304738842	
3. Address of Operator P.O. BOX 173779 DENVER, CO 80217-3779	4. Telephone Number (720) 929-6007	11. Field and Pool, or Wildcat NATURAL BUTTES
5. Location of Well Footage : 1682' FSL, 2432' FWL County : UINTAH QQ, Sec. T., R., M : NESW SEC2 T10S R21E State : UTAH		

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

<p align="center">NOTICE OF INTENT (Submit in Duplicate)</p> <table style="width:100%;"> <tr> <td><input type="checkbox"/> Abandonment</td> <td><input type="checkbox"/> New Construction</td> </tr> <tr> <td><input type="checkbox"/> Casing Repair</td> <td><input type="checkbox"/> Pull or Alter Casing</td> </tr> <tr> <td><input type="checkbox"/> Change of Plans</td> <td><input type="checkbox"/> Recompletion</td> </tr> <tr> <td><input type="checkbox"/> Conversion to Injection</td> <td><input type="checkbox"/> Shoot or Acidize</td> </tr> <tr> <td><input type="checkbox"/> Fracture Treat</td> <td><input type="checkbox"/> Vent or Flare</td> </tr> <tr> <td><input type="checkbox"/> Multiple Completion</td> <td><input type="checkbox"/> Water Shut-Off</td> </tr> <tr> <td><input checked="" type="checkbox"/> Other <u>APD EXTENSION</u></td> <td></td> </tr> </table>	<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing	<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recompletion	<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Shoot or Acidize	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Vent or Flare	<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off	<input checked="" type="checkbox"/> Other <u>APD EXTENSION</u>		<p align="center">SUBSEQUENT REPORT (Submit Original Form Only)</p> <table style="width:100%;"> <tr> <td><input type="checkbox"/> Abandonment *</td> <td><input type="checkbox"/> New Construction</td> </tr> <tr> <td><input type="checkbox"/> Casing Repair</td> <td><input type="checkbox"/> Pull or Alter Casing</td> </tr> <tr> <td><input type="checkbox"/> Change of Plans</td> <td><input type="checkbox"/> Shoot or Acidize</td> </tr> <tr> <td><input type="checkbox"/> Conversion to Injection</td> <td><input type="checkbox"/> Vent or Flare</td> </tr> <tr> <td><input type="checkbox"/> Fracture Treat</td> <td><input type="checkbox"/> Water Shut-Off</td> </tr> <tr> <td><input type="checkbox"/> Other _____</td> <td></td> </tr> </table>	<input type="checkbox"/> Abandonment *	<input type="checkbox"/> New Construction	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing	<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Shoot or Acidize	<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Vent or Flare	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Water Shut-Off	<input type="checkbox"/> Other _____	
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<input type="checkbox"/> Other _____																											

Approximate Date Work Will Start _____

Date of Work Completion _____

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form.
 * Must be accompanied by a cement verification report.

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Kerr-McGee Oil & Gas Onshore LP (Kerr-McGee) respectfully requests authorization for a one-year extension for the subject well location so that drilling operations may be completed. The original APD was approved by the Division of Oil, Gas, and Mining on February 14, 2007.

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

Please contact the undersigned with any questions.

Thank you.

COPY SENT TO OPERATOR
 Date: 3.4.2009
 Initials: KS

Date: 03-02-09
 By: [Signature]

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

Name & Signature Kathy Schneebeck Dulnoan Title Staff Regulatory Analyst Date 02/18/09

(State Use Only)

RECEIVED
FEB 24 2009

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

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

API: 4304738842
Well Name: NBU 1021-2K
Location: 1682' FSL, 2432' FWL NESW SEC2 T10S R21E
Company Permit Issued to: KERR McGEE OIL & GAS ONSHORE LP
Date Original Permit Issued: 2/14/2007

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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

Kathy Schmebeck Duchon
Signature

2/12/2009
Date

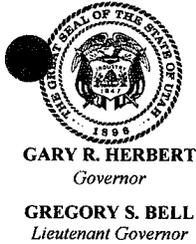
Title: STAFF REGULATORY ANALYST

Representing: KERR McGEE OIL & GAS ONSHORE LP

RECEIVED

FEB 24 2009

DIV. OF OIL, GAS & MINING



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 8, 2010

Kerr-McGee Oil & Gas Onshore, L.P.
P.O. Box 173779
Denver, CO 80217

Re: APD Rescinded – Natural Buttes U 1021-2K, Sec. 2, T. 10S, R. 21E, Uintah County, Utah, API No. 43-047-38842

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on January 14, 2007. On February 25, 2008 and March 2, 2009 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective March 8, 2010.

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

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
SITLA, Ed Bonner