

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

1a. Type of Work:  DRILL  REENTER

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

5. Lease Serial No.  
**UTU-01191**

6. If Indian, Allottee or Tribe Name

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

2. Name of Operator  
**KERR MCGEE OIL & GAS ONSHORE LP**

8. Lease Name and Well No.  
**NBU 1022-3E-1**

3A. Address  
**1368 SOUTH 1200 EAST VERNAL, UT 84078**

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

9. API Well No.  
**43-047-38917**

4. Location of Well (Report location clearly and in accordance with any State requirements.)\*  
At surface **SWNW 1406'FNL, 1202'FWL LOT 4 634014X 39.981338**  
At proposed prod. Zone **44266554 -109.430510**

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

11. Sec., T., R., M., or Blk, and Survey or Area  
**SEC. 3, T10S, R22E**

14. Distance in miles and direction from nearest town or post office\*  
**38.2 MILES SOUTH 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)  
**1202'**

16. No. of Acres in lease  
**1041.78**

17. Spacing Unit dedicated to this well  
**40.00**

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft.  
**REFER TO TOPO C**

19. Proposed Depth  
**8790'**

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

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**5060'UNGRADED GL**

22. Approximate date work will start\*

23. Estimated duration

24. Attachments

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

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

|                                       |  |                          |
|---------------------------------------|--|--------------------------|
| 25. Signature<br>                     | Name (Printed/Typed)<br><b>SHEILA UPCHEGO</b>  | Date<br><b>12/1/2006</b> |
| Title<br><b>REGULATORY ANALYST</b>    |  |                          |
| Approved by (Signature)<br>           | Name (Printed/Typed)<br><b>BRADLEY G. HILL</b> | Date<br><b>12-14-06</b>  |
| Title<br><b>ENVIRONMENTAL MANAGER</b> | Office   |                          |

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

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

\*(Instructions on reverse)

RECEIVED  
DEC 11 2006

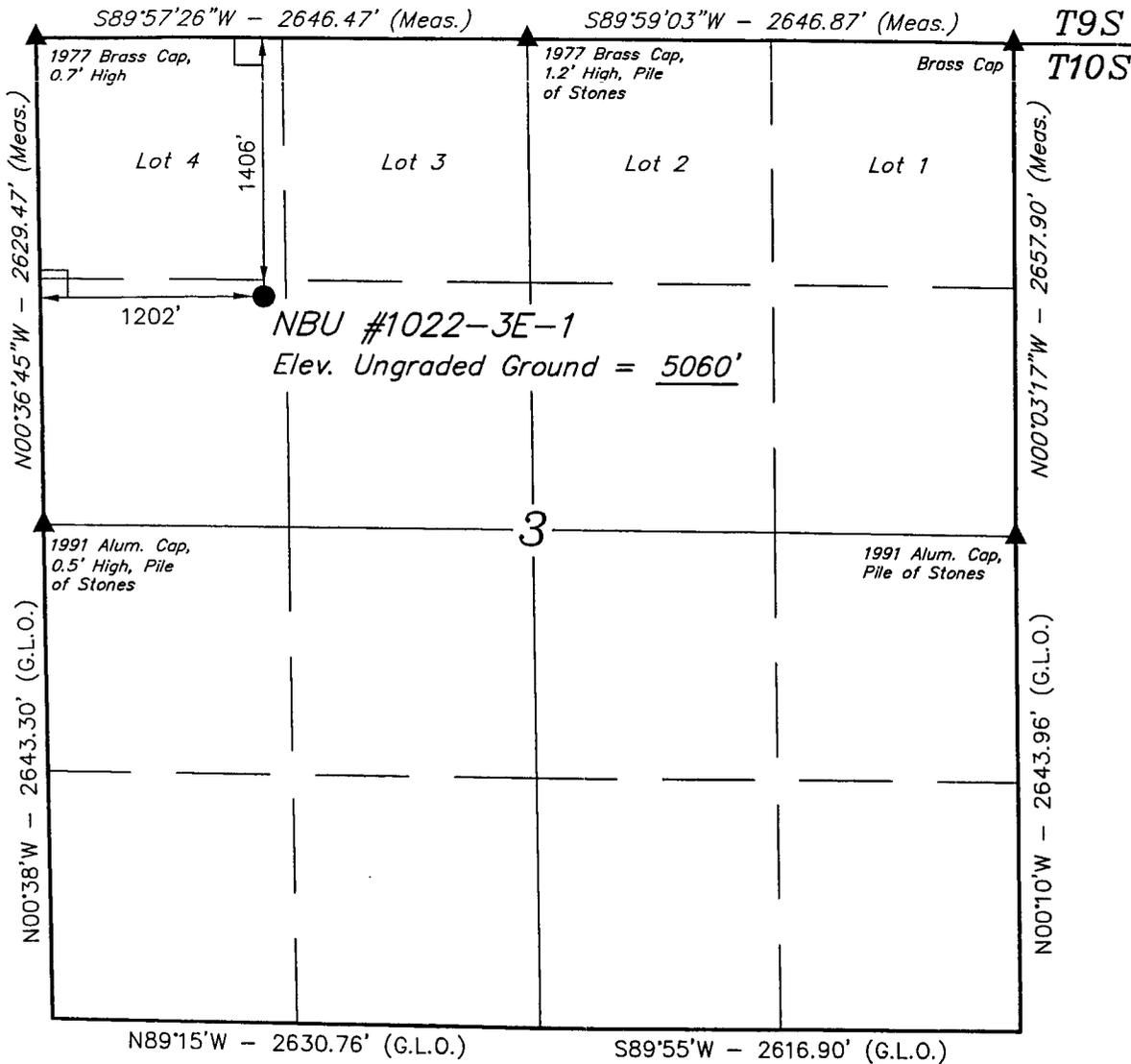
Federal Approval of this  
Action is Necessary

DIV. OF OIL, GAS & MINING

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

## Kerr-McGee Oil & Gas Onshore LP

Well location, NBU #1022-3E-1, located as Shown in the SW 1/4 NW 1/4 of Section 3, T10S, R22E, S.L.B.&M., Uintah County, Utah.

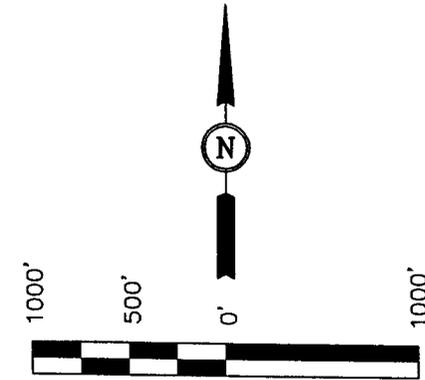


### BASIS OF ELEVATION

BENCH MARK (20EAM) LOCATED IN THE SE 1/4 OF SECTION 35, T8S, R21E, S.L.B.&M. TAKEN FROM THE OURAY SE QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4697 FEET.

### BASIS OF BEARINGS

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



SCALE

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE SURVEY WAS MADE 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.



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

### LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(NAD 83)

LATITUDE = 39°58'53.06" (39.981406)

LONGITUDE = 109°25'52.43" (109.431231)

(NAD 27)

LATITUDE = 39°58'53.18" (39.981439)

LONGITUDE = 109°25'49.97" (109.430547)

|                         |   |                        |
|-------------------------|---|------------------------|
| SCALE<br>1" = 1000'     | DATE SURVEYED:<br>5-14-06               | DATE DRAWN:<br>5-26-06 |
| PARTY<br>D.K. J.R. K.G. | REFERENCES<br>G.L.O. PLAT               |                        |
| WEATHER<br>WARM         | FILE Kerr-McGee Oil & Gas<br>Onshore LP |                        |

NBU #1022-3E-1  
SWNW SEC 3, T10S, R22E  
UINTAH COUNTY, UTAH  
UTU-01191

ONSHORE ORDER NO. 1

***DRILLING PROGRAM***

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

| <u>Formation</u>        | <u>Depth</u> |
|-------------------------|--------------|
| Uinta                   | 0- Surface   |
| Green River             | 1209'        |
| Top of Birds Nest Water | 1485'        |
| Mahogany                | 2102'        |
| Wasatch                 | 4307'        |
| Mesaverde               | 6683'        |
| MVU2                    | 7662'        |
| MVL1                    | 8206         |
| TD                      | 8790'        |

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

| <u>Substance</u> | <u>Formation</u>        | <u>Depth</u> |
|------------------|-------------------------|--------------|
|                  | Green River             | 1209'        |
|                  | Top of Birds Nest Water | 1485'        |
|                  | Mahogany                | 2102'        |
| Gas              | Wasatch                 | 4307'        |
| Gas              | Mesaverde               | 6683'        |
| Gas              | MVU2                    | 7662'        |
| Gas              | MVL1                    | 8206         |
| Water            | N/A                     |              |
| Other Minerals   | N/A                     |              |

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

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

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

*Please see the Natural Buttes Unit SOP.*

5. **Drilling Fluids Program:**

*Please see the Natural Buttes Unit SOP.*

6. **Evaluation Program:**

*Please see the Natural Buttes Unit SOP.*

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 8790' TD, approximately equals 5450 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3516 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

*Drilling is planned to commence immediately upon approval of this application.*

9. **Variations:**

*Please see Natural Buttes Unit SOP.*

10. **Other Information:**

*Please see Natural Buttes Unit SOP.*



# KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE December 1, 2006  
 WELL NAME NBU 1022-3E-1 TD 8,790' MD/TVD \_\_\_\_\_  
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,059' GL KB 5,074'  
 SURFACE LOCATION SE/SW/NW SEC. 3, T10S, R22E 1406'FNL, 1202'FWL BHL Straight Hole  
 Latitude: 39.981406 Longitude: 109.431231  
 OBJECTIVE ZONE(S) Wasatch/Mesaverde  
 ADDITIONAL INFO Regulatory Agencies: BLM (SURF & MINERALS), UDOGM, 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,<br>from 0 to 4,307'<br><div style="margin-left: 100px;">             Green River @ 1,209'<br/>             Top of Birds Nest Water @ 1485'<br/>             Preset f/ GL @ 2,040' MD           </div> |            |        |            |  |                                       |
| 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 @ | 2,102' |            |  | Water/Fresh Water Mud                 |
| Mud logging program TBD<br>Open hole logging program f/ TD - surf csg  |            |        | 7-7/8"     | 4-1/2", 11.6#, I-80 or equivalent LTC casing | 8.3-11.7 ppg                          |
|  | Wasatch @  | 4,307' |            |  |                                       |
|  | Mverde @   | 6,683' |            |  |                                       |
|  | MVU2 @     | 7,662' |            |  |                                       |
|  | MVL1 @     | 8,206' |            |  |                                       |
|  | TD @       | 8,790' |            |  | Max anticipated Mud required 11.7 ppg |



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

**CASING PROGRAM**

|            | SIZE   | INTERVAL  | WT.   | GR.  | CPLG. | DESIGN FACTORS |          |         |
|------------|--------|-----------|-------|------|-------|----------------|----------|---------|
|            |        |           |       |      |       | BURST          | COLLAPSE | TENSION |
| CONDUCTOR  | 14"    | 0-40'     |       |      |       | 2270           | 1370     | 254000  |
| SURFACE    | 9-5/8" | 0 to 2040 | 32.30 | H-40 | STC   | 0.66*****      | 1.43     | 4.40    |
| PRODUCTION | 4-1/2" | 0 to 8790 | 11.60 | I-80 | LTC   | 2.28           | 1.19     | 201000  |

- 1) Max Anticipated Surf. Press (MASP) (Surface Casing) = (Pore Pressure at next csg point)-(0.22 psi/ft-partial evac gradient x TVD of next csg point)  
 2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)  
 (Burst Assumptions: TD = 11.7 ppg) .22 psi/ft = gradient for partially evac wellbore  
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing\*Buoy.Fact. of water)  
 MASP 3414 psi

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

**CEMENT PROGRAM**

|            |                 | FT. OF FILL   | DESCRIPTION  | SACKS   | EXCESS | WEIGHT | YIELD |
|------------|-----------------|---|--|---------|--------|--------|-------|
| SURFACE    | LEAD            | 500   | Premium cmt + 2% CaCl + .25 pps flocele  | 215     | 60%    | 15.60  | 1.18  |
| Option 1   | TOP OUT CMT (1) | 200   | 20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele                          | 50      |        | 15.60  | 1.18  |
|            | TOP OUT CMT (2) | as required   | Premium cmt + 2% CaCl  | as req. |        | 15.60  | 1.18  |
| SURFACE    | Option 2        | <b>NOTE: If well will circulate water to surface, option 2 will be utilized</b> |  |         |        |        |       |
|            | 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            | 3,800'  | Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender | 420     | 60%    | 11.00  | 3.38  |
|            | TAIL            | 4,990'  | 50/50 Poz/G + 10% salt + 2% gel +.1% R-3   | 1400    | 60%    | 14.30  | 1.31  |

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

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

**FLOAT EQUIPMENT & CENTRALIZERS**

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

**ADDITIONAL INFORMATION**

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

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

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

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

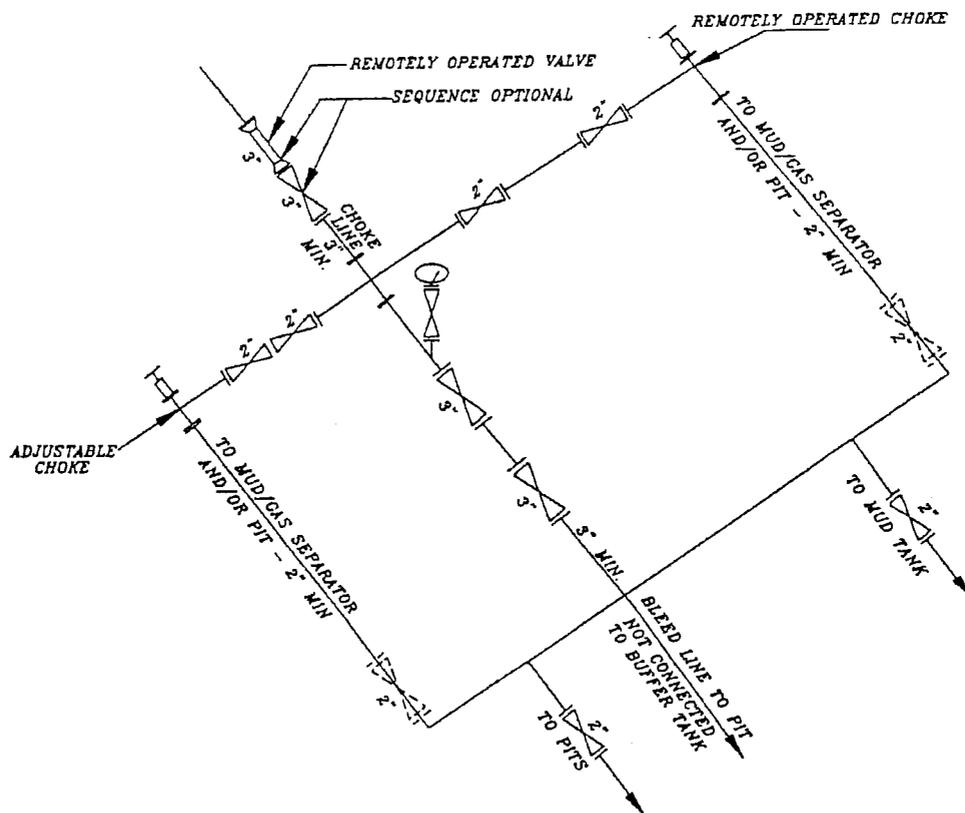
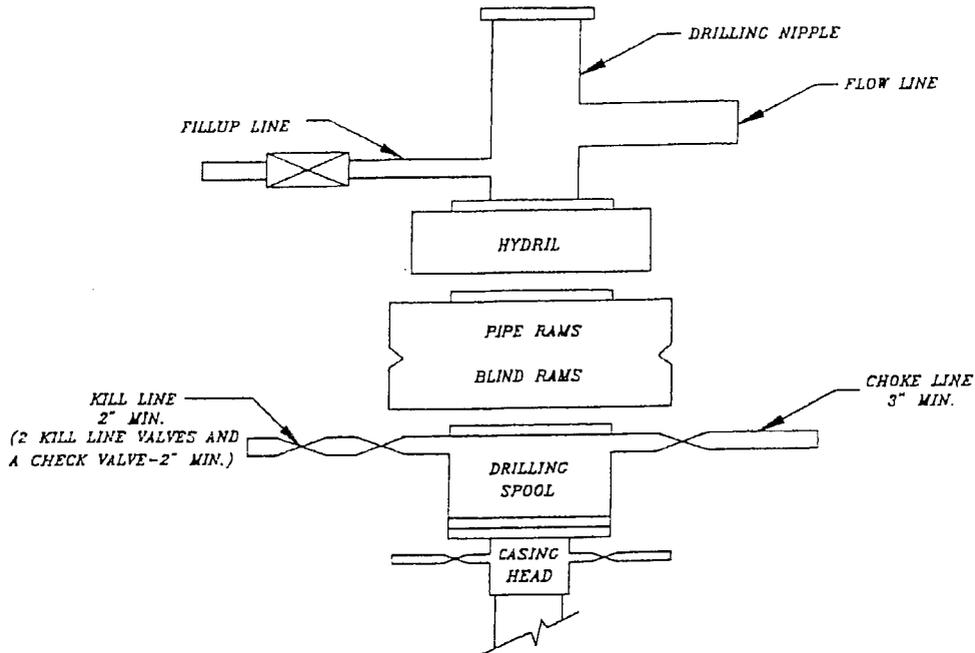
DRILLING ENGINEER: \_\_\_\_\_  
Brad Laney

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

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

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

# 5M BOP STACK and CHOKE MANIFOLD SYSTEM



NBU #1022-3E-1  
SWNW SEC 3, T10S, R22E  
UINTAH COUNTY, UTAH  
UTU-01191

ONSHORE ORDER NO. 1

*MULTI-POINT SURFACE USE & OPERATIONS PLAN*

1. **Existing Roads:**

Refer to the attached location directions.

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

2. **Planned Access Roads:**

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

A re-route road is proposed. Please refer to the attached Topo Map B.

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

Please refer to Topo Map C.

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

*Please see the Natural Buttes Unit SOP.*

Approximately 399' +/- of 4" pipeline is proposed. The pipeline shall be butt-welded. Refer to Topo Map D.

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

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

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

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

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

*Please see the Natural Buttes SOP.*

6. **Source of Construction Materials:**

*Please see the Natural Buttes SOP.*

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

*Please see the Natural Buttes SOP.*

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

8. **Ancillary Facilities:**

*Please see the Natural Buttes SOP.*

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

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

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

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

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

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

*Please see the Natural Buttes SOP.*

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

Galleta Grass

20 lbs.

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

**11. Surface Ownership:**

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

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

**12. Other Information:**

A Class III archaeological survey has been performed and completed on May 31, 2006; The archaeological report No. 06-235 is attached. The paleontological survey have been performed and completed on July 28, 2006 the paleontological survey report No. 06-193; these reports are being submitted along with the Application for Permit to Drill.

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

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

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

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

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

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

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

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

  
Sheila Upchego

12/1/2006

Date

Kerr-McGee Oil & Gas Onshore LP  
NBU #1022-3E-1  
SECTION 3, T10S, R22E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 11.2 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, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 8.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 3.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTH; TURN LEFT AND PROCEED IN A NORTHERLY DIRECTION APPROXIMATELY 1.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 400' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 56.4 MILES.

# Kerr-McGee Oil & Gas Onshore LP

NBU #1022-3E-1  
LOCATED IN UTAH COUNTY, UTAH  
SECTION 3, T10S, R22E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW OF EXISTING ACCESS

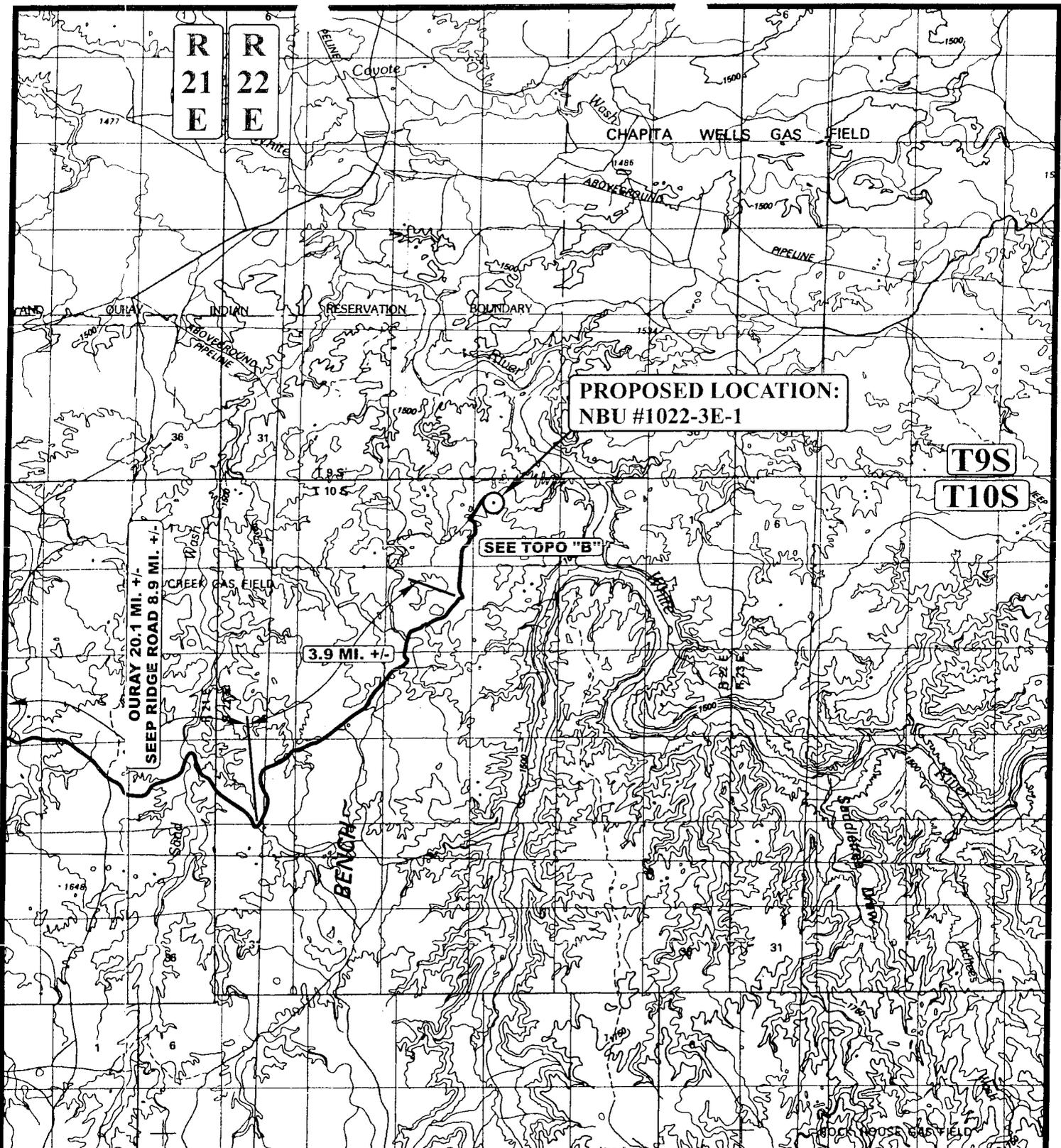
CAMERA ANGLE: SOUTHEASTERLY



- Since 1964 -

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

|                 |                |     |                   |       |
|-----------------|----------------|-----|-------------------|-------|
| LOCATION PHOTOS | 05             | 18  | 06                | PHOTO |
|                 | MONTH          | DAY | YEAR              |       |
| TAKEN BY: J.R.  | DRAWN BY: C.P. |     | REVISED: 00-00-00 |       |



**LEGEND:**  
 ○ PROPOSED LOCATION

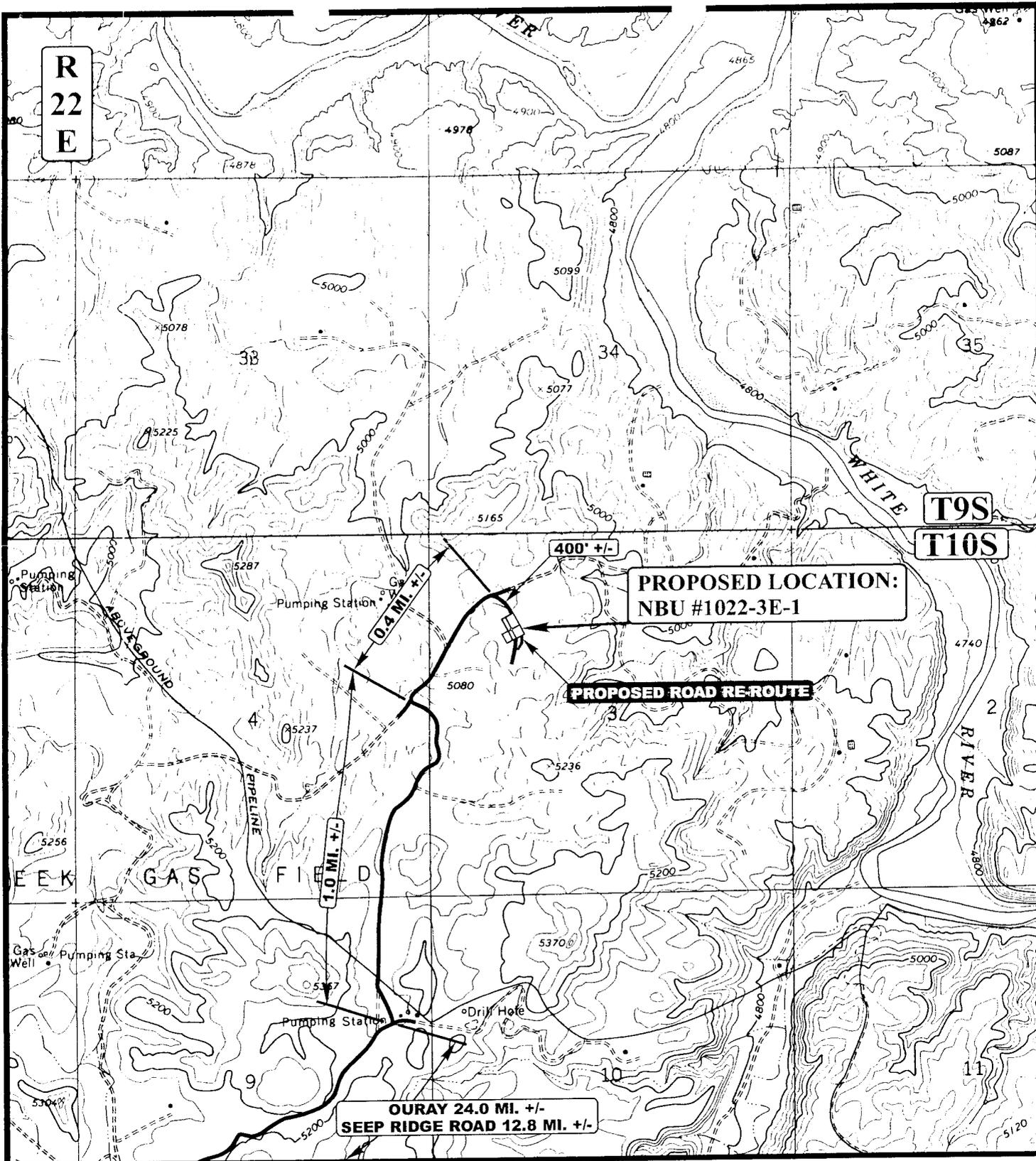
**Kerr-McGee Oil & Gas Onshore LP**  
 NBU #1022-3E-1  
 SECTION 3, T10S, R22E, S.L.B.&M.  
 1406' FNL 1202' FWL

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



**TOPOGRAPHIC** 05 18 06  
 MAP MONTH DAY YEAR  
 SCALE: 1:100,000 DRAWN BY: C.P. REVISED: 00-00-00





R  
22  
E

T9S

T10S

PROPOSED LOCATION:  
NBU #1022-3E-1

PROPOSED ROAD RE-ROUTE

OURAY 24.0 MI. +/-  
SEEP RIDGE ROAD 12.8 MI. +/-

**LEGEND:**

-  EXISTING ROAD
-  PROPOSED ROAD RE-ROUTE



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

NBU #1022-3E-1  
SECTION 3, T10S, R22E, S.L.B.&M.  
1406' FNL 1202' FWL

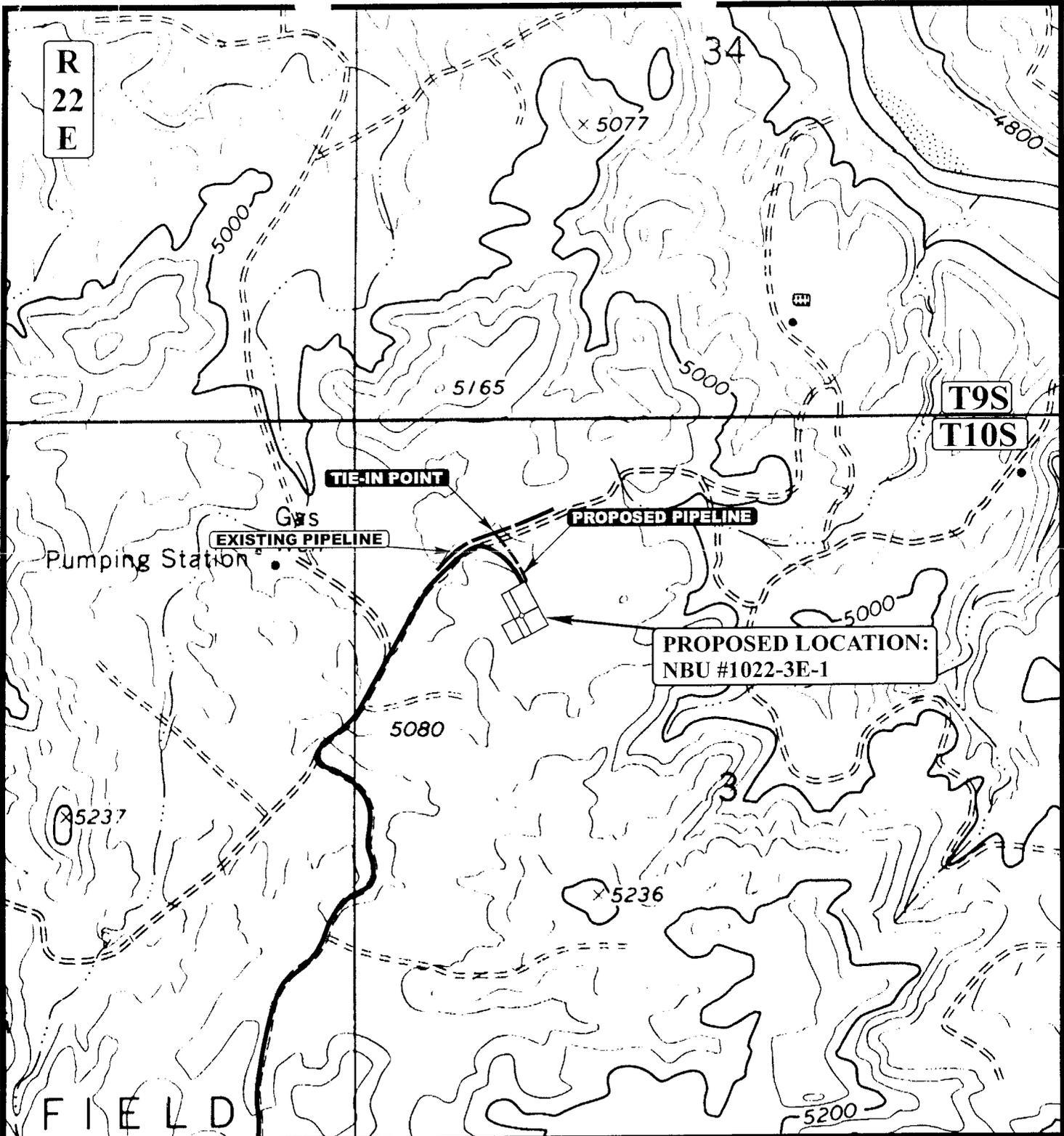


Uintah Engineering & Land Surveying  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

|                   |                |     |                   |
|-------------------|----------------|-----|-------------------|
| TOPOGRAPHIC       | 05             | 18  | 06                |
| MAP               | MONTH          | DAY | YEAR              |
| SCALE: 1" = 2000' | DRAWN BY: C.P. |     | REVISED: 00-00-00 |







APPROXIMATE TOTAL PIPELINE DISTANCE = 399' +/-

**LEGEND:**

-  EXISTING PIPELINE
-  PROPOSED PIPELINE



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

NBU #1022-3E-1  
SECTION 3, T10S, R22E, S.L.B.&M.  
1406' FNL 1202' FWL



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

|                   |                |     |                   |
|-------------------|----------------|-----|-------------------|
| TOPOGRAPHIC       | 05             | 18  | 06                |
| MAP               | MONTH          | DAY | YEAR              |
| SCALE: 1" = 1000' | DRAWN BY: C.P. |     | REVISED: 00-00-00 |



# Kerr-McGee Oil & Gas Onshore LP

NBU #1022-3E-1

PIPELINE ALIGNMENT

LOCATED IN UTAH COUNTY, UTAH

SECTION 3, T10S, R22E, S.L.B.&M.

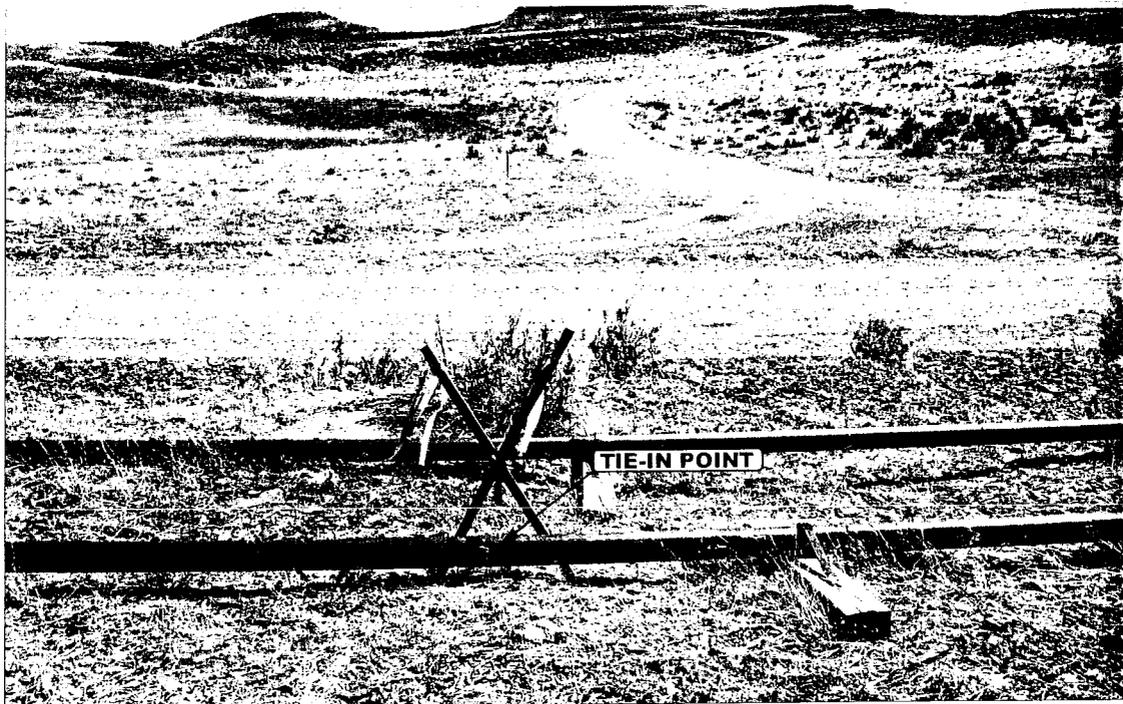


PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: SOUTHEASTERLY

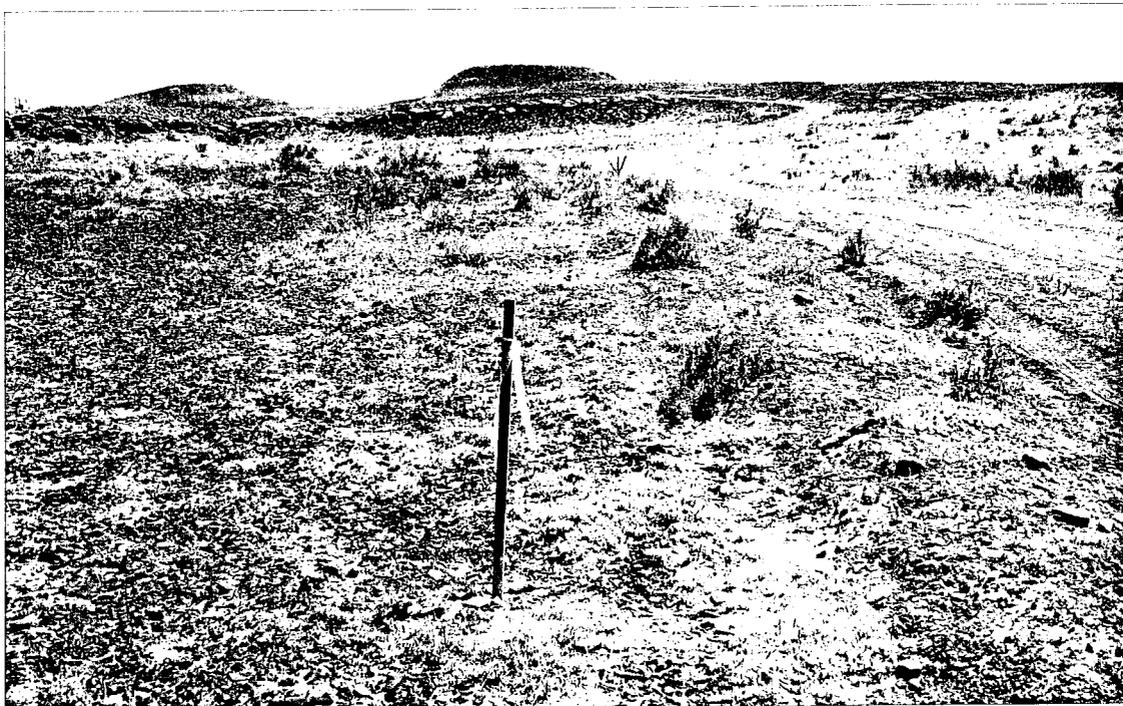


PHOTO: VIEW OF PIPELINE AT LOCATION

CAMERA ANGLE: SOUTHEASTERLY



Since 1964

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

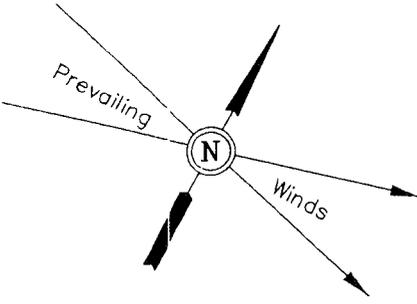
|                 |                |     |                   |       |
|-----------------|----------------|-----|-------------------|-------|
| PIPELINE PHOTOS | 05             | 18  | 06                | PHOTO |
|                 | MONTH          | DAY | YEAR              |       |
| TAKEN BY: J.R.  | DRAWN BY: C.P. |     | REVISED: 00-00-00 |       |

# Kerr-McGee Oil & Gas Onshore LP

FIGURE #1

## LOCATION LAYOUT FOR

NBU #1022-3E-1  
SECTION 3, T10S, R22E, S.L.B.&M.  
1406' FNL 1202' FWL



SCALE: 1" = 50'  
DATE: 11-01-06  
Drawn By: S.L.

**NOTE:**

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

Reserve Pit Backfill & Spoils Stockpile

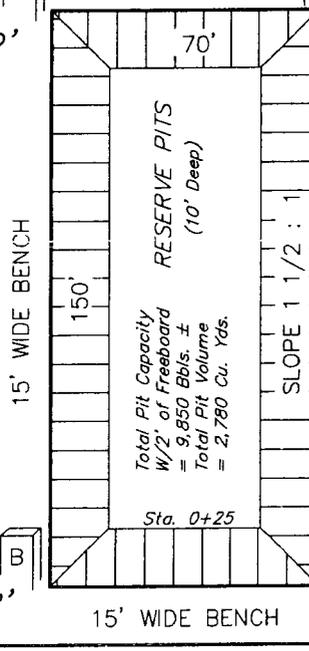
Approx. Top of Cut Slope

Pit Topsoil

FLARE PIT C-2.0' El. 61.5'

El. 68.7'  
C-19.2' (btm. pit)

Blooms Line

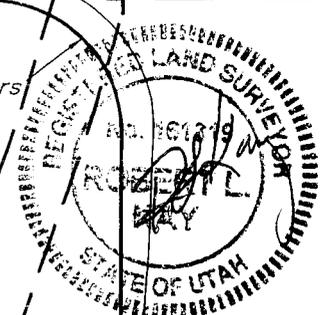
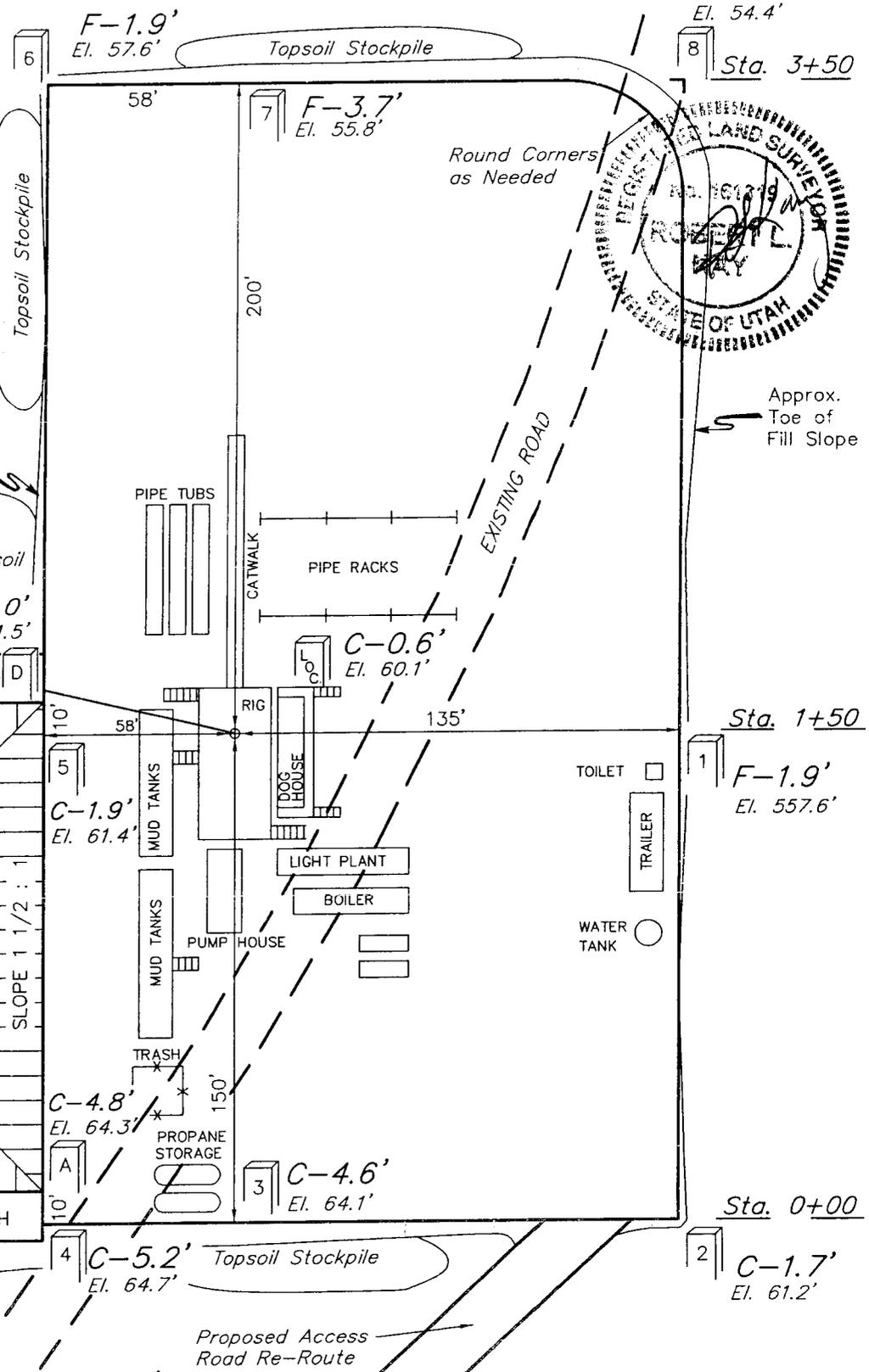


El. 68.3'  
C-18.8' (btm. pit)

Reserve Pit Backfill & Spoils Stockpile

**NOTES:**

Elev. Ungraded Ground At Loc. Stake = 5060.1'  
FINISHED GRADE ELEV. AT LOC. STAKE = 5059.5'



# Kerr-McGee Oil & Gas Onshore LP

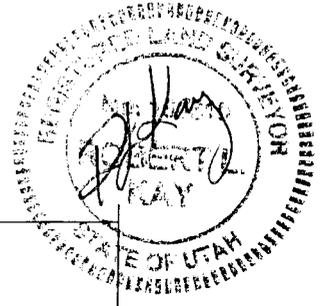
FIGURE #2

## TYPICAL CROSS SECTIONS FOR

NBU #1022-3E-1

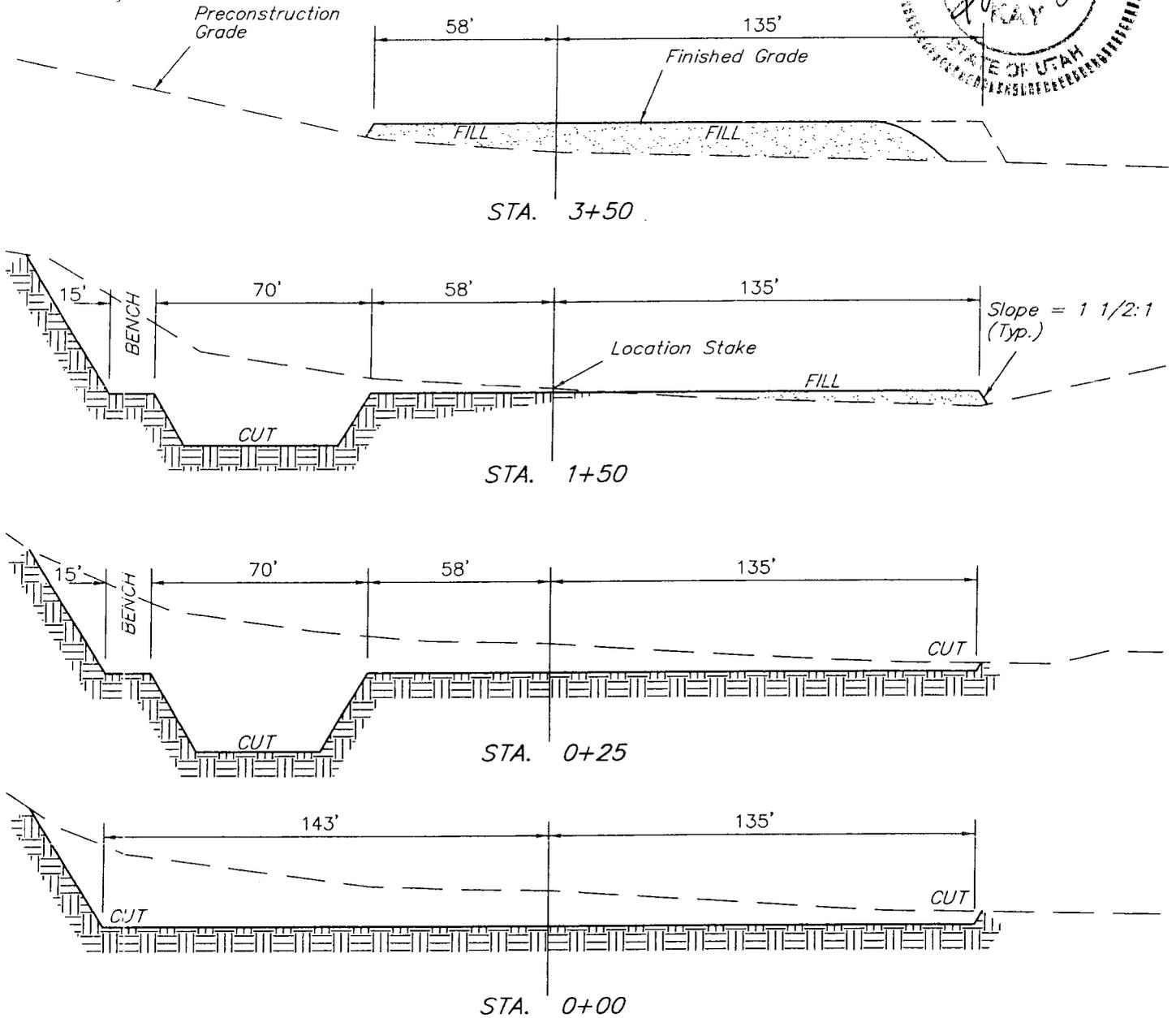
SECTION 3, T10S, R22E, S.L.B.&M.

1406' FNL 1202' FWL



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

DATE: 11-01-06  
Drawn By: S.L.



**NOTE:**

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

**\* NOTE:**

FILL QUANTITY INCLUDES 5% FOR COMPACTION

**APPROXIMATE YARDAGES**

|                        |                         |
|------------------------|-------------------------|
| <b>CUT</b>             |                         |
| (6") Topsoil Stripping | = 1,790 Cu. Yds.        |
| Remaining Location     | = 9,140 Cu. Yds.        |
| <b>TOTAL CUT</b>       | <b>= 10,930 CU.YDS.</b> |
| <b>FILL</b>            | <b>= 4,150 CU.YDS.</b>  |

|  |                  |
|--|------------------|
| EXCESS MATERIAL                                    | = 6,780 Cu. Yds. |
| Topsoil & Pit Backfill<br>(1/2 Pit Vol.)           | = 3,930 Cu. Yds. |
| EXCESS UNBALANCE<br>(After Interim Rehabilitation) | = 2,850 Cu. Yds. |

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

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 12/11/2006

API NO. ASSIGNED: 43-047-38917

WELL NAME: NBU 1022-3E-1  
 OPERATOR: KERR-MCGEE OIL & GAS ( N2995 )  
 CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

SWNW 03 100S 220E  
 SURFACE: 1406 FNL 1202 FWL  
 BOTTOM: 1406 FNL 1202 FWL  
 COUNTY: UINTAH  
 LATITUDE: 39.98134 LONGITUDE: -109.4305  
 UTM SURF EASTINGS: 634014 NORTHINGS: 4426655  
 FIELD NAME: NATURAL BUTTES ( 630 )

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

LEASE TYPE: 1 - Federal  
 LEASE NUMBER: UTU-01191  
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSMVD  
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

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

LOCATION AND SITING:

- R649-2-3.
- Unit: NATURAL BUTTES
- R649-3-2. General  
Siting: 460' From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit  
Board Cause No: 173-14  
Eff Date: 12-2-1994  
Siting: 460' by w/dry Fuel min trees
- R649-3-11. Directional Drill

COMMENTS:

See Separate file

STIPULATIONS:

1. Federal Approval  
2. OIL SHALE



OPERATOR: KERR MCGEE O&G (N2995)

SEC: 3,4,8,9,15 T.10S R. 22E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

CAUSE: 173-14 / 12-2-1999

**Field Status**

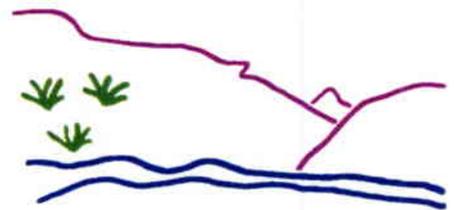
- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

**Unit Status**

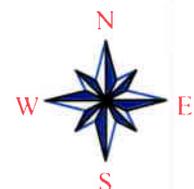
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

**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: 13-DECEMBER-2006

# 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)

December 14, 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)

|              |               |                                    |
|--------------|---------------|------------------------------------|
| 43-047-38917 | NBU 1022-3E-1 | Sec 03 T10S R22E 1406 FNL 1202 FWL |
| 43-047-38918 | NBU 1022-4H-3 | Sec 04 T10S R22E 2426 FNL 1163 FEL |
| 43-047-38919 | NBU 1022-4H-2 | Sec 04 T10S R22E 1383 FNL 1164 FEL |
| 43-047-38920 | NBU 1022-4E-3 | Sec 04 T10S R22E 2171 FNL 0137 FWL |
| 43-047-38922 | NBU 1022-9A-4 | Sec 09 T10S R22E 1253 FNL 0140 FEL |
| 43-047-38923 | NBU 1022-15M  | Sec 15 T10S R22E 0469 FSL 0849 FWL |
| 43-047-38925 | NBU 1022-15N  | Sec 15 T10S R22E 0673 FSL 1900 FWL |

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



**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*

December 14, 2006

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

Re: Natural Buttes Unit 1022-3E-1 Well, 1406' FNL, 1202' FWL, SW NW, Sec. 3,  
T. 10 South, R. 22 East, Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38917.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

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

**Operator:** Kerr-McGee Oil & Gas Onshore LP  
**Well Name & Number** Natural Buttes Unit 1022-3E-1  
**API Number:** 43-047-38917  
**Lease:** UTU-01191

**Location:** SW NW                      **Sec.** 3                      **T.** 10 South                      **R.** 22 East

### **Conditions of Approval**

1. General

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

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

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

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

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

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

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

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**SUNDRY NOTICES AND REPORTS ON WELLS**

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

5. Lease Serial No.  
**UTU-01191**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**NBU 1022-3E-1**

9. API Well No.  
**43-047-38917**

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

11. County or Parish, State  
**UINTAH, UTAH**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
**KERR-MCGEE OIL & GAS ONSHORE LP**

3a. Address  
**1999 BROADWAY, STE 3700, DENVER, CO 80202**

3b. Phone No. (include area code)  
**435-781-7003**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**1406' FNL, 1202' FWL  
SWNW, SECTION 3, T10S, R22E, SLB&M**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION                                   | TYPE OF ACTION                                |   |  |  |
|--|---|---|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                        |
| <input type="checkbox"/> Subsequent Report           | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                        |
| <input type="checkbox"/> Final Abandonment Notice    | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other <b>APD EXTENSION</b> |
|  | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | <b>DOGM</b>  |
|  | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |  |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleation in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

THE OPERATOR REQUESTS AUTHORIZATION FOR A ONE YEAR EXTENSION FOR THE SUBJECT WELL LOCATION. SO T THE DRILLING OPERATIONS MAY BE COMPLETED. THE ORIGINAL APD WAS APPROVED BY THE DIVISION OF OIL, GAS AND MINING ON DECEMBER 14, 2006.

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

COPY SENT TO OPERATOR  
Date: 12/5/2007  
Initials: RS

Date: 12-04-07  
By: [Signature]

**RECEIVED**  
**DEC 03 2007**  
DIV. OF OIL, GAS & MINING

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

|   |  |
|---|--|
| Name (Printed/Typed)<br><b>RALEEN WHITE</b> | Title<br><b>SR. REGULATORY ANALYST</b> |
| Signature<br><u>Raleen White</u>            | Date<br><b>November 26, 2007</b>       |

**THIS SPACE FOR FEDERAL OR STATE USE**

|   |        |      |
|---|--------|------|
| Approved by   | Title  | Date |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office |      |

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

RESET

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

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

**API:** 4304738917  
**Well Name:** NBU 1022-3E-1  
**Location:** SWNW, SECTION 3, T10S, R22E, SLB&M  
**Company Permit Issued to:** KERR-MCGEE OIL & GAS ONSHORE LP  
**Date Original Permit Issued:** 12/14/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes  No

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes  No

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

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes  No

Has the approved source of water for drilling changed? Yes  No

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes  No

Is bonding still in place, which covers this proposed well? Yes  No

Raleen White  
Signature

11/26/07  
Date

Title: Sr. Regulatory Analyst

Representing: Kerr-McGee Oil & Gas Onshore LP

**RECEIVED**  
**DEC 03 2007**  
DIV. OF OIL, GAS & MINING

RECEIVED

Form 3160-3  
(August 1999)

DEC 04 2006

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

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

BLM

APPLICATION FOR PERMIT TO DRILL OR REENTER

5. Lease Serial No.  
**UTU-01191**

6. If Indian, Allottee or Tribe Name

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

**UNIT #891008900A**

8. Lease Name and Well No.  
**NBU 1022-3E-1**

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**

9. API Well No.  
**43 0A7 38917**

3A. Address  
**1368 SOUTH 1200 EAST VERNAL, UT 84078**

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

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

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)  
At surface **SWNW 1406'FNL, 1202'FWL LOT 4**  
At proposed prod. Zone

11. Sec., T., R., M., or Blk, and Survey or Area  
**SEC. 3, T10S, R22E**

14. Distance in miles and direction from nearest town or post office\*  
**38.2 MILES SOUTH 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) **1202'**

16. No. of Acres in lease  
**1041.78**

17. Spacing Unit dedicated to this well  
**40.00**

18. Distance from proposed location\* to nearest well, drilling, completed, applied for, on this lease, ft. **REFER TO TOPO C**

19. Proposed Depth  
**8790'**

20. BLM/BIA Bond No. on file  
**BOND NO: WY-2357-000291**

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
**5060' UNGRADED GL**

22. Approximate date work will start\*

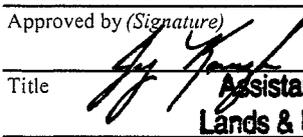
23. Estimated duration

24. Attachments

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

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>1. Well plat certified by a registered surveyor.</li> <li>2. A Drilling Plan.</li> <li>3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.</li> </ul> | <ul style="list-style-type: none"> <li>4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).</li> <li>5. Operator certification.</li> <li>6. Such other site specific information and/or plans as may be required by the authorized office.</li> </ul> |
|---|--|

|   |   |                          |
|---|---|--------------------------|
| 25. Signature<br> | Name (Printed/Typed)<br><b>SHEILA UPCHEGO</b> | Date<br><b>12/1/2006</b> |
|---|---|--------------------------|

|   |   |                            |
|---|---|----------------------------|
| Approved by (Signature)<br> | Name (Printed/Typed)<br><b>Jerry Kewiczka</b> | Date<br><b>AUG 21 2008</b> |
| Title<br><b>Assistant Field Manager<br/>Lands &amp; Mineral Resources</b>                                     | Office<br><b>VERNAL FIELD OFFICE</b>          |                            |

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

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)

**UDOGM**

**NOTICE OF APPROVAL**

**RECEIVED  
AUG 25 2008**

**DIV. OF OIL, GAS & MINING**

06BM1829A

NOV 6 2008

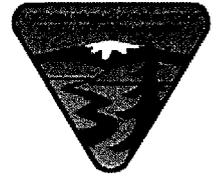


**UNITED STATES DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
VERNAL FIELD OFFICE**

**170 South 500 East**

**VERNAL, UT 84078**

**(435) 781-4400**



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

|                 |   |                   |                                 |
|-----------------|---|-------------------|---------------------------------|
| <b>Company:</b> | <b>Kerr-McGee Oil &amp; Gas Onshore, LP</b> | <b>Location:</b>  | <b>SWNW, Sec. 3, T10S, R22E</b> |
| <b>Well No:</b> | <b>NBU 1022-3E-1</b>                        | <b>Lease No:</b>  | <b>UTU-01191</b>                |
| <b>API No:</b>  | <b>43-047-38917</b>                         | <b>Agreement:</b> | <b>Natural Buttes Unit</b>      |

| <b>Title</b>                      | <b>Name</b>     | <b>Office Phone Number</b> | <b>Cell Phone Number</b> |
|-----------------------------------|-----------------|----------------------------|--------------------------|
| Petroleum Engineer:               | Matt Baker      | (435) 781-4490             | (435) 828-4470           |
| Petroleum Engineer:               | Michael Lee     | (435) 781-4432             | (435) 828-7875           |
| Petroleum Engineer:               | James Ashley    | (435) 781-4470             | (435) 828-7874           |
| Petroleum Engineer:               | Ryan Angus      | (435) 781-4430             | (435) 828-7368           |
| Supervisory Petroleum Technician: | Jamie Sparger   | (435) 781-4502             | (435) 828-3913           |
| Supervisory NRS:                  | Karl Wright     | (435) 781-4484             | (435) 828-7381           |
| NRS/Enviro Scientist:             | Holly Villa     | (435) 781-4404             | (435) 828-3544           |
| NRS/Enviro Scientist:             | James Hereford  | (435) 781-3412             |                          |
| NRS/Enviro Scientist:             | Chuck Macdonald | (435) 781-4441             | (435) 828-7481           |
| NRS/Enviro Scientist:             | Dan Emmett      | (435) 781-3414             |                          |
| NRS/Enviro Scientist:             | Paul Percival   | (435) 781-4493             |                          |
| NRS/Enviro Scientist:             | Michael Cutler  | (435) 781-3401             | (435) 828-3546           |
| NRS/Enviro Scientist:             | Anna Figueroa   | (435) 781-3407             | (435) 828-3548           |
| NRS/Enviro Scientist:             | Verlyn Pindell  | (435) 781-3402             | (435) 828-3547           |
| NRS/Enviro Scientist:             | Darren Williams | (435) 781-4447             | (435) 828-4029           |
| NRS/Enviro Scientist:             | Nathan Packer   | (435) 781-3405             | (435) 828-3545           |

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

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR  
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

**NOTIFICATION REQUIREMENTS**

|   |   |  |
|---|---|--|
| Location Construction<br>(Notify Environmental Scientist)       | - | Forty-Eight (48) hours prior to construction of location and access roads.   |
| Location Completion<br>(Notify Environmental Scientist)         | - | Prior to moving on the drilling rig.   |
| Spud Notice<br>(Notify Petroleum Engineer)                      | - | Twenty-Four (24) hours prior to spudding the well.   |
| Casing String & Cementing<br>(Notify Supv. Petroleum Tech.)     | - | Twenty-Four (24) hours prior to running casing and cementing all casing strings.   |
| BOP & Related Equipment Tests<br>(Notify Supv. Petroleum Tech.) | - | Twenty-Four (24) hours prior to initiating pressure tests.   |
| First Production Notice<br>(Notify Petroleum Engineer)          | - | Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days. |

***SURFACE USE PROGRAM  
CONDITIONS OF APPROVAL (COAs)***

***Surface COAs:***

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

***Site Specific COAs:***

- The topsoil from the reserve pit shall be stripped and piled separately near the reserve pit. When the reserve pit is closed, it shall be re-contoured and the topsoil re-spread, and the area shall be seeded in the same manner as the location topsoil.
- Once the location is plugged and abandoned, it shall be re-contoured to natural contours, topsoil re-spread where appropriate, and the entire location seeded with the recommended seed mix. Seeding shall take place by broadcasting the seed and walking it into the soil with a dozer immediately after the dirt work is completed.
- Seeding shall occur in the fall (August 1<sup>st</sup> until snow or ground is frozen).

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

**SITE SPECIFIC DOWNHOLE COAs:**

- A surface casing shoe integrity test shall be performed.
- Production casing cement top shall be at a minimum of 200' above the surface casing shoe.

**All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to.** The following items are emphasized:

**DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS**

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.

- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT\_VN\_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

## **OPERATING REQUIREMENT REMINDERS:**

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location (¼¼, Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.

- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

# DIVISION OF OIL, GAS AND MINING

## **SPUDDING INFORMATION**

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

Well Name:   **NBU 1022-3E-1**  

Api No:           **43-047-38917**   Lease Type:           **FEDERAL**  

Section   **03**   Township   **10S**   Range   **22E**   County   **UINTAH**  

Drilling Contractor           **PETE MARTIN DRLG**   RIG #   **BUCKET**  

### **SPUDDED:**

Date           **10/17/08**  

Time           **8:00 AM**  

How           **DRY**  

**Drilling will Commence:**   

Reported by   **LEW WELDON**  

Telephone #   **(435) 828-7035**  

Date           **10/20//08**   Signed           **CHD**

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

FORM 6

**ENTITY ACTION FORM**

Operator: KERR McGEE OIL & GAS ONSHORE LP Operator Account Number: N 2995  
 Address: 1368 SOUTH 1200 EAST  
 city VERNAL  
 state UT zip 84078 Phone Number: (435) 781-7024

**Well 1**

| API Number  | Well Name             |                   | QQ         | Sec | Twp                              | Rng  | County |
|---|-----------------------|-------------------|------------|-----|----------------------------------|------|--------|
| 4304738107  | NBU 921-30C           |                   | NENW       | 30  | 9 S                              | 21 E | UINTAH |
| Action Code   | Current Entity Number | New Entity Number | Spud Date  |     | Entity Assignment Effective Date |      |        |
| B   | 99999                 | 2900              | 10/17/2008 |     | 10/28/08                         |      |        |
| <b>Comments:</b> MIRU PETE MARTIN BUCKET RIG. <i>WSMVD</i><br>SPUD WELL LOCATION ON 10/17/2008 AT 0700 HRS. |                       |                   |            |     |                                  |      |        |

**Well 2**

| API Number  | Well Name             |                   | QQ         | Sec | Twp                              | Rng  | County |
|---|-----------------------|-------------------|------------|-----|----------------------------------|------|--------|
| 4304738917  | NBU 1022-3E-1         |                   | SWNW       | 3   | 10 S                             | 22 E | UINTAH |
| Action Code   | Current Entity Number | New Entity Number | Spud Date  |     | Entity Assignment Effective Date |      |        |
| B   | 99999                 | 2900              | 10/17/2008 |     | 10/28/08                         |      |        |
| <b>Comments:</b> MIRU PETE MARTIN BUCKET RIG. <i>WSMVD</i><br>SPUD WELL LOCATION ON 10/19/2008 AT 0800 HRS. |                       |                   |            |     |                                  |      |        |

**Well 3**

| API Number       | Well Name             |                   | QQ        | Sec | Twp                              | Rng | County |
|------------------|-----------------------|-------------------|-----------|-----|----------------------------------|-----|--------|
|                  |                       |                   |           |     |                                  |     |        |
| Action Code      | Current Entity Number | New Entity Number | Spud Date |     | Entity Assignment Effective Date |     |        |
|                  |                       |                   |           |     |                                  |     |        |
| <b>Comments:</b> |                       |                   |           |     |                                  |     |        |

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

SHEILA UPCHEGO

Name (Please Print) Sheila Upchego MC  
 Signature \_\_\_\_\_  
 REGULATORY ANALYST 10/21/2008  
 Title \_\_\_\_\_ Date \_\_\_\_\_

RECEIVED

OCT 23 2008

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or reenter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.*

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

5. Lease Serial No.  
**UTU-01191**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**NBU 1022-3E-1**

9. API Well No.  
**4304738917**

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

11. County or Parish, State  
**UINTAH COUNTY, UTAH**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well     Gas Well     Other

2. Name of Operator  
**KERR-McGEE OIL & GAS ONSHORE LP**

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

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**1406' FNL, 1202' FWL  
SWNW, SEC.3, T10S-R22E**

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |   |  |
|---|---|---|--|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume)         |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation                       |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                        |
|   | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon               |
|   | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal                    |
|   |   |   | <input type="checkbox"/> Water Shut-Off                    |
|   |   |   | <input type="checkbox"/> Well Integrity                    |
|   |   |   | <input checked="" type="checkbox"/> Other <b>WELL SPUD</b> |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

MIRU PETE MARTIN BUCKET RIG. DRILLED 20" CONDUCTOR HOLE TO 40'. RAN 14" 36.7# SCHEDULE 10 PIPE. CMT W/28 SX READY MIX.

SPUD WELL LOCATION ON 10/17/2008 AT 0800 HRS.

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

Name (Printed/Typed)

**SHEILA UPCHEGO**

Signature

*Sheila Upchego*

Title

**REGULATORY ANALYST**

Date

**October 20, 2008**

**THIS SPACE FOR FEDERAL OR STATE USE**

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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

(Instructions on reverse)

**RECEIVED**

**OCT 27 2008**

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
SUNDRY NOTICES AND REPORTS ON WELLS

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

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

5. Lease Serial No.  
**UTU-01191**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**NBU 1022-3E-1**

9. API Well No.  
**4304738917**

10. Field and Pool, or Exploratory Area

11. County or Parish, State  
**UINTAH COUNTY, UTAH**

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
**KERR-McGEE OIL & GAS ONSHORE LP**

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

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

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**1406' FNL, 1202' FWL  
SWNW, SEC.3, T10S-R22E**

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |   |  |  |
|---|---|---|--|--|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                      |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                      |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other <b>SET SURFACE</b> |
|   | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | <b>CSG</b>   |
|   | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |  |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

MIRU PROPETRO AIR RIG ON 10/18/2008. DRILLED 12 1/4" SURFACE HOLE TO 2370'. RAN 9 5/8" 36# J-55 SURFACE CSG. CMT W/300 SX PREM CLASS G @15.8 PPG 1.15 YIELD. NO RETURNS TO PIT +/- 500 PSI LIFT TOP OUT W/ 150 SX PREM CLASS G @15.8 PPG 1.15 YIELD. DOWN BACKSIDE. 2ND TOP OUT W/125 SX PREM CLASS G @15.8 PPG 1.15 YIELD. DOWN BACKSIDE GOOD CMT TO SURFACE HOLE STAYED FULL.

WORT.

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

|   |                                    |
|---|------------------------------------|
| Name (Printed/Typed)<br><b>SHEILA UPGHEGO</b> | Title<br><b>REGULATORY ANALYST</b> |
| Signature<br><i>Sheila Upchego</i>            | Date<br><b>October 24, 2008</b>    |

THIS SPACE FOR FEDERAL OR STATE USE

|   |        |      |
|---|--------|------|
| Approved by   | Title  | Date |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office |      |

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(Instructions on reverse)

RECEIVED

NOV 04 2008

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
SUNDRY NOTICES AND REPORTS ON WELLS

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

5. Lease Serial No.  
**UTU-01191**

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.  
**NBU 1022-3E-1**

9. API Well No.  
**4304738917**

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

11. County or Parish, State  
**UINTAH COUNTY, UTAH**

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4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**1406' FNL, 1202 FWL  
SWNW, SEC.3, T10S-R22E**

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| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |   |  |  |
|---|---|---|--|--|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                                    |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                                    |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other <b>FINAL DRILLING OPERATIONS</b> |
|   | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       |  |
|   | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |  |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.

**FINISHED DRILLING FROM 2370' TO 8820' ON 11/5/2008. RAN 4 1/2" 11.6# I-80 PRODUCTION CSG. LEAD CMT W/ 300 SX PREM LITE II @11.3 PPG 3.02 YIELD. TAILED CMT W/ 300 SX 50/50 POZ @ 14.3 PPG 1.31 YIELD. BUMP PLUG 2450 PSI OVER FLOATS HELD. 25 BBLS BACK TO PIT. LAND CSG TEST NIPPLE DOWN BOPE CLEAN TANKS.**

**RELEASED ENSIGN RIG 12 ON 11/5/08 AT 1430 HRS**

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

|   |                                    |
|---|------------------------------------|
| Name (Printed/Typed)<br><b>SHEILA UPCHEGO</b> | Title<br><b>REGULATORY ANALYST</b> |
| Signature<br><i>Sheila Upchego</i>            | Date<br><b>November 7, 2008</b>    |

**THIS SPACE FOR FEDERAL OR STATE USE**

|   |        |      |
|---|--------|------|
| Approved by   | Title  | Date |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office |      |

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

(Instructions on reverse)

**RECEIVED**

**NOV 12 2008**

DIV. OF OIL, GAS & MINING

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
UTU-01191

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE – Other instructions on page 2.**

1. Type of Well  
 Oil Well     Gas Well     Other

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

2. Name of Operator  
KERR MCGEE OIL & GAS ONSHORE LP

8. Well Name and No.  
NBU 1022-3E-1

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

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

9. API Well No.  
4304738917

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
SW/NW SEC. 3, T10S, R22E 1406'FNL, 1202'FWL

10. Field and Pool or Exploratory Area  
NATURAL BUTTES

11. Country or Parish, State  
UINTAH COUNTY, UTAH

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

| TYPE OF SUBMISSION                                    | TYPE OF ACTION                                |   |  |   |
|---|---|---|--|---|
| <input type="checkbox"/> Notice of Intent             | <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off                     |
| <input checked="" type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity                     |
| <input type="checkbox"/> Final Abandonment Notice     | <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other <u>PRODUCTION</u> |
|   | <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | <u>START-UP</u>   |
|   | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |   |

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

THE SUBJECT WELL LOCATION WAS PLACED ON PRODUCTION ON 11/23/2008 AT 9:00 AM.

PLEASE REFER TO THE ATTACHED CHRONOLOGICAL WELL HISTORY.

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

|  |                             |
|--|-----------------------------|
| Name (Printed/Typed)<br>SHEILA UPCHEGO   | Title<br>REGULATORY ANALYST |
| Signature<br> | Date<br>12/02/2008          |

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

|   |        |                 |
|---|--------|-----------------|
| Approved by   | Title  | Date            |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office | <b>RECEIVED</b> |

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.

Wins No.: 95323

NBU 1022-3E-1

## Well Operations Summary Long

|   |   |                                       |                     |            |              |
|---|---|---------------------------------------|---------------------|------------|--------------|
| Operator<br>KERR-MCGEE OIL & GAS ONSHORE LP | FIELD NAME<br>NATURAL BUTTES              | SPUD DATE<br>10/18/2008               | GL<br>5,059         | KB<br>5059 | ROUTE<br>V23 |
| API<br>4304738917                           | STATE<br>UTAH                             | COUNTY<br>UINTAH                      | DIVISION<br>ROCKIES |            |              |
| Long/Lat.: 39.98141 / -109.43123            | Q-Q/Sect/Town/Range: SENE / 3 / 10S / 22E | Footages: 1,406.00' FNL 1,202.00' FWL |                     |            |              |

## Wellbore: NBU 1022-3E-1

|                    |                          |                             |                  |
|--------------------|--------------------------|-----------------------------|------------------|
| MTD<br>8,820       | TVD<br>8,815             | PBMD<br>8,766               | PBTVD            |
| EVENT INFORMATION: | EVENT ACTIVITY: DRILLING | START DATE: 10/18/2008      | AFE NO.: 2024571 |
|                    | OBJECTIVE: DEVELOPMENT   | END DATE: 11/5/2008         |                  |
|                    | OBJECTIVE 2: ORIGINAL    | DATE WELL STARTED PROD.: 1  |                  |
|                    | REASON: MV               | Event End Status: SUSPENDED |                  |

|                 |                    |                 |             |                     |                 |             |                  |
|-----------------|--------------------|-----------------|-------------|---------------------|-----------------|-------------|------------------|
| RIG OPERATIONS: | Begin Mobilization | Rig On Location | Rig Charges | Rig Operation Start | Finish Drilling | Rig Release | Rig Off Location |
|                 | 10/18/2008         | 10/18/2008      | 10/18/2008  | 10/18/2008          | 10/21/2008      | 10/22/2008  | 10/22/2008       |

| Date       | Time Start-End         | Duration (hr) | Phase  | Code | Subcode | P/U | Operation   | MD:       |
|------------|------------------------|---------------|--------|------|---------|-----|---|-----------|
| 10/18/2008 | SUPERVISOR: LEW WELDON |               |        |      |         |     |   | MD: 1,124 |
|            | 0:00 - 12:00           | 12.00         | DRLSUR | 02   |         | P   | MOVE IN AND RIG UP AIR RIG SPUD WELL @ 0000 HR 10/18/08<br>HIT TRONA WATER 750' DA AT REPORT TIME |           |
|            | 12:00 - 0:00           | 12.00         | DRLSUR | 02   |         | P   | RIG DRILLING AHEAD NO WATER 1110'   |           |
| 10/19/2008 | SUPERVISOR: LEW WELDON |               |        |      |         |     |   | MD: 1,904 |
|            | 0:00 - 12:00           | 12.00         | DRLSUR | 02   |         | P   | RIG DRILLING AHEAD CIRCULATING WITH SKID PUMP 1500'   |           |
|            | 12:00 - 0:00           | 12.00         | DRLSUR | 02   |         | P   | RIG DRILLING AHEAD CIRCULATING WITH SKID PUMP 1890'   |           |
| 10/20/2008 | SUPERVISOR: LEW WELDON |               |        |      |         |     |   | MD: 2,384 |
|            | 0:00 - 12:00           | 12.00         | DRLSUR | 02   |         | P   | RIG DRILLING AHEAD CIRCULATING WITH SKID PUMP 2100'   |           |
|            | 12:00 - 0:00           | 12.00         | DRLSUR | 02   |         | P   | RIG T/D @ 2370' CONDITION HOLE 1 HR   |           |
| 10/21/2008 | SUPERVISOR: LEW WELDON |               |        |      |         |     |   | MD: 2,384 |
|            | 0:00 - 5:00            | 5.00          | DRLSUR | 05   |         | P   | TRIP DP OUT OF HOLE   |           |
|            | 5:00 - 13:00           | 8.00          | DRLSUR | 11   |         | P   | RUN 2353' OF 9 5/8 CSG PLUGGED SHOE JNT WAS DECIDED TO<br>RIH W/7 7/8 BIT AND CLEAN OUT SHOE JNT  |           |
|            | 13:00 - 0:00           | 11.00         | DRLSUR | 16   |         | X   | RIH W/ 7 7/8 TRICONE AND DRILL FLOATS AND GUIDE SHOE  |           |
| 10/22/2008 | SUPERVISOR: LEW WELDON |               |        |      |         |     |   | MD: 2,384 |
|            | 0:00 - 3:00            | 3.00          | DRLSUR | 04   |         | P   | CONDITION HOLE  |           |
|            | 3:00 - 8:00            | 5.00          | DRLSUR | 05   |         | P   | TRIP DP OUT OF CSG AND RIG UP CEMENTERS   |           |
|            | 8:00 - 9:30            | 1.50          | DRLSUR | 15   |         | P   | CEMENT 1ST STAGE WITH 300 SKS TAIL @ 15.8# 1.15 5.0<br>GAL/SK NO RETURNS 500 PSI LIFT             |           |
|            | 9:30 - 10:00           | 0.50          | DRLSUR | 15   |         | P   | 1ST TOP JOB 150 SKS DOWN BS WOC   |           |
|            | 10:00 - 12:00          | 2.00          | DRLSUR | 15   |         | P   | 2ND TOP JOB 125 SKS DOWN BS WOC   |           |
|            | 12:00 - 14:00          | 2.00          | DRLSUR | 15   |         | P   | 3RD TOP JOB 125 SKS DOWN BS WOC   |           |

|            |                                     |       |        |    |   |   |  |                  |
|------------|-------------------------------------|-------|--------|----|---|---|--|------------------|
|            | 12:00 - 14:00                       | 2.00  | DRLSUR | 15 |   | P | 3RD TOP JOB 125 SKS DOWN BS WOC  |                  |
|            | 14:00 - 16:00                       | 2.00  | DRLSUR | 15 |   | P | 4TH TOP JOB 125 SKS DOWN BS GOOD CMT TO SURFACE AND STAYED AT SURFACE  |                  |
|            | 16:00 - 16:00                       | 0.00  | DRLSUR |    |   |   | NO VISIBLE LEAKS PIT 20% FULL WORT   |                  |
| 10/24/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   |  | <u>MD:</u> 2,384 |
|            | 16:30 - 0:00                        | 7.50  | RDMO   | 01 | E | P | RIG DOWN EQUIPMENT FOR RIG MOVE  |                  |
| 10/25/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   |  | <u>MD:</u> 2,384 |
|            | 0:00 - 11:30                        | 11.50 | RDMO   | 01 | E | P | RIG DOWN EQUIPMENT / LOWER DERRICK   |                  |
|            | 11:30 - 18:00                       | 6.50  | MIRU   | 01 | A | P | MOBILIZE EQUIPMENT / MOVE TO NEW LOCATION @ 95% / START RIG UP @ 5%  |                  |
|            | 18:00 - 0:00                        | 6.00  | MIRU   | 12 | D | P | WAIT ON DAYLIGHT TO DE-MOBILIZE EQUIPMENT & RIG UP   |                  |
| 10/26/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   |  | <u>MD:</u> 2,384 |
|            | 0:00 - 7:00                         | 8.00  | MIRU   | 12 | D | P | WAIT ON DAYLIGHT TO RIG UP   |                  |
|            | 7:00 - 13:30                        | 6.50  | MIRU   | 01 | F | P | MOVE IN AND SET UP EQUIPMENT   |                  |
|            | 13:30 - 0:00                        | 10.50 | MIRU   | 01 | B | P | RIG UP EQUIPMENT TO DRILL  |                  |
| 10/27/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   |  | <u>MD:</u> 2,384 |
|            | 0:00 - 1:00                         | 1.00  | MIRU   | 01 | B | P | RIG UP EQUIPMENT TO DRILL  |                  |
|            | 1:00 - 6:00                         | 5.00  | PRPSPD | 13 | A | P | NIPPLE UP B.O.P. EQUIPMENT / HOOK UP GAS BUSTER / LAY FLOW LINES & FLARE LINES   |                  |
|            | 6:00 - 12:00                        | 6.00  | PRPSPD | 13 | C |   | PRESSURE TEST UPPER & LOWER KELLY VALVES, BLIND & PIPE RAMS, INNER & OUTER BOP WING VALVES, KILL LINE & KILL LINE VALVES; FLOOR VALVE & DART VALVE, CHOKE LINE & ALL CHOKE MANIFOLD VALVES TO 250 PSI LOW @ 5 MINS & 5000 PSI HIGH @ 10 MINS / TEST ANNULAR TO 250 PSI LOW @ 5 MINS & 2500 PSI HIGH @ 10 MINS / TEST CASING TO 1500 PSI @ 30 MINS / TEST SUPER CHOKE TO 500 PSI / MAKE REPAIRS AS NEEDED |                  |
|            | 12:00 - 12:30                       | 0.50  | PRPSPD | 13 | B | P | INSTALL WEAR BUSHING   |                  |
|            | 12:30 - 18:30                       | 6.00  | PRPSPD | 05 | A | P | SAFETY MEETING / M.I.R.U. WEATHERFORD / P.U.D.S. TO TAG CEMENT @ 2262' / R.D.M.O. WEATHERFORD EQUIPMENT  |                  |
|            | 18:30 - 19:30                       | 1.00  | PRPSPD | 12 | F | P | ENSIGN SAFETY STAND DOWN BY ENSIGN SAFETY PEOPLE   |                  |
|            | 19:30 - 20:00                       | 0.50  | PRPSPD | 06 | A | P | SERVICE RIG & EQUIPMENT  |                  |
|            | 20:00 - 21:00                       | 1.00  | PRPSPD | 08 | E | P | PRE-SPUD INSPECTION / REPAIR AS NEEDED   |                  |
|            | 21:00 - 0:00                        | 3.00  | PRPSPD | 02 | F | P | DRILL CEMENT + FLOAT EQUIPMENT   |                  |
| 10/28/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   |  | <u>MD:</u> 3,652 |
|            | 0:00 - 0:30                         | 0.50  | PRPSPD | 09 | A | P | WIRELINE SURVEY @ 2384 - 3.90*   |                  |
|            | 0:30 - 3:30                         | 3.00  | DRLPRO | 02 | B | P | DRILL F/ 2384' - T/ 2577' (193' @ 64.3 fph)  |                  |
|            | 3:30 - 4:00                         | 0.50  | DRLPRO | 06 | A | P | SERVICE RIG & EQUIPMENT  |                  |

|            |                                     |       |        |    |   |   |  |
|------------|-------------------------------------|-------|--------|----|---|---|--|
|            | 4:00 - 7:00                         | 3.00  | DRLPRO | 02 | B | P | DRILL F/ 2577' - T/ 2713' (136' @ 45.3 fph) / 36 vis - 8.8 ppg / 10K wob - 50 rpm  |
|            | 7:00 - 7:30                         | 0.50  | DRLPRO | 09 | A | P | WIRELINE SURVEY @ 2640' - 1.97*  |
|            | 7:30 - 14:30                        | 7.00  | DRLPRO | 02 | B | P | DRILL F/ 2713' - T/ 3121' (408' @ 58.2 fph) 36 vis - 8.9 ppg / 14k-16k wob - 50 rpm  |
|            | 14:30 - 15:00                       | 0.50  | DRLPRO | 06 | A | P | SERVICE RIG & EQUIPMENT  |
|            | 15:00 - 17:00                       | 2.00  | DRLPRO | 02 | B | P | DRILL F/ 3121' - T/ 3215' (94' @ 47 fph) 36 vis - 8.9 ppg / 14k-16k wob - 50 rpm   |
|            | 17:00 - 17:30                       | 0.50  | DRLPRO | 09 | A | P | WIRELINE SURVEY @ 3135' - 1.65*  |
|            | 17:30 - 0:00                        | 6.50  | DRLPRO | 02 | B | P | DRILL F/ 3215' - T/ 3652' (437' @ 67.2 fph) 39 vis - 9.2 ppg / 18k wob - 52 rpm  |
| 10/29/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   | <u>MD:</u> 5,040   |
|            | 0:00 - 13:00                        | 13.00 | DRLPRO | 02 | B | P | DRILL F/ 3652' - T/ 4503' (851' @ 65.46 fph) 39 vis - 9.4 ppg / 19K wob - 54 rpm   |
|            | 13:00 - 13:30                       | 0.50  | DRLPRO | 06 | A | P | SERVICE RIG & EQUIPMENT  |
|            | 13:30 - 23:00                       | 9.50  | DRLPRO | 02 | B | P | DRILL F/ 4503' - T/ 5007' (504' @ 53.05 fph) 44 vis - 9.5 ppg / 19K wob - 53 rpm   |
|            | 23:00 - 23:30                       | 0.50  | DRLPRO | 09 | A | P | WIRELINE SURVEY @ 4931' - 1.80*  |
|            | 23:30 - 0:00                        | 0.50  | DRLPRO | 02 | B | P | DRILL F/ 5007' - T/ 5035' (33' @ 66 fph) 44 vis - 9.5 ppg / 19K wob - 53 rpm / STARTED LOSING CIRCULATION @ 5105' TO 5143' / PUMPED 10% LCM SWEEP AT START OF LOSS AND ADDED LCM TO 6% TO STOP LOSSES - LOST 183 BBLs / DRILLING W/ 6% LCM IN SYSTEM W/ SHAKERS BYPASSED |
| 10/30/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   | <u>MD:</u> 6,016   |
|            | 0:00 - 12:00                        | 12.00 | DRLPRO | 02 | B | P | DRILL F/ 5040' - T/ 5572' (532' @ 44.33 FPH) 44 VIS - 9.7 PPG - 6% lcm / 54 rpm - 19k wob  |
|            | 12:00 - 12:30                       | 0.50  | DRLPRO | 06 | A | P | SERVICE RIG & EQUIPMENT / WORK PIPE RAMS / TEST C.O.M. / SERVICE AUTO DRILLER  |
|            | 12:30 - 0:00                        | 11.50 | DRLPRO | 02 | B | P | DRILL F/ 5572' - T/ 6016' (444' @ 38.60 fph) 48 vis - 10.1 ppg - 6% lcm / 42 rpm - 21k wob   |
| 10/31/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   | <u>MD:</u> 6,794   |
|            | 0:00 - 13:00                        | 13.00 | DRLPRO | 02 | B | P | DRILL F/ 6016' - T/ 6495' (479' @ 36.84 fph) 43 vis - 10.1 ppg / 19k-22k wob - 55 rpm  |
|            | 13:00 - 13:30                       | 0.50  | DRLPRO | 06 | A | P | SERVICE RIG & EQUIPMENT / FUNCTION PIPE RAMS / TEST COM  |
|            | 13:30 - 0:00                        | 10.50 | DRLPRO | 02 | B | P | DRILL F/ 6495' - T/ 6794' (299' @ 28.47 fph) 42 vis - 10.5 ppg / 18k-21k wob - 47 rpm  |
| 11/1/2008  | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   | <u>MD:</u> 7,269   |
|            | 0:00 - 16:00                        | 16.00 | DRLPRO | 02 | B | P | DRILL F/ 6794' - T/ 7269' (475' @ 29.68 fph) 43 vis - 10.7 ppg / 17k-19k wob - 33-43 rpm   |
|            | 16:00 - 16:30                       | 0.50  | DRLPRO | 04 | C | P | CIRCULATE & CONDITION HOLE FOR BIT TRIP  |

|           |                                     |       |        |    |   |   |  |
|-----------|-------------------------------------|-------|--------|----|---|---|--|
|           | 16:30 - 21:30                       | 5.00  | DRLPRO | 05 | A | P | PUMP PILL / DROP SURVEY / P.O.O.H. W/ BIT #1 / RECOVER SURVEY TOOL / CHANGE BITS / MINOR DRAG @ 6361', 6151', 5088', 4262', 4136', 3156' AND 2997' - PULLED SLOW THROUGH TIGHT SPOTS |
|           | 21:30 - 0:00                        | 2.50  | DRLPRO | 05 | A | P | T.I.H. / BREAK CIRCULATION AS NEEDED   |
| 11/2/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   | <u>MD:</u> 8,229   |
|           | 0:00 - 0:30                         | 0.50  | DRLPRO | 05 | A | P | T.I.H. W/ BIT #2 / NO PROBLEMS   |
|           | 0:30 - 1:00                         | 0.50  | DRLPRO | 03 | D | P | PRECAUTIONARY REAM F/ 7215' - T/ 7269' / 4' OF FILL ON BOTTOM  |
|           | 1:00 - 11:00                        | 10.00 | DRLPRO | 02 | B | P | DRILL F/ 7269' - T/ 7725' (456' @ 45.6 fph) 43 vis - 10.9 ppg / 18k wob - 50 rpm   |
|           | 11:00 - 11:30                       | 0.50  | DRLPRO | 12 | F | P | SAFETY STAND DOWN W/ ENSIGN SAFETY PEOPLE  |
|           | 11:30 - 15:00                       | 3.50  | DRLPRO | 02 | B | P | DRILL F/ 7725' - T/ 7849' (124' @ 35.42 fph) 44 vis - 11.0 ppg / 19k wob - 50rpm   |
|           | 15:00 - 15:30                       | 0.50  | DRLPRO | 06 | A | P | SERVICE RIG & EQUIPMENT  |
|           | 15:30 - 0:00                        | 8.50  | DRLPRO | 02 | B | P | DRILL F/ 7849' - T/ 8229' (380' @ 44.70 fph) 46 vis - 11.4 ppg / 19k wob - 48 rpm  |
| 11/3/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   | <u>MD:</u> 8,820   |
|           | 0:00 - 13:00                        | 13.00 | DRLPRO | 02 | B | P | DRILL F/ 8229' - T/ 8602' (373' @ 28.69 fph) 49 vis - 11.8 ppg / 17k-19k wob - 52 rpm  |
|           | 13:00 - 13:30                       | 0.50  | DRLPRO | 06 | A | P | SERVICE RIG & EQUIPMENT  |
|           | 13:30 - 21:00                       | 7.50  | DRLPRO | 02 | B | P | DRILL F/ 8602' - T/ 8820' (T.D.) (218' @ 29.06 fph) 48 vis - 12.0 ppg / 21K wob - 49 rpm   |
|           | 21:00 - 22:00                       | 1.00  | EVALPR | 04 | C | P | CIRCULATE & CONDITION HOLE FOR SHORT TRIP  |
|           | 22:00 - 23:30                       | 1.50  | EVALPR | 05 | E | P | BLOW KELLY DOWN / SHORT TRIP 18 STANDS W/ NO PROBLEMS & NO FILL  |
|           | 23:30 - 0:00                        | 0.50  | EVALPR | 04 | C | P | CIRCULATE & CONDITION HOLE FOR LAY DOWN & LOGS   |
| 11/4/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   | <u>MD:</u> 8,820   |
|           | 0:00 - 1:30                         | 1.50  | EVALPR | 04 | C | P | CIRCULATE & CONDITION HOLE FOR LAY DOWN & LOGS (SAFETY MEETING / M.I.R.U. WEATHERFORD EQUIPMENT)   |
|           | 1:30 - 9:30                         | 8.00  | EVALPR | 05 | B | P | L.D.D.P. / BREAK KELLY + RELATED TOOLS / L.D.B.H.A.  |
|           | 9:30 - 10:00                        | 0.50  | EVALPR | 13 | B | P | PULL WEAR BUSHING  |
|           | 10:00 - 17:00                       | 7.00  | EVALPR | 08 | A | P | SAFETY MEETING / M.I.R.U. HALLIBURTON EQUIPMENT / LOG WELL F/ 8818' - T/ 2361'   |
|           | 17:00 - 17:30                       | 0.50  | CSG    | 11 | A | P | SAFETY MEETING / M.I.R.U. CASING EQUIPMENT   |
|           | 17:30 - 0:00                        | 6.50  | CSG    | 11 | B |   | RUN 4.5 - #11.6 I-80 LT&C CASING + RELATED TOOLS @ 7996'   |
| 11/5/2008 | <u>SUPERVISOR:</u> KENNETH GATHINGS |       |        |    |   |   | <u>MD:</u> 8,820   |
|           | 0:00 - 1:00                         | 1.00  | CSG    | 11 | B | P | RUN 208 JTS. 4.5 - #11.6 I-80 LT&C CASING / TAG @ 8808'  |
|           | 1:00 - 2:00                         | 1.00  | CSG    | 04 | E | P | FILL CASING / CLEAN OUT TO 8820' / CIRCULATE GAS OUT W/ 10'-15' FLARE  |

| Wins No.:     |      |     |    |   |   | NBU 1022-3E-1  |  |  | API No.: | 4304738917 |
|---------------|------|-----|----|---|---|--|--|--|----------|------------|
| 1:00 - 2:00   | 1.00 | CSG | 04 | E | P | FILL CASING / CLEAN OUT TO 8820' / CIRCULATE GAS OUT W/ 10'-15' FLARE  |  |  |          |            |
| 2:00 - 3:00   | 1.00 | CSG | 13 | B | P | INSTALL FLUTED MANDREL / INSTALL ROTATING RUBBER / SET 90K (STRING WEIGHT) ON MANDREL  |  |  |          |            |
| 3:00 - 4:00   | 1.00 | CSG | 04 | E | P | CIRCULATE & CONDITION HOLE FOR CEMENT / R.D.M.O. WEATHERFORD EQUIPMENT   |  |  |          |            |
| 4:00 - 6:00   | 2.00 | CSG | 12 | F | Z | WAIT ON HALLIBURTON EQUIPMENT / ON LOCATION @ 0430 - RIG UP GROUND EQUIPMENT / CIRCULATE HOLE  |  |  |          |            |
| 6:00 - 7:00   | 1.00 | CSG | 15 | A | P | SAFETY MEETING / INSTALL CEMENT HEAD / TEST PUMPS & LINES TO 5K PSI  |  |  |          |            |
| 7:00 - 9:00   | 2.00 | CSG | 15 | A | P | PUMP 10 bbls H2O + 20 bbls MUD CLEAN + 10 bbls H2O + 20 sx SCAVENGER (PREM LITE II) @ 9.5 ppg + 345 sx LEAD (PREM LITE II) @ 11.8 ppg + 1200 sx TAIL (50/50 POZ) @ 14.3 ppg + DISPLACE W/ 136 bbls H2O + ADDITIVES / PLUG DOWN @ 0847 HRS / HELD 2970 PSI @ 5 MINS / FLOATS HELD W/ 1.5 bbls RETURNED TO INVENTORY / NO CEMENT TO SURFACE / STARTED LOSING RETURNS 55 BBLS INTO DISPLACEMENT - HAD PARTIAL RETURNS ALL THROUGH JOB W/ 2450 PSI LIFT @ TIME PLUG WAS BUMPED / R.D.M.O. HALLIBURTON EQUIPMENT. |  |  |          |            |
| 9:00 - 10:30  | 1.50 | CSG | 13 | B | P | LAY DOWN MANDREL HANGER / INSTALL WELLHEAD PACKING & PRESSURE TEST TO 5K PSI @ 15 MINUTES  |  |  |          |            |
| 10:30 - 14:30 | 4.00 | CSG | 13 | A | P | WASH & CLEAN BOP / NIPPLE DOWN BOP EQUIPMENT / CLEAN PITS + RELATED EQUIPMENT / RIG RELEASED @ 1430 HOURS 11/05/2008   |  |  |          |            |

EVENT INFORMATION: EVENT ACTIVITY: COMPLETION START DATE: 11/17/2008 AFE NO.: 2024571  
 OBJECTIVE: DEVELOPMENT END DATE: 11/21/2008  
 OBJECTIVE 2: ORIGINAL DATE WELL STARTED PROD.:  
 REASON: MV Event End Status: COMPLETE

RIG OPERATIONS: Begin Mobilization Rig On Location Rig Charges Rig Operation Start Finish Drilling Rig Release Rig Off Location  
 MILES 3 / 3 11/17/2008 11/21/2008

| Date       | Time Start-End               | Duration (hr) | Phase | Code | Subcode | P/U | Operation   |
|------------|------------------------------|---------------|-------|------|---------|-----|---|
| 11/17/2008 | SUPERVISOR: DOUG CHIVERS MD: |               |       |      |         |     |   |
|            | 7:00 - 7:30                  | 0.50          | COMP  | 48   |         | P   | HSM. PINCH POINTS   |
|            | 7:30 - 15:30                 | 8.00          | COMP  | 31   | H       | P   | MIRU RIG & SPOT IN RIG EQUIPMENT. ND WELL HEAD NU BOP. PU 3 7/8" MILL & SUB. DRIFT & TALLY 280 JTS OF 2 3/8" J-55 4.7# TBG OFF TRAILER. C/O TO 8,748' PBTD. CIRCULATE WELL CLEAN W/ 2% KCL WATER. LD 45 JTS. EOT @ 7,328'. SWI SDFN.  |
| 11/18/2008 | SUPERVISOR: DOUG CHIVERS MD: |               |       |      |         |     |   |
|            | 7:00 - 7:30                  | 0.50          | COMP  | 48   |         | P   | HSM. TRIPPING HASARDS   |
|            | 7:30 - 15:00                 | 7.50          | COMP  | 34   | H       | P   | POOH W/ 117 STANDS OF 2 3/8" J-55 TBG. ND BOP NU FRAC VALVES. MIRU B&C QUICK TEST TO PRESSURE TEST CASING & BOTH FRAC VALVES. PRESSURE TEST CASING & BOTH FRAC VALVES TO 7,500 PSI. GOOD TEST. RDMO B&C QUICK TEST. MIRU CUTTERS TO PERFORATE. PU 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 & 120 DEG PHASING. PERF 8,668' - 72' 4SPF, 8,649' - 51' 4SPF, 8,597' - 8,600' 3 SPF, 8,520' - 23' 3SPF, 42 HOLES. POOH W/ WIRE LINE. PREP TO FRAC IN AM. SWI SDFN.  |
| 11/19/2008 | SUPERVISOR: DOUG CHIVERS MD: |               |       |      |         |     |   |
|            | 7:00 - 7:30                  | 0.50          | COMP  | 48   |         | P   | HSM. FRACING & PERFORATING  |
|            | 7:30 - 11:00                 | 3.50          | COMP  | 36   | B       | P   | MIRU CUTTERS & BJ SERVICES TO PERFORATE & FRAC. PRIME UP PUMPS & LINE. PRESSURE TEST SURFACE EQUIPMENT TO 8,500 PSI.<br><br>STG 1) WHP 1,748 PSI, BRK 3,395 PSI @ 4.3 BPM, ISIP 2,684 PSI, FG .75.<br>PUMP 100 BBLS @ 50 BPM @ 5,084 PSI = 100% OPEN.<br>MP 5,829 PSI, MR 51.4 BPM, AP 5,212 PSI, AR 51.1 BPM, ISIP 2,684 PSI, FG .77, NPI 94 PSI.<br>PUMP 2,583 BBLS OF SW & 90,222 LBS OF 40/70 SND & 5,000 LBS OF 20/40 RESIN SND. TOTAL PROP 95,222 LBS   |
|            | 11:00 - 14:05                | 3.08          | COMP  | 36   | B       | P   | STG 2 ) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 & 120 DEG PHASING. RIH<br>SET 8K BAKER CBP @ 8,480' PERFORATE 8,454' - 58' 4SPF, 8,441' - 43' 3SPF, 8,382' - 86' 3SPF, 8,326' - 29' 3SPF, 43 HOLES. WAITE ON FUEL FOR FRAC PUMPS FOR 1 1/2 HRS.<br>WHP 280 PSI, BRK 4,281 PSI @ 4.8 BPM, ISIP 2,580 PSI, FG .75.<br>PUMP 100 BBLS @ 50.2 BPM @ 5,300 PSI = 86% OPEN.<br>MP 5,529 PSI, MR 50.3 BPM, AP 5,152 PSI, AR 50 BPM, ISIP 2,900 PSI, FG .79, NPI 320 PSI.<br>PUMP 1,529 BBLS OF SW & 54,405 LBS OF 40/70 SND & 5,000 LBS OF 20/40 RESIN SND. TOTAL PROP 59,405 LBS |
|            | 14:05 - 15:45                | 1.67          | COMP  | 36   | B       |     | STG 3 ) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 120 DEG PHASING. RIH<br>SET 8K BAKER CBP @ 8,300' PERFORATE 8,264' - 70' 3SPF, 8,232' - 36' 3SPF, 8,178' - 82' 3SPF, 42 HOLES.<br>WHP 280 PSI, BRK 4,281 PSI @ 4.8 BPM, ISIP 2,580 PSI, FG .75.<br>PUMP 100 BBLS @ 50.2 BPM @ 5,300 PSI = 86% OPEN.<br>MP 4,847 PSI, MR 51 BPM, AP 4,713 PSI, AR 50.6 BPM, ISIP 2,900 PSI, FG .80, NPI 230 PSI.<br>PUMP 1,648 BBLS OF SW & 59,838 LBS OF 40/70 SND & 5,000 LBS OF 20/40 RESIN SND. TOTAL PROP 64,838 LBS   |

| Wins No.: 95323 |                                 | NBU 1022-3E-1 |    | API No.: 4304738917 |   |
|-----------------|---------------------------------|---------------|----|---------------------|---|
| 15:45 - 17:30   | 1.75                            | COMP          |    |                     | STG 4 ) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 & 120 DEG PHASING. RIH<br>SET 8K BAKER CBP @ 8,144' PERFORATE 8,108' - 14' 4SPF, 8,056' - 60' 3SPF, 8,178' - 82' 3SPF, 42 HOLES.<br>WHP 280 PSI, BRK 4,281 PSI @ 4.8 BPM, ISIP 2,580 PSI, FG .75.<br>PUMP 100 BBLS @ 50.2 BPM @ 5,300 PSI = 86% OPEN.<br>MP 5,077 PSI, MR 51.7 BPM, AP 4,835 PSI, AR 50.9 BPM, ISIP 2,940 PSI, FG .81, NPI 290 PSI.<br>PUMP 1,435 BBLS OF SW & 50,531 LBS OF 40/70 SND & 5,000 LBS OF 20/40 RESIN SND. TOTAL PROP 55,531 LBS.<br>SWI SDFN           |
| 11/20/2008      | <u>SUPERVISOR:</u> DOUG CHIVERS |               |    |                     | <u>MD:</u>  |
| 7:00 - 7:30     | 0.50                            | COMP          | 48 | P                   | HSM. FRACING & PERFORATING  |
| 7:30 - 9:35     | 2.08                            | COMP          | 36 | B                   | P STG 5 ) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 & 120 DEG PHASING. RIH<br>SET 8K BAKER CBP @ 8,010' PERFORATE 7,985' - 90' 4SPF, 7,956' - 60' 3SPF, 7,922' - 26' 3SPF, 44 HOLES.<br>WHP 230 PSI, BRK 3,807 PSI @ 5.1 BPM, ISIP 2,450 PSI, FG .75.<br>PUMP 100 BBLS @ 52.1 BPM @ 5,000 PSI = 100% OPEN.<br>MP 4,818 PSI, MR 54.6 BPM, AP 4,660 PSI, AR 54.1 BPM, ISIP 2,520 PSI, FG .76, NPI 70 PSI.<br>PUMP 2,632 BBLS OF SW & 96,730 LBS OF 40/70 SND & 5,000 LBS OF 20/40 RESIN SND. TOTAL PROP 101,730 LBS.                    |
| 9:35 - 11:35    | 2.00                            | COMP          | 36 | B                   | P STG 6 ) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 & 120 DEG PHASING. RIH<br>SET 8K BAKER CBP @ 7,865' PERFORATE 7,842' - 46' 4SPF, 7,776' - 78' 3SPF, 7,742' - 45' 3SPF, 7,658' - 61' 3SPF, 40 HOLES.<br>WHP 280 PSI, BRK 4,059 PSI @ 4.1 BPM, ISIP 2,770 PSI, FG .80.<br>PUMP 100 BBLS @ 51 BPM @ 4,450 PSI = 100% OPEN.<br>MP 5,373 PSI, MR 52.9 BPM, AP 4,581 PSI, AR 52.5 BPM, ISIP 2,480 PSI, FG .76, NPI -290 PSI.<br>PUMP 2,677 BBLS OF SW & 98,747 LBS OF 40/70 SND & 5,000 LBS OF 20/40 RESIN SND. TOTAL PROP 103,747 LBS. |
| 11:35 - 13:10   | 1.58                            | COMP          | 36 | B                   | P STG 7 ) PU 4 1/2" CBP & 3 3/8" EXP GNS, 23 GRM, .36 HOLES, 90 & 120 DEG PHASING. RIH<br>SET 8K BAKER CBP @ 7,590' PERFORATE 7,556' - 60' 4SPF, 7,468' - 74' 3SPF, 7,462' - 64' 3SPF, 7,658' - 61' 3SPF, 40 HOLES.<br>WHP 230 PSI, BRK 3,160 PSI @ 3.6 BPM, ISIP 2,220 PSI, FG .74.<br>PUMP 100 BBLS @ 55 BPM @ 4,300 PSI = 100% OPEN.<br>MP 4,304 PSI, MR 55.3 BPM, AP 4,178 PSI, AR 55.1 BPM, ISIP 2,440 PSI, FG .77, NPI 220 PSI.<br>PUMP 1,874 BBLS OF SW & 61,001 LBS OF 40/70 SND & 5,000 LBS OF 20/40 RESIN SND. TOTAL PROP 66,001 LBS.   |
| 13:10 - 14:30   | 1.33                            | COMP          | 34 | I                   | P KILL PLG ) PU 4 1/2" CBP & RIH SET 8K BAKER CBP @ 7,412'.<br>POOH W/ WIRE LINE.<br>RDMO BJ SERVICES & CUTTERS.  |
| 14:30 - 17:00   | 2.50                            | COMP          | 31 | I                   | P ND FRAC VALVES NU BOP. PU 3 7/8" BIT & SUB & RIH W/ 234 JTS OF 2 3/8" J-55 4.7# TBG.<br>EOT @ 7,328'. SWI SDFN  |
| 11/21/2008      | <u>SUPERVISOR:</u> DOUG CHIVERS |               |    |                     | <u>MD:</u>  |
| 7:00 - 7:30     | 0.50                            | COMP          | 48 | P                   | HSM. DRILLING CBP'S   |

|              |                                  |      |    |   |   |   |
|--------------|----------------------------------|------|----|---|---|---|
| 7:30 - 15:00 | 7.50                             | COMP | 44 | C | P | <p>SICP 0 PSI. RU POWER SWIVEL. BRK CIRC W/ 2% KCL WATER. RIH<br/> C/O 30' OF SAND TAG PLG 1 @ 7,412' DRL PLG IN 10 MIN 500 PSI INCREASE. RIH<br/> C/O 30' OF SAND TAG PLG 2 @ 7,590' DRL PLG IN 10 MIN 700 PSI INCREASE. RIH<br/> C/O 30' OF SAND TAG PLG 3 @ 7,865' DRL PLG IN 10 MIN 100 PSI INCREASE. RIH<br/> C/O 30' OF SAND TAG PLG 4 @ 8,010' DRL PLG IN 10 MIN 100 PSI INCREASE. RIH<br/> C/O 30' OF SAND TAG PLG 5 @ 8,150' DRL PLG IN 10 MIN 200 PSI INCREASE. RIH<br/> C/O 30' OF SAND TAG PLG 6 @ 8,288' DRL PLG IN 10 MIN 100 PSI INCREASE. RIH<br/> C/O 30' OF SAND TAG PLG 7 @ 8,480' DRL PLG IN 10 MIN 200 PSI INCREASE. RIH<br/> C/O 75' TO 8,766' PBTD. CIRC WELL CLEAN W/ 2% KCL WATER. POOH LD 15 JTS OF 2 3/8" J-55 TBG. LAND TBG W/ 265 JTS OF 2 3/8" J-55 4.7# TBG. EOT @ 8,307.19'.<br/> ND BOP NU WELL HEAD. DROP BALL TO SHEAR OFF BIT. PUMP OFF BIT @ 2,250 PSI.<br/> SWI FOR 30 MIN TO LET BIT FALL TO BOTTOM. TURN WELL OVER TO FLOW BACK CREW.<br/> RDMO RIG COMPLETION COMPLETE.</p> <p>288 JTS OUTBOUND<br/> 265 JTS LANDED<br/> 1 JT CRIMPED<br/> 22 JTS RETURNED</p> |
| 11/22/2008   | <u>SUPERVISOR:</u> JOSH HARRISON |      |    |   |   | <p>MD:</p> <p>7 AM FLBK REPORT: CP 2050#, TP 2050#, 20/64" CK, 62 BWPH, TRACE SAND, LIGHT GAS<br/> TTL BBLS RECOVERED: 5287<br/> BBLS LEFT TO RECOVER: 9281</p>   |
| 11/23/2008   | <u>SUPERVISOR:</u> JOSH HARRISON |      |    |   |   | <p>MD:</p> <p>7 AM FLBK REPORT: CP 2650#, TP 2450#, 20/64" CK, 53 BWPH, TRACE SAND, MED GAS<br/> TTL BBLS RECOVERED: 6722<br/> BBLS LEFT TO RECOVER: 7846</p> <p>9:00 - PROD</p> <p>WELL TURNED TO SALES @ 0900 HR ON 11/23/2008 - FTP 2650#, CP 2750#, CK 20/64", 1400 MCFD, 1128 BWPD</p>   |
| 11/24/2008   | <u>SUPERVISOR:</u> JOSH HARRISON |      |    |   |   | <p>MD:</p> <p>7 AM FLBK REPORT: CP 3175#, TP 2450#, 20/64" CK, 34 BWPH, TRACE SAND, 3000 GAS<br/> TTL BBLS RECOVERED: 7652<br/> BBLS LEFT TO RECOVER: 6916</p>  |
| 11/25/2008   | <u>SUPERVISOR:</u> JOSH HARRISON |      |    |   |   | <p>MD:</p> <p>7 AM FLBK REPORT: CP 3200#, TP 2350#, 20/64" CK, 40 BWPH, TRACE SAND, 4000 GAS<br/> TTL BBLS RECOVERED: 8558<br/> BBLS LEFT TO RECOVER: 6010</p>  |
| 11/26/2008   | <u>SUPERVISOR:</u> JOSH HARRISON |      |    |   |   | <p>MD:</p> <p>7 AM FLBK REPORT: CP 3150#, TP 2500#, 18/64" CK, 32 BWPH, TRACE SAND, 3000 GAS<br/> TTL BBLS RECOVERED: 9374<br/> BBLS LEFT TO RECOVER: 5194</p>  |

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

5. Lease Serial No.  
UTU01191

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

6. If Indian, Allottee or Tribe Name  
 7. Unit or CA Agreement Name and No.  
UNIT #891008900A

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

8. Lease Name and Well No.  
NBU 1022-3E-1

3. Address 1368 SOUTH 1200 EAST  
VERNAL, UT 84078  
 3a. Phone No. (include area code)  
Ph: 435-781-7024

9. API Well No.  
43-047-38917

4. Location of Well (Report location clearly and in accordance with Federal requirements)\*  
 At surface SWNW 1406FNL 1202FWL  
 At top prod interval reported below SWNW 1406FNL 1202FWL  
 At total depth SWNW 1406FNL 1202FWL

10. Field and Pool, or Exploratory  
NATURAL BUTTES  
 11. Sec., T., R., M., or Block and Survey  
or Area Sec 3 T10S R22E Mer SLB  
 12. County or Parish  
UINTAH  
 13. State  
UT

14. Date Spudded  
10/17/2008  
 15. Date T.D. Reached  
11/03/2008  
 16. Date Completed  
 D & A  Ready to Prod.  
11/23/2008

17. Elevations (DF, KB, RT, GL)\*  
5060 GL

18. Total Depth: MD 8820 TVD  
 19. Plug Back T.D.: MD 8766 TVD  
 20. Depth Bridge Plug Set: MD TVD

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)  
CBL-CCL-GR *SD, DEN, ACTR, BCS*  
 22. Was well cored?  No  Yes (Submit analysis)  
 Was DST run?  No  Yes (Submit analysis)  
 Directional Survey?  No  Yes (Submit analysis)

23. Casing and Liner Record (Report all strings set in well)

| Hole Size | Size/Grade   | Wt. (#/ft.) | Top (MD) | Bottom (MD) | Stage Cementer Depth | No. of Sk. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|--------------|-------------|----------|-------------|----------------------|-----------------------------|-------------------|-------------|---------------|
| 20.000    | 14.000 STEEL | 36.7        |          | 40          |                      | 28                          |                   |             |               |
| 12.250    | 9.625 J-55   | 36.0        |          | 2370        |                      | 825                         |                   |             |               |
| 7.875     | 4.500 I-80   | 11.6        |          | 8820        |                      | 1545                        |                   |             |               |

24. Tubing Record

| Size  | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|-------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| 2.375 | 8307           |                   |      |                |                   |      |                |                   |

25. Producing Intervals

| Formation       | Top  | Bottom | Perforated Interval | Size  | No. Holes | Perf. Status |
|-----------------|------|--------|---------------------|-------|-----------|--------------|
| A) MESAVERDE    | 7462 | 8672   | 7462 TO 8672        | 0.360 | 297       | OPEN         |
| B) <i>W3MVD</i> |      |        |                     |       |           |              |
| C)              |      |        |                     |       |           |              |
| D)              |      |        |                     |       |           |              |

26. Perforation Record

| Depth Interval | Amount and Type of Material                   |
|----------------|---|
| 7462 TO 8672   | PMP 14,378 BBLs SLICK H2O & 546,474# 40/70 SD |

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

| Date First Produced | Test Date         | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|-------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| 11/23/2008          | 11/26/2008        | 24           | →               | 0.0     | 3383.0  | 768.0     |                       |             | FLows FROM WELL   |
| Choke Size          | Tbg. Press. Flwg. | Csg. Press.  | 24 Hr. Rate     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio         | Well Status |                   |
| 18/64               | SI 2500           | 3150.0       | →               | 0       | 3383    | 768       |                       | PGW         |                   |

28a. Production - Interval B

| Date First Produced | Test Date         | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|-------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
|                     |                   |              | →               |         |         |           |                       |             |                   |
| Choke Size          | Tbg. Press. Flwg. | Csg. Press.  | 24 Hr. Rate     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio         | Well Status |                   |
|                     | SI                |              | →               |         |         |           |                       |             |                   |

(See Instructions and spaces for additional data on reverse side)  
 ELECTRONIC SUBMISSION #65926 VERIFIED BY THE BLM WELL INFORMATION SYSTEM  
**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

**RECEIVED**  
**JAN 05 2009**

28b. Production - Interval C

|                     |                      |              |                      |         |         |           |                       |             |                   |
|---------------------|----------------------|--------------|----------------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| Date First Produced | Test Date            | Hours Tested | Test Production<br>→ | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
| Choke Size          | Tbg. Press. Flwg. SI | Csg. Press.  | 24 Hr. Rate<br>→     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio         | Well Status |                   |

28c. Production - Interval D

|                     |                      |              |                      |         |         |           |                       |             |                   |
|---------------------|----------------------|--------------|----------------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| Date First Produced | Test Date            | Hours Tested | Test Production<br>→ | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
| Choke Size          | Tbg. Press. Flwg. SI | Csg. Press.  | 24 Hr. Rate<br>→     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio         | Well Status |                   |

29. Disposition of Gas(Sold, used for fuel, vented, etc.)  
SOLD

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

| Formation   | Top  | Bottom | Descriptions, Contents, etc. | Name | Top         |
|-------------|------|--------|------------------------------|------|-------------|
|             |      |        |                              |      | Meas. Depth |
| GREEN RIVER | 1258 |        |                              |      |             |
| MAHOGANY    | 1948 |        |                              |      |             |
| WASATCH     | 4320 | 6484   |                              |      |             |
| MESAVERDE   | 6677 | 8672   |                              |      |             |

32. Additional remarks (include plugging procedure):

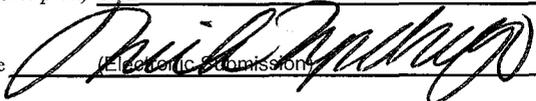
33. Circle enclosed attachments:

- 1. Electrical/Mechanical Logs (1 full set req'd)
- 2. Geologic Report
- 3. DST Report
- 4. Directional Survey
- 5. Sundry Notice for plugging and cement verification
- 6. Core Analysis
- 7 Other:

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

Electronic Submission #65926 Verified by the BLM Well Information System.  
For KERR-MCGEE OIL & GAS ONSHORE L, sent to the Vernal

Name (please print) SHEILA UPCHEGO Title OPERATIONS

Signature  Date 12/30/2008

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.

|  |   |
|--|---|
| <b>STATE OF UTAH</b><br>DEPARTMENT OF NATURAL RESOURCES<br>DIVISION OF OIL, GAS, AND MINING  | <b>FORM 9</b><br><br><b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b><br>UTU-01191                                    |
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br><br>Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b><br><br><b>7. UNIT or CA AGREEMENT NAME:</b><br>NATURAL BUTTES          |
| <b>1. TYPE OF WELL</b><br>Gas Well   | <b>8. WELL NAME and NUMBER:</b><br>NBU 1022-3E-1  |
| <b>2. NAME OF OPERATOR:</b><br>KERR-MCGEE OIL & GAS ONSHORE, L.P.  | <b>9. API NUMBER:</b><br>43047389170000   |
| <b>3. ADDRESS OF OPERATOR:</b><br>P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779  | <b>PHONE NUMBER:</b><br>720 929-6007 Ext  |
| <b>4. LOCATION OF WELL</b><br><b>FOOTAGES AT SURFACE:</b><br>1406 FNL 1202 FWL<br><b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b><br>Qtr/Qtr: SWNW Section: 03 Township: 10.0S Range: 22.0E Meridian: S  | <b>9. FIELD and POOL or WILDCAT:</b><br>NATURAL BUTTES<br><br><b>COUNTY:</b><br>UINTAH<br><br><b>STATE:</b><br>UTAH |

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

| TYPE OF SUBMISSION  | TYPE OF ACTION   |   |  |
|---|--|---|--|
| <input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b><br>Approximate date work will start:<br>2/18/2010 | <input type="checkbox"/> ACIDIZE                       | <input type="checkbox"/> ALTER CASING                   | <input type="checkbox"/> CASING REPAIR                             |
| <input type="checkbox"/> <b>SUBSEQUENT REPORT</b><br>Date of Work Completion:                                 | <input type="checkbox"/> CHANGE TO PREVIOUS PLANS      | <input type="checkbox"/> CHANGE TUBING                  | <input type="checkbox"/> CHANGE WELL NAME                          |
| <input type="checkbox"/> <b>SPUD REPORT</b><br>Date of Spud:  | <input type="checkbox"/> CHANGE WELL STATUS            | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE                         |
| <input type="checkbox"/> <b>DRILLING REPORT</b><br>Report Date:   | <input type="checkbox"/> DEEPEN                        | <input type="checkbox"/> FRACTURE TREAT                 | <input type="checkbox"/> NEW CONSTRUCTION                          |
|   | <input type="checkbox"/> OPERATOR CHANGE               | <input type="checkbox"/> PLUG AND ABANDON               | <input type="checkbox"/> PLUG BACK                                 |
|   | <input type="checkbox"/> PRODUCTION START OR RESUME    | <input type="checkbox"/> RECLAMATION OF WELL SITE       | <input checked="" type="checkbox"/> RECOMPLETE DIFFERENT FORMATION |
|   | <input type="checkbox"/> REPERFORATE CURRENT FORMATION | <input type="checkbox"/> SIDETRACK TO REPAIR WELL       | <input type="checkbox"/> TEMPORARY ABANDON                         |
|   | <input type="checkbox"/> TUBING REPAIR                 | <input type="checkbox"/> VENT OR FLARE                  | <input type="checkbox"/> WATER DISPOSAL                            |
|   | <input type="checkbox"/> WATER SHUTOFF                 | <input type="checkbox"/> SI TA STATUS EXTENSION         | <input type="checkbox"/> APD EXTENSION                             |
|   | <input type="checkbox"/> WILDCAT WELL DETERMINATION    | <input type="checkbox"/> OTHER                          | OTHER:   |

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

THE OPERATOR REQUESTS AUTHORIZATION TO RECOMPLETE THE SUBJECT WELL LOCATION. THE OPERATOR PROPOSES TO RECOMPLETE THE WASATCH AND MESAVERDE FORMATIONS. THE OPERATOR REQUESTS AUTHORIZATION TO COMMINGLE THE NEWLY WASATCH AND MESAVERDE FORMATIONS, ALONG WITH THE EXISTING MESAVERDE FORMATIONS. PLEASE REFER TO THE ATTACHED RECOMPLETION PROCEDURE.

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

**Date:** February 17, 2010  
**By:** *Derek Duff*

|  |                                     |                                    |
|--|-------------------------------------|------------------------------------|
| <b>NAME (PLEASE PRINT)</b><br>Andy Lytle | <b>PHONE NUMBER</b><br>720 929-6100 | <b>TITLE</b><br>Regulatory Analyst |
| <b>SIGNATURE</b><br>N/A                  | <b>DATE</b><br>2/16/2010            |                                    |

|  |   |
|--|---|
| <b>STATE OF UTAH</b><br>DEPARTMENT OF NATURAL RESOURCES<br>DIVISION OF OIL, GAS, AND MINING  | <b>FORM 9</b><br><br><b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b><br>UTU-01191                                    |
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br><br>Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals. | <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b><br><br><b>7. UNIT or CA AGREEMENT NAME:</b><br>NATURAL BUTTES          |
| <b>1. TYPE OF WELL</b><br>Gas Well   | <b>8. WELL NAME and NUMBER:</b><br>NBU 1022-3E-1  |
| <b>2. NAME OF OPERATOR:</b><br>KERR-MCGEE OIL & GAS ONSHORE, L.P.  | <b>9. API NUMBER:</b><br>43047389170000   |
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| <b>4. LOCATION OF WELL</b><br><b>FOOTAGES AT SURFACE:</b><br>1406 FNL 1202 FWL<br><b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b><br>Qtr/Qtr: SWNW Section: 03 Township: 10.0S Range: 22.0E Meridian: S  | <b>9. FIELD and POOL or WILDCAT:</b><br>NATURAL BUTTES<br><br><b>COUNTY:</b><br>UINTAH<br><br><b>STATE:</b><br>UTAH |

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

| TYPE OF SUBMISSION  | TYPE OF ACTION   |   |  |
|---|--|---|--|
| <input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b><br>Approximate date work will start:<br>2/18/2010 | <input type="checkbox"/> ACIDIZE                       | <input type="checkbox"/> ALTER CASING                   | <input type="checkbox"/> CASING REPAIR                             |
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| <input type="checkbox"/> <b>SPUD REPORT</b><br>Date of Spud:  | <input type="checkbox"/> CHANGE WELL STATUS            | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE                         |
| <input type="checkbox"/> <b>DRILLING REPORT</b><br>Report Date:   | <input type="checkbox"/> DEEPEN                        | <input type="checkbox"/> FRACTURE TREAT                 | <input type="checkbox"/> NEW CONSTRUCTION                          |
|   | <input type="checkbox"/> OPERATOR CHANGE               | <input type="checkbox"/> PLUG AND ABANDON               | <input type="checkbox"/> PLUG BACK                                 |
|   | <input type="checkbox"/> PRODUCTION START OR RESUME    | <input type="checkbox"/> RECLAMATION OF WELL SITE       | <input checked="" type="checkbox"/> RECOMPLETE DIFFERENT FORMATION |
|   | <input type="checkbox"/> REPERFORATE CURRENT FORMATION | <input type="checkbox"/> SIDETRACK TO REPAIR WELL       | <input type="checkbox"/> TEMPORARY ABANDON                         |
|   | <input type="checkbox"/> TUBING REPAIR                 | <input type="checkbox"/> VENT OR FLARE                  | <input type="checkbox"/> WATER DISPOSAL                            |
|   | <input type="checkbox"/> WATER SHUTOFF                 | <input type="checkbox"/> SI TA STATUS EXTENSION         | <input type="checkbox"/> APD EXTENSION                             |
|   | <input type="checkbox"/> WILDCAT WELL DETERMINATION    | <input type="checkbox"/> OTHER                          | OTHER:   |

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

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

**Date:** February 17, 2010  
**By:** *Derek Duff*

|  |                                     |                                    |
|--|-------------------------------------|------------------------------------|
| <b>NAME (PLEASE PRINT)</b><br>Andy Lytle | <b>PHONE NUMBER</b><br>720 929-6100 | <b>TITLE</b><br>Regulatory Analyst |
| <b>SIGNATURE</b><br>N/A                  | <b>DATE</b><br>2/16/2010            |                                    |



**The Utah Division of Oil, Gas, and Mining**

- State of Utah
- Department of Natural Resources

**Electronic Permitting System - Sundry Notices**

**Sundry Conditions of Approval Well Number 43047389170000**

**Authorization: Board Cause No. 173-14.**

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

**Date:** February 17, 2010

**By:** *Dan K. Quist*

# Greater Natural Buttes Unit



**NBU 1022-3E-1**  
**RE-COMPLETIONS PROCEDURE**

**DATE:2/11/2010**  
**AFE#:**

**COMPLETIONS ENGINEER:** Cody Weitzel, Denver, CO  
(303)-718-9115 (Cell)  
(720)-929-6750 (Office)

**SIGNATURE:**

**ENGINEERING MANAGER: REBECCA JOHNSON**

**SIGNATURE:**

**REMEMBER SAFETY FIRST!**

**Name:** NBU 1022-3E-1  
**Location:** NESWNW Sec. 3 T10S R22E  
**Uintah County, UT**  
**Date:** 2/11/2010

**ELEVATIONS:** 5060 GL 5074 KB

**TOTAL DEPTH:** 8820 **PBTD:** 8766  
**SURFACE CASING:** 9 5/8", 36# J-55 ST&C @ 2370'  
**PRODUCTION CASING:** 4 1/2", 11.6#, I-80 LT&C @ 8810'  
 Marker Joint **4295-4315'**

**TUBULAR PROPERTIES:**

|                                  | BURST<br>(psi) | COLLAPSE<br>(psi) | DRIFT DIA.<br>(in.) | CAPACITIES |          |
|----------------------------------|----------------|-------------------|---------------------|------------|----------|
|                                  |                |                   |                     | (bbl/ft)   | (gal/ft) |
| 2 3/8" 4.7# J-55<br>tbg          | 7,700          | 8,100             | 1.901"              | 0.00387    | 0.1624   |
| 4 1/2" 11.6# I-80<br>(See above) | 7780           | 6350              | 3.875"              | 0.0155     | 0.6528   |
| 2 3/8" by 4 1/2"<br>Annulus      |                |                   |                     | 0.0101     | 0.4227   |

**TOPS:**

1149' Green River  
 1453' Birds Nest  
 1942' Mahogany  
 4319' Wasatch  
 6673' Mesaverde  
 Estimated T.O.C. from CBL @ 700'

**GENERAL:**

- A minimum of **11** tanks (cleaned lined 500 bbl) of recycled water will be required. Note: Use biocide in tanks and the water needs to be at least 45°F at pump time.
- All perforation depths are from Halliburtons Induction-Density-Neutron log dated 11/4/2008
- **5** fracturing stages required for coverage.
- Procedure calls for **6** CBP's (**8000** psi).
- Calculate open perforations after each breakdown. If less than 60% of the perforations appear to be open, ball out with 15% HCl.
- Put scale inhibitor 3 gals/1000 gals (in pad and 1/2 the ramp) and 10 gals/1000 gals in all flushes except the final stage. Remember to pre-load the casing with scale inhibitor for the very first stage with 10 gpt.
- 30/50 mesh Ottawa sand, **Slickwater frac.**
- Maximum surface pressure **6200** psi.
- Flush volumes are the sum of slick water and acid used during displacement (include scale inhibitor as mentioned above).
- **Call flush at 0 PPG @ inline densimeters. Slow to 5 bbl/min over last 10-20 bbls of flush. Flush to top perf.**

- **If distance between plug and top perf of previous stage is less than 50', it is considered to be tight spacing - over flush stage by 5 bbls (from top perf)**
- Service companies need to provide surface/production annulus pop-offs to be set for 1500 psi for each frac.
- Pump **resin coated sand** last 5,000# of all frac stages
- Tubing Currently Landed @~8301
- Originally completed on 11/17/2008

**Existing Perforations:**

| Zones     | Perforations |            | SPF | Holes |
|-----------|--------------|------------|-----|-------|
|           | Top, ft      | Bottom, ft |     |       |
| MESAVERDE | 8520         | 8523       | 3   | 9     |
| MESAVERDE | 8597         | 8600       | 3   | 9     |
| MESAVERDE | 8649         | 8651       | 4   | 8     |
| MESAVERDE | 8668         | 8672       | 4   | 16    |
| MESAVERDE | 8326         | 8329       | 3   | 9     |
| MESAVERDE | 8382         | 8386       | 3   | 12    |
| MESAVERDE | 8441         | 8443       | 3   | 6     |
| MESAVERDE | 8454         | 8458       | 4   | 16    |
| MESAVERDE | 8178         | 8182       | 3   | 12    |
| MESAVERDE | 8232         | 8236       | 3   | 12    |
| MESAVERDE | 8264         | 8270       | 3   | 18    |
| MESAVERDE | 8054         | 8060       | 3   | 18    |
| MESAVERDE | 8108         | 8114       | 4   | 24    |
| MESAVERDE | 7922         | 7926       | 3   | 12    |
| MESAVERDE | 7956         | 7960       | 3   | 12    |
| MESAVERDE | 7985         | 7990       | 4   | 20    |
| MESAVERDE | 7658         | 7661       | 3   | 9     |
| MESAVERDE | 7742         | 7745       | 3   | 9     |
| MESAVERDE | 7776         | 7778       | 3   | 6     |
| MESAVERDE | 7842         | 7846       | 4   | 16    |
| MESAVERDE | 7462         | 7464       | 3   | 6     |
| MESAVERDE | 7468         | 7474       | 3   | 18    |
| MESAVERDE | 7556         | 7560       | 4   | 16    |

**PROCEDURE:**

1. MIRU. Control well with recycled water and biocide as required. ND WH, NU BOP's and test.
2. If the tubing is below the proposed CBP depth, TOOH with 2-3/8", 4.7#, J-55 (or N-80) tubing (currently landed at ~8301'). Visually inspect for scale and consider replacing if needed. If the tubing is above the proposed CBP depth, RIH with tubing and tag for fill before TOOH.
3. If tbg looks ok consider running a gauge ring to 7445 (50' below proposed CBP). Otherwise P/U a mill and C/O to 7445 (50' below proposed CBP).

4. Set 8000 psi CBP at ~ 7395'. Pressure test BOP and casing to 6000 psi.
5. Perf the following with 3-3/8" gun, 23 gm, 0.36"hole:
- | Zone      | From | To   | spf | # of shots |
|-----------|------|------|-----|------------|
| MESAVERDE | 7216 | 7218 | 4   | 8          |
| MESAVERDE | 7240 | 7242 | 4   | 8          |
| MESAVERDE | 7299 | 7301 | 4   | 8          |
| MESAVERDE | 7326 | 7327 | 4   | 4          |
| MESAVERDE | 7362 | 7365 | 4   | 12         |
6. Breakdown perfs and establish injection rate (include scale inhibitor in fluid). Spot 250 gals of 15% HCL and let soak 5-10 min. Fracture as outlined in Stage 1 on attached listing. Under-displace to ~7216' and trickle 250gal 15%HCL w/ scale inhibitor in flush .
7. Set 8000 psi CBP at ~6522'. Perf the following 3-3/8" gun, 23 gm, 0.36"hole:
- | Zone    | From | To   | spf | # of shots |
|---------|------|------|-----|------------|
| WASATCH | 6344 | 6350 | 4   | 24         |
| WASATCH | 6488 | 6492 | 4   | 16         |
8. Breakdown perfs and establish injection rate. Fracture as outlined in Stage 2 on attached listing. Under-displace to ~6344' and trickle 250gal 15%HCL w/ scale inhibitor in flush.
9. Set 8000 psi CBP at ~6018'. Perf the following with 3-3/8" gun, 23 gm, 0.36" hole:
- | Zone    | From | To   | spf | # of shots |
|---------|------|------|-----|------------|
| WASATCH | 5941 | 5944 | 4   | 12         |
| WASATCH | 5967 | 5972 | 4   | 20         |
| WASATCH | 5986 | 5988 | 4   | 8          |
10. Breakdown perfs and establish injection rate. Fracture as outlined in Stage 3 on attached listing. Under-displace to ~5941' trickle 250gal 15%HCL w/ scale inhibitor in flush.
11. Set 8000 psi CBP at ~5646'. Perf the following with 3-3/8" gun, 23 gm, 0.36" hole:
- | Zone    | From | To   | spf | # of shots |
|---------|------|------|-----|------------|
| WASATCH | 5498 | 5502 | 4   | 16         |
| WASATCH | 5610 | 5616 | 4   | 24         |
12. Breakdown perfs and establish injection rate. Fracture as outlined in Stage 4 on attached listing. Under-displace to ~5498' and trickle 250gal 15%HCL w/ scale inhibitor in flush.
13. Set 8000 psi CBP at ~5105'. Perf the following with 3-3/8" gun, 23 gm, 0.36" hole:
- | Zone    | From | To   | spf | # of shots |
|---------|------|------|-----|------------|
| WASATCH | 5054 | 5060 | 4   | 24         |
| WASATCH | 5072 | 5075 | 4   | 12         |
14. Breakdown perfs and establish injection rate. Fracture as outlined in Stage 5 on attached listing. Under-displace to ~5054' and flush only with recycled water.
15. Set 8000 psi CBP at~5004'.

16. TIH with 3 7/8" mill, pump-off sub, SN and tubing.
17. Mill plugs and clean out to 8702. Land tubing at  $\pm 8296'$  and pump off bit unless indicated otherwise by the well's behavior. This well will be commingled at this time.
18. RDMO
19. Clean out well with foam and/or swabbing unit until steady flow has been established from recomplete.

**For design questions, please call**

**Cody Weitzel, Denver, CO**

**(303)-718-9115 (Cell)**

**(720)-929-6750 (Office)**

**For field implementation questions, please call**

**Jeff Samuels, Vernal, UT**

**(435)-781 9770 (Office)**

**(435)-828-6515 (Cell)**

NOTES:

Name NBU 1022-3E-1  
**Perforation and CBP Summary**

| Stage | Zones     | Perforations     |            | SPF | Holes | Fracture Coverage |           |        |
|-------|-----------|------------------|------------|-----|-------|-------------------|-----------|--------|
|       |           | Top, ft          | Bottom, ft |     |       |                   |           |        |
| 1     | MESAVERDE | 7216             | 7218       | 4   | 8     | 7215.5            | to        | 7218.5 |
|       | MESAVERDE | 7240             | 7242       | 4   | 8     | 7228.5            | to        | 7231.5 |
|       | MESAVERDE | 7299             | 7301       | 4   | 8     | 7238.5            | to        | 7243   |
|       | MESAVERDE | 7326             | 7327       | 4   | 4     | 7299              | to        | 7301.5 |
|       | MESAVERDE | 7362             | 7365       | 4   | 12    | 7325.5            | to        | 7327.5 |
|       | MESAVERDE |                  |            |     |       | 7357.5            | to        | 7365.5 |
|       | MESAVERDE |                  |            |     |       | 7367              | to        | 7369.5 |
|       |           | # of Perfs/stage |            |     |       | 40                | CBP DEPTH | 6,522  |
| 2     | WASATCH   | 6344             | 6350       | 4   | 24    | 6344              | to        | 6350   |
|       | WASATCH   | 6488             | 6492       | 4   | 16    | 6482              | to        | 6492   |
|       |           |                  |            |     |       |                   |           |        |
|       |           | # of Perfs/stage |            |     |       | 40                | CBP DEPTH | 6,018  |
| 3     | WASATCH   | 5941             | 5944       | 4   | 12    | 5939.5            | to        | 5954.5 |
|       | WASATCH   | 5967             | 5972       | 4   | 20    | 5955.5            | to        | 5958   |
|       | WASATCH   | 5986             | 5988       | 4   | 8     | 5968              | to        | 5988   |
|       |           | # of Perfs/stage |            |     |       | 40                | CBP DEPTH | 5,646  |
| 4     | WASATCH   | 5498             | 5502       | 4   | 16    | 5494              | to        | 5504   |
|       | WASATCH   | 5610             | 5616       | 4   | 24    | 5597              | to        | 5600.5 |
|       | WASATCH   |                  |            |     |       | 5605              | to        | 5618   |
|       |           | # of Perfs/stage |            |     |       | 40                | CBP DEPTH | 5,105  |
| 5     | WASATCH   | 5054             | 5060       | 4   | 24    | 5049              | to        | 5063.5 |
|       | WASATCH   | 5072             | 5075       | 4   | 12    | 5070.5            | to        | 5075   |
|       |           | # of Perfs/stage |            |     |       | 36                | CBP DEPTH | 5,004  |
|       | Totals    |                  |            |     | 196   |                   |           |        |





UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

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

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

5. Lease Serial No.  
UTU01191

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

2. Name of Operator **KERR-MCGEE OIL&GAS ONSHORE** Contact: **ANDY LYTLE**  
 Email: **andrew.lytle@anadarko.com**

3. Address **P.O. BOX 173779 DENVER, CO 80217** 3a. Phone No. (include area code) **Ph: 720-929-6100**

4. Location of Well (Report location clearly and in accordance with Federal requirements)\*  
 At surface **SWNW 1406FNL 1202FWL 39.98144 N Lat, 109.43055 W Lon**  
 At top prod interval reported below **SWNW 1406FNL 1202FWL 39.98144 N Lat, 109.43055 W Lon**  
 At total depth **SWNW 1406FNL 1202FWL 39.98144 N Lat, 109.43055 W Lon**

6. If Indian, Allottee or Tribe Name \_\_\_\_\_  
 7. Unit or CA Agreement Name and No. **UTU63047A**  
 8. Lease Name and Well No. **NBU 1022-3E-1**  
 9. API Well No. **43-047-38917**  
 10. Field and Pool, or Exploratory **NATURAL BUTTES**  
 11. Sec., T., R., M., or Block and Survey or Area **Sec 3 T10S R22E Mer SLB**  
 12. County or Parish **UINTAH** 13. State **UT**  
 14. Date Spudded **10/17/2008** 15. Date T.D. Reached **11/03/2008** 16. Date Completed  D & A  Ready to Prod. **03/14/2010**  
 17. Elevations (DF, KB, RT, GL)\* **5060 GL**  
 18. Total Depth: MD **8820** TVD **8815** 19. Plug Back T.D.: MD **8766** TVD **8761** 20. Depth Bridge Plug Set: MD \_\_\_\_\_ TVD \_\_\_\_\_

21. Type Electric & Other Mechanical Logs Run (Submit copy of each) **CBL-CCL-GR-SD-DSN-ACR-BCS** 22. Was well cored?  No  Yes (Submit analysis)  
 Was DST run?  No  Yes (Submit analysis)  
 Directional Survey?  No  Yes (Submit analysis)

23. Casing and Liner Record (Report all strings set in well)

| Hole Size | Size/Grade   | Wt. (#/ft.) | Top (MD) | Bottom (MD) | Stage Cementer Depth | No. of Sk. & Type of Cement | Slurry Vol. (BBL) | Cement Top* | Amount Pulled |
|-----------|--------------|-------------|----------|-------------|----------------------|-----------------------------|-------------------|-------------|---------------|
| 20.000    | 14.000 STEEL | 36.7        |          | 40          |                      | 28                          |                   |             |               |
| 12.250    | 9.625 J-55   | 36.0        |          | 2370        |                      | 825                         |                   |             |               |
| 7.875     | 4.500 I-80   | 11.6        |          | 8820        |                      | 1545                        |                   |             |               |
|           |              |             |          |             |                      |                             |                   |             |               |
|           |              |             |          |             |                      |                             |                   |             |               |

24. Tubing Record

| Size  | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) | Size | Depth Set (MD) | Packer Depth (MD) |
|-------|----------------|-------------------|------|----------------|-------------------|------|----------------|-------------------|
| 2.375 | 8302           |                   |      |                |                   |      |                |                   |

25. Producing Intervals

| Formation    | Top  | Bottom | Perforated Interval | Size  | No. Holes | Perf. Status |
|--------------|------|--------|---------------------|-------|-----------|--------------|
| A) WASATCH   | 5054 | 6492   | 5054 TO 6492        | 0.360 | 156       | OPEN         |
| B) MESAVERDE | 7216 | 7365   | 7216 TO 7365        | 0.360 | 40        | OPEN         |
| C)           |      |        |                     |       |           |              |
| D)           |      |        |                     |       |           |              |

26. Perforation Record

| Depth Interval | Amount and Type of Material                      |
|----------------|--|
| 5054 TO 6492   | PMP 3,549 BBLs SLICK H2O & 152,596 LBS 30/50 SD. |
| 7216 TO 7365   | PMP 1,506 BBLs SLICK H2O & 57,350 LBS 30/50 SD.  |

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

28. Production - Interval A

| Date First Produced | Test Date         | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|-------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| 03/14/2010          | 03/17/2010        | 24           | →               | 0.0     | 1450.0  | 206.0     |                       |             | FLows FROM WELL   |
| Choke Size          | Tbg. Press. Flwg. | Csg. Press.  | 24 Hr. Rate     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio         | Well Status |                   |
| 28/64               | SI                | 258          | →               | 0       | 1450    | 206       |                       | PGW         |                   |

28a. Production - Interval B

| Date First Produced | Test Date         | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|---------------------|-------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
|                     |                   |              | →               |         |         |           |                       |             |                   |
| Choke Size          | Tbg. Press. Flwg. | Csg. Press.  | 24 Hr. Rate     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio         | Well Status |                   |
|                     | SI                |              | →               |         |         |           |                       |             |                   |

| 28b. Production - Interval C |                      |              |                 |         |         |           |                       |             |                   |
|------------------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| Date First Produced          | Test Date            | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|                              |                      |              | →               |         |         |           |                       |             |                   |
| Choke Size                   | Tbg. Press. Flwg. SI | Csg. Press.  | 24 Hr. Rate     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio         | Well Status |                   |
|                              |                      |              | →               |         |         |           |                       |             |                   |

| 28c. Production - Interval D |                      |              |                 |         |         |           |                       |             |                   |
|------------------------------|----------------------|--------------|-----------------|---------|---------|-----------|-----------------------|-------------|-------------------|
| Date First Produced          | Test Date            | Hours Tested | Test Production | Oil BBL | Gas MCF | Water BBL | Oil Gravity Corr. API | Gas Gravity | Production Method |
|                              |                      |              | →               |         |         |           |                       |             |                   |
| Choke Size                   | Tbg. Press. Flwg. SI | Csg. Press.  | 24 Hr. Rate     | Oil BBL | Gas MCF | Water BBL | Gas:Oil Ratio         | Well Status |                   |
|                              |                      |              | →               |         |         |           |                       |             |                   |

29. Disposition of Gas(Sold, used for fuel, vented, etc.)  
**SOLD**

30. Summary of Porous Zones (Include Aquifers):  
 Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

| Formation   | Top  | Bottom | Descriptions, Contents, etc. | Name | Top         |
|-------------|------|--------|------------------------------|------|-------------|
|             |      |        |                              |      | Meas. Depth |
| GREEN RIVER | 1258 |        |                              |      |             |
| MAHOGANY    | 1948 |        |                              |      |             |
| WASATCH     | 4320 | 6484   |                              |      |             |
| MESAVERDE   | 6677 | 8820   |                              |      |             |

32. Additional remarks (include plugging procedure):  
 ATTACHED TO THIS WELL COMPLETION REPORT IS THE RECOMPLETION CHRONOLOGICAL WELL HISTORY.

33. Circle enclosed attachments:
- |   |                    |               |                       |
|---|--------------------|---------------|-----------------------|
| 1. Electrical/Mechanical Logs (1 full set req'd.)     | 2. Geologic Report | 3. DST Report | 4. Directional Survey |
| 5. Sundry Notice for plugging and cement verification | 6. Core Analysis   | 7. Other:     |                       |

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

**Electronic Submission #84429 Verified by the BLM Well Information System.  
 For KERR-MCGEE OIL&GAS ONSHORE, LP, sent to the Vernal**

Name (please print) ANDY LYTLE Title REGULATORY ANALYST

Signature \_\_\_\_\_ (Electronic Submission) Date 04/08/2010

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.

**\*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\* ORIGINAL \*\***

**US ROCKIES REGION**  
**Operation Summary Report**

Well: NBU 1022-3E-1

Project: UTAH-UINTAH

Site: NBU 1022-3E-1

Rig Name No: MILES-GRAY 1/1

Event: RECOMPL/RESEREVEADD

Start Date: 3/5/2010

End Date: 3/11/2010

Spud Date: 10/18/2008

Active Datum: RKB @5,073.00ft (above Mean Sea Level)

UWI: 0/10/S/22/E/3/0/SENE/6/PM/N/1,406.00/W/0/0/0/0

| Date      | Time Start-End            | Duration (hr) | Phase                     | Code | Sub Code | P/U | MD From (ft) | Operation  |
|-----------|---------------------------|---------------|---------------------------|------|----------|-----|--------------|--|
| 3/8/2010  | <u>DWC:</u> ██████████    |               | <u>CWC:</u> ██████████    |      |          |     |              |  |
| STEVE WAL | 7:00 - 7:30               | 0.50          | COMP                      | 48   |          | P   |              | HSM, ROADING RIG & EQUIP ON MUDDY ROADS. MIRU F/ NBU 1022-5N2. HAD TO WAIT FOR GRAVEL TO PUT BUY WELL HEAD TO FILL IN HOLE FOR BASE BEAM. SICP 200, SITP 200, CONTROL WELL W/ 30 BBLS DWN TBG. ND WH NU BOPS, RU FLOOR & TBG EQUIP. UNLAND TBG L/D HANGER, POOH S.L.M & CHECKING W/ BROACH FOR SCALE W/ 265 JTS 23/8 J-55 L/D BTM 3 JTS SCALE IN ID L/D X/N & NOTCHED COLLAR. SWI SDFN.  |
|           | 7:30 - 13:00              | 5.50          | COMP                      | 30   | A        | P   |              |  |
|           | 13:00 - 18:00             | 5.00          | COMP                      | 31   | I        | P   |              |  |
| 3/9/2010  | <u>DWC:</u> \$ ██████████ |               | <u>CWC:</u> \$ ██████████ |      |          |     |              |  |
| STEVE WAL | 7:00 - 7:30               | 0.50          | COMP                      | 48   |          | P   |              | HSM, WORKING W/ WIRE LINE & PRESSURE TESTING CSG. SICP 500, CONTROL CSG W/ 40 BBLS 2%, RU CUTTERS, RIH W/ 41/2 GAUGE RING TO 7450' POOH RIH SET 41/2 HAL 10K CBP @ 7395' POOH. RD FLOOR, ND BOPS, NU FRAC VALVES, FILL CSG W/ 75 BBLS 2% & TEST TO 6,000 PSI W/ B&C QUICK TEST. (STG 1) RIH W/ 3-1/8" EXP GNS, .23 GRM .36" HOLES, 90 DEG PHASING. & PERF 7362'-7365' 4 SPF 12 HLS, 7326'-7327' 4 SPF 4 HLS, 7299'-7301' 4 SPF 8 HLS, 7240'-7242' 4 SPF 8 HLS, 7216'-7218' 4 SPF 8 HLS. POOH SWI PREP TO FRAC IN AM.   |
|           | 7:30 - 9:00               | 1.50          | COMP                      | 34   | I        | P   |              |  |
|           | 9:00 - 10:30              | 1.50          | COMP                      | 33   | C        | P   |              |  |
|           | 10:30 - 15:00             | 4.50          | COMP                      | 34   | H        | P   |              |  |
| 3/10/2010 | <u>DWC:</u> \$ ██████████ |               | <u>CWC:</u> \$ ██████████ |      |          |     |              |  |
| STEVE WAL | 6:30 - 7:00               | 0.50          | COMP                      | 48   |          | P   |              | HSM, FRACING & PERORATING MIRU SUPERIOR, PRIME UP PUMPS & LINES. PRESSURE TEST SURFACE LINES TO 7200 PSI ( STG 1 ) WHP 1400 PSI, BRK @ 5,691 PSI @ 4.7 BPM, ISIP 3003 PSI, FG .85. PUMPED 100 BBLS @ 51.1 BPM @ 4651 PSI = 100% PERFS OPEN. MP 5959 PSI, MR 51.4 BPM, AP 4212 PSI, AR 50 BPM, ISIP 2364 PSI, FG .76. NPI -639, PMPD 1506 BBLS OF SW & 52,350 LBS OF 30/50 SND & 5,000 LBS 20/40 RESIN SAND. TOTAL PROP 57,350 LBS. ( STG 2 ) PU 41/2" CBP & 31/8" EXP GNS, 23 GRM, .36" HOLES, 90 DEG PHASING. SET HAL 8K CBP @ 6522' & PERF 6488'-6492' 4 SPF 16 HLS, 6344'-6350' 4 SPF 24 HLS, TOTAL 40 HOLES. WHP 690 PSI, BRK @ 3,301 PSI @ 4.7 BPM, ISIP 1698 PSI, FG .70. PUMPED 100 BBLS @ 50.8 BPM @ 4325 PSI = 62% PERFS OPEN. MP 4952 PSI, MR 52.8 BPM, AP 4251 PSI, AR 50.9 BPM, ISIP 1908 PSI, FG .74. NPI 210, PMPD 678 BBLS OF SW & 21,708 LBS OF 30/50 SND & 5,000 LBS 20/40 RESIN SAND. TOTAL PROP 26,708 LBS. |
|           | 7:00 - 7:50               | 0.83          | COMP                      | 36   | E        | P   |              |  |
|           | 7:50 - 9:17               | 1.45          | COMP                      | 36   | E        |     |              |  |

US ROCKIES REGION  
**Operation Summary Report**

Well: NBU 1022-3E-1

Project: UTAH-UINTAH

Site: NBU 1022-3E-1

Rig Name No: MILES-GRAY 1/1

Event: RECOMPL/RESERVEADD

Start Date: 3/5/2010

End Date: 3/11/2010

Spud Date: 10/18/2008

Active Datum: RKB @5,073.00ft (above Mean Sea Level)

UWI: 0/10/S/22/E/3/0/SENE/6/PM/N/1,406.00/W/0/0/0

| Date      | Time Start-End     | Duration (hr) | Phase              | Code | Sub Code | P/U | MD From (ft) | Operation  |
|-----------|--------------------|---------------|--------------------|------|----------|-----|--------------|--|
| STEVE WAL | 9:17 - 10:30       | 1.22          | COMP               | 36   | E        | P   |              | ( STG 3 ) PU 41/2" CBP & 31/8" EXP GNS, 23 GRM, .36" HOLES, 90 DEG PHASING.<br>SET HAL 8K CBP @ 6018' & PERF 5986'-5988' 4 SPF 8 HLS, 5967'-5972' 4 SPF 20 HLS, 5941'-5944' 4 SPF 12 HLS, TOTAL 40 HOLES.<br>WHP 200 PSI, BRK @ 2,463 PSI @ 4.7 BPM, ISIP 1366 PSI, FG .67.<br>PUMPED 100 BBLS @ 51.4 BPM @ 3382 PSI = 88% PERFS OPEN.<br>MP 3950 PSI, MR 51.8 BPM, AP 3312 PSI, AR 51.2 BPM, ISIP 1598 PSI, FG .71.<br>NPI 232, PMPD 964 BBLS OF SW & 37,073 LBS OF 30/50 SND & 5,000 LBS 20/40 RESIN SAND.<br>TOTAL PROP 42,073 LBS. |
|           | 10:30 - 11:40      | 1.17          | COMP               | 36   | E        | P   |              | ( STG 4 ) PU 41/2" CBP & 31/8" EXP GNS, 23 GRM, .36" HOLES, 90 DEG PHASING.<br>SET HAL 8K CBP @ 5646' & PERF 5610'-5616' 4 SPF 24 HLS, 5498'-5502' 4 SPF 16 HLS. TOTAL 40 HOLES.<br>WHP 145 PSI, BRK @ 1958 PSI @ 4.7 BPM, ISIP 981 PSI, FG .62.<br>PUMPED 100 BBLS @ 51.4 BPM @ 2877 PSI = 89% PERFS OPEN.<br>MP 3717 PSI, MR 52.1 BPM, AP 2660 PSI, AR 51.3 BPM, ISIP 1460 PSI, FG .70.<br>NPI 479, PMPD 1154 BBLS OF SW & 46,979 LBS OF 30/50 SND & 5,000 LBS 20/40 RESIN SAND.<br>TOTAL PROP 51,979 LBS.                           |
|           | 11:40 - 12:45      | 1.08          | COMP               | 36   | E        | P   |              | ( STG 5 ) PU 41/2" CBP & 31/8" EXP GNS, 23 GRM, .36" HOLES, 90 DEG PHASING.<br>SET HAL 8K CBP @ 5105' & PERF 5072'-5075' 4 SPF 12 HLS, 5054'-5060' 4 SPF 24 HLS, TOTAL 36 HOLES.<br>WHP 100 PSI, BRK @ 2218 PSI @ 4.7 BPM, ISIP 1274 PSI, FG .69.<br>PUMPED 100 BBLS @ 51.6 BPM @ 2590 PSI = 100% PERFS OPEN.<br>MP 2982 PSI, MR 51.8 BPM, AP 2716 PSI, AR 51.1 BPM, ISIP 1192 PSI, FG .67.<br>NPI -82, PMPD 753 BBLS OF SW & 26,836 LBS OF 30/50 SND & 5,000 LBS 20/40 RESIN SAND.<br>TOTAL PROP 31,836 LBS.                          |
|           | 12:45 - 14:30      | 1.75          | COMP               | 34   | I        | P   |              | ( KILL PLUG ) RIH W/ 41/2" HAL 8K CBP & SET @ 5004' POOH RD WIRE LINE & FRAC CREW.   |
|           | 14:30 - 17:30      | 3.00          | COMP               | 31   | I        | P   |              | ND FRAC VALVE NU BOPS, RIH W/ 37/8 BIT & POBS, & 1.875 X/N & 158 JTS 23/8 J-55 EOT @ 4952', RU DRLG EQUIP SWI SDFN.  |
| 3/11/2010 | DWC: \$ ██████████ |               | CWC: \$ ██████████ |      |          |     |              |  |
| STEVE WAL | 7:00 - 7:30        | 0.50          | COMP               | 48   |          | P   |              | HSM, WORKING W/ POWER SWIVEL.  |

US ROCKIES REGION  
**Operation Summary Report**

Well: NBU 1022-3E-1

Project: UTAH-UINTAH

Site: NBU 1022-3E-1

Rig Name No: MILES-GRAY 1/1

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Start Date: 3/5/2010

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Spud Date: 10/18/2008

Active Datum: RKB @5,073.00ft (above Mean Sea Level)

UWI: 0/10/S/22/E/3/0/SENE/6/PM/N/1,406.00/W/0/0/0/0

| Date      | Time Start-End     | Duration (hr) | Phase              | Code | Sub Code | P/U | MD From (ft) | Operation  |
|-----------|--------------------|---------------|--------------------|------|----------|-----|--------------|--|
| STEVE WAL | 7:30 - 19:00       | 11.50         | COMP               | 44   | C        | P   |              | <p>BROKE , CIRC CONVENTIONAL RIH</p> <p>C/O 0' OF SAND TAG 1 ST PLUG @ 5004' DRL PLG IN 15 MIN. 0# INCREASE. RIH.</p> <p>C/O 30' OF SAND TAG 2 ND PLUG @ 5105' DRL PLG IN 15 MIN. 300# INCREASE. RIH.</p> <p>C/O 30' OF SAND TAG 3 RD PLUG @ 5646' DRL PLG IN 20 MIN. 500# INCREASE. RIH.</p> <p>C/O 30' OF SAND TAG 4 TH PLUG @ 6018' DRL PLG IN 18 MIN. 200# INCREASE. RIH.</p> <p>C/O 30' OF SAND TAG 5 TH PLUG @ 6522' DRL PLG IN 15 MIN. 100# INCREASE. RIH.</p> <p>C/O 30' OF SAND TAG 6 TH PLUG @ 7395' BREAK CIRC W/ AIR/ FOAM, DRL PLG IN 10 MIN. 200# INCREASE, KILL TBG RIH TAG UP @ 8658' C/O SND TO 8702' CIRC CLEAN, RD SWIVEL, L/D 13 JTS, LAND TBG ON 265 JTS 23/8 J-55. ND BOPS DROP BALL, NU WH, PUMP OFF BIT W/ FOAM UNIT &amp; FOAM WELL AROUND . RIG DWN RIG TURN WELL OVER TO FB CREW, SDFN</p> <p>KB= 14'<br/>           41/16 10K HANGER= .83'<br/>           265 JTS 23/8 J-55 = 8285.27' ( REPLACE 3 BTM JTS W/ SCALE, W/ 3 JTS YELLOW BAND F/ APC PIPE YARD.)<br/>           1.875 X/N &amp; POBS = 2.20'<br/>           EOT @ 8302.30'</p> <p>TWTR 5700 BBLS<br/>           TWR 1170<br/>           TWLTR 4530</p> |
| 3/12/2010 | DWC: \$ [REDACTED] |               | CWC: \$ [REDACTED] |      |          |     |              |  |
| DUANE FOC | 7:00 -             |               |                    | 33   | A        |     |              | <p>7 AM FLBK REPORT: CP 1525#, TP 0#, 64/64" CK, - BWPH, - SAND, - GAS<br/>           TTL BBLS RECOVERED: 1345<br/>           BBLS LEFT TO RECOVER: 4355</p>   |
| 3/13/2010 | DWC: \$ [REDACTED] |               | CWC: \$ [REDACTED] |      |          |     |              |  |
| DUANE FOC | 7:00 -             |               |                    | 33   | A        |     |              | <p>7 AM FLBK REPORT: CP 950#, TP 200#, 64/64" CK, 25 BWPH, MED SAND, - GAS<br/>           TTL BBLS RECOVERED: 1937<br/>           BBLS LEFT TO RECOVER: 3763</p>   |
| 3/14/2010 | DWC: \$ [REDACTED] |               | CWC: \$ [REDACTED] |      |          |     |              |  |
| DUANE FOC | 7:00 -             |               |                    | 33   | A        |     |              | <p>7 AM FLBK REPORT: CP 950#, TP 525#, 28/64" CK, 12 BWPH, MEDIUM SAND, - GAS<br/>           TTL BBLS RECOVERED: 2390<br/>           BBLS LEFT TO RECOVER: 3310</p>  |
|           | 9:00 -             |               | PROD               | 50   |          |     |              | <p>WELL TURNED TO SALES @ 0900 HR ON<br/>           3/14/2010 - 1800 MCFD, 288 BWPD, CP 950#, FTP 550#, CK 28/64"</p>  |
| 3/15/2010 | DWC: \$ 0.00       |               | CWC: \$ 216,711.00 |      |          |     |              |  |

US ROCKIES REGION  
**Operation Summary Report**

Well: NBU 1022-3E-1

Project: UTAH-UINTAH      Site: NBU 1022-3E-1      Rig Name No: MILES-GRAY 1/1

Event: RECOMPL/RESEREVEADD      Start Date: 3/5/2010      End Date: 3/11/2010      Spud Date: 10/18/2008

Active Datum: RKB @5,073.00ft (above Mean Sea Level)      UWI: 0/10/S/22/E/3/0/SENE/6/PM/N/1,406.00/W/0/0/0/0

| Date      | Time Start-End     | Duration (hr) | Phase | Code | Sub Code | P/U | MD From (ft) | Operation  |
|-----------|--------------------|---------------|-------|------|----------|-----|--------------|--|
| DUANE FOC | 7:00 -             |               |       | 33   | A        |     |              | 7 AM FLBK REPORT: CP 900#, TP 500#, 28/64" CK, 10 BWPH, LIGHT SAND, - GAS<br>TTL BBLs RECOVERED: 2636<br>BBLs LEFT TO RECOVER: 3064  |
| 3/16/2010 | DWC: \$ [REDACTED] |               |       |      |          |     |              | CWC: \$ [REDACTED]   |
| DUANE FOC | 7:00 -             |               |       | 33   | A        |     |              | 7 AM FLBK REPORT: CP 850#, TP 460#, 28/64" CK, 8 BWPH, TRACE SAND, 1.3 GAS<br>TTL BBLs RECOVERED: 2862<br>BBLs LEFT TO RECOVER: 2838 |
| 3/17/2010 | DWC: \$ [REDACTED] |               |       |      |          |     |              | CWC: \$ [REDACTED]   |
| DUANE FOC | 7:00 -             |               | PROD  | 50   |          |     |              | WELL IP'D ON 3/17/10 - 1450 MCFD, 0 BOPD, 206 BWPD, CP 833#, FTP 258#, CK 28/64", LP 170#, 24 HRS                                    |