



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

January 26, 2007

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

RE: NBU 1022-25H
T10S-R22E
Section 25: SENE
2604' FNL, 825' FEL
Uintah County, Utah

Dear Ms. Mason:

Kerr-McGee Oil & Gas Onshore LP, formerly known as Westport Oil and Gas Company, L.P., has submitted a permit to drill the captioned well to test the Wasatch and Mesaverde formations. The well is located at an exception location to State Rule 173-14 (NBU). The well location is less than 460' from the unit boundary. Kerr-McGee owns 100% of the leasehold in the offset lands and has no objection to the exception location.

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

Sincerely,

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

W. Chris Latimer, CPL
Senior Landman

cc: Raleen White

RECEIVED

JAN 31 2007

DIV. OF OIL, GAS & MINING

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

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. MINERAL LEASE NO: ML-22447	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: UNIT #891008900A	
2. NAME OF OPERATOR: KERR MCGEE OIL & GAS ONSHORE L.P.			9. WELL NAME and NUMBER: NBU 1022-25H	
3. ADDRESS OF OPERATOR: 1368 S 1200 E CITY VERNAL STATE UT ZIP 84078		PHONE NUMBER: (435) 781-7024	10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2604' ^N FEL, 825' FEL <i>638359x 39.919797</i> AT PROPOSED PRODUCING ZONE: <i>4419900y -109.381081</i>			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 25 10S 22E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 58 MILES SOUTH OF OURAY, UTAH			12. COUNTY: UINTAH	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 825'	16. NUMBER OF ACRES IN LEASE: 640.00	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40.00		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) REFER TO TOPO C	19. PROPOSED DEPTH: 7,580	20. BOND DESCRIPTION: RLB0005237		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5137'GL	22. APPROXIMATE DATE WORK WILL START:	23. ESTIMATED DURATION:		

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8	H-40	32.3#	1,400	265 SX CLASS G	1.18 YIELD	15.6 PPG
7 7/8"	4 1/2	I-80	11.6#	7,580	1620 SX 50/50 POZ	1.31 YIELD	14.3 PPG

ATTACHMENTS

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

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

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST
 SIGNATURE *Sheila Upchego* DATE 1/24/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-047-39033

Approved by the
Utah Division of
Oil, Gas and Mining
APPROVAL:

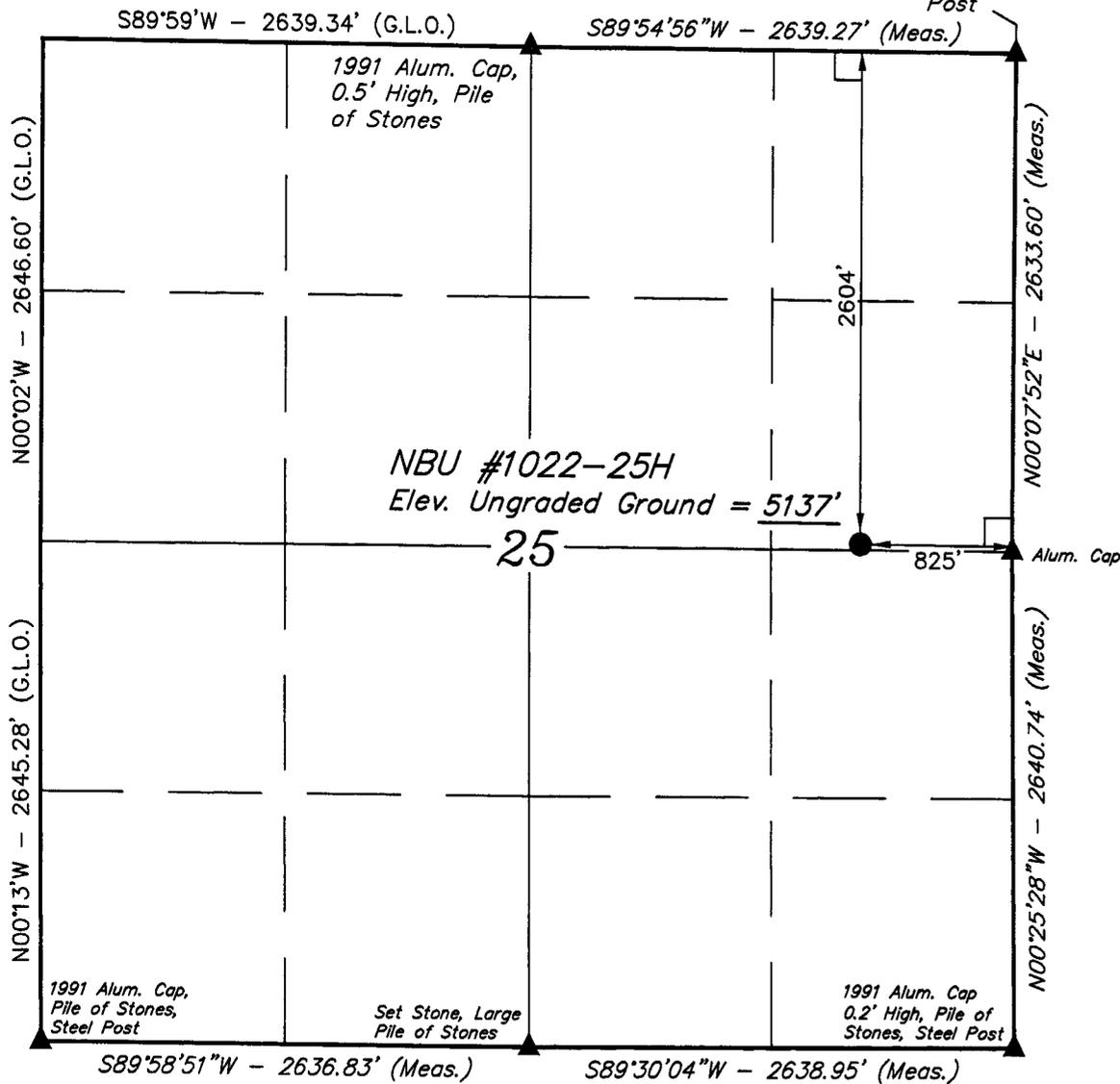
RECEIVED
FEB 02 2007

DIV. OF OIL, GAS & MINING

Date: 02-21-08
(See instructions on Reverse Side)
By: *[Signature]*

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

1991 Alum. Cap,
0.4' High, Pile
of Stones, Steel
Post



Kerr-McGee Oil & Gas Onshore LP

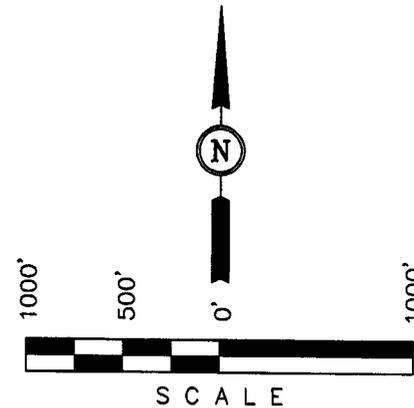
Well location, NBU #1022-25H, located as shown in the SE 1/4 NE 1/4 of Section 25, T10S, R22E, S.L.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

TWO WATER TRIANGULATION STATION LOCATED IN THE NW 1/4 OF SECTION 1, T10S, R21E, S.L.B.&M., TAKEN FROM THE BIG PACK MTN NE, QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5238 FEET.

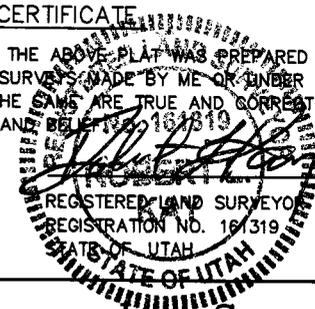
BASIS OF BEARINGS

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



CERTIFICATE

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



LEGEND:

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

(NAD 83)
 LATITUDE = 39°55'11.78" (39.919939)
 LONGITUDE = 109°22'54.71" (109.381864)
 (NAD 27)
 LATITUDE = 39°55'11.90" (39.919972)
 LONGITUDE = 109°22'52.26" (109.381183)

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

SCALE 1" = 1000'	DATE SURVEYED: 12-02-06	DATE DRAWN: 12-04-06
PARTY D.K. T.H. S.L.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE Kerr-McGee Oil & Gas Onshore LP	

**NBU 1022-25H
SE/NE SEC. 25, T10S, R22E
UINTAH COUNTY, UTAH
ML-22447**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	623'
Top of Birds Nest Water	843'
Mahogany	1364'
Wasatch	3477'
Mesaverde	5593'
MVU2	6529'
MVL1	7110'
TD	7580'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	623'
	Top of Birds Nest Water	843'
	Mahogany	1364'
Gas	Wasatch	3477'
Gas	Mesaverde	5593'
Gas	MVU2	6529'
Gas	MVL1	7110'
Water	N/A	
Other Minerals	N/A	

3. Pressure Control Equipment (Schematic Attached)

Please refer to the attached Drilling Program.

4. Proposed Casing & Cementing Program:

Please refer to the attached Drilling Program.

5. Drilling Fluids Program:

Please refer to the attached Drilling Program.

6. Evaluation Program:

Please refer to the attached Drilling Program.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 7580' TD, approximately equals 4700 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3032 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

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

9. **Variations:**

Please refer to the attached Drilling Program.

10. **Other Information:**

Please refer to the attached Drilling Program.



KERR-McGEE OIL & GAS ONSHORE LP
DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'				2270	1370	254000
SURFACE	9-5/8"	0 to 1400	32.30	H-40	STC	0.85*****	2.09	6.41
PRODUCTION	4-1/2"	0 to 7580	11.60	I-80	LTC	7780	6350	201000
						2.92	1.46	2.62

1) Max Anticipated Surf. Press. (MASP) (Surface Casing) = (Pore Pressure at next csg point - (0.22 psi/ft - partial evac gradient x TVD of next csg point))

2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft - partial evac gradient x TD)

(Burst Assumptions: TD = 11.0 ppg)

.22 psi/ft = gradient for partially evac wellbore

(Collapse Assumption: Fully Evacuated Casing, Max MW)

(Tension Assumptions: Air Weight of Casing * Buoy. Fact. of water)

MASP 2668 psi

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

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE		NOTE: If well will circulate water to surface, option 2 will be utilized					
Option 2	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite + .25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	2,970'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	330	60%	11.00	3.38
	TAIL	4,610'	50/50 Poz/G + 10% salt + 2% gel + .1% R-3	1290	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

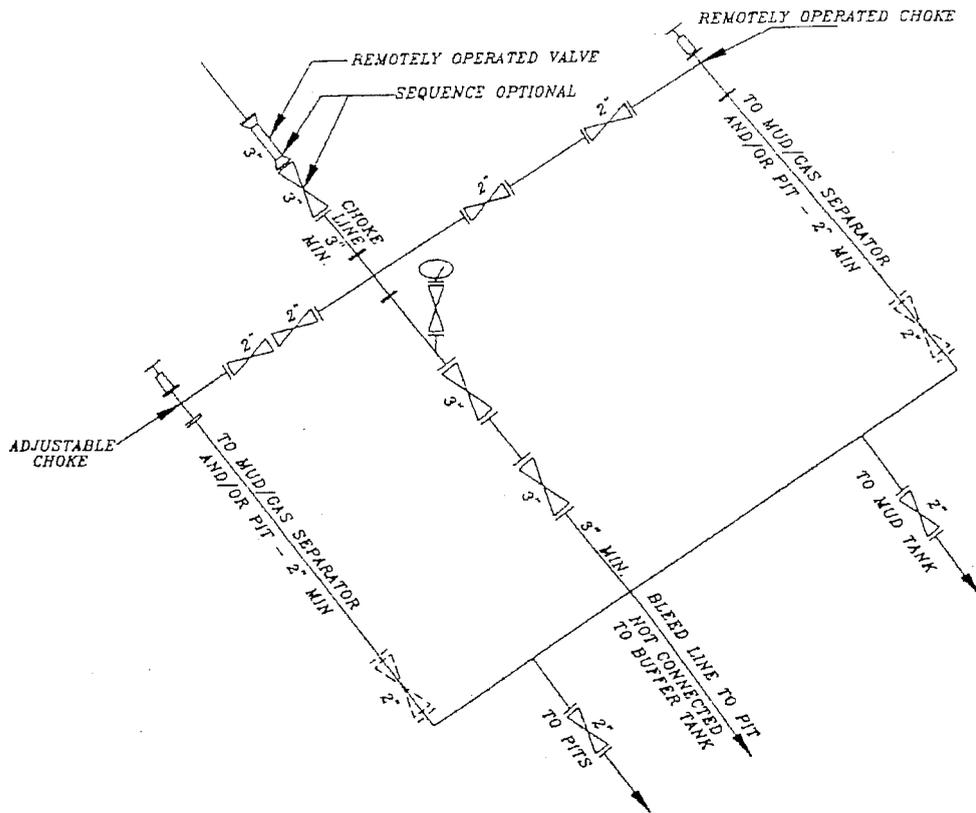
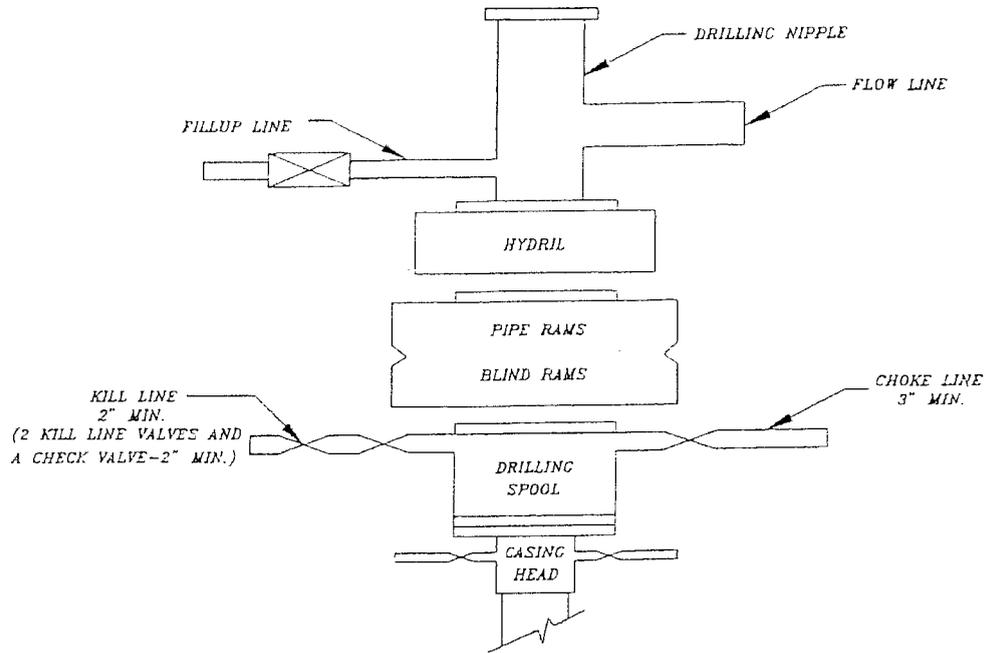
DATE:

DRILLING SUPERINTENDENT:

Randy Bayne

DATE:

5M BOP STACK and CHOKE MANIFOLD SYSTEM



**NBU 1022-25H
SE/NE SEC. 25, T10S, R22E
Uintah County, UT
ML-22447**

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Refer to Topo Map A for directions to the location.

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

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

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

2. Planned Access Roads:

Approximately 70' +/- miles of new access road is proposed. Refer to Topo Map B for the location of the proposed access road.

Approximately 0.8 +/- miles of an existing road needs upgraded. Refer to Topo Map B.

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

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

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

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

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

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities:

The following guidelines will apply if the well is productive.

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

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

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

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

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

Approximately 42' +/- of 4" steel pipeline is proposed from the location to an tie-in point. Refer to Topo Map D.

5. Location and Type of Water Supply:

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

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

No water well is to be drilled on this lease.

6. Source of Construction Materials:

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

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

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

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

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

A plastic reinforced liner and felt will be used, it will be a minimum of 20 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will

be disposed of in the pit.

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

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

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

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

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

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

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

8. Ancillary Facilities:

None are anticipated.

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

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

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

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

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

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

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

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

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

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

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

Location size may change prior to the drilling of the well due to current rig availability. If the proposed location is not large enough to accommodate the drilling rig the location will be re-surveyed and a Form 9 shall be submitted.

10. Plans for Reclamation of the Surface:

Producing Location:

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

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

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

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

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

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

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

Dry Hole/Abandoned Location:

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

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

11. Surface Ownership:

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

12. Other Information:

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

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

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

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

Sheila Upchego
Senior Land Admin Specialist
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East.
Vernal, UT 84078
(435) 781-7024

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

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

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

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

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

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


Sheila Upchego

1/24/2007
Date

Kerr-McGee Oil & Gas Onshore LP
NBU #1022-25H
SECTION 25, 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 9.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN NORTHEASTERLY DIRECTION APPROXIMATELY 2.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 0.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN LEFT AND PROCEED IN A SOUTHEASTERLY, THEN NORTHEASTERLY DIRECTION APPROXIMATELY 1.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 4.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 1.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY, THEN NORTHERLY DIRECTION APPROXIMATELY 3.2 MILES TO THE #2D-36 AND AN EXISTING ROAD TO THE NORTH; TURN LEFT AND PROCEED IN A NORTHERLY DIRECTION APPROXIMATELY 0.8 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 70' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 66.0 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-25H

LOCATED IN UINTAH COUNTY, UTAH
SECTION 25, T10S, R22E, S.L.B.&M.

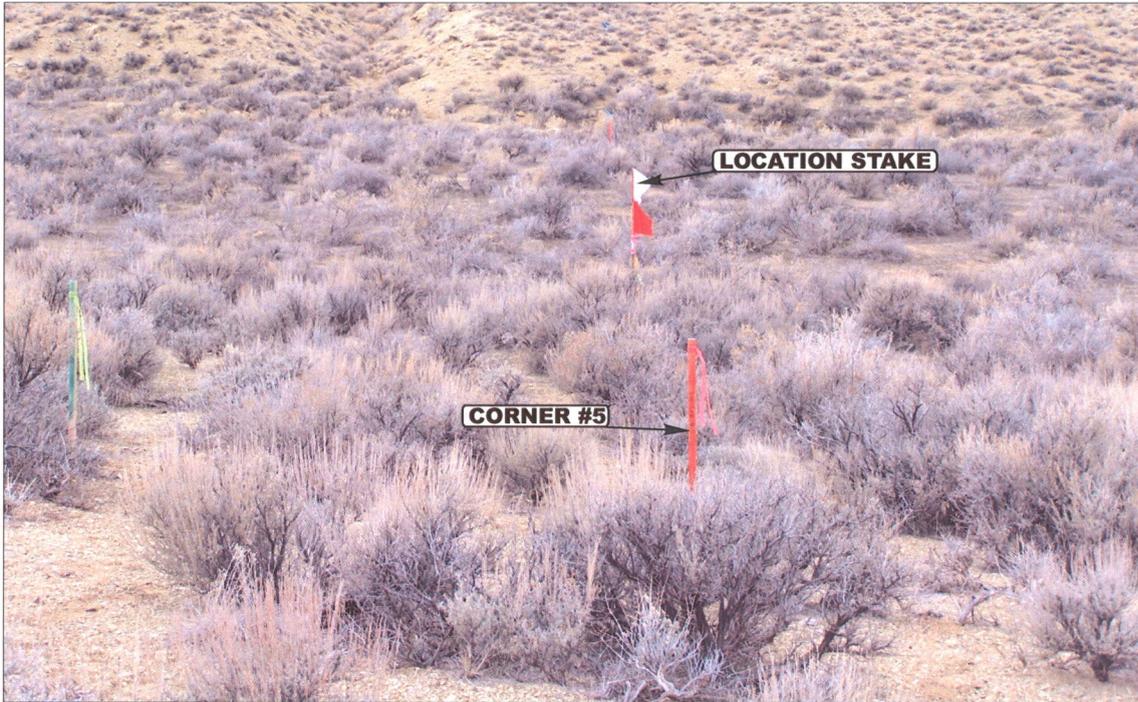


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: WESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

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

LOCATION PHOTOS

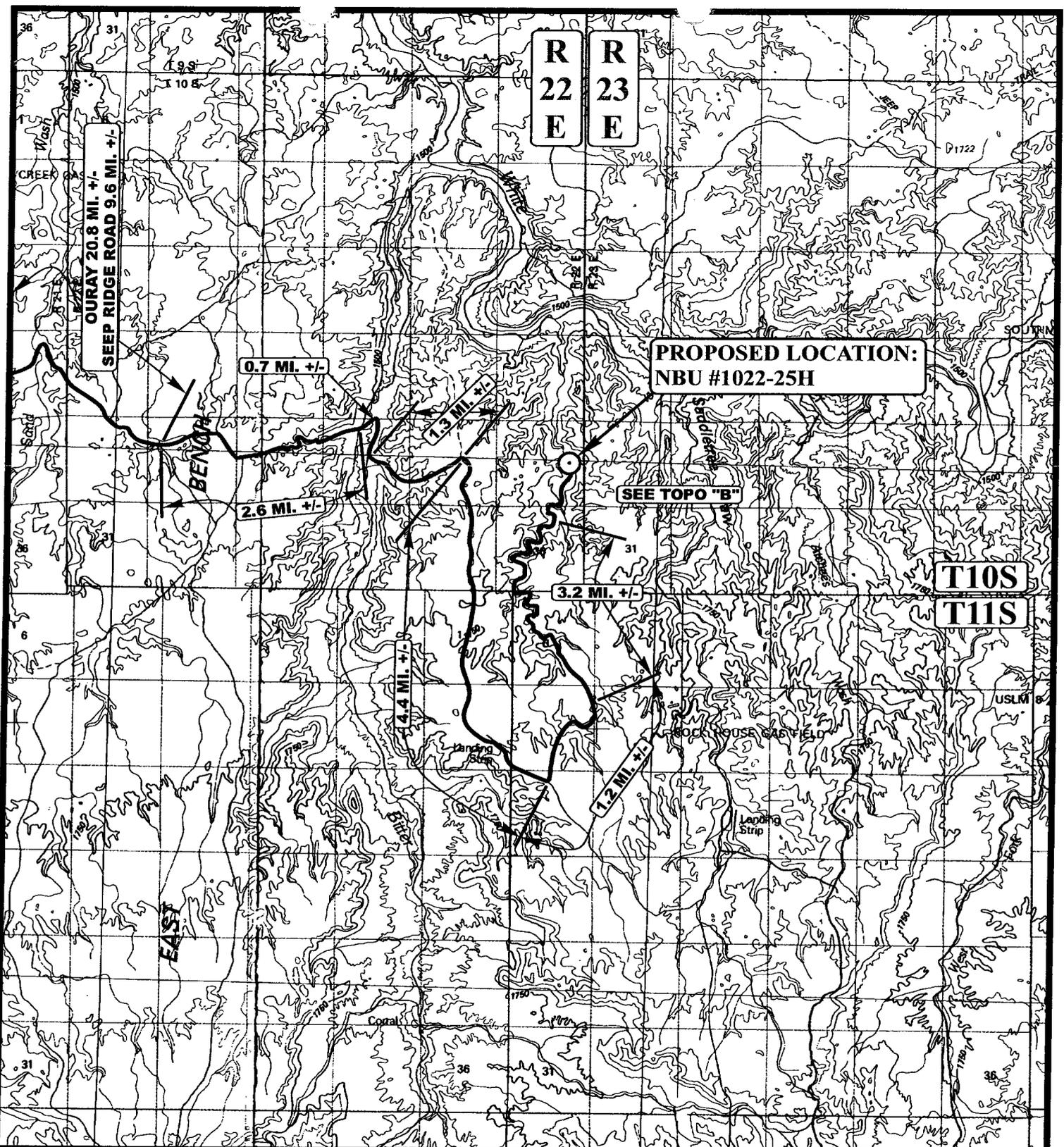
12 05 06
MONTH DAY YEAR

PHOTO

TAKEN BY: D.K.

DRAWN BY: C.P.

REVISED: 00-00-00



LEGEND:
 ○ PROPOSED LOCATION



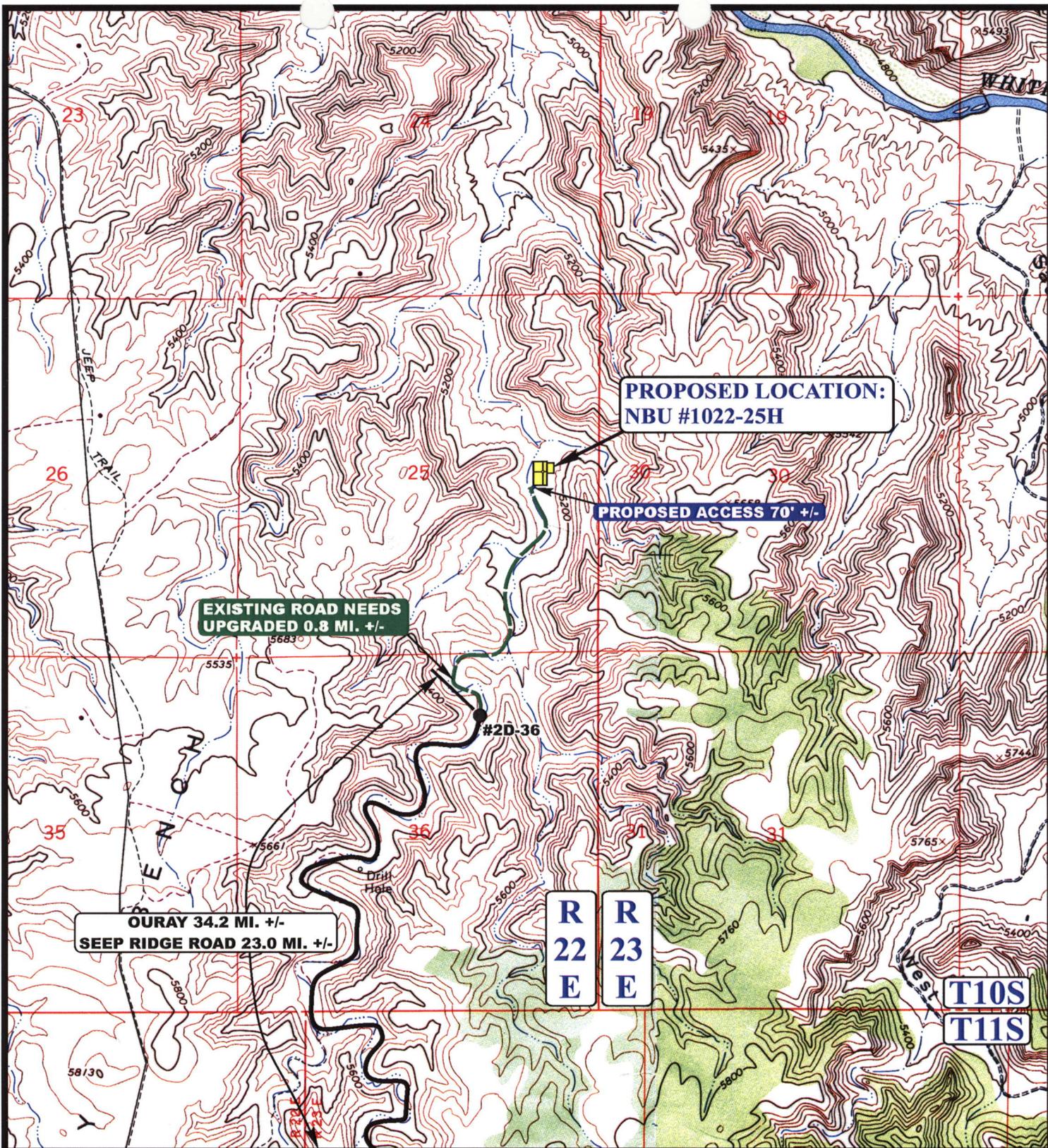
Kerr-McGee Oil & Gas Onshore LP

NBU #1022-25H
 SECTION 25, T10S, R22E, S.L.B.&M.
 260' FNL 825' FEL

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

TOPOGRAPHIC	12	05	06
MAP	MONTH	DAY	YEAR
SCALE: 1:100,000	DRAWN BY: C.P.		REVISED: 00-00-00





LEGEND:

- EXISTING ROAD
- PROPOSED ACCESS ROAD
- EXISTING ROAD NEEDS UPGRADED

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-25H
SECTION 25, T10S, R22E, S.L.B.&M.
2605' FNL 825' FEL

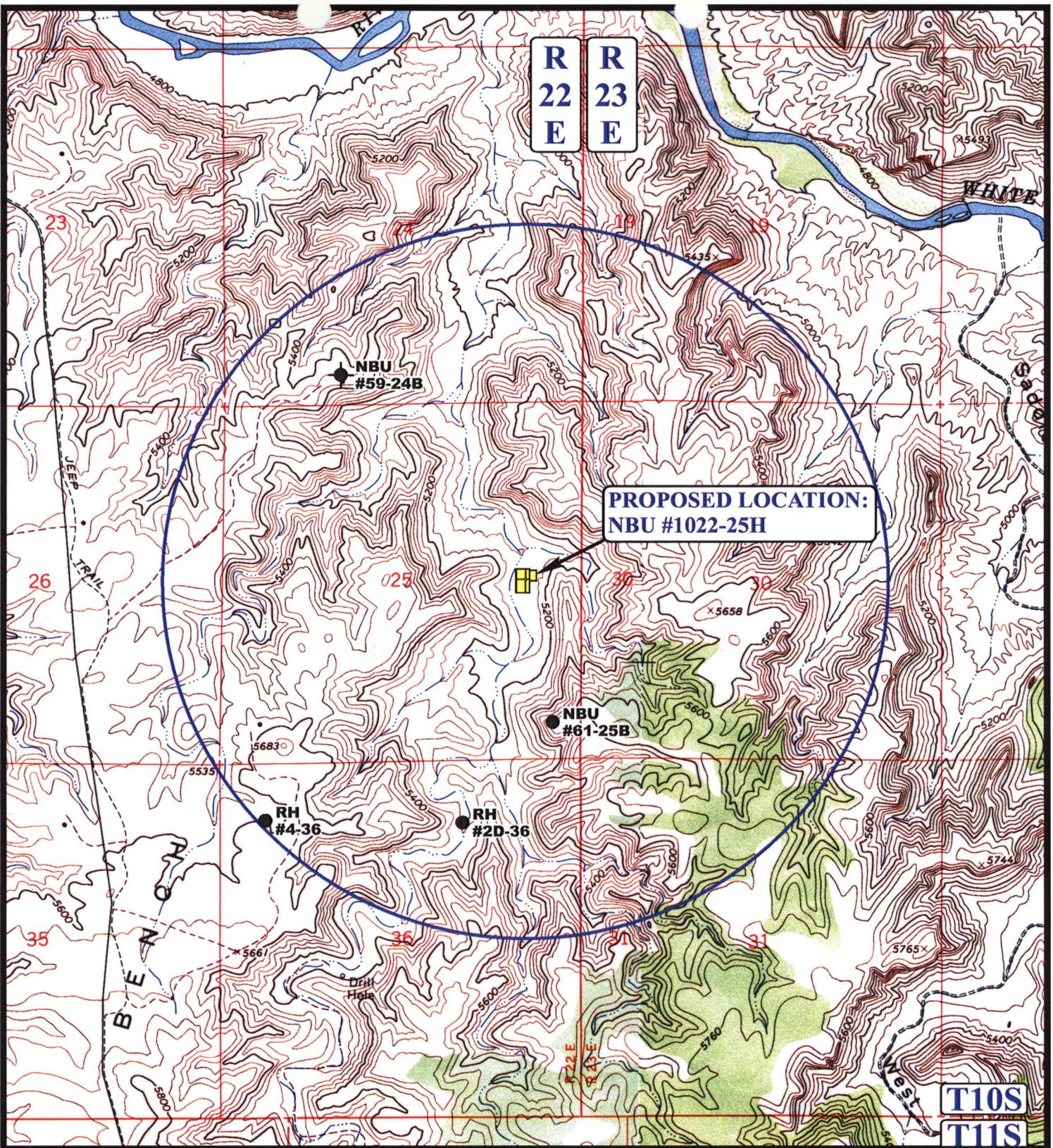


Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC	12 05 06
MAP	MONTH DAY YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.
REVISED: 00-00-00	





LEGEND:

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

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-25H
SECTION 25, T10S, R22E, S.L.B.&M.
2605' FNL 825' FEL



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



TOPOGRAPHIC
MAP

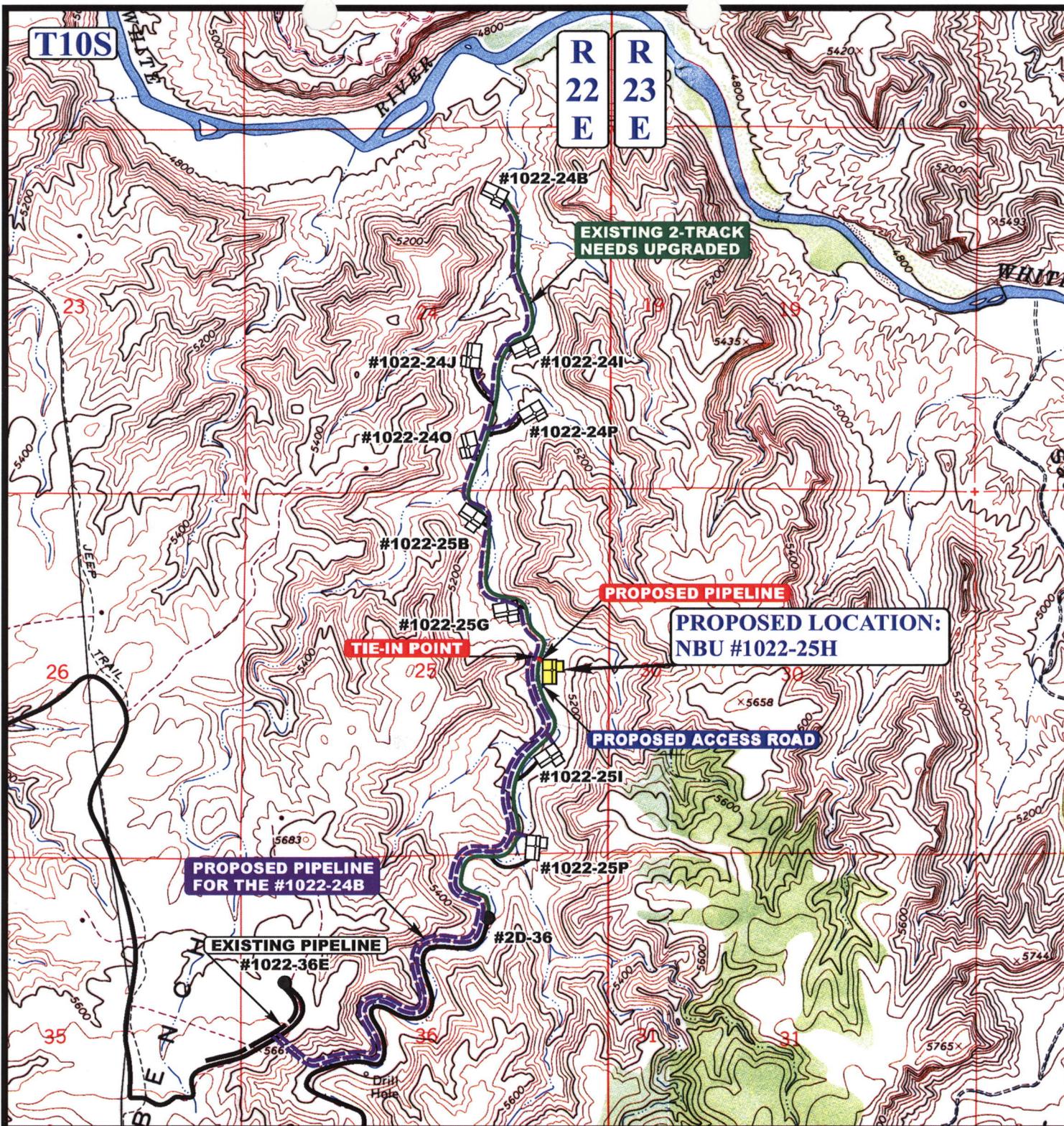
12 05 06
 MONTH DAY YEAR

SCALE: 1" = 2000'

DRAWN BY: C.P.

REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 42' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING 2-TRACK NEEDS UPGRADED
- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED PIPELINE (SERVICING OTHER WELLS)

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-25H

SECTION 25, T10S, R22E, S.L.B.&M.

2605' FNL 825' FEL



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



TOPOGRAPHIC
MAP

12 05 06
 MONTH DAY YEAR

SCALE: 1" = 2000'

DRAWN BY: C.P.

REVISED: 00-00-00



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-25H

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH
SECTION 25, T10S, R22E, S.L.B.&M.



PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: EASTERLY



PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: EASTERLY



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

PIPELINE PHOTOS

12 05 06
MONTH DAY YEAR

PHOTO

TAKEN BY: D.K.

DRAWN BY: C.P.

REVISED: 00-00-00

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR

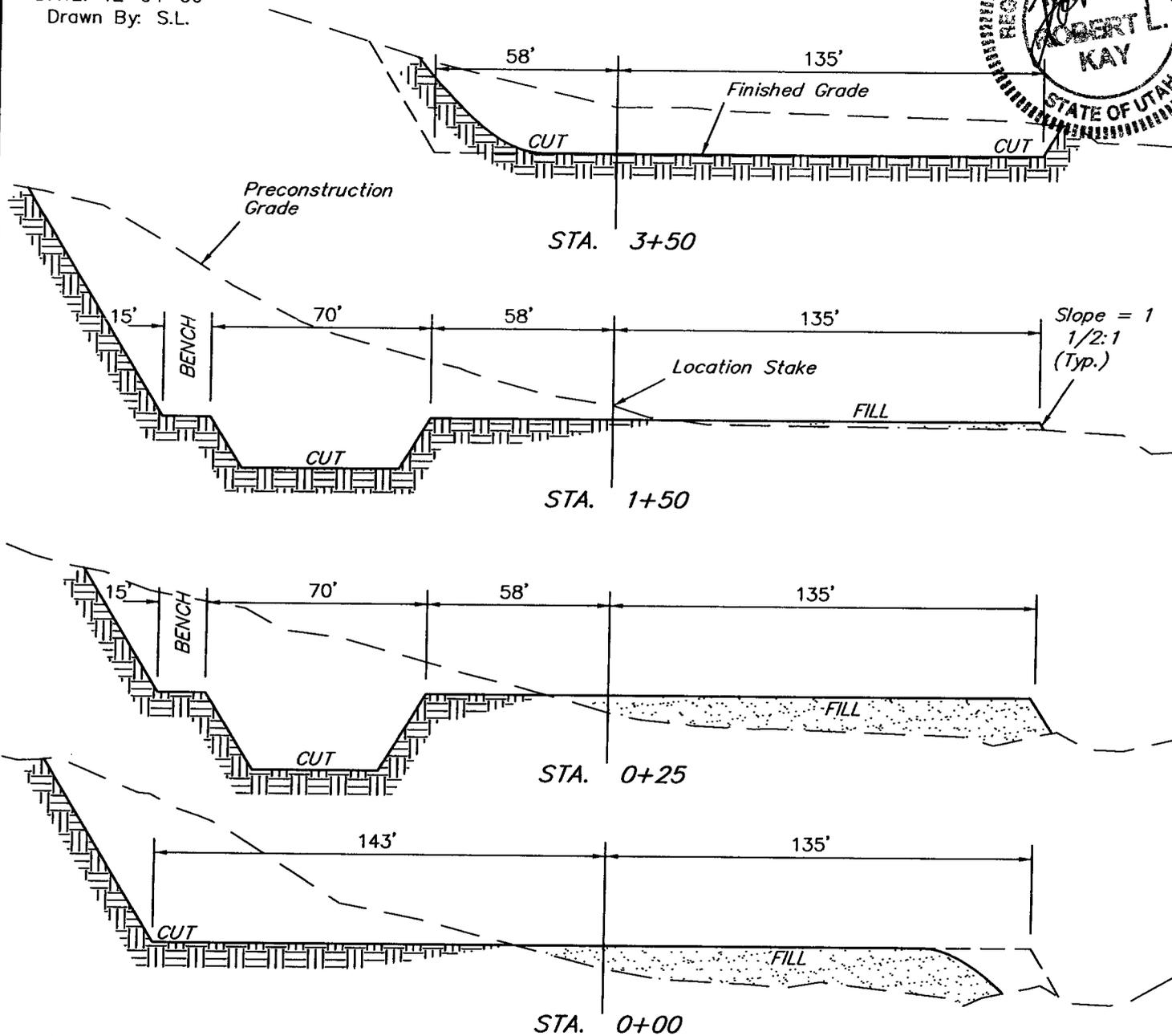
NBU #1022-25H

SECTION 25, T10S, R22E, S.L.B.&M.

2604' FNL 825' FEL

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

DATE: 12-04-06
Drawn By: S.L.



NOTE:

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

*** NOTE:**

FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,950 Cu. Yds.
Remaining Location	= 18,250 Cu. Yds.
TOTAL CUT	= 20,200 CU.YDS.
FILL	= 2,920 CU.YDS.

EXCESS MATERIAL	= 17,280 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,340 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 13,940 Cu. Yds.

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 02/02/2007

API NO. ASSIGNED: 43-047-39033

WELL NAME: NBU 1022-25H

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 435-781-7024

CONTACT: SHEILA UPCHEGO

PROPOSED LOCATION:

SENE 25 100S 220E
 SURFACE: 2604 FSL 0825 FEL
 BOTTOM: 2604 FSL 0825 FEL
 COUNTY: UINTAH
 LATITUDE: 39.91980 LONGITUDE: -109.3811
 UTM SURF EASTINGS: 638359 NORTHINGS: 4419900
 FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DWD	2/20/07
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-22447

SURFACE OWNER: 3 - State

PROPOSED FORMATION: WSMVD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. 22013542)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 43-8496)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

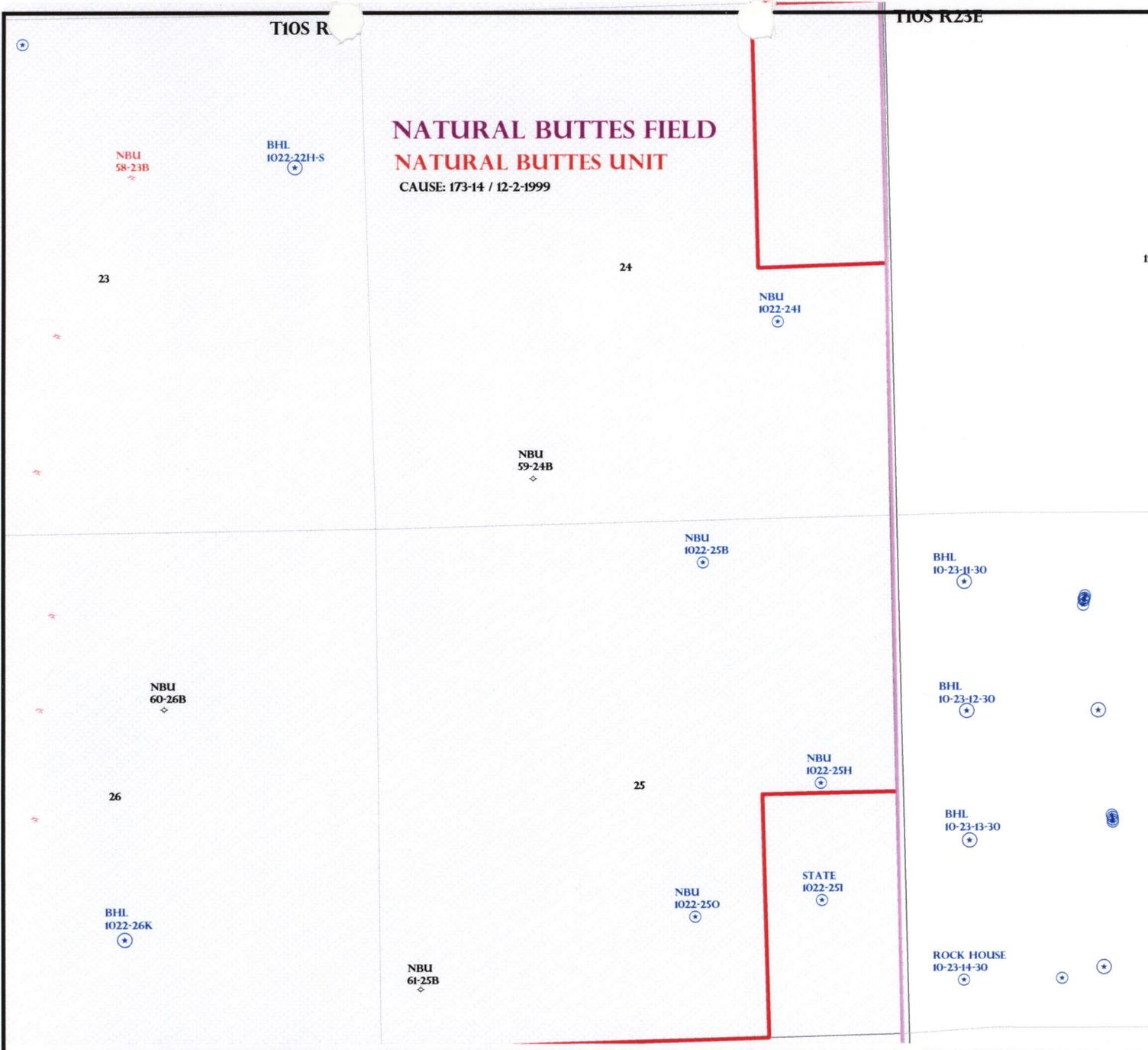
- ___ R649-2-3.
- Unit: NATURAL BUTTES
- ___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 173-14
Eff Date: 12-2-1999
Siting: 460' fr u bar of uncomm. trees
- ___ R649-3-11. Directional Drill

COMMENTS:

Need Permit (02-14-07)

STIPULATIONS:

- 1- STATEMENT OF BASIS
- 2- OIL SHALE
- 3- Surface Csg Cont Strip



OPERATOR: KERR MCGEE O&G (N2995)

SEC: 25 T.10S R. 22E

FIELD: NATURAL BUTTES (630)

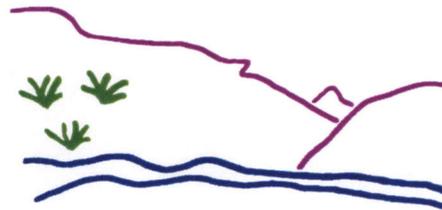
COUNTY: UINTAH

CAUSE: 173-14 / 12-2-1999

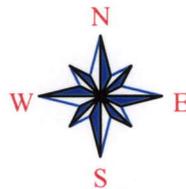
- Field Status**
- ABANDONED
 - ACTIVE
 - COMBINED
 - INACTIVE
 - PROPOSED
 - STORAGE
 - TERMINATED

- 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: 7-FEBRUARY-2007

Application for Permit to Drill

Statement of Basis

Utah Division of Oil, Gas and Mining

2/22/2007

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
259	43-047-39033-00-00		GW	S	No
Operator	KERR-MCGEE OIL & GAS ONSHORE, LP		Surface Owner-APD		
Well Name	NBU 1022-25H		Unit		
Field	UNDESIGNATED		Type of Work		
Location	SENE 25 10S 22E S 0 F L 0 F L GPS Coord (UTM) 638359E 4419900N				

Geologic Statement of Basis

Kerr McGee proposes to set 1,400' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 5,100'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 25. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water.

Production casing cement should be brought up above the base of the moderately saline ground water to isolate it from fresher waters uphole.

Brad Hill
APD Evaluator

2/22/2007
Date / Time

Surface Statement of Basis

The general area is Archy Wash located south of the White River in Uintah County, Utah. Vernal, Utah is approximately 37 miles to the northwest and Bonanza, Utah approximately 12 miles to the northeast. Archy Bench is approximately 1 mile to the west and West Fork of Saddle Tree Draw 1-2 miles to the east. The topography in the area is characterized by steep sidehills bordering winding narrow to moderately narrow draws. Many side-slopes are rimmed with sandstone bedrock forming vertical cliffs. Numerous small side draws lead away from the main divides. All drainages are ephemeral only flowing during winter snowmelt and following intense summer rainstorms. Roads are commonly constructed in the bottom of the washes and are subject to washing out following runoff events. Erosion from side-slopes is moderate. No streams seeps or springs are known to exist in the area.

The proposed NBU 1022-25H gas well is approximately 35 road miles south of Ouray, Utah accessed by Uintah County roads to within approximately 0.81 miles of the site. Approximately 0.8 miles of existing low standard road will be up-graded and 70 feet of new road constructed to the location. The upgraded road will also serve as access for the State 1022-25I well.

The location is in the east side of the bottom of Archy Wash on a gentle out-slope located below a medium high ridge to the east and extends west to the bottom of the drainage and the road. The north edge of the pad begins at a side-draw wash. Small swales run through the location and are planned for diversions along the top and both ends of the pad. The White River is approximately 2 miles to the north.

Both the surface and minerals are owned by SITLA. Jim Davis represented SITLA at the pre-site investigation. Mr. Davis had no concerns pertaining to this location. The selected location appears to be the best site for drilling and operating a well in the immediate area.

Floyd Bartlett
Onsite Evaluator

2/14/2007
Date / Time

Application for Permit to Drill

Statement of Basis

Utah Division of Oil, Gas and Mining

2/22/2007

Page 2

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 20 mils with a felt subliner shall be properly installed and maintained in the reserve pit.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator KERR-MCGEE OIL & GAS ONSHORE, LP
Well Name NBU 1022-25H
API Number 43-047-39033-0 **APD No** 259 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SENE **Sec** 25 **Tw** 10S **Rng** 22E 0 FL 0 FL
GPS Coord (UTM) 638345 4419917 **Surface Owner**

Participants

Floyd Bartlett and David Hackford (DOGM), Jim Davis (SITLA), Carroll Estes, Tony Kznick, and Clay Einerson (Kerr McGee), David Kay (Uintah Engineering and Land Surveying), and Ben Williams (UDWR)

Regional/Local Setting & Topography

The general area is Archy Wash located south of the White River in Uintah County, Utah. Vernal, Utah is approximately 37 miles to the northwest and Bonanza, Utah approximately 12 miles to the northeast. Archy Bench is approximately 1 mile to the west and West Fork of Saddle Tree Draw 1-2 miles to the east. The topography in the area is characterized by steep sidehills bordering winding narrow to moderately narrow draws. Many side-slopes are rimmed with sandstone bedrock forming vertical cliffs. Numerous small side draws lead away from the main divides. All drainages are ephemeral only flowing during winter snowmelt and following intense summer rainstorms. Roads are commonly constructed in the bottom of the washes and are subject to washing out following runoff events. Erosion from side-slopes is moderate. No streams seeps or springs are known to exist in the area.

The proposed NBU 1022-25H gas well is approximately 35 road miles south of Ouray, Utah accessed by Uintah County roads to within approximately 0.81 miles of the site. Approximately 0.8 miles of existing low standard road will be upgraded and 70 feet of new road constructed to the location. The upgraded road will also serve as access for the State 1022-25I well. The White River is approximately 2 miles to the north.

The location is in the east side of the bottom of Archy Wash on a gentle out-slope located below a medium high ridge to the east and extends west to the bottom of the drainage and the road. The north edge of the pad begins at a side-draw wash. Small swales run through the location and are planned for diversions along the top and both ends of the pad.

Surface Use Plan

Current Surface Use

Recreational
Wildlife Habitat

New Road

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

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Snow covered the vegetation on the area. Identifiable vegetation consisted of big sagebrush, greasewood, spiny hopsage and cheatgrass. Vegetation is moderate.

Antelope, cattle, rabbits, coyotes, and small mammals, birds and raptors.

Soil Type and Characteristics

Shallow rubbly sandy loam.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diversion Required Y

Along the top and both ends of the location.

Berm Required? N

Erosion Sedimentation Control Required? N

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

Reserve Pit

Site-Specific Factors		Site Ranking
Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	300 to 1320	10
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	<10	0
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
	Final Score	25 1 Sensitivity Level

Characteristics / Requirements

The proposed reserve pit is 70' x 150' x 10' deep located in a cut on the northeast corner of the location. A 20 mil liner with a felt sub-liner is planned by Kerr McGee.

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

Other Observations / Comments

Kerr Mc Gee is looking for locations for multiple well pads in this drainage. One or more additional wells may be added to an enlarged pad at this location, however none are planned at this time.

Ben Williams representing the UDWR stated the area is classified as yearlong critical habitat for antelope. He stated that the lack of water not forage is the limiting factor affecting the herd in the area. He recommended no restrictions for antelope. No other wildlife is expected to be significantly affected. He gave Jim Davis of SITLA and Carroll Estes of Kerr McGee a copy of his wildlife evaluation and a UDWR recommended seed mix to be used when re-vegetating the location.

The area was covered with snow. ATV's were used to access the site.

Floyd Bartlett
Evaluator

2/14/2007
Date / Time

Casing Schematic

BHP $0.052(7580)11 = 4336 \text{ psi}$
anticipate 4700 psi

Gas $0.12(7580) = 910$
 $4336 - 910 = 3426 \text{ psi, MASP}$
9-5/8"
MW 8.4
Frac 19.3

BOPE 5M ✓

Burst 2270
70% 1589 psi

Max P @ surf shoe
 $0.22(6180) = 1360$
 $4336 - 1360 = 2976 \text{ psi}$

test to 1589 psi ✓

Strip surf. cont ✓

✓ Adequate OWS
2/20/07



4-1/2"
MW 11.

Surface 12% 18%

TOC @ 0.
Uinta
401' TOC w/o 9% w/o
623' Green River
843' Birds Nest Water
TOC @ 907.
Option 1 - top out
1364' Mahogany So.K.
Surface
1400. MD

3477' Wasatch



5100' ± BMSW

5593' Mesaverde

6529' MV U2

7110' MV L1

Production
7580. MD

Well name:	2007-02 Kerr McGee NBU 1022-25H	
Operator:	Kerr McGee Oil & Gas Onshore L.P.	
String type:	Surface	Project ID: 43-047-39033
Location:	Uintah County, Utah	

Design parameters:

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

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 95 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,400 ft
Cement top: 907 ft

Burst

Max anticipated surface pressure: 1,232 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,400 psi

No backup mud specified.

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

Tension is based on buoyed weight.
Neutral point: 1,227 ft

Non-directional string.

Re subsequent strings:
Next setting depth: 7,580 ft
Next mud weight: 11.000 ppg
Next setting BHP: 4,331 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 1,400 ft
Injection pressure: 1,400 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	1400	9.625	32.30	H-40	ST&C	1400	1400	8.876	618.6
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	611	1370	2.243	1400	2270	1.62	40	254	6.41 J

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

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

Date: February 26, 2007
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 1400 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	2007-02 Kerr McGee NBU 1022-25H	
Operator:	Kerr McGee Oil & Gas Onshore L.P.	
String type:	Production	Project ID: 43-047-39033
Location:	Uintah County, Utah	

Design parameters:

Collapse

Mud weight: 11.000 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 181 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 2,664 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 4,331 psi

No backup mud specified.

Tension:

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

Tension is based on buoyed weight.
Neutral point: 6,334 ft

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	7580	4.5	11.60	I-80	LT&C	7580	7580	3.875	661.5
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	4331	6360	1.468	4331	7780	1.80	73	212	2.89 J

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

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

Date: February 26, 2007
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 7580 ft, a mud weight of 11 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

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)

February 7, 2007

Memorandum

To: Assistant District Manager Minerals, Vernal District

From: Michael Coulthard, Petroleum Engineer

Subject: 2007 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 2007 within the Natural Buttes Unit, Uintah County, Utah.

API #	WELL NAME	LOCATION
-------	-----------	----------

(Proposed PZ Wasatch/MesaVerde)

43-047-39004	NBU 1021-19C	Sec. 19 T. 10S R. 21E 0620 FNL 1904 FWL
43-047-39005	NBU 1021-19D	Sec. 19 T. 10S R. 21E 0637 FNL 0755 FWL
43-047-39006	NBU 1021-19E	Sec. 19 T. 10S R. 21E 2146 FNL 0879 FWL
43-047-39007	NBU 1021-19K	Sec. 19 T. 10S R. 21E 2181 FSL 2092 FWL
43-047-39008	NBU 1021-19N	Sec. 19 T. 10S R. 21E 0462 FSL 1845 FWL
43-047-39009	NBU 1021-29L	Sec. 29 T. 10S R. 21E 1398 FSL 0190 FWL
43-047-39010	NBU 1021-29O	Sec. 29 T. 10S R. 21E 0615 FSL 2115 FEL
43-047-39011	NBU 1021-29N	Sec. 29 T. 10S R. 21E 0250 FSL 1764 FWL
43-047-39012	NBU 1021-29J	Sec. 29 T. 10S R. 21E 1532 FSL 2192 FEL
43-047-39013	NBU 1021-29K	Sec. 29 T. 10S R. 21E 1804 FSL 2143 FWL
43-047-39014	NBU 1021-29I	Sec. 29 T. 10S R. 21E 2060 FSL 0962 FEL
43-047-39015	NBU 1021-29G	Sec. 29 T. 10S R. 21E 2090 FNL 1960 FEL
43-047-39016	NBU 1021-29F	Sec. 29 T. 10S R. 21E 1718 FNL 1529 FWL
43-047-39017	NBU 1021-29E	Sec. 29 T. 10S R. 21E 2635 FNL 1010 FWL
43-047-39018	NBU 1021-29C	Sec. 29 T. 10S R. 21E 0476 FNL 2501 FWL
43-047-39019	NBU 1021-29A	Sec. 29 T. 10S R. 21E 0170 FNL 0627 FEL
43-047-39020	NBU 1021-30I	Sec. 30 T. 10S R. 21E 2131 FSL 0387 FEL
43-047-39021	NBU 1021-30J	Sec. 30 T. 10S R. 21E 1901 FSL 1827 FEL
43-047-39022	NBU 1021-30K	Sec. 30 T. 10S R. 21E 1398 FSL 2686 FWL
43-047-39023	NBU 1021-30L	Sec. 30 T. 10S R. 21E 1602 FSL 0980 FWL
43-047-39024	NBU 1021-30M	Sec. 30 T. 10S R. 21E 0612 FSL 0462 FWL

Page 2

43-047-39025 NBU 1021-30N Sec. 30 T. 10S R. 21E 0942 FSL 1876 FWL
43-047-39026 NBU 1021-32A Sec. 32 T. 10S R. 21E 0646 FNL 0955 FEL
43-047-39027 NBU 1021-32B Sec. 32 T. 10S R. 21E 0837 FNL 2117 FEL
43-047-39028 NBU 1021-32C Sec. 32 T. 10S R. 21E 0664 FNL 1840 FWL
43-047-39029 NBU 1021-32F Sec. 32 T. 10S R. 21E 1909 FNL 2165 FWL
43-047-39001 NBU 1021-01G Sec. 01 T. 10S R. 21E 2660 FSL 1765 FEL
43-047-39002 NBU 1021-01O Sec. 01 T. 10S R. 21E 0245 FSL 2619 FEL
43-047-39003 NBU 1021-01P Sec. 01 T. 10S R. 21E 0888 FSL 1309 FEL
43-047-39030 NBU 1022-18A Sec. 18 T. 10S R. 22E 1007 FNL 0512 FEL
43-047-39031 NBU 1022-24I Sec. 24 T. 10S R. 22E 2045 FSL 1166 FEL
43-047-39032 NBU 1022-25B Sec. 25 T. 10S R. 22E 0403 FNL 1971 FEL
43-047-39033 NBU 1022-25H Sec. 25 T. 10S R. 22E 2604 FNL 0825 FEL

Our records indicate the NBU 1022-25H is closer than 460 feet from the Natural Buttes Unit boundary (approximately 36 feet).

We have no objections to permitting the wells so long as the unit operator receives an exception to the locating and siting requirements of the State of Utah (R649-3-2).

/s/ Michael L. Coulthard

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

MCoulthard:mc:2-7-07

From: Jim Davis
To: Mason, Diana
Date: 7/30/2008 4:03 PM
Subject: SITLA APD approval 7/30/08

CC: Bonner, Ed; Garrison, LaVonne
The following wells have been approved by SITLA including arch and paleo clearance.

Operator	Well Name	API #
Kerr McGEE	NBU 921-26M2AS	4304740113
Kerr McGEE	NBU 922-32O1T	4304740116
Kerr McGEE	NBU 922-29J	4304740119
ConocoPhillips	Utah 17-1174	4300731418
EOG Res	NBU 672-25E	4304750028
XTO Energy	St of Ut 16-8-32-23D	4301530741
XTO Energy	St of Ut 16-8-31-43D	4301530742
Gasco Prod	Gate Cyn St 12-21-11-15	4301333858
Gasco Prod	State 42-32-9-19	4304739795
National Fuel	NFC Lindisfarne St 43-35	4304739852
EOG Resources	NBU 642-13E	4304750013
EOG Resources	NBU 640-13E	4304750014
EOG Resources	NBU 663-24E	4304750010
EOG Resources	NBU 661-24E	4304750011
Kerr McGEE	NBU 921-34MT	4304739402
Kerr McGEE	NBU 1022-25H	4304739033
Kerr McGEE	State 1022-25I	4304739034
Westport O&G	State 921-32N	4304737957
Westport O&G	State 921-32O	4304737958
EOG Resources	NBU 638-13E	4304750016

-Jim Davis



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 31, 2008

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

Re: NBU 1022-25H Well, 2604' FNL, 825' FEL, SE NE, Sec. 25, 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.

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-39033.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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



Operator: Kerr-McGee Oil & Gas Onshore LP

Well Name & Number NBU 1022-25H

API Number: 43-047-39033

Lease: ML-22447

Location: SE NE **Sec.** 25 **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

The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at: (801) 538-5338 office (801) 942-0871 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

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. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.
7. Surface casing shall be cemented to the surface.

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-22447
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: NBU 1022-25H
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.	9. API NUMBER: 43047390330000
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	PHONE NUMBER: 720 929-6007 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2604 FNL 0825 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 25 Township: 10.0S Range: 22.0E Meridian: S	9. FIELD and POOL or WILDCAT: NATURAL BUTTES COUNTY: UINTAH STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 7/24/2009	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT 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"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT 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 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 checked="" 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.

Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.

Approved by the Utah Division of Oil, Gas and Mining

Date: July 23, 2009

By:

NAME (PLEASE PRINT) Danielle Piernot	PHONE NUMBER 720 929-6156	TITLE Regulatory Analyst
SIGNATURE N/A		DATE 7/21/2009



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047390330000

API: 43047390330000

Well Name: NBU 1022-25H

Location: 2604 FNL 0825 FEL QTR SENE SEC 25 TWNP 100S RNG 220E MER S

Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date Original Permit Issued: 7/31/2008

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 rightof- 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

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

Signature: Danielle Piernot

Date: 7/21/2009

Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date: July 23, 2009

By: 

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: ML-22447
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES
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3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	PHONE NUMBER: 720 929-6007 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2604 FNL 0825 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 25 Township: 10.0S Range: 22.0E Meridian: S	9. FIELD and POOL or WILDCAT: NATURAL BUTTES COUNTY: UINTAH STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 8/9/2010 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>

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

Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.

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

Date: August 09, 2010
By:

NAME (PLEASE PRINT) Danielle Piernot	PHONE NUMBER 720 929-6156	TITLE Regulatory Analyst
SIGNATURE N/A	DATE 8/9/2010	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047390330000

API: 43047390330000

Well Name: NBU 1022-25H

Location: 2604 FNL 0825 FEL QTR SENE SEC 25 TWNP 100S RNG 220E MER S

Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date Original Permit Issued: 7/31/2008

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

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

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

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

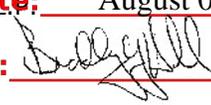
**Approved by the
Utah Division of
Oil, Gas and Mining**

Signature: Danielle Piernot

Date: 8/9/2010

Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date: August 09, 2010

By: 

RECEIVED August 09, 2010



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 3, 2011

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

43 047 39033
NBU 1022-25H
105 22E 25

Re: APDs Rescinded for Kerr McGee Oil & Gas Onshore, L.P.
Uintah County

Ladies and Gentlemen:

Enclosed find the list of APDs that are being rescinded. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective August 3, 2011.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Ed Bonner, SITLA

43-047-39522	Tribal 822-31O
43-047-50037	NBU 495-31E
43-047-50038	NBU 731-36E
43-047-50039	NBU 735-36E
43-047-50040	NBU 743-31E
43-047-50042	NBU 733-36E
43-047-37957	State 921-32N
43-047-37958	State 921-32O
→ 43-047-39033	NBU 1022-25H
43-047-39034	State 1022-25I
43-047-39402	NBU 921-34MT