

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

FORM 3

AMENDED REPORT   
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>				5. MINERAL LEASE NO: ML-22794	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: UNIT #891008900A	
2. NAME OF OPERATOR: KERR MCGEE OIL & GAS ONSHORE L.P.				9. WELL NAME and NUMBER: NBU 1021-31B	
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: 777'FNL, 1911'FEL AT PROPOSED PRODUCING ZONE:				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNE 31 10S 21E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 18 MILES SOUTH OF OURAY, UTAH				12. COUNTY: UINTAH	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 777'		16. NUMBER OF ACRES IN LEASE: 643.12		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40.00	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) REFER TO TOPO C		19. PROPOSED DEPTH: 9,290		20. BOND DESCRIPTION: RLB0005237	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5295'GL		22. APPROXIMATE DATE WORK WILL START:		23. ESTIMATED DURATION:	

24. **PROPOSED CASING AND CEMENTING PROGRAM**

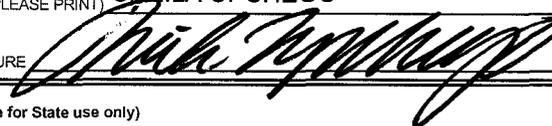
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8	32.3#	H-40	1,900	265 SX CLASS G	1.18 YIELD	15.6 PPG
7 7/8"	4 1/2	11.6#	I-80	9,290	1970 SX CLASS G	1.31 YIELD	14.3 PPG

25. **ATTACHMENTS**

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

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

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST

SIGNATURE  DATE 3/1/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-047-39116

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

**RECEIVED  
MAR 16 2007**

APPROVAL:  
Date: 06-12-07  
By: 

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

## Kerr-McGee Oil & Gas Onshore LP

Well location, NBU #1021-31B, located as shown in the NW 1/4 NE 1/4 of Section 31, T10S, R21E, S.L.B.&M., Uintah County, Utah.

### BASIS OF ELEVATION

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

### BASIS OF BEARINGS

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

R  
22  
E

N00°03'32"E  
1313.03' (Meas.)

N00°06'01"W  
1430.26' (Meas.)

N00°05'08"W - 2660.75' (Meas.)

N89°00'37"W - 5357.81' (Meas.)

1/2" Rebar 0.6'  
High, Pile of  
Stones, Set Stone

S00°23'08"W - 5317.83' (Meas.)

Brass Cap, Flush W/  
Pile of Stones

Lot 1 NBU #1021-31B

Elev. Ungraded Ground = 5295'

1911'

Set Marked  
Stone

Lot 2

Brass Cap

31

Lot 3

1977 Brass Cap,  
Flush With Pile  
of Stones

Lot 4

Set Marked Stone,  
Scattered Stones

Set Marked Stone,  
Scattered Stones

Set Marked  
Stone, Pile  
of Stones

1991 Alum. Cap,  
1.3' High, Pile of  
Stones

T10S

T11S

S89°43'43"W  
1332.86' (Meas.)

S89°45'55"W  
1329.59' (Meas.)

S89°55'19"W  
1325.27' (Meas.)

N89°08'48"W  
1328.55' (Meas.)

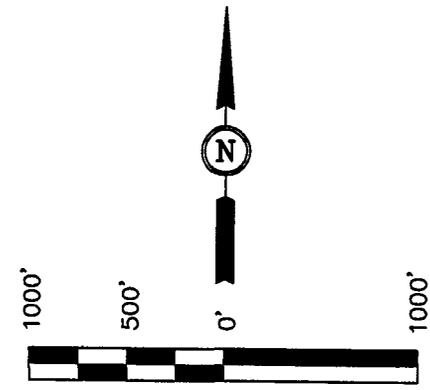
Sec. 6

Sec. 5

#### LEGEND:

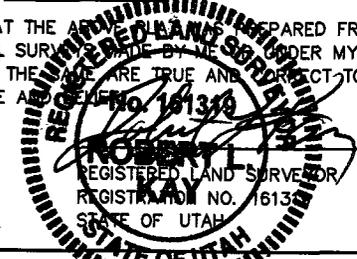
- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(NAD 83)  
LATITUDE = 39°54'33.10" (39.909194)  
LONGITUDE = 109°35'30.48" (109.591800)  
(NAD 27)  
LATITUDE = 39°54'33.22" (39.909228)  
LONGITUDE = 109°35'28.00" (109.591111)



SCALE  
CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE SURVEY WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYING UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



<b>UINTAH ENGINEERING &amp; LAND SURVEYING</b>		
85 SOUTH 200 EAST - VERNAL, UTAH 84078		
(435) 789-1017		
SCALE 1" = 1000'	DATE SURVEYED: 12-26-06	DATE DRAWN: 12-28-06
PARTY N.H.    G.S.    S.L.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE Kerr-McGee Oil & Gas Onshore LP	

# Application for Permit to Drill

## Statement of Basis

4/17/2007

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
316	43-047-39116-00-00		GW	S	No
<b>Operator</b>	KERR-MCGEE OIL & GAS ONSHORE, LP		<b>Surface Owner-APD</b>		
<b>Well Name</b>	NBU 1021-31B		<b>Unit</b>		
<b>Field</b>	UNDESIGNATED		<b>Type of Work</b>		
<b>Location</b>	NWNE 31 10S 21E S 777 FNL 1911 FEL GPS Coord (UTM) 620420E 4418430N				

### Geologic Statement of Basis

Kerr McGee proposes to set 1,900' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 3,800'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 31. 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

4/17/2007  
Date / Time

### Surface Statement of Basis

The general area is within the Love area of Natural Buttes Unit in the upper Cottonwood Wash Drainage. The area is characterized by rolling hills and benches, which are frequently intersected by somewhat gentle draws, which flow into Cottonwood Wash. The draws are occasionally rimmed with steep side hills, which have exposed sand stone bedrock cliffs along the rims. Cottonwood Wash is an ephemeral drainage, which drains northerly approximately 11 miles to the White River. No seeps, springs or streams exist in the area. An occasional pond collecting runoff for livestock and antelope occurs.

This location is approximately 18 miles southeast of Ouray, Utah and is accessed by the Seep Ridge Road then by existing or planned oil field development roads to within 0.3 miles of the proposed site. New construction will be required from this point.

The proposed location is on a very gently north sloping flat immediately west of a significant swale. It is between side tributaries of Cottonwood Wash that is about 1.4 miles to the east. No drainage concerns exist

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

4/5/2007  
Date / Time

### Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A synthetic liner with a minimum thickness of 16 mils with a felt subliner shall be properly installed and maintained in the reserve pit.

NBU 1021-31B  
NW/NE SEC. 31, T10S, R21E  
UINTAH COUNTY, UTAH  
ML-22794

ONSHORE ORDER NO. 1

***DRILLING PROGRAM***

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

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	1057'
Top of Birds Nest Water	1273'
Mahogany	1795'
Wasatch	4204'
Mesaverde	7123'
MVU2	8122'
MVL1	8624'
TD	9290'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	1057'
	Top of Birds Nest Water	1273'
	Mahogany	1795'
Gas	Wasatch	4204'
Gas	Mesaverde	7123'
Gas	MVU2	8122'
Gas	MVL1	8624'
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 9290' TD, approximately equals 5760 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3716 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

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

9. **Variations:**

*Please refer to the attached Drilling Program.*

10. **Other Information:**

*Please refer to the attached Drilling Program.*



# KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE March 1, 2007  
 WELL NAME NBU 1021-31B TD 9,290' MD/TVD  
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,295' GL KB 5,310'  
 SURFACE LOCATION NW/NE SEC. 31, T10S, R21E 777'FNL, 1911'FEL BHL Straight Hole  
 Latitude: 39.909194 Longitude: 109.591800  
 OBJECTIVE ZONE(S) Wasatch/Mesaverde  
 ADDITIONAL INFO Regulatory Agencies: UDOGM (SURF & MINERALS), BLM, Tri-County Health Dept.

GEOLOGICAL FORMATION		MECHANICAL			
LOGS	TOPS	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
		40'		14"	
			12-1/4"	9-5/8", 32.3#, H-40, STC	Air mist
Catch water sample, if possible, from 0 to 4,204' <div style="margin-left: 100px;">             Green River @ 1,057'              Top of Birds Nest Water @ 1273'              Mahogany @ 1,795'              Preset f/ GL @              1,900' 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.					
Mud logging program TBD Open hole logging program f/ TD - surf csg			7-7/8"	4-1/2", 11.6#, 1-80 or equivalent LTC casing	Water/Fresh Water Mud 8.3-11.3 ppg
	Wasatch @	4,204'			
	Mverde @	7,123'			
	MVU2 @	8,122'			
	MVL1 @	8,624'			
		TD @ 9,290'			Max anticipated Mud required 11.3 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 1900	32.30	H-40	STC	0.66*****	1.54	4.73
PRODUCTION	4-1/2"	0 to 9290	11.60	I-80	LTC	7780	6350	201000
						2.28	1.16	2.14

- 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 = 11.3 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 3415 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
<b>Option 1</b>	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		<b>NOTE: If well will circulate water to surface, option 2 will be utilized</b>					
<b>Option 2</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	3,700'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	410	60%	11.00	3.38
	TAIL	5,590'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1560	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

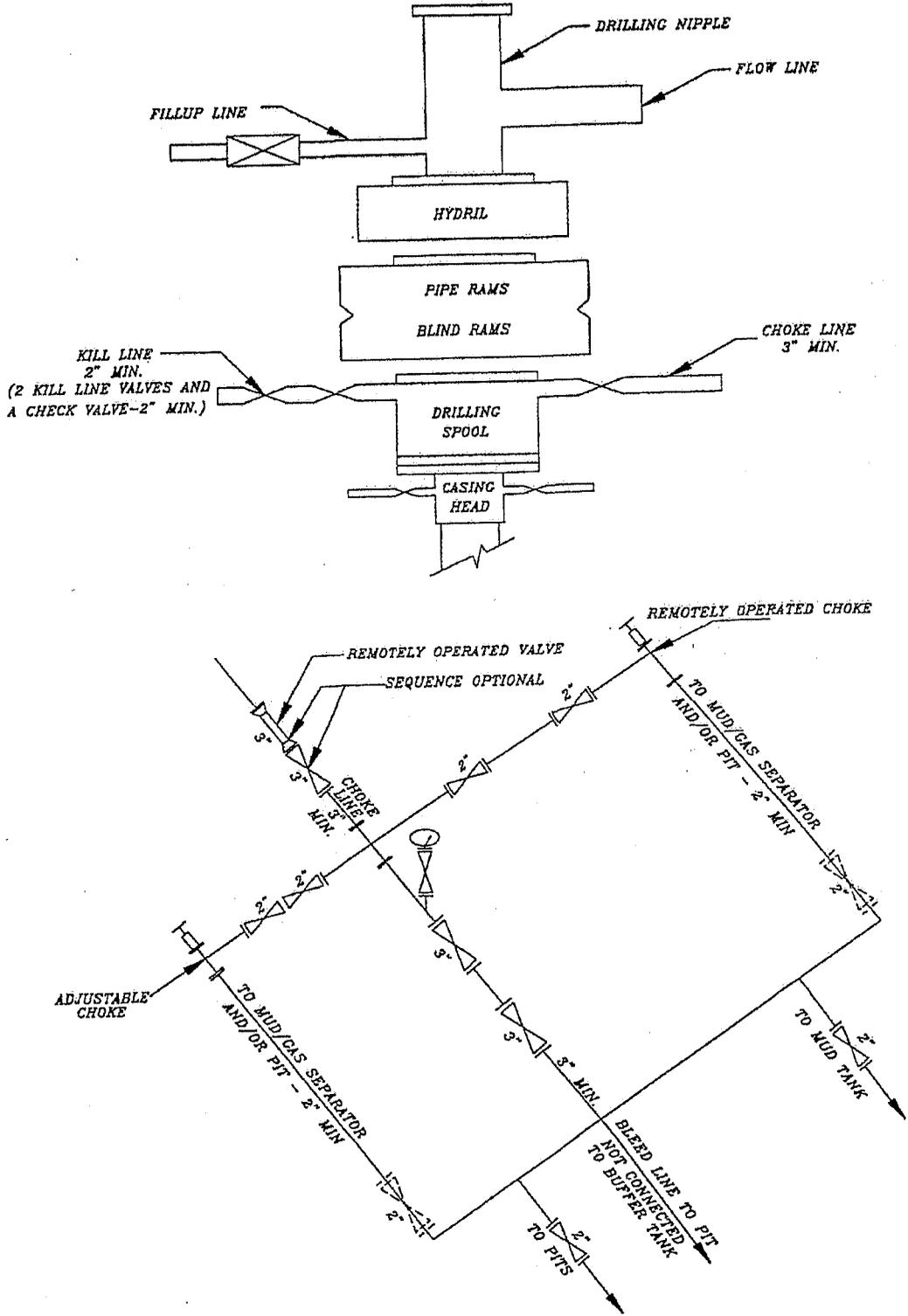
DATE: \_\_\_\_\_

DRILLING SUPERINTENDENT:

Randy Bayne

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

# 5M BOP STACK and CHOKE MANIFOLD SYSTEM



**NBU 1021-31B  
NW/NE SEC. 31, T10S, R21E  
Uintah County, UT  
ML-22794**

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

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

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

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

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

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

Please refer to Topo Map C.

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

*The following guidelines will apply if the well is productive.*

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

A dike will be constructed completely around those production facilities which contain

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

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

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

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

Approximately 1754' +/- of 4" steel pipeline is proposed. Please refer to the attached Topo Map D for pipeline placement.

**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

3/1/2007  
\_\_\_\_\_  
Date

# Kerr-McGee Oil & Gas Onshore LP

NBU #1021-31B

SECTION 31, T10S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 15.6 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 1.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTH; TURN LEFT AND PROCEED IN A NORTHERLY DIRECTION APPROXIMATELY 0.4 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.4 MILES TO THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1021-31A TO THE SOUTHWEST; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 100' TO THE BEGINNING OF THE PROPOSED ACCESS TO THE WEST; FOLLOW ROAD FLAGS IN A WESTERLY, THEN NORTHWESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 49.0 MILES.

# Kerr-McGee Oil & Gas Onshore LP

## NBU #1021-31B

LOCATED IN UINTAH COUNTY, UTAH  
SECTION 31, T10S, R21E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: WESTERLY



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

LOCATION PHOTOS

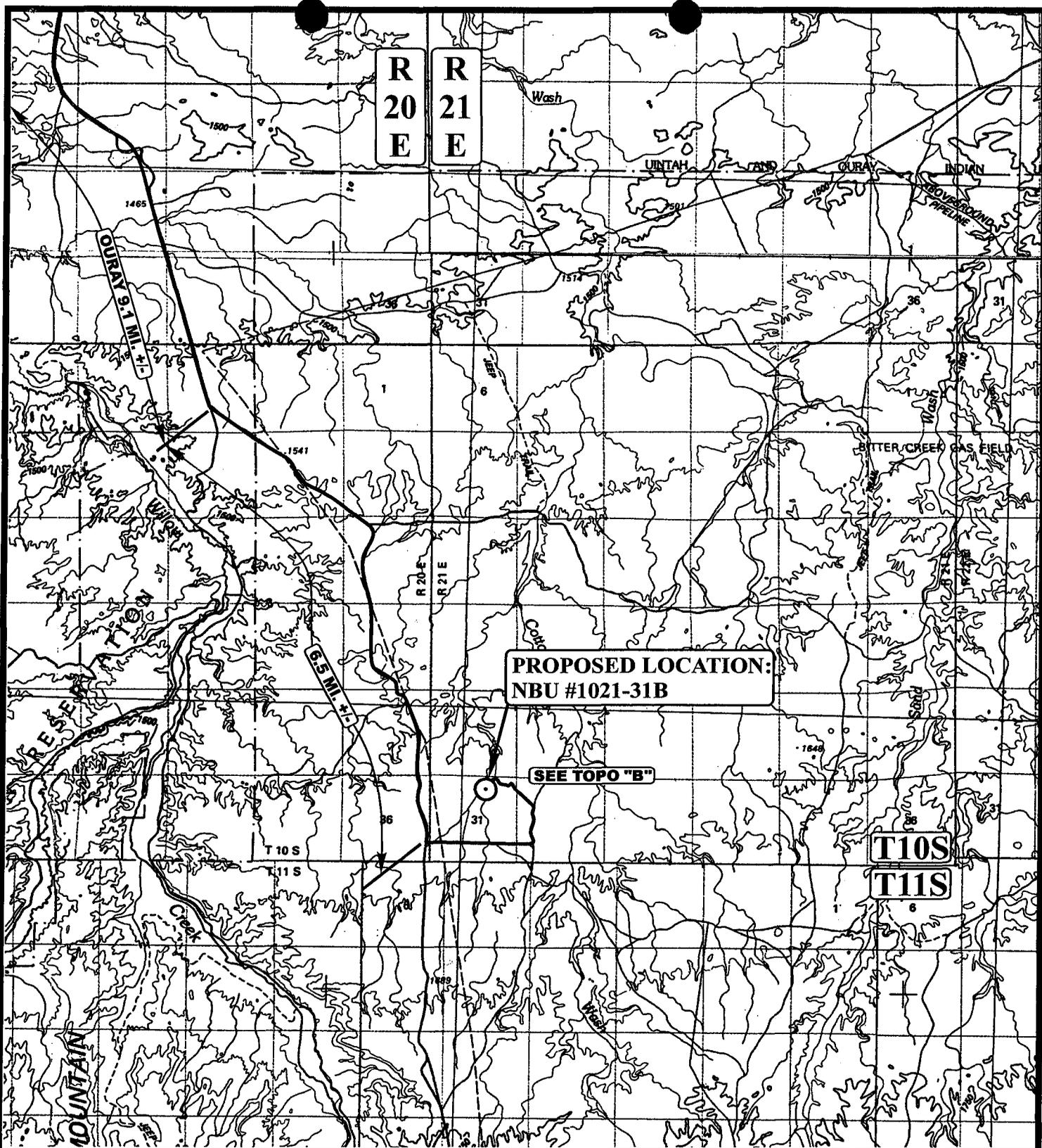
12 17 06  
MONTH DAY YEAR

PHOTO

TAKEN BY: N.H.

DRAWN BY: A.A.

REVISED: 00-00-00



**LEGEND:**

○ PROPOSED LOCATION



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

**NBU #1021-31B**  
**SECTION 31, T10S, R21E, S.L.B.&M.**  
**777' FNL 1911' FEL**



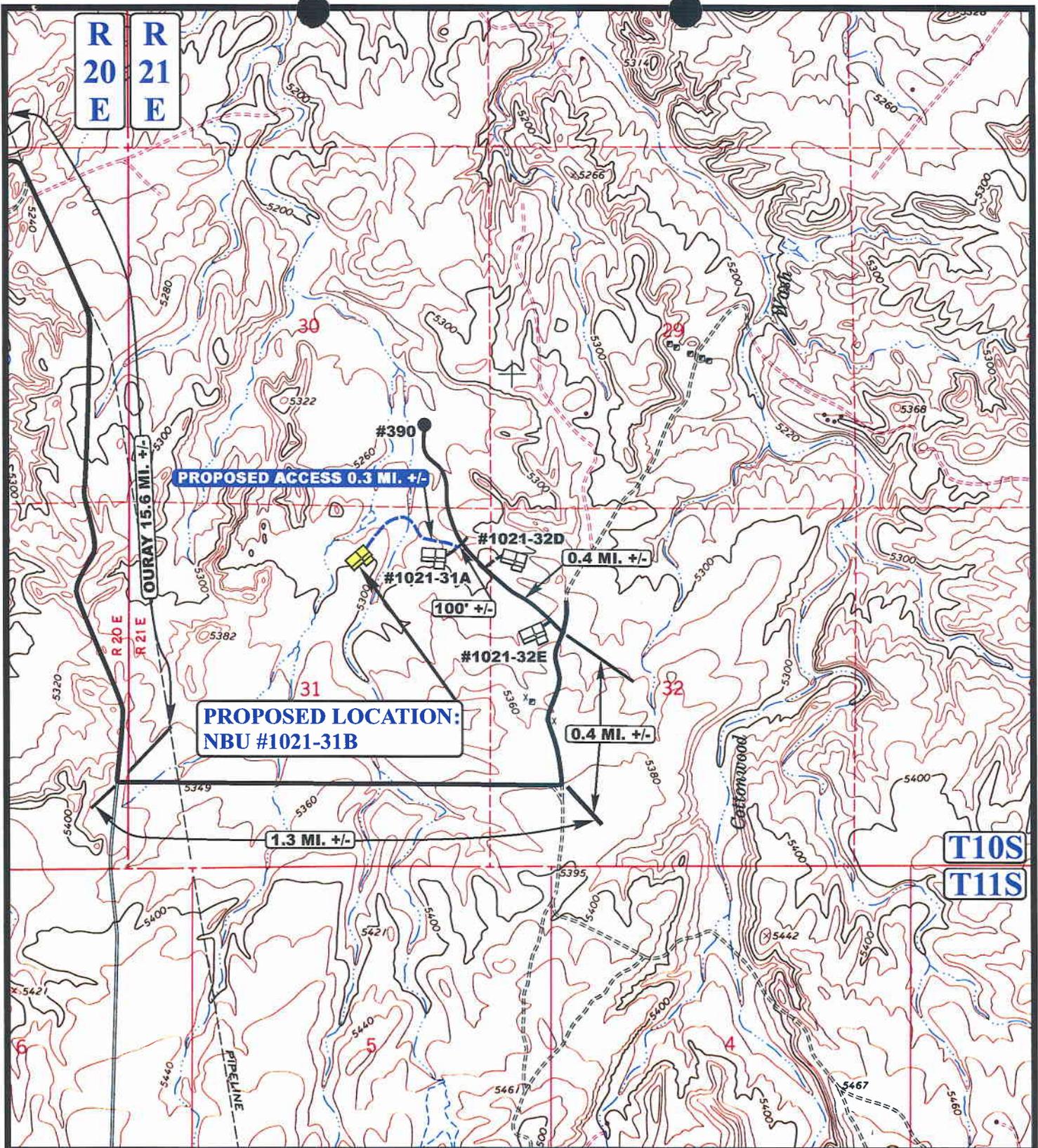
**Utah Engineering & Land Surveying**  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC**  
**MAP**

**12 17 06**  
 MONTH DAY YEAR

SCALE: 1:100,000 DRAWN BY: A.A. REVISED: 00-00-00





**LEGEND:**

-  EXISTING ROAD
-  PROPOSED ACCESS ROAD



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

**NBU #1021-31B  
SECTION 31, T10S, R21E, S.L.B.&M.  
777' FNL 1911' FEL**



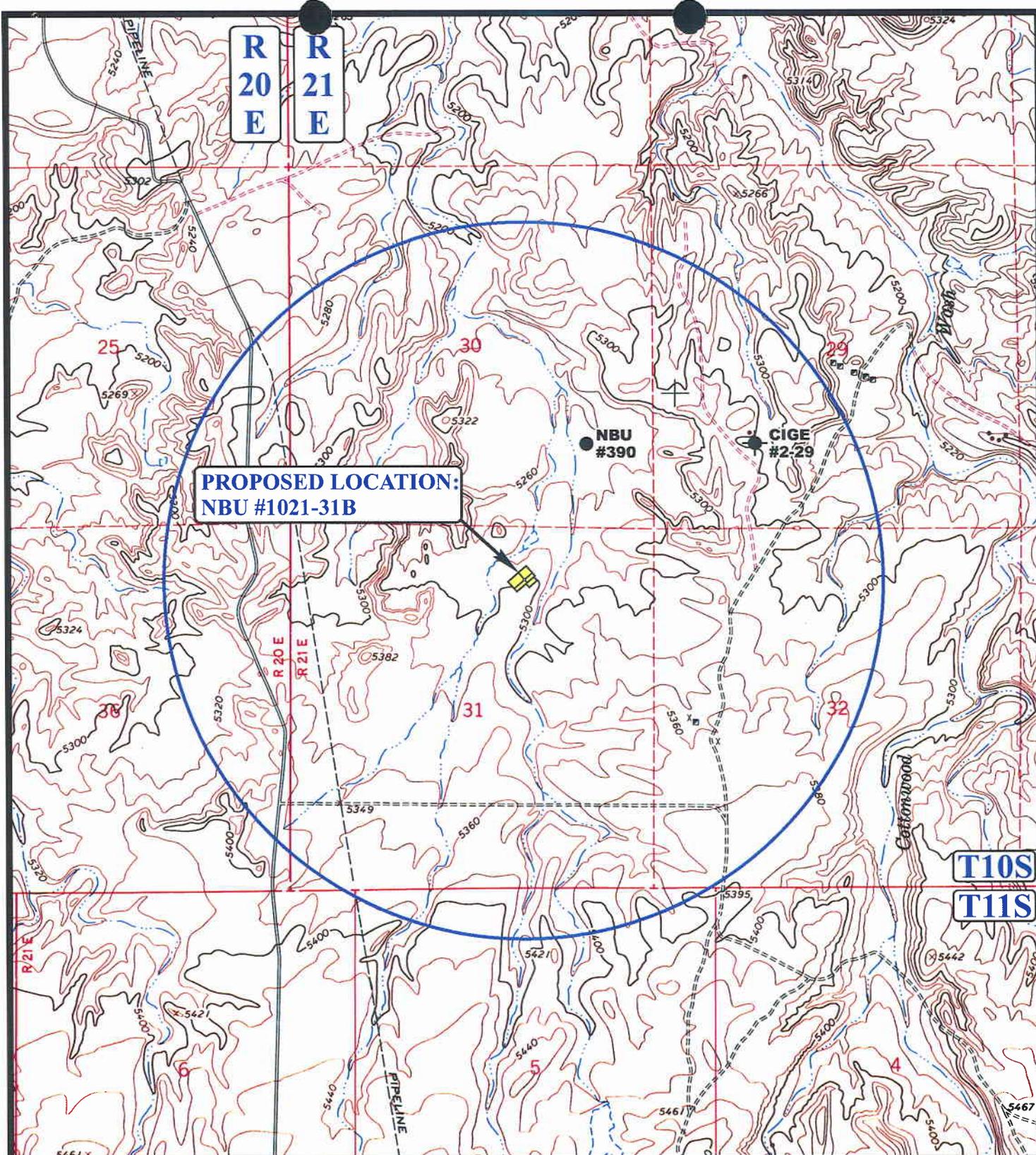
**Uintah Engineering & Land Surveying**  
85 South 200 East Vernal, Utah 84078  
(435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC  
MAP**

**12 17 06**  
MONTH DAY YEAR

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





**LEGEND:**

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



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

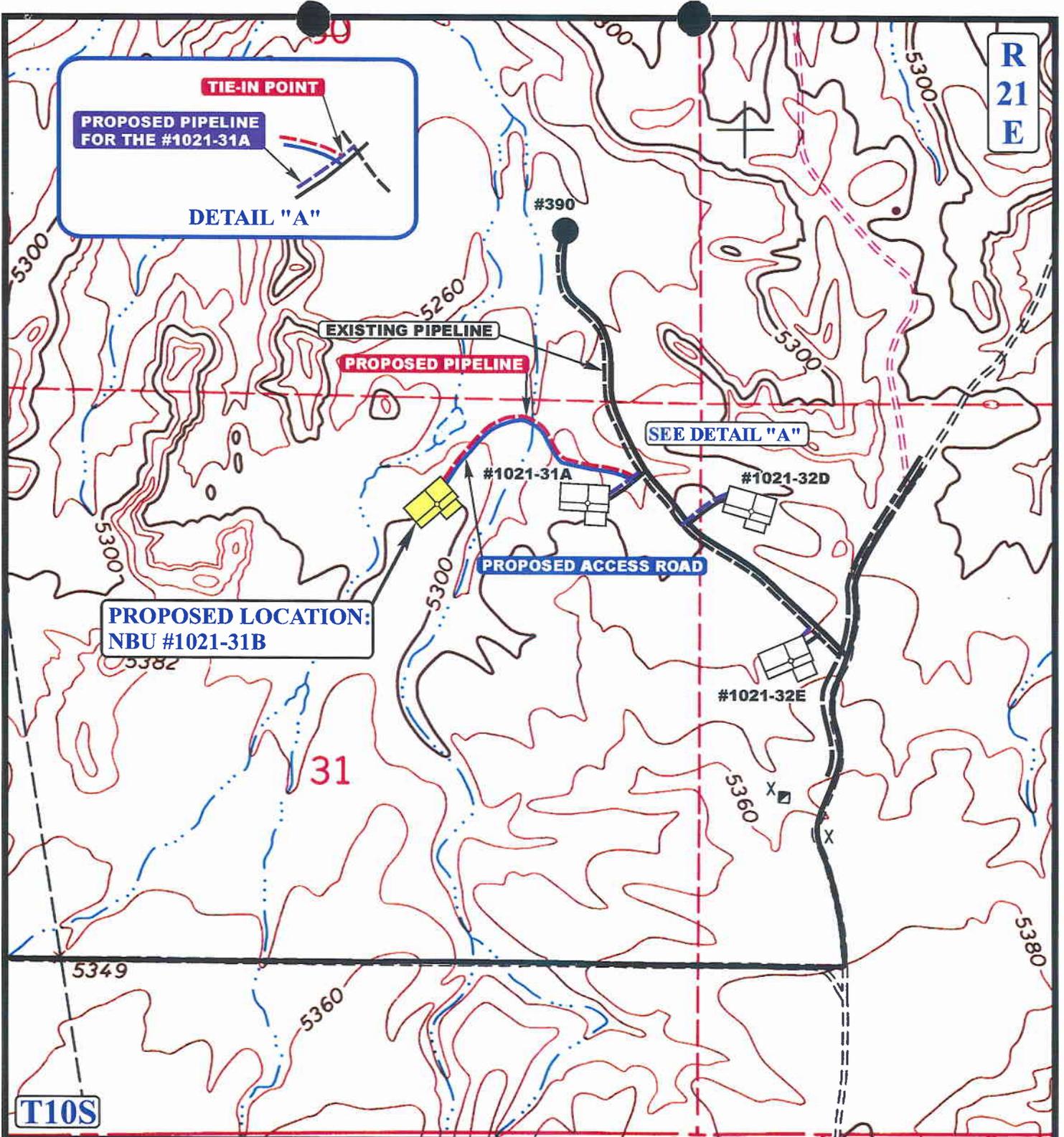
**NBU #1021-31B**  
**SECTION 31, T10S, R21E, S.L.B.&M.**  
**777' FNL 1911' FEL**



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

**TOPOGRAPHIC** **12 17 06**  
**MAP** MONTH DAY YEAR  
 SCALE: 1" = 2000' DRAWN BY: A.A. REVISED: 00-00-00





**TIE-IN POINT**  
**PROPOSED PIPELINE FOR THE #1021-31A**  
**DETAIL "A"**

**PROPOSED LOCATION:  
 NBU #1021-31B**

**SEE DETAIL "A"**

**APPROXIMATE TOTAL PIPELINE DISTANCE = 1,754' +/-**

**LEGEND:**

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE



**Kerr-McGee Oil & Gas Onshore LP**  
**NBU #1021-31B**  
**SECTION 31, T10S, R21E, S.L.B.&M.**  
**777' FNL 1911' FEL**

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

**TOPOGRAPHIC MAP** **12 17 06**  
 MONTH DAY YEAR  
 SCALE: 1" = 1000' DRAWN BY: A.A. REVISED: 00-00-00

**D**  
 TOPO

# Kerr-McGee Oil & Gas Onshore LP

NBU #1021-31B

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 31, T10S, R21E, S.L.B.&M.

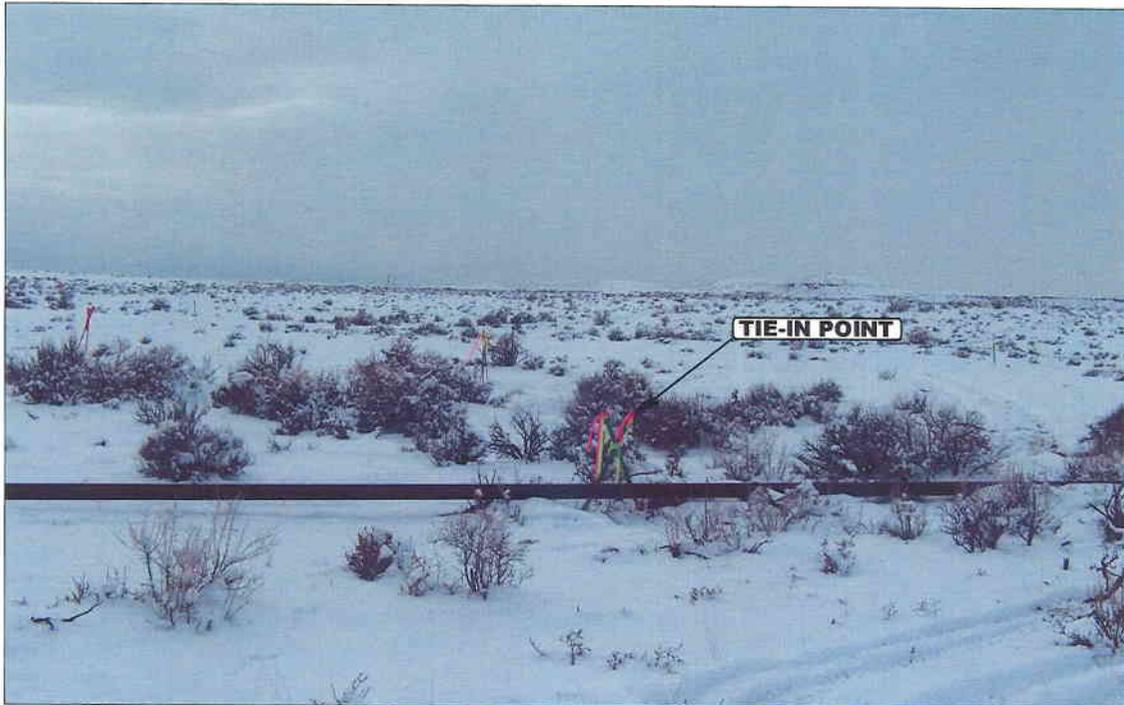


PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: WESTERLY

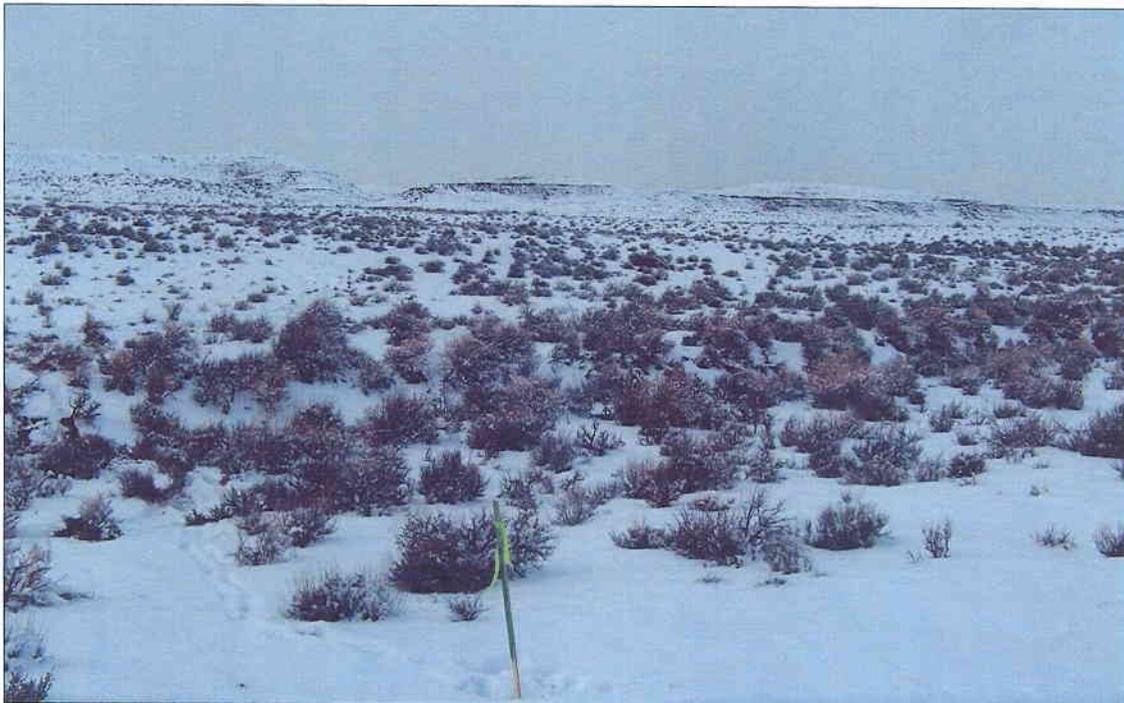


PHOTO: VIEW OF PIPELINE AT LOCATION

CAMERA ANGLE: WESTERLY



- Since 1964 -

**UELS** Uintah Engineering & Land Surveying

85 South 200 East Vernal, Utah 84078  
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

12 27 06  
MONTH DAY YEAR

PHOTO

TAKEN BY: N.H.

DRAWN BY: A.A.

REVISED: 00-00-00

Kerr-McGee Oil & Gas Onshore LP

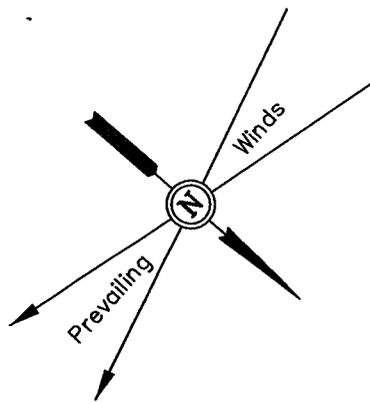
FIGURE #1

LOCATION LAYOUT FOR

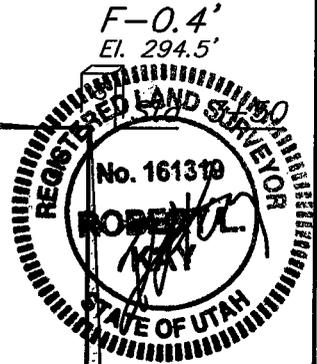
NBU #1021-31B

SECTION 31, T10S, R21E, S.L.B.&M.

777' FNL 1911' FEL

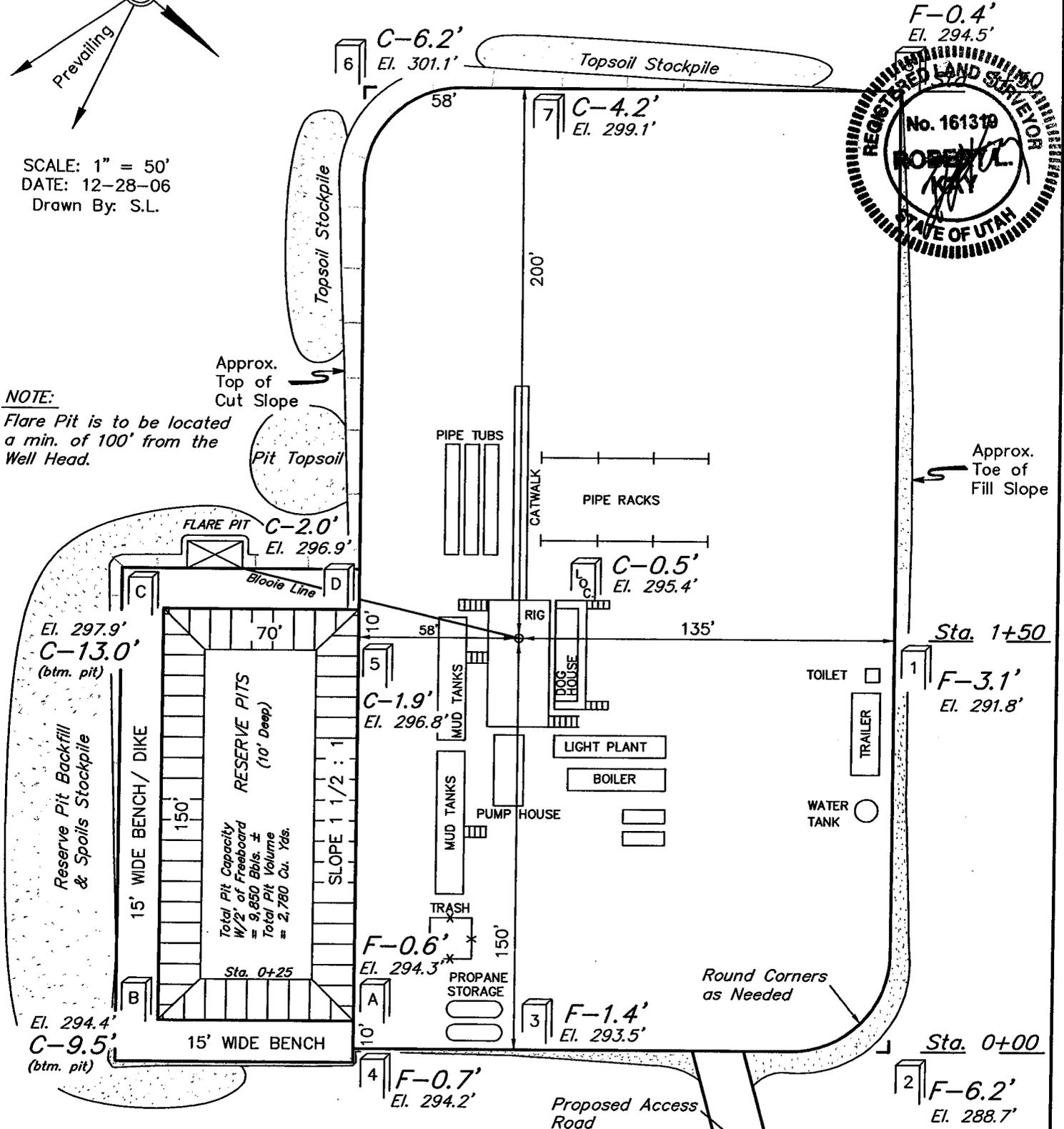


SCALE: 1" = 50'  
DATE: 12-28-06  
Drawn By: S.L.



NOTE:

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



NOTES:

Elev. Ungraded Ground At Loc. Stake = 5295.4'  
FINISHED GRADE ELEV. AT LOC. STAKE = 5294.9'

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR

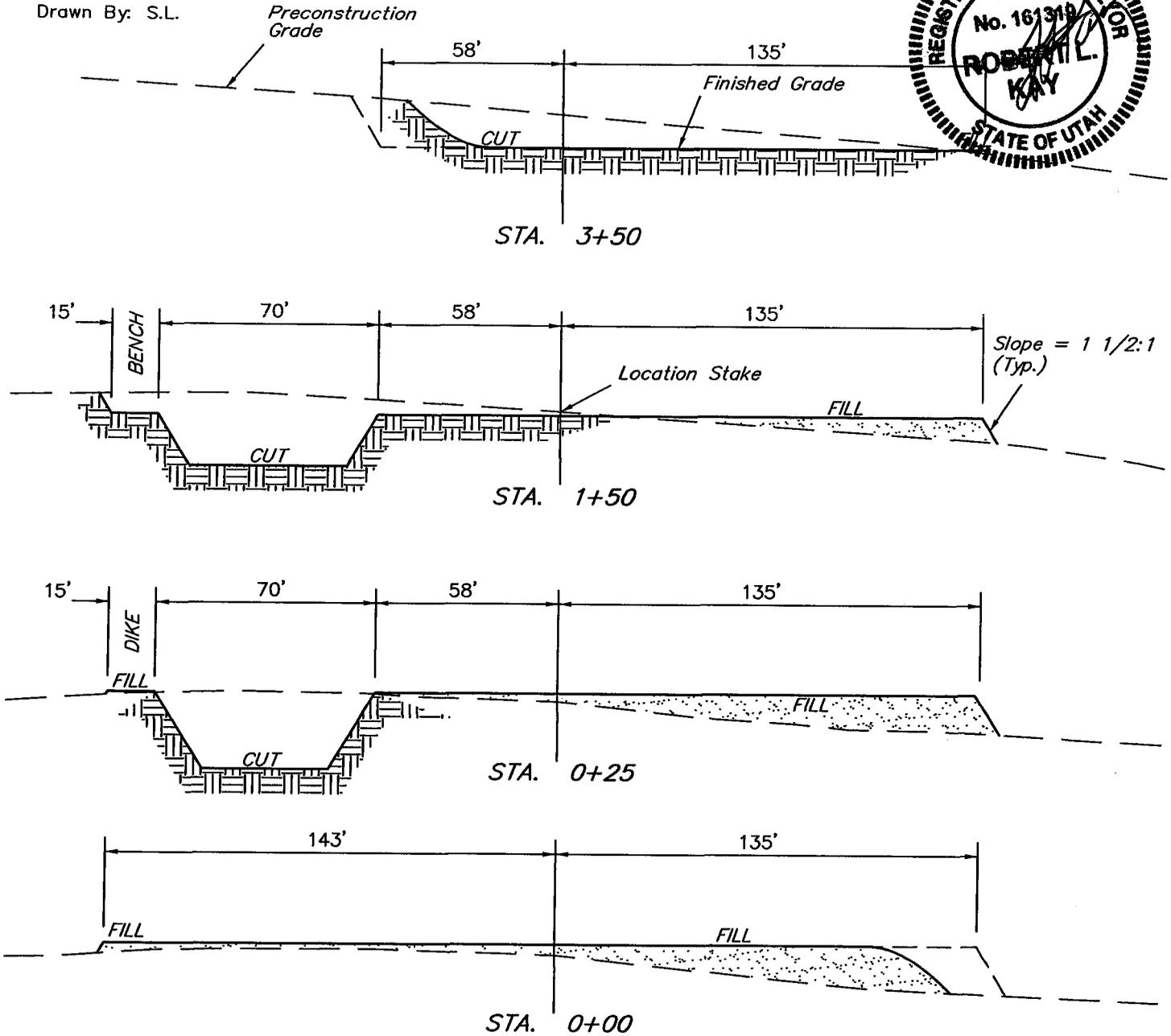
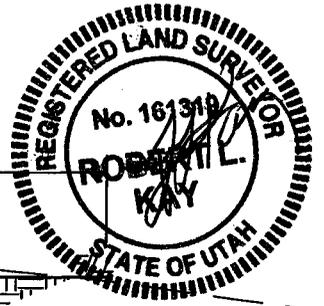
NBU #1021-31B

SECTION 31, T10S, R21E, S.L.B.&M.

777' FNL 1911' FEL

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

DATE: 12-28-06  
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 = 1,670 Cu. Yds.  
Remaining Location = 5,090 Cu. Yds.

TOTAL CUT = 6,760 CU.YDS.

FILL = 3,700 CU.YDS.

EXCESS MATERIAL = 3,060 Cu. Yds.

Topsoil & Pit Backfill = 3,060 Cu. Yds.  
(1/2 Pit Vol.)

EXCESS UNBALANCE = 0 Cu. Yds.  
(After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING

85 So. 200 East \* Vernal, Utah 84078 \* (435) 789-1017

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 03/16/2007

API NO. ASSIGNED: 43-047-39116

WELL NAME: NBU 1021-31B  
 OPERATOR: KERR-MCGEE OIL & GAS ( N2995 )  
 CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

NWNE 31 100S 210E  
 SURFACE: 0777 FNL 1911 FEL  
 BOTTOM: 0777 FNL 1911 FEL  
 COUNTY: UINTAH  
 LATITUDE: 39.90929 LONGITUDE: -109.5912  
 UTM SURF EASTINGS: 620420 NORTHINGS: 4418430  
 FIELD NAME: NATURAL BUTTES ( 630 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DVSD	4/30/07
Geology		
Surface		

LEASE TYPE: 3 - State  
 LEASE NUMBER: ML-22794  
 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: 12-2-04  
Siting: 460' fr u b d f f E u n c o m m . T r e e d
- R649-3-11. Directional Drill

COMMENTS:

Needly Permit (04-05-07)

STIPULATIONS:

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



# ON-SITE PREDRILL EVALUATION

## Utah Division of Oil, Gas and Mining

**Operator** KERR-MCGEE OIL & GAS ONSHORE, LP  
**Well Name** NBU 1021-31B  
**API Number** 43-047-39116-0      **APD No** 316      **Field/Unit** UNDESIGNATED  
**Location:** 1/4,1/4 NWNE      **Sec** 31      **Tw** 10S      **Rng** 21E      777 FNL 1911 FEL  
**GPS Coord (UTM)** 620426      4418424      **Surface Owner**

### Participants

Floyd Bartlett (DOGM), Jim Davis (SITLA), Carroll Estes and Tony Keznic (Kerr McGee) and David Kay (Uintah Engineering and Land Surveying)

### Regional/Local Setting & Topography

The general area is within the Love area of Natural Buttes Unit in the upper Cottonwood Wash Drainage. The area is characterized by rolling hills and benches, which are frequently intersected by somewhat gentle draws, which flow into Cottonwood Wash. The draws are occasionally rimmed with steep side hills, which have exposed sand stone bedrock cliffs along the rims. Cottonwood Wash is an ephemeral drainage, which drains northerly approximately 11 miles to the White River. No seeps, springs or streams exist in the area. An occasional pond collecting runoff for livestock and antelope occurs.

This location is approximately 18 miles southeast of Ouray, Utah and is accessed by the Seep Ridge Road then by existing or planned oil field development roads to within 0.3 miles of the proposed site. New construction will be required from this point.

The proposed location is on a very gently north sloping flat immediately west of a significant swale. It is between side tributaries of Cottonwood Wash that is about 1.4 miles to the east. No drainage concerns exist

Both the surface and minerals are owned by SITLA.

### Surface Use Plan

#### **Current Surface Use**

Grazing  
Recreational  
Wildlife Habitat

#### **New Road**

<b>Miles</b>	<b>Well Pad</b>		<b>Src Const Material</b>	<b>Surface Formation</b>
0.3	<b>Width</b> 278	<b>Length</b> 350	Onsite	UNTA

**Ancillary Facilities** N

### Waste Management Plan Adequate? Y

### Environmental Parameters

**Affected Floodplains and/or Wetland** N

#### **Flora / Fauna**

Vegetation is a sparse desert shrub type. Shadscale, greasewood, spiny hopsage, horsebrush, curly mesquite, bud sage, halogeton, prickly pear, Gardner saltbrush, and spring annuals are present.  
Antelope, cattle, rabbits, coyotes, and small mammals, birds and raptors.

**Soil Type and Characteristics**

Deep sandy loam with a few surface rock.

**Erosion Issues** N

**Sedimentation Issues** N

**Site Stability Issues** N

**Drainage Diversion Required** N

**Berm Required?** N

**Erosion Sedimentation Control Required?** N

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

**Reserve Pit**

**Site-Specific Factors**

**Site Ranking**

<b>Distance to Groundwater (feet)</b>	>200	0
<b>Distance to Surface Water (feet)</b>	>1000	0
<b>Dist. Nearest Municipal Well (ft)</b>	>5280	0
<b>Distance to Other Wells (feet)</b>	300 to 1320	10
<b>Native Soil Type</b>	Mod permeability	10
<b>Fluid Type</b>	Fresh Water	5
<b>Drill Cuttings</b>	Normal Rock	0
<b>Annual Precipitation (inches)</b>	<10	0
<b>Affected Populations</b>	<10	0
<b>Presence Nearby Utility Conduits</b>	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 southeast 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** 16    **Pit Underlayment Required?** Y

**Other Observations / Comments**

Ben Williams representing the UDWR was not at the pre-site but stated the previous day that all the remaining locations in the area were 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 locations.

ATV's were used to access the site.

Floyd Bartlett  
**Evaluator**

4/5/2007  
**Date / Time**

Casing Schematic

Surface

17 1/2%

18%

BHP  $0.052(9290)11.3 = 5459 \text{ psi}$   
anticipate 5760 psi

GM  $.12(9290) = 1115$   
 $5459 - 1115 = 4344 \text{ psi, MASP}$   
9.5/8"  
MW 8.3  
Frac 19.3

BOPE SM ✓

Burst 2270  
70% 1589 psi

Max P @ surf. shoe  
 $.22(7390) = 1626$   
 $5459 - 1626 = 3833 \text{ psi}$   
1900 psi = max allowed pressure @ surf. shoe  
test to 1589 psi ✓

Strip surf. cnt. ✓

✓ Adequate QAD 4/30/07

Uinta

TOC @ 0.

TOC @ 541. to surf. w/ 8% w/o  
\* Surf. strip ✓

1057' Green River  
1273' Birds Nest Water

1795' Mahogany

Surface  
1900. MD

3800' ± BMSW

4204' Wasatch

7123' Mesaverde

8122' MV U2

8624' MV L1

4-1/2"  
MW 11.3

Production  
9290. MD

Well name:	<b>2007-04 Kerr McGee NBU 1021-31B</b>	
Operator:	<b>Kerr McGee Oil &amp; Gas Onshore L.P.</b>	
String type:	Surface	Project ID: 43-047-39116
Location:	Uintah County, Utah	

**Design parameters:**

**Collapse**

Mud weight: 8.300 ppg  
Design is based on evacuated pipe.

**Burst**

Max anticipated surface pressure: 1,672 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP: 1,900 psi

No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Tension:**

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

Tension is based on buoyed weight.  
Neutral point: 1,668 ft

**Environment:**

H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 102 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,400 ft

Cement top: 541 ft

**Non-directional string.**

**Re subsequent strings:**

Next setting depth: 9,290 ft  
Next mud weight: 11.300 ppg  
Next setting BHP: 5,453 psi  
Fracture mud wt: 19.250 ppg  
Fracture depth: 1,900 ft  
Injection pressure: 1,900 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	1900	9.625	32.30	H-40	ST&C	1900	1900	8.876	839.5
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	819	1370	1.672	1900	2270	1.19	54	254	4.71 J

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

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

Date: April 23, 2007  
Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 1900 ft, a mud weight of 8.3 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:	<b>2007-04 Kerr McGee NBU 1021-31B</b>	
Operator:	<b>Kerr McGee Oil &amp; Gas Onshore L.P.</b>	
String type:	Production	Project ID: 43-047-39116
Location:	Uintah County, Utah	

**Design parameters:**

**Collapse**

Mud weight: 11.300 ppg  
Design is based on evacuated pipe.

**Burst**

Max anticipated surface pressure: 3,410 psi  
Internal gradient: 0.220 psi/ft  
Calculated BHP: 5,453 psi

No backup mud specified.

**Minimum design factors:**

**Collapse:**

Design factor: 1.125

**Burst:**

Design factor: 1.00

**Tension:**

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

Tension is based on buoyed weight.  
Neutral point: 7,721 ft

**Environment:**

H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 205 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft

Cement top: Surface

**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	9290	4.5	11.60	I-80	LT&C	9290	9290	3.875	810.7

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	5453	6360	1.166	5453	7780	1.43	90	212	2.37 J

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

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

Date: April 23, 2007  
Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 9290 ft, a mud weight of 11.3 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)

March 27, 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)

- 43-047-39107 NBU 1021-13N Sec 13 T10S R21E 0948 FSL 1602 FWL
- 43-047-39108 NBU 1021-13H Sec 13 T10S R21E 2351 FNL 0515 FEL
- 43-047-39109 NBU 1021-16D Sec 16 T10S R21E 0666 FNL 0666 FWL
- 43-047-39106 NBU 1021-28I Sec 28 T10S R21E 2269 FSL 0930 FEL
- 43-047-39100 NBU 1021-28F Sec 28 T10S R21E 1767 FNL 2157 FWL
- 43-047-39101 NBU 1021-28E Sec 28 T10S R21E 2046 FNL 0856 FWL
- 43-047-39102 NBU 1021-28D Sec 28 T10S R21E 0604 FNL 0614 FWL
- 43-047-39103 NBU 1021-28C Sec 28 T10S R21E 0476 FNL 1997 FWL
- 43-047-39104 NBU 1021-28B Sec 28 T10S R21E 0767 FNL 1997 FEL
- 43-047-39110 NBU 1021-29P Sec 29 T10S R21E 0286 FSL 1236 FEL
- 43-047-39111 NBU 1021-31A Sec 31 T10S R21E 0744 FNL 0815 FEL
- 43-047-39116 NBU 1021-31B Sec 31 T10S R21E 0777 FNL 1911 FEL
- 43-047-39136 NBU 1021-32G Sec 32 T10S R21E 2038 FNL 2065 FEL
- 43-047-39137 NBU 1021-32D Sec 32 T10S R21E 0777 FNL 0355 FWL
- 43-047-39138 NBU 1021-32E Sec 32 T10S R21E 1858 FNL 0651 FWL
- 43-047-39139 NBU 1022-19P Sec 19 T10S R22E 0766 FSL 0298 FEL
- 43-047-39141 NBU 1022-24J Sec 24 T10S R22E 1928 FSL 1972 FEL
- 43-047-39140 NBU 1022-24P Sec 24 T10S R22E 1110 FSL 1054 FEL
- 43-047-39142 NBU 1022-25G Sec 25 T10S R22E 1761 FNL 1462 FEL
- 43-047-39033 NBU 1022-25H Sec 25 T10S R22E 2604 FNL 0825 FEL
- 43-047-39156 NBU 1022-24O Sec 24 T10S R22E 0645 FSL 2007 FEL
- 43-047-39157 NBU 1022-7I Sec 07 T10S R22E 2000 FSL 0948 FEL

Page 2

Our records indicate the NBU 1021-28I and the NBU 1022-25H are closer than 460 feet from the Natural Buttes Unit boundary (approximately 390 and 36 feet respectively).

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:3-27-07

**From:** Ed Bonner  
**To:** Mason, Diana  
**Date:** 6/7/2007 4:43 PM  
**Subject:** Well Clearance

**CC:** Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil

The following wells have been given cultural resources clearance by the Trust Lands Cultural Resources Group:

Enduring Resources, LLC  
Coyote Basin 8-25-11-16 (API 43 047 39189)

EOG Resources, Inc  
NBU 635-12E (API 43 047 39190)  
NBU 636-12E (API 43 047 39191)  
NBU 632-12E (API 43 047 39192)  
NBU 633-12E (API 43 047 39193)  
NBU 634-12E (API 43 047 39194)

Kerr McGee Oil & Gas Onshore LP  
NBU 1022-25B (API 43 047 39032)  
NBU 1022-25G (API 43 047 39142)  
NBU 1021-31A (API 43 047 39111)  
State 1021-31M (API 43 047 39112)  
State 1021-31E (API 43 047 39113)  
State 1021-31D (API 43 047 39114)  
State 1021-31C (API 43 047 39115)  
NBU 1021-31B (API 43 047 39116)  
State 1021-31P (API 43 047 39117)  
State 1021-31L (API 43 047 39118)  
State 1021-31N (API 43 047 39119)  
State 1021-31O (API 43 047 39120)  
State 1021-31I (API 43 047 39121)  
State 1021-31J (API 43 047 39122)  
State 1021-31K (API 43 047 39123)  
State 1021-31F (API 43 047 39124)  
State 1021-31G (API 43 047 39125)  
State 1021-31H (API 43 047 39126)

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



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

**State of Utah**  
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

**Division of Oil Gas and Mining**

JOHN R. BAZA  
Division Director

June 12, 2007

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

Re: State 1021-31B Well, 777' FNL, 1911' FEL, NW NE, Sec. 31, T. 10 South, R. 21 East, Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-39116.

Sincerely,

Gil Hunt  
Associate Director

er  
Enclosures

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



Operator: Kerr-McGee Oil & Gas Onshore, LP  
Well Name & Number State 1021-31B  
API Number: 43-047-39116  
Lease: ML 22794

Location: NW NE Sec. 31 T. 10 South R. 21 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) 942-0873 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.



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil Gas and Mining

JOHN R. BAZA  
Division Director

June 12, 2007  
\*Amended July 13, 2007

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

Re: \*Natural Buttes Unit 1021-31B Well, 777' FNL, 1911' FEL, NW NE, Sec. 31,  
T. 10 South, R. 21 East, Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-39116.

Sincerely,

Gil Hunt  
Associate Director

er  
Enclosures

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



**Operator:** Kerr-McGee Oil & Gas Onshore, LP  
**Well Name & Number** Natural Buttes Unit 1021-31B  
**API Number:** 43-047-39116  
**Lease:** ML 22794

**Location:** NW NE                      **Sec.** 31                      **T.** 10 South                      **R.** 21 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:

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- Dustin Doucet at:                      (801) 538-5281 office                      (801) 733-0983 home

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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: <b>ML-22794</b>
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: <b>NA</b>
7. UNIT or CA AGREEMENT NAME: <b>Natural Buttes Unit</b>
8. WELL NAME and NUMBER: <b>NBU 1021-31B</b>
9. API NUMBER: <b>4304739116</b>
10. FIELD AND POOL, OR WILDCAT: <b>Natural Buttes Field</b>

**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.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	
2. NAME OF OPERATOR: <b>Kerr-McGee Oil &amp; Gas Onshore, LP</b>	
3. ADDRESS OF OPERATOR: PO Box 173779 CITY <b>Denver</b> STATE <b>CO</b> ZIP <b>80217-3779</b> PHONE NUMBER: <b>(720) 929-6171</b>	
4. LOCATION OF WELL FOOTAGES AT SURFACE: <b>777 FNL &amp; 1911 FEL</b> COUNTY: <b>Uintah</b> QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>NWNE 31 10S 21E</b> STATE: <b>UTAH</b>	

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <b>APD Extension</b>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

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

Kerr McGee Oil and Gas Onshore, LP respectfully request a one year extension for NBU 1021-31B, in order to complete drilling operations. The Utah Division of Oil, Gas, and Mining initially approved this APD on 6/12/2007.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 07-08-08

By: *[Signature]*

COPY SENT TO OPERATOR

Date: 7.9.2008

Initials: KS

NAME (PLEASE PRINT) <u>Victoria Marques</u>	TITLE <u>Regulatory Intern</u>
SIGNATURE <u><i>Victoria Marques</i></u>	DATE <u>6/23/2008</u>

(This space for State use only)

**RECEIVED**  
**JUN 27 2008**  
DIV. OF OIL, GAS & MINING

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

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

**API:** 4304739116  
**Well Name:** NBU 1021-31B  
**Location:** NWNE 777 FNL & 1911 FEL Sec. 31 T 10S R 21E  
**Company Permit Issued to:** Kerr McGee Oil and Gas Onshore, LP  
**Date Original Permit Issued:** 6/12/2007

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

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

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

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

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

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

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

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

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

Victoria Marques  
Signature

6/23/2008  
Date

Title: Regulatory Intern

Representing: Kerr McGee Oil and Gas Onshore, LP

RECEIVED  
JUN 27 2008  
DIV. OF OIL, GAS & MINING

<b>STATE OF UTAH</b> DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	<b>FORM 9</b>  <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b> ML-22794
<b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  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>  <b>7. UNIT or CA AGREEMENT NAME:</b> NATURAL BUTTES
<b>1. TYPE OF WELL</b> Gas Well	<b>8. WELL NAME and NUMBER:</b> NBU 1021-31B
<b>2. NAME OF OPERATOR:</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.	<b>9. API NUMBER:</b> 43047391160000
<b>3. ADDRESS OF OPERATOR:</b> P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	<b>PHONE NUMBER:</b> 720 929-6007 Ext
<b>4. LOCATION OF WELL</b> <b>FOOTAGES AT SURFACE:</b> 0777 FNL 1911 FEL <b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b> Qtr/Qtr: NWNE Section: 31 Township: 10.0S Range: 21.0E Meridian: S	<b>9. FIELD and POOL or WILDCAT:</b> NATURAL BUTTES  <b>COUNTY:</b> UINTAH  <b>STATE:</b> 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> Approximate date work will start: 6/26/2009  <input type="checkbox"/> <b>SUBSEQUENT REPORT</b> Date of Work Completion:  <input type="checkbox"/> <b>SPUD REPORT</b> Date of Spud:  <input type="checkbox"/> <b>DRILLING REPORT</b> 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:

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: June 23, 2009

By: 

<b>NAME (PLEASE PRINT)</b> Danielle Piernot	<b>PHONE NUMBER</b> 720 929-6156	<b>TITLE</b> Regulatory Analyst
<b>SIGNATURE</b> N/A	<b>DATE</b> 6/23/2009	



**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 43047391160000**

**API:** 43047391160000

**Well Name:** NBU 1021-31B

**Location:** 0777 FNL 1911 FEL QTR NWNE SEC 31 TWP 100S RNG 210E MER S

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

**Date Original Permit Issued:** 6/12/2007

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- If located on private land, has the ownership changed, if so, has the surface agreement been updated?  Yes  No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?  Yes  No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?  Yes  No
- Have there been any changes to the access route including ownership, or 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:** 6/23/2009

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

**Date:** June 23, 2009

**By:** 



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

June 16, 2010

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

Re: APD Rescinded – NBU 1021-31B, Sec. 31, T. 10S, R. 21E,  
Uintah County, Utah, API No. 43-047-39116

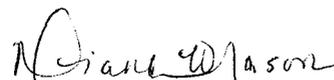
Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on June 12, 2007. On July 8, 2008 and June 23, 2009 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 16, 2010.

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

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

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
SITLA, Ed Bonner