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-22794
6. SURFACE: State

1A. TYPE OF WORK: DRILL ☑ REENTER ☐ DEEPEN ☐

7. IF INDIAN, ALLOTTEE OR TRIBE NAME:

B. TYPE OF WELL: OIL ☐ GAS ☑ OTHER _____ SINGLE ZONE ☐ MULTIPLE ZONE ☑

8. UNIT or CA AGREEMENT NAME:

2. NAME OF OPERATOR: KERR McGEE OIL & GAS ONSHORE L.P.

9. WELL NAME and NUMBER: STATE 1021-31O

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: 580'FSL, 2401'FEL
620286X 39.898281
4417205Y -109.542982
AT PROPOSED PRODUCING ZONE:

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 31 10S 21E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 16.3 MILES SOUTH OF OURAY, UTAH

12. COUNTY: UINTAH
13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 580'
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: 9,380
20. BOND DESCRIPTION: RLB0005237

21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5373'GL
22. APPROXIMATE DATE WORK WILL START:
23. ESTIMATED DURATION:

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8	H-40	32.3#	2,000	265 SX CLASS G	1.18 YIELD	15.6 PPG
7 7/8"	4 1/2	I-80	11.6#	9,380	1980 SX 50/50 POZ	1.31 YIELD	14.3 PPG

25. **ATTACHMENTS**

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

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

NAME (PLEASE PRINT) SHEILA UPCHEGO
TITLE SENIOR LAND ADMIN SPECIALIST
SIGNATURE
DATE 3/13/2007

(This space for State use only)

Approved by the
Utah Division of
Oil, Gas and Mining

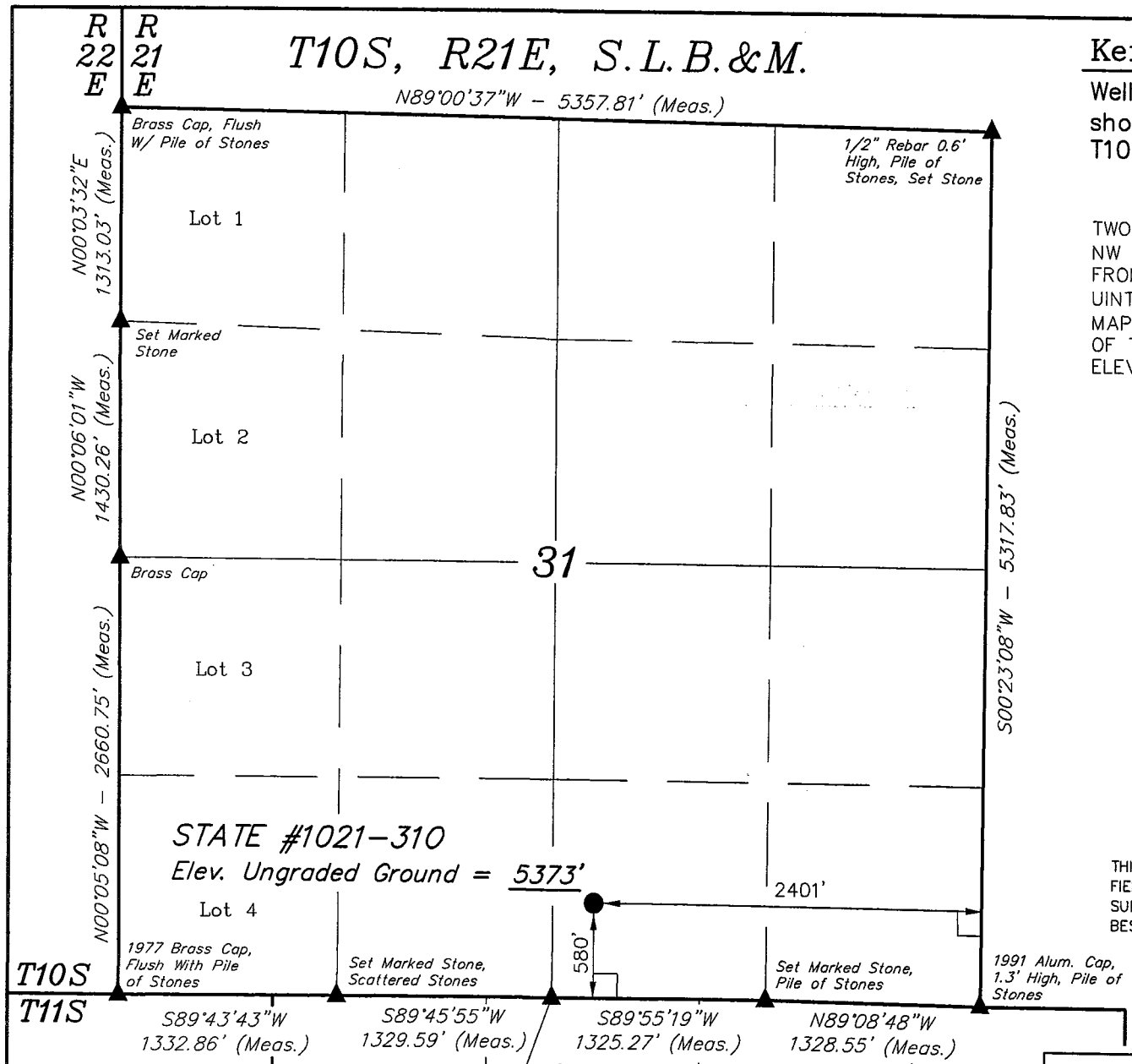
RECEIVED
MAR 16 2007
DIV. OF OIL, GAS & MINING

API NUMBER ASSIGNED: 43-047-39120

APPROVAL:
Date: 06-12-07
By:

(See Instructions on Reverse Side)

(11/2001)



Kerr-McGee Oil & Gas Onshore LP

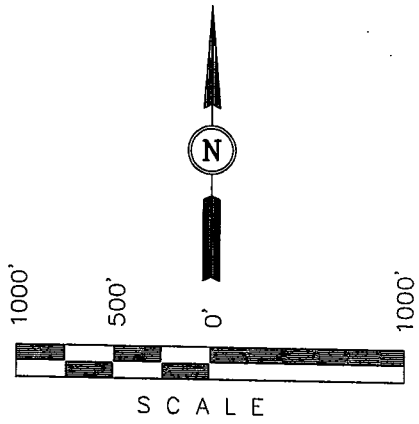
Well location, STATE #1021-310, located as shown in the SW 1/4 SE 1/4 of Section 31, T10S, R21E, S.L.B.&M., Uintah County, Utah.

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.



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.

REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH

STATE OF UTAH

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

SCALE 1" = 1000'	DATE SURVEYED: 12-29-06	DATE DRAWN: 1-2-07
PARTY N.H. G.S. K.G.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE Kerr-McGee Oil & Gas Onshore LP	

LEGEND:

└ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(NAD 83)
LATITUDE = 39°53'53.82" (39.898283)
LONGITUDE = 109°35'37.05" (109.593625)
(NAD 27)
LATITUDE = 39°53'53.94" (39.898317)
LONGITUDE = 109°35'34.57" (109.592936)

STATE 1021-31O
SW/SE SEC. 31, T10S, R21E
UINTAH COUNTY, UTAH
ML-22794

ONSHORE ORDER NO. 1

DRILLING PROGRAM

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

Formation	Depth
Uinta	0- Surface
Green River	1130'
Top of Birds Nest Water	1352'
Mahogany	1875'
Wasatch	4288'
Mesaverde	7215'
MVU2	8214'
MVL1	8720'
TD	9380'

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

Substance	Formation	Depth
	Green River	1130'
Water	Top of Birds Nest Water	1352'
	Mahogany	1875'
Gas	Wasatch	4288'
Gas	Mesaverde	7215'
Gas	MVU2	8214'
Gas	MVL1	8720'
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 9380' TD, approximately equals 5816 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3752 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. **Variances:**

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 13, 2007
WELL NAME	**STATE 1021-31O**	TD	9,380' MD/TVD
FIELD	Natural Buttes	COUNTY Uintah	STATE Utah
ELEVATION	5,373' GL	KB 5,388'	
SURFACE LOCATION	SW/SE, SEC. 31, T10S, R21E 580'FNL, 2401'FEL	BHL	Straight Hole
	Latitude: 39.898283 Longitude: 109.593625		
OBJECTIVE ZONE(S)	Wasatch/Mesaverde		
ADDITIONAL INFO	Regulatory Agencies: UDOGM (SURF & MINERALS),Tri-County Health Dept.		

GEOLOGICAL			MECHANICAL		
LOGS	FORMATION 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 4,288'					
	Green River @	**1,130'**			
	Top of Birds Nest Water @	**1352'**			
	Mahogany @	**1,875'**			
	Preset f/ GL @	**2,000' MD**			
	Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the acutal 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#, I-80 or equivalent LTC casing	Water/Fresh Water Mud 8.3-11.5 ppg
	Wasatch @	**4,288'**			
	Mverde @	**7,215'**			
	MVU2 @	**8,214'**			
	MVL1 @	**8,720'**			
	TD @	**9,380'**			Max anticipated Mud required 11.5 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 2000	32.30	H-40	STC	0.64*******	1.46	4.49
						7780	6350	201000
PRODUCTION	4-1/2"	0 to 9380	11.60	I-80	LTC	2.19	1.13	2.12

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

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

(Burst Assumptions: TD = 11.5 ppg) .22 psi/ft = gradient for partially evac wellbore

(Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)

MASP 3546 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	3,780'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	410	60%	11.00	3.38
	TAIL	5,600'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1570	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 utililzed.

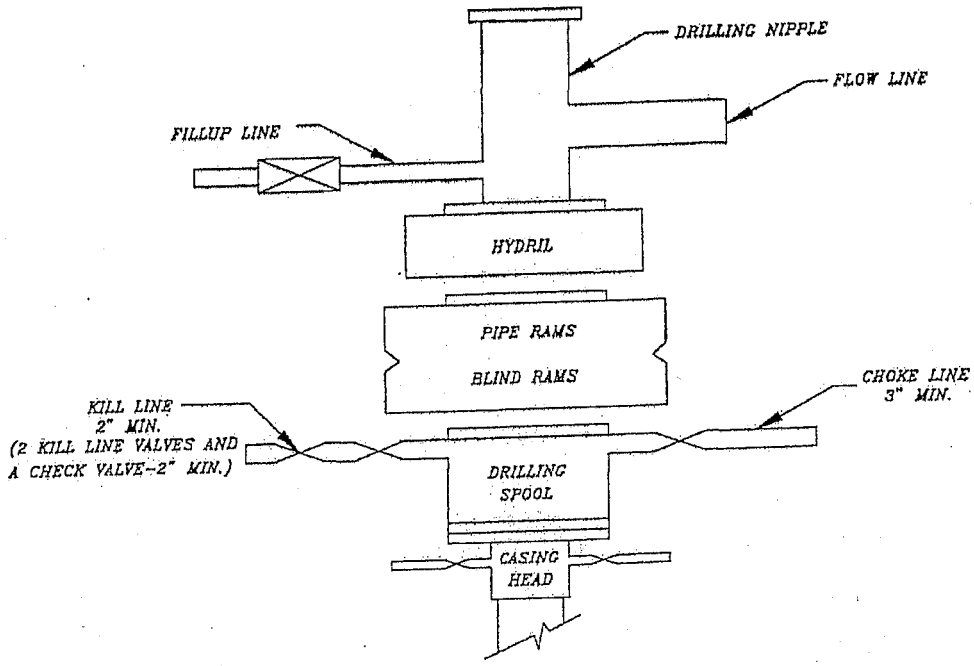
DRILLING ENGINEER: _____ **DATE:** _____

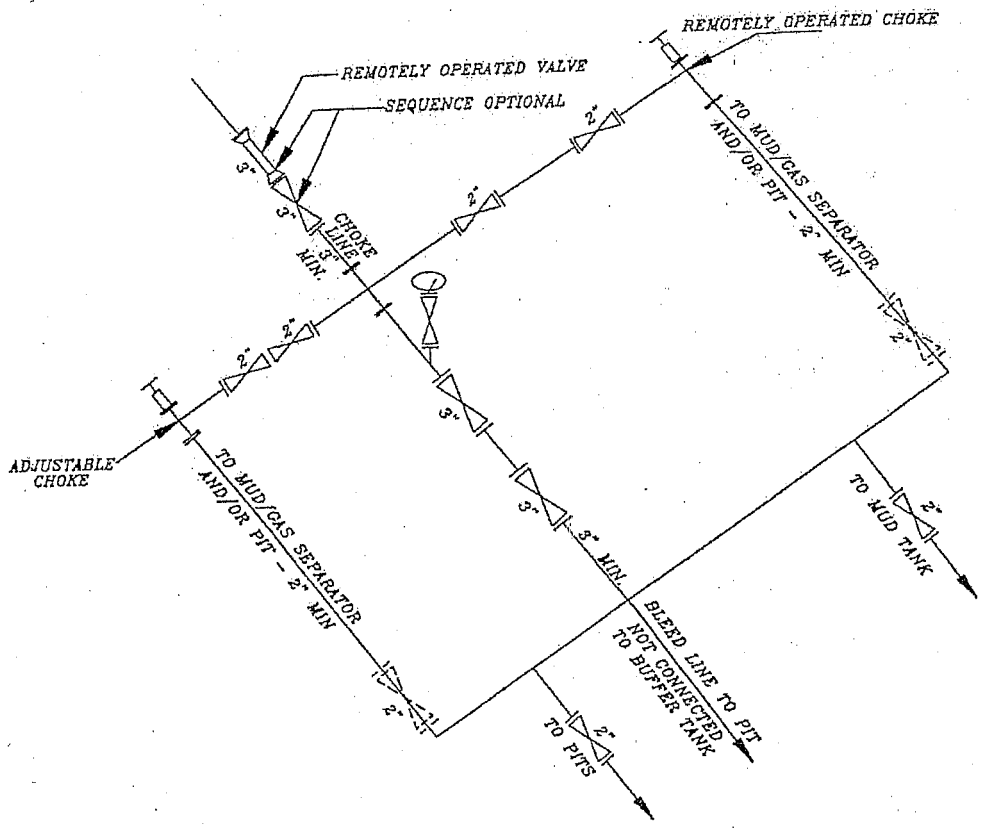
Brad Laney

DRILLING SUPERINTENDENT: _____ **DATE:** _____

Randy Bayne

5M BOP STACK and CHOKE MANIFOLD SYSTEM





STATE 1021-31O
SW/SE 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 0.1 +/- 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 532' +/- 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

3/13/2007
Date

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31O
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 0.6 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTH; FOLLOW ROAD FLAGS IN A SOUTHERLY DIRECTION APPROXIMATELY 0.1 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 47.3 MILES.

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31O

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

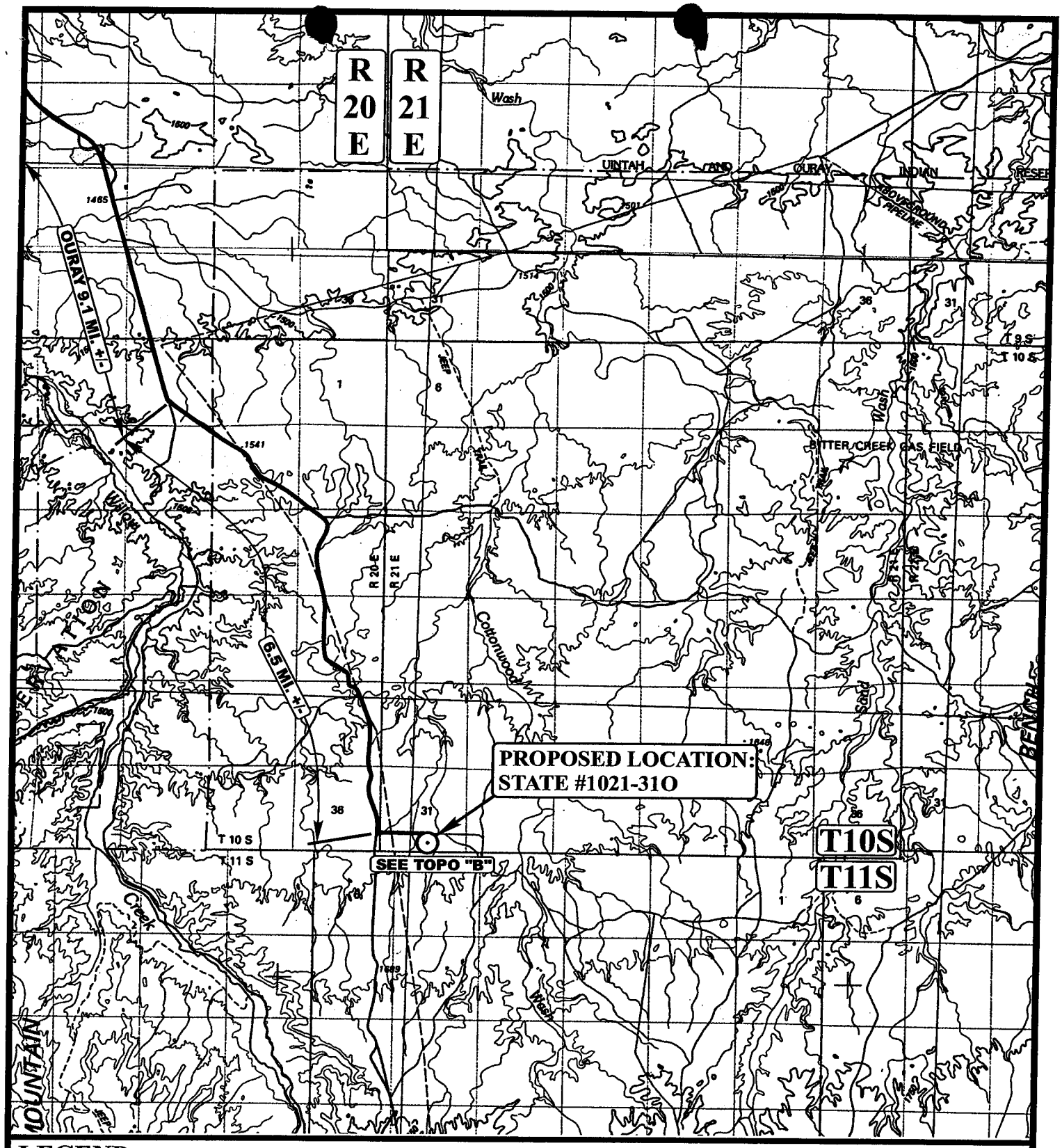
PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE **CAMERA ANGLE: EASTERLY**

PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS **CAMERA ANGLE: SOUTHERLY**

- Since 1964 -

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

LOCATION PHOTOS	01 MONTH	03 DAY	07 YEAR	PHOTO
TAKEN BY: N.H.	DRAWN BY: C.P.	REVISED: 00-00-00		



LEGEND:

⊙ PROPOSED LOCATION

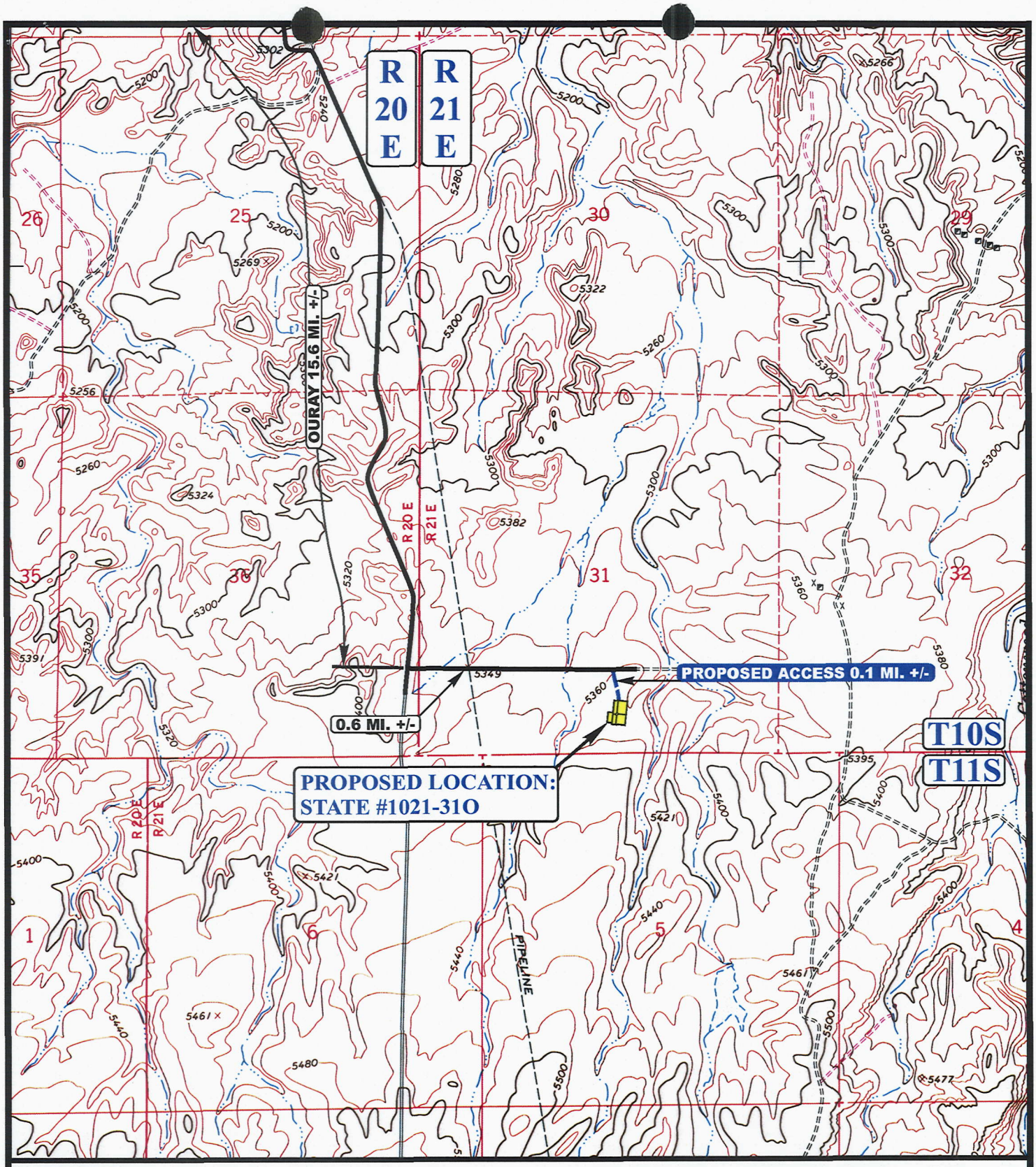
N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31O
SECTION 31, T10S, R21E, S.L.B.&M.
580' FSL 2401' FEL

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

TOPOGRAPHIC MAP	01 MONTH	03 DAY	07 YEAR	A TOPO
SCALE: 1:100,000	DRAWN BY: C.P.	REVISED: 00-00-00		



LEGEND:

EXISTING ROAD

PROPOSED ACCESS ROAD

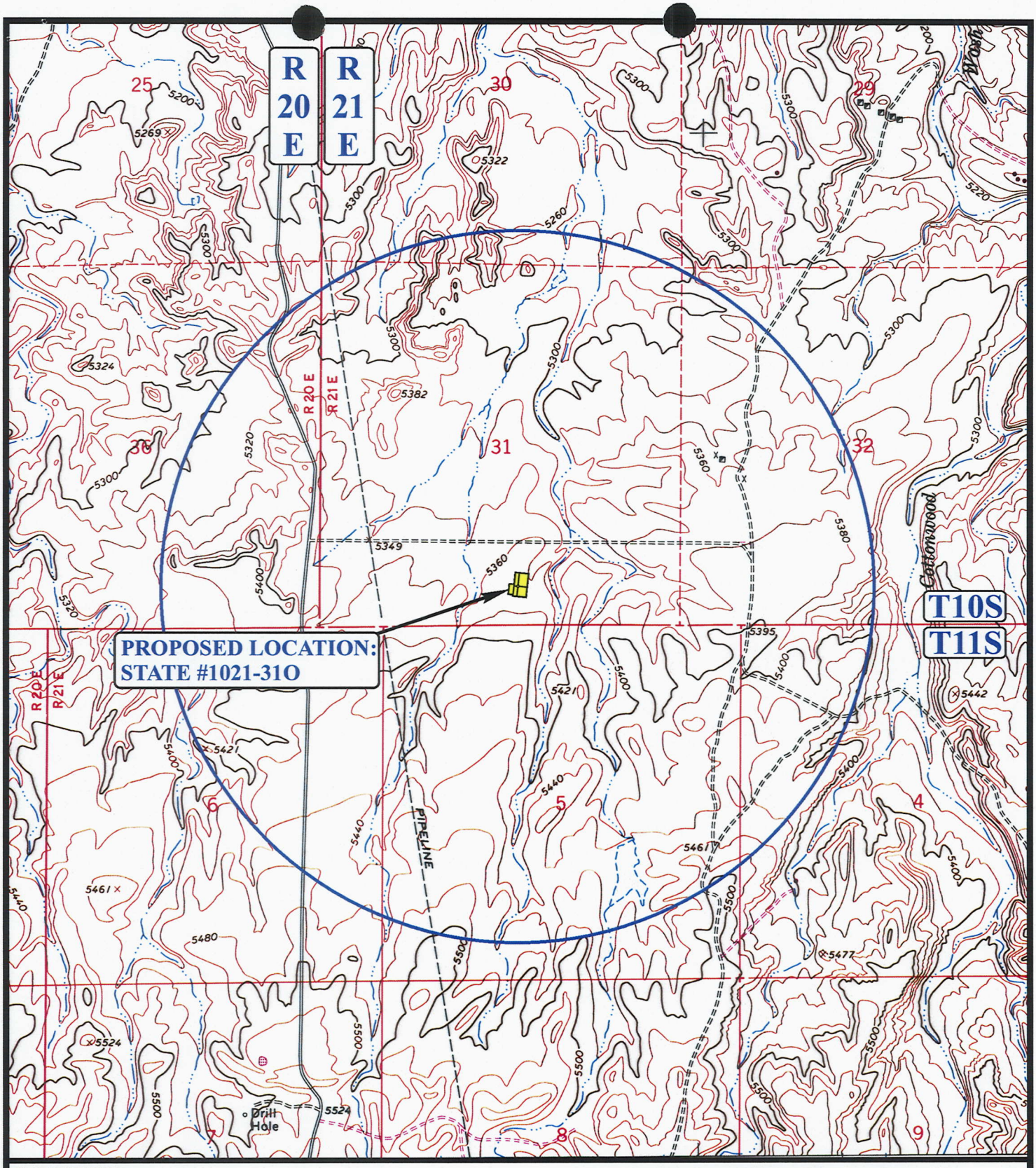
N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31O
SECTION 31, T10S, R21E, S.L.B.&M.
580' FSL 2401' FEL

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

TOPOGRAPHIC MAP	01 MONTH	03 DAY	07 YEAR	B TOPO
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

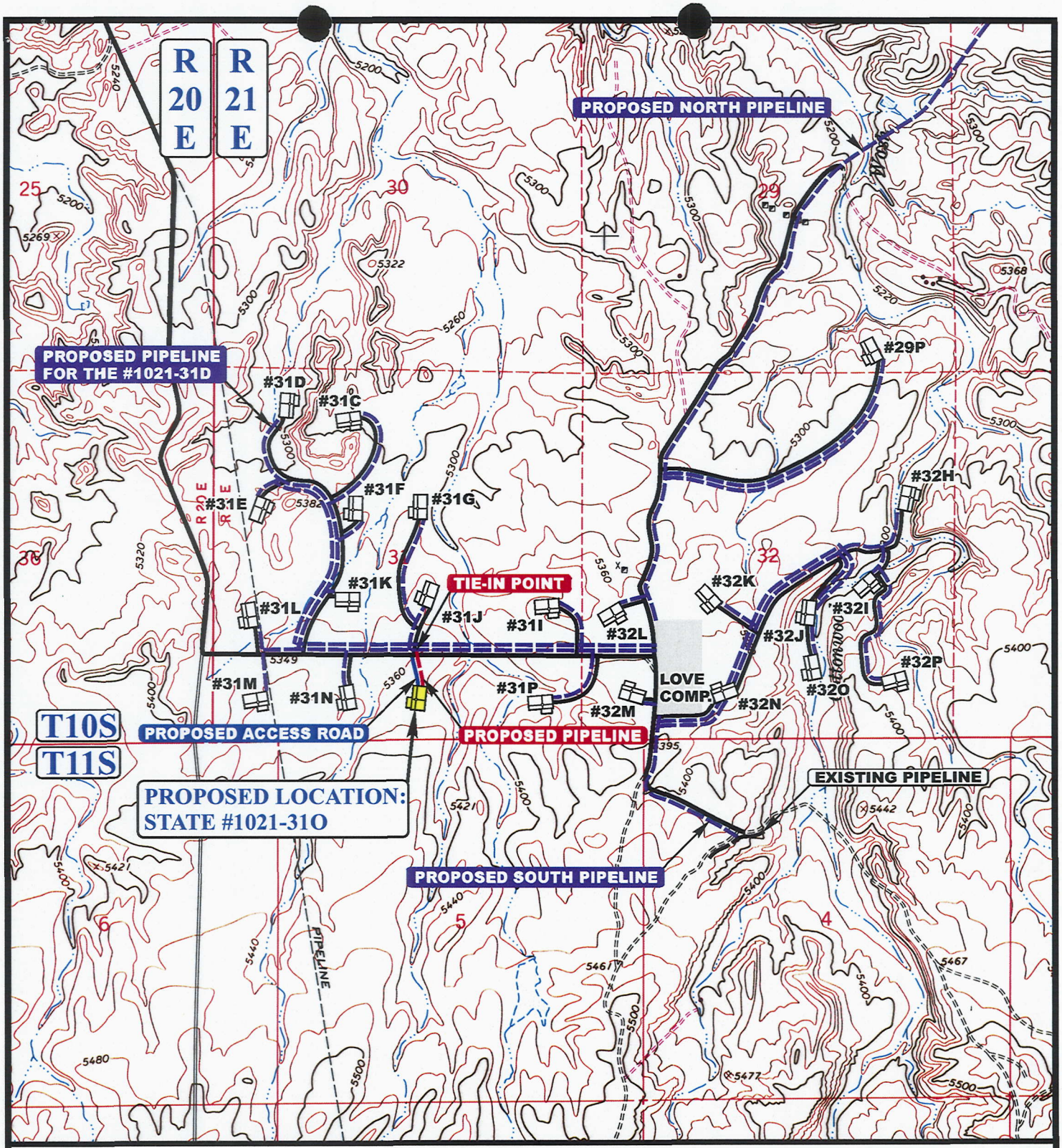
N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31O
SECTION 31, T10S, R21E, S.L.B.&M.
580' FSL 2401' FEL

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

TOPOGRAPHIC MAP	01 MONTH	03 DAY	07 YEAR	C TOPO
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00		



APPROXIMATE TOTAL 4" PIPELINE DISTANCE = 532' +/-

LEGEND:

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

N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31O
SECTION 31, T10S, R21E, S.L.B.&M.
580' FSL 2401' FEL

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

TOPOGRAPHIC MAP	01 MONTH	03 DAY	07 YEAR	D TOPO
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00		

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31O

PIPELINE ALIGNMENT

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

PHOTO: VIEW FROM TIE-IN POINT **CAMERA ANGLE: SOUTHERLY**

PHOTO: VIEW OF PIPELINE ALIGNMENT **CAMERA ANGLE: SOUTHERLY**

- Since 1964 -

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

PIPELINE PHOTOS	01 MONTH	03 DAY	07 YEAR	PHOTO
TAKEN BY: N.H.	DRAWN BY: C.P.	REVISED: 00-00-00		

Kerr-McGee Oil & Gas Onshore LP

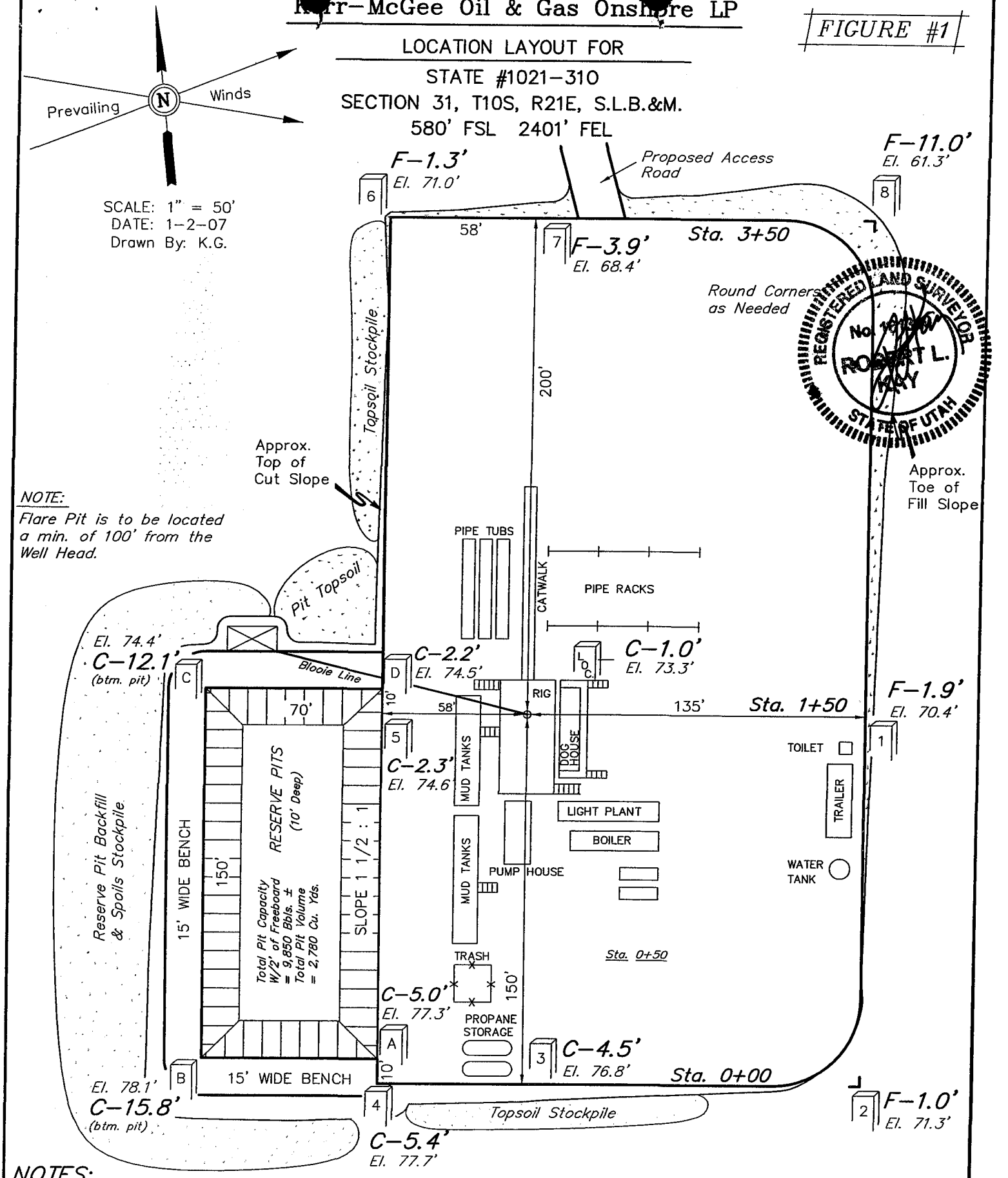
FIGURE #1

LOCATION LAYOUT FOR

STATE #1021-31O

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

580' FSL 2401' FEL



NOTES:

Elev. Ungraded Ground At Loc. Stake = 5373.3'

FINISHED GRADE ELEV. AT LOC. STAKE = 5372.3'

UINTAH ENGINEERING & LAND SURVEYING

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

Kerr-McGee Oil & Gas Onshore LP

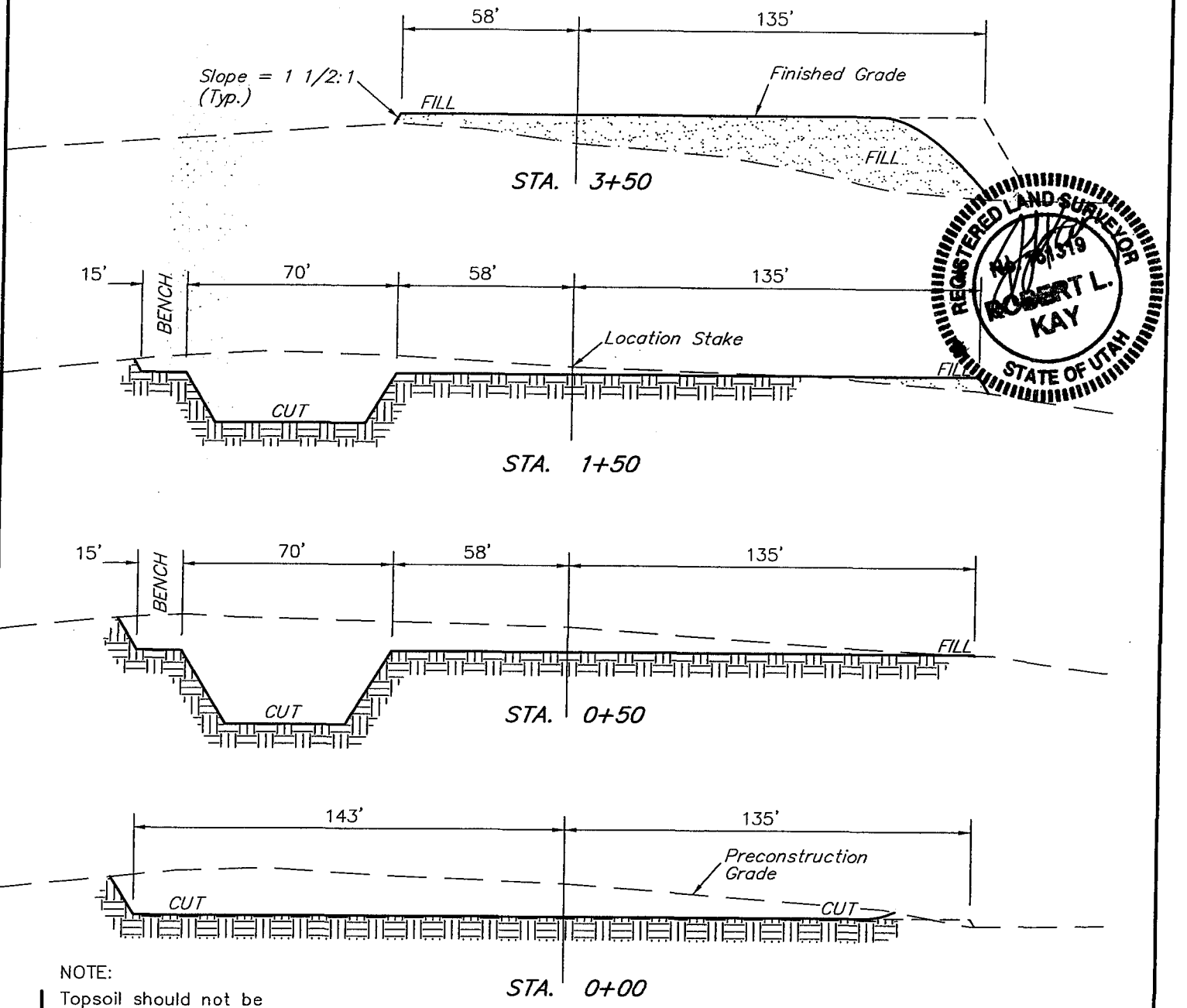
FIGURE #2

TYPICAL CROSS SECTIONS FOR

STATE #1021-310
SECTION 31, T10S, R21E, S.L.B.&M.
580' FSL 2401' FEL

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

DATE: 1-2-07
Drawn By: K.G.



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 = 1,700 Cu. Yds.
Remaining Location = 6,500 Cu. Yds.

TOTAL CUT = 8,200 CU.YDS.
FILL = 5,110 CU.YDS.

EXCESS MATERIAL = 3,090 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.) = 3,090 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation) = 0 Cu. Yds.

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: 43-047-39120

WELL NAME: STATE 1021-31O

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 435-781-7024

CONTACT: SHEILA UPCHEGO

PROPOSED LOCATION:

SWSE 31 100S 210E

SURFACE: 0580 FSL 2401 FEL

BOTTOM: 0580 FSL 2401 FEL

COUNTY: UINTAH

LATITUDE: 39.89828 LONGITUDE: -109.5930

UTM SURF EASTINGS: 620286 NORTHINGS: 4417205

FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /		
Tech Review	**Initials**	**Date**
Engineering	DKD	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)

N Potash (Y/N)

✓ Oil Shale 190-5 (B) or 190-3 or 190-13

✓ Water Permit
(No. 43-8496)

N RDCC Review (Y/N)
(Date:)

N/A Fee Surf Agreement (Y/N)

N/A Intent to Commingle (Y/N)

LOCATION AND SITING:

____ R649-2-3.

Unit: ____

____ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

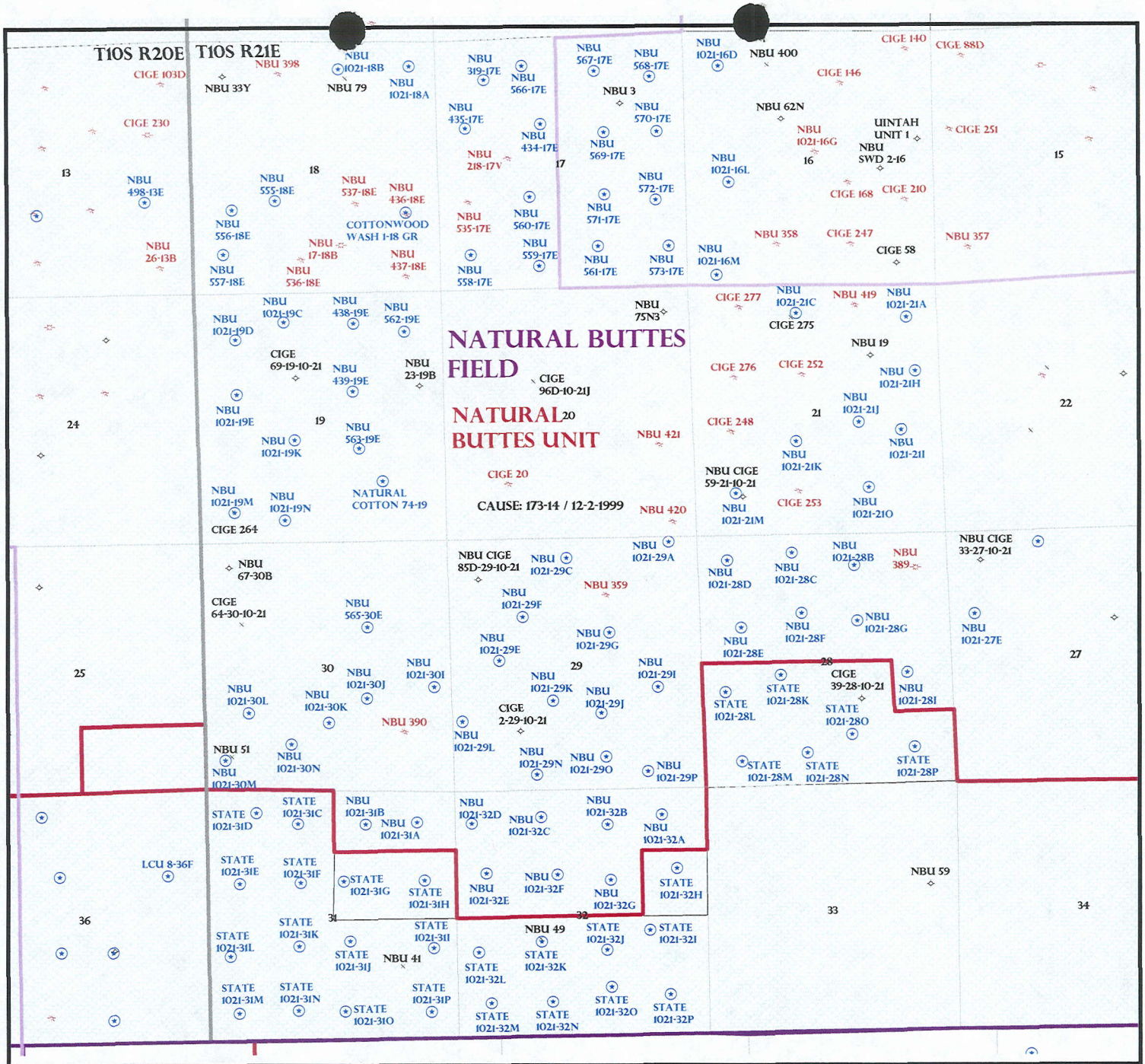
✓ R649-3-3. Exception

____ Drilling Unit
Board Cause No: ____
Eff Date: ____
Siting: ____

____ R649-3-11. Directional Drill

COMMENTS: Needs Presite (04-05-07)

STIPULATIONS:
1- Spacing Stip
2- STATEMENT OF BASIS
3- OIL SHALE
4- Surface Csg Cmt Stip



OPERATOR: KERR MCGEE O&G (N9550)

SEC: 28,31,32 T.10S R. 21E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

SPACING: R649-3-3 / EXCEPTION LOCATION

Utah Oil Gas and Mining

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

N
W E
S

PREPARED BY: DIANA MASON
DATE: 23-MARCH-2007

Application for Permit to Drill
Statement of Basis

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
320	43-047-39120-00-00		GW	S	No

Operator KERR-MCGEE OIL & GAS ONSHORE, LP **Surface Owner-APD**
Well Name STATE 1021-31O **Unit**
Field UNDESIGNATED **Type of Work**
Location SWSE 31 10S 21E S 580 FSL 2401 FEL GPS Coord (UTM) 620286E 4417205N

Geologic Statement of Basis

Kerr McGee proposes to set 2,000' 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 3,900'. 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 4/17/2007
APD Evaluator **Date / Time**

Surface Statement of Basis

The general area is within the Love area of Natural Buttes 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 rimed 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 16 miles southeast of Ouray, Utah and is accessed by the Seep Ridge Road then by existing or planned oil field development roads to within .1 mile of the proposed site. New construction will be required from this point.

The proposed location is on a relatively flat area at the head of a swale, which joins a deep draw to the east. This draw is a sub-tributary of Cottonwood Wash, which is about 1.3 miles to the east. The location was laid-out to miss the gentle swales in the area. 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 4/5/2007
Onsite Evaluator **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.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator KERR-MCGEE OIL & GAS ONSHORE, LP
Well Name STATE 1021-31O
API Number 43-047-39120-0 **APD No** 320 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 SWSE **Sec** 31 **Tw** 10S **Rng** 21E 580 FSL 2401 FEL
GPS Coord (UTM) 620288 4417211 **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 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 rimed 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.

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Both the surface and minerals are owned by SITLA.

Surface Use Plan

Current Surface Use

Grazing
Recreational
Wildlfe Habitat

New Road Miles	Well Pad		Src Const Material	Surface Formation
0.1	**Width** 278	**Length** 350	Onsite	UNTA

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Vegetation is a medium dense desert shrub type. Big sage, shadscale, spiny hopsage, horsebrush, curly mesquite, bud sage, halogeton, prickly pear, and spring annuals are present.
Antelope, cattle, rabbits, coyotes, and small mammals, birds and raptors.

Soil Type and Characteristics

Moderately deep rock sandy loam.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues N

Drainage Diverson Required N

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? Y **Paleo Potental Observed?** N **Cultural Survey Run?** N **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 75' x 150' x 10' deep located in a cut on the southwest 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?** N **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.

A location to construct a small pond to collect water for antelope was identified to the southeast of the location. Carroll Estes noted the location in his records.

Floyd Bartlett — 4/5/2007

Evaluator — **Date / Time**

2007-04 Kerr McGee State 1021-31O

Casing Schematic

BHP 0.052(9380)11.5 = 5609 psi
Anticipate 5516 psi

Gas .12(9380) = 1126
5609 - 1126 = 4480 psi, MASP

BOPE 5M

Burst 2270
70% 1589 psi

Max P @ surf. shoe
.22(7380) = 1624
5609 - 1624 = 3985 psi
2000 psi = max allowed pressure @ surf. shoe

test to 1589 psi

Stip surf. cmt.

Adequate DLD 4/30/07

Surface

9-5/8"
MW 8.3
Frac 19.3

4-1/2"
MW 11.5

12 7/8 | 18 7/8

TOC @ 0.

TOC @ 641. to surf. w/ 7% wb
* Surf. Stip

Uinta

1130' GR
1352' Birds Nest Water
1875' Mahogany

Surface
2000. MD

3900' ± BMSW
4288' Wasatch

7215' Mesaverde

8214 MV U2
8720' MV L1

Production
9380. MD

Well name:	**2007-04 Kerr McGee State 1021-31O**
Operator:	**Kerr McGee Oil & Gas Onshore L.P.**
String type:	Surface
Project ID:	43-047-39120
Location:	Uintah County, Utah

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 1,760 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 2,000 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: 1,756 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 103 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,400 ft

Cement top: 641 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 9,380 ft
Next mud weight: 11.500 ppg
Next setting BHP: 5,604 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,000 ft
Injection pressure: 2,000 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 (ft^3)
1	2000	9.625	32.30	H-40	ST&C	2000	2000	8.876	883.8

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	862	1370	1.589	2000	2270	1.13	57	254	4.48 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 2000 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.

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

Well name:	**2007-04 Kerr McGee State 1021-31O**
Operator:	**Kerr McGee Oil & Gas Onshore L.P.**
String type:	Production
Project ID:	43-047-39120
Location:	Uintah County, Utah

Design parameters:

Collapse

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

Burst

Max anticipated surface pressure: 3,540 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,604 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: 7,768 ft

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 206 °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 (ft^3)
1	9380	4.5	11.60	I-80	LT&C	9380	9380	3.875	818.6

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	5604	6360	1.135	5604	7780	1.39	90	212	2.35 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: (801) 538-5357
FAX: (801) 359-3940
Date: April 23,2007
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 9380 ft, a mud weight of 11.5 ppg The casing is considered to be evacuated for collapse purposes.
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

KerrMcGee

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

March 28, 2007

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

43-047-39120

RE: State 1021-31O
T10S-R21E
Section 31: SWSE
580' FSL, 2401' 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 649-3-2 (State Wide). The well location was moved for topographic reasons. Kerr-McGee owns 100% of the leasehold within 460 feet of the exception location of the offset lands and has no objection to the exception location.

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

Sincerely,

W. Chris Latimer, CPL
Senior Landman

cc: Raleen White

RECEIVED
APR 0 5 2007
DIV. OF OIL, GAS & MINING

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-22794

SUNDRY NOTICES AND REPORTS ON WELLS

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

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.

7. UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER _____

8. WELL NAME and NUMBER: STATE 1021-31O

2. NAME OF OPERATOR: KERR McGEE OIL AND GAS ONSHORE LP

9. API NUMBER: 43-047-39120

3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST VERNAL UT 84078 PHONE NUMBER: (435) 781-7003

10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 580' FSL 2401' FEL COUNTY: UINTAH

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 31 10S 21E STATE: UTAH

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

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

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

An onsite was conducted on 4/5/07 with the Division of Oil, Gas and Mining Representative and SITLA Representative. It was decided to change the proposed pipeline from a 4" pipeline approximately 532' +/- to a 4" pipeline approximately 4,100' +/- and a 6" pipeline approximately 3,550' +/-.

Please refer to the attached Topo D.

Accepted by the
Utah Division of
Oil, Gas and Mining
For Record Only

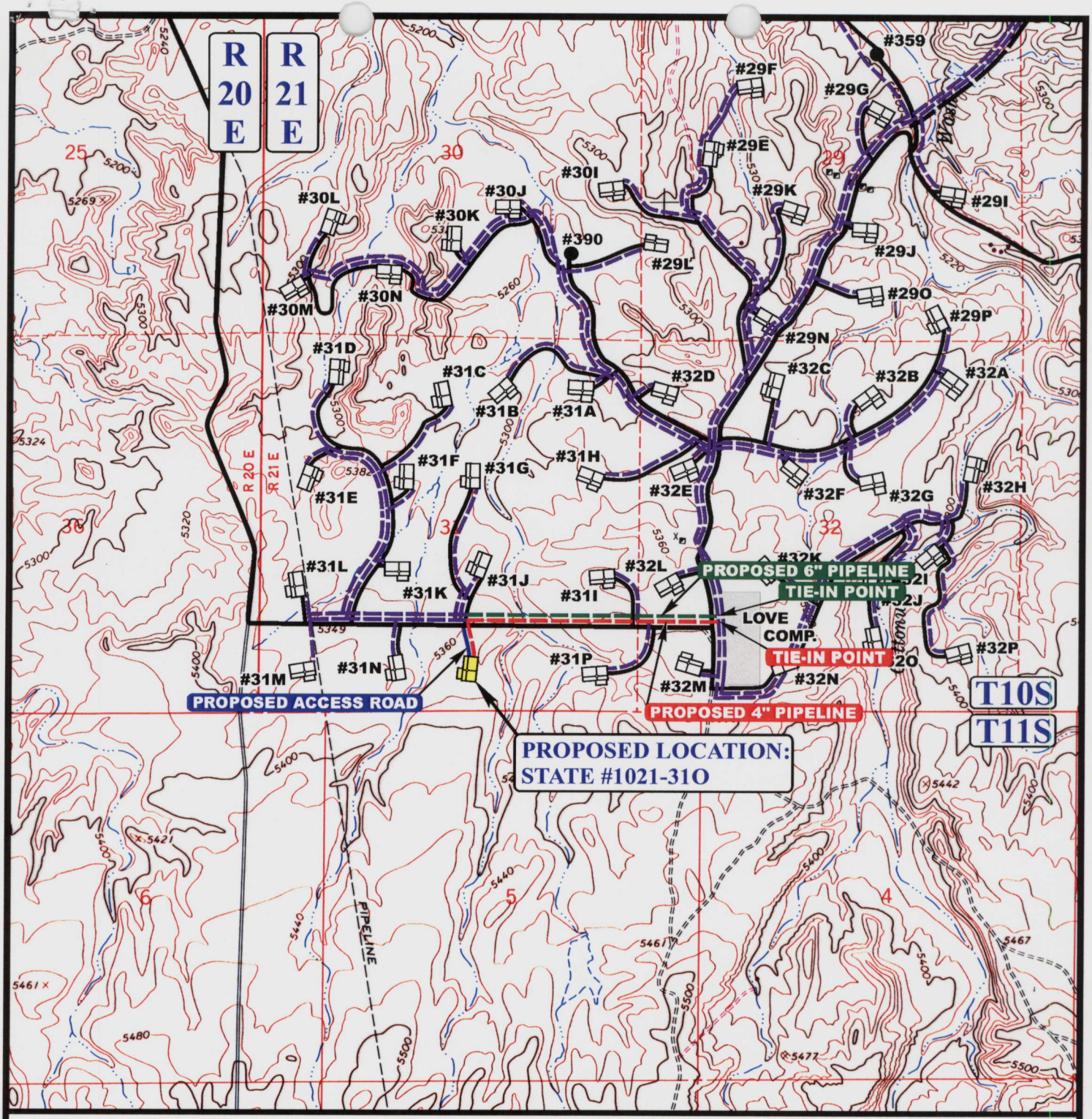
NAME (PLEASE PRINT) Ramey Hoopes TITLE Land Specialist I

SIGNATURE Ramey Hoopes DATE 4/18/2007

(This space for State use only)

RECEIVED
APR 23 2007
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)



APPROXIMATE TOTAL 6" PIPELINE DISTANCE = 3,550' +/-

APPROXIMATE TOTAL 4" PIPELINE DISTANCE = 4,100' +/-

LEGEND:

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

N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-31O
SECTION 31, T10S, R21E, S.L.B.&M.
580' FSL 2401' FEL

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

TOPOGRAPHIC MAP	01 MONTH	03 DAY	07 YEAR	D TOPO
SCALE: 1" =2000'	DRAWN BY: C.P.	REVISED: 04-13-07		

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.

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

June 12, 2007

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

Re: State 1021-31O Well, 580' FWL, 2401' FEL, SW SE, 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.

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 43-047-39120.

Sincerely,

Gil Hunt
Associate Director

er
Enclosures

cc: Uintah County Assessor
SITLA

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH OIL, GAS & MINING

Operator: Kerr-McGee Oil & Gas Onshore, LP
Well Name & Number State 1021-31O
API Number: 43-047-39120
Lease: ML 22794

Location: SW SE **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. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

8. Surface casing shall be cemented to the surface.

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

FORM 9

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.

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-22794
6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
7. UNIT or CA AGREEMENT NAME:
8. WELL NAME and NUMBER: State 1021-31O
9. API NUMBER: 4304739120
10. FIELD AND POOL, OR WILDCAT: Natural Buttes Field

1. TYPE OF WELL: OIL WELL ☐ GAS WELL ☑ OTHER
2. NAME OF OPERATOR: Kerr-McGee Oil & Gas Onshore, LP
3. ADDRESS OF OPERATOR: PO Box 173779 CITY Denver STATE CO ZIP 80217-3779 PHONE NUMBER: (720) 929-6171
4. LOCATION OF WELL
FOOTAGES AT SURFACE: 580 FSL & 2401 FEL COUNTY: Uintah
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SWSE 31 10S 21E STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
☑ NOTICE OF INTENT (Submit in Duplicate)	☐ ACIDIZE	☐ DEEPEN	☐ REPERFORATE CURRENT FORMATION
Approximate date work will start:	☐ ALTER CASING	☐ FRACTURE TREAT	☐ SIDETRACK TO REPAIR WELL
	☐ CASING REPAIR	☐ NEW CONSTRUCTION	☐ TEMPORARILY ABANDON
	☐ CHANGE TO PREVIOUS PLANS	☐ OPERATOR CHANGE	☐ TUBING REPAIR
	☐ CHANGE TUBING	☐ PLUG AND ABANDON	☐ VENT OR FLARE
☐ SUBSEQUENT REPORT (Submit Original Form Only)	☐ CHANGE WELL NAME	☐ PLUG BACK	☐ WATER DISPOSAL
Date of work completion:	☐ CHANGE WELL STATUS	☐ PRODUCTION (START/RESUME)	☐ WATER SHUT-OFF
	☐ COMMINGLE PRODUCING FORMATIONS	☐ RECLAMATION OF WELL SITE	☑ OTHER: APD Extension
	☐ CONVERT WELL TYPE	☐ 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 requests a one year extension for State 1021-31O, 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) Victoria Marques TITLE Regulatory Intern
SIGNATURE Victoria Marques DATE 6/25/2008

(This space for State use only)

JUN 27 2008
DIV. OF OIL, GAS & MINING

(5/2000) (See Instructions on Reverse Side)

RESET

Application for Permit to Drill
Request for Permit Extension
Validation

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

API: 4304739120
Well Name: State 1021-31O
Location: SWSE 580 FSL 2401 FEL Sec. 31 T 10S 21E
Company Permit Issued to: Kerr-McGee Oil & 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

6/25/2008
Date

Title: Regulatory Intern

Representing: Kerr-McGee Oil & Gas Onshore, LP

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

API Well No: 43047391200000

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

FORM 9

5.LEASE DESIGNATION AND SERIAL NUMBER: ML-22794

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:

1. TYPE OF WELL: Gas Well

8. WELL NAME and NUMBER: STATE 1021-31O

2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.

9. API NUMBER: 43047391200000

3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779

PHONE NUMBER: 720 929-6007 Ext

9. FIELD and POOL or WILDCAT: NATURAL BUTTES

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 0580 FSL 2401 FEL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSE Section: 31 Township: 10.0S Range: 21.0E Meridian: S

COUNTY: UINTAH

STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
✓ NOTICE OF INTENT Approximate date work will start: 6/26/2009	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
	☐ CHANGE WELL STATUS	☐ COMMINGLE PRODUCING FORMATIONS	☐ CONVERT WELL TYPE
☐ SUBSEQUENT REPORT Date of Work Completion:	☐ DEEPEN	☐ FRACTURE TREAT	☐ NEW CONSTRUCTION
	☐ OPERATOR CHANGE	☐ PLUG AND ABANDON	☐ PLUG BACK
	☐ PRODUCTION START OR RESUME	☐ RECLAMATION OF WELL SITE	☐ RECOMPLETE DIFFERENT FORMATION
☐ SPUD REPORT Date of Spud:	☐ REPERFORATE CURRENT FORMATION	☐ SIDETRACK TO REPAIR WELL	☐ TEMPORARY ABANDON
	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
☐ DRILLING REPORT Report Date:	☐ WATER SHUTOFF	☐ SI TA STATUS EXTENSION	✓ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	☐ 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: June 23, 2009

By: [signature]

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Danielle Piernot	720 929-6156	Regulatory Analyst

SIGNATURE	DATE
N/A	6/23/2009

RECEIVED June 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 43047391200000

API: 43047391200000
Well Name: STATE 1021-31O
Location: 0580 FSL 2401 FEL QTR SWSE SEC 31 TWNP 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: [signature]

RECEIVED June 23, 2009

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 – State 1021-31O, Sec. 31, T. 10S, R. 21E, Uintah County, Utah, API No. 43-047-39120

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

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114 -5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING