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-23612	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: UNIT #891008900A
2. NAME OF OPERATOR: KERR McGEE OIL & GAS ONSHORE L.P.	9. WELL NAME and NUMBER: NBU 1021-12A
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: 835'FNL, 781'FEL 628750 X 4425094 Y 39.968090 -109.492447 AT PROPOSED PRODUCING ZONE:	11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 12 10S 21E
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 21.6 +/- MILES SOUTH OF OURAY, UTAH	12. COUNTY: UINTAH / 13. STATE: UTAH

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET)	16. NUMBER OF ACRES IN LEASE:	17. NUMBER OF ACRES ASSIGNED TO THIS WELL:
781'	571.28	40.00
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET)	**19. PROPOSED DEPTH:**	**20. BOND DESCRIPTION:**
REFER TO TOPO C	9,000	RLB0005237
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.):	**22. APPROXIMATE DATE WORK WILL START:**	**23. ESTIMATED DURATION:**
4957'GL		

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	2,000	265 SX CLASS G	1.18 YIELD	15.6 PPG
7 7/8"	4 1/2	11.6#	I-80	9,000	1870 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:

- ☑ 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 [signature] DATE 6/4/2007

(This space for State use only)

API NUMBER ASSIGNED: 43-047-39383

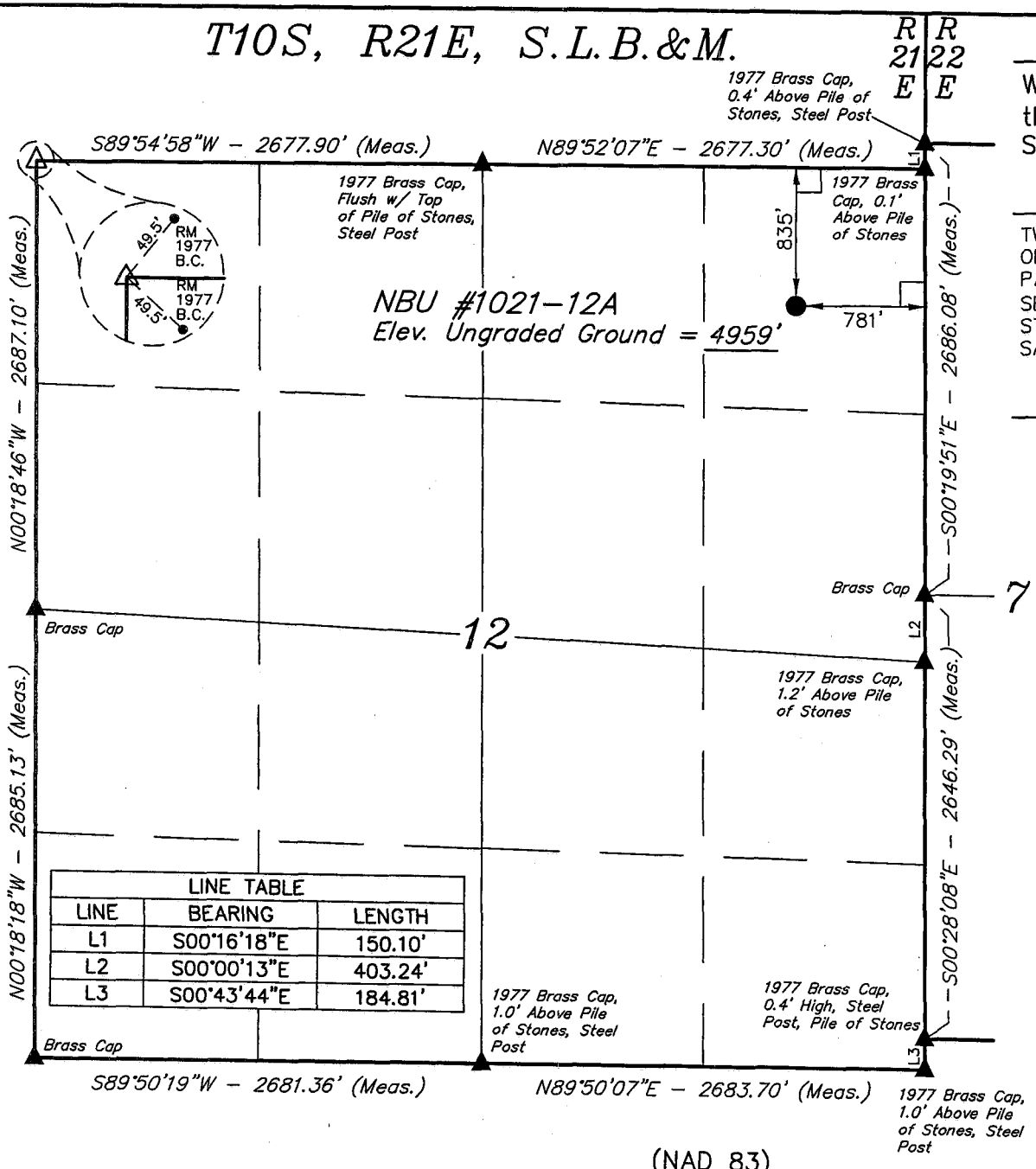
Approved by the Utah Division of Oil, Gas and Mining
APPROVAL:

Date: 07-05-07
By: [signature]

RECEIVED
JUN 11 2007
DIV. OF OIL, GAS & MINING

(11/2001) (See Instructions on Reverse Side)

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



LINE TABLE		
LINE	BEARING	LENGTH
L1	S00°16'18"E	150.10'
L2	S00°00'13"E	403.24'
L3	S00°43'44"E	184.81'

LEGEND:

└ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

(NAD 83)
LATITUDE = 39°58'04.97" (39.968047)
LONGITUDE = 109°29'35.81" (109.493281)

(NAD 27)
LATITUDE = 39°58'05.10" (39.968083)
LONGITUDE = 109°29'33.34" (109.492594)

Kerr-McGee Oil & Gas Onshore LP

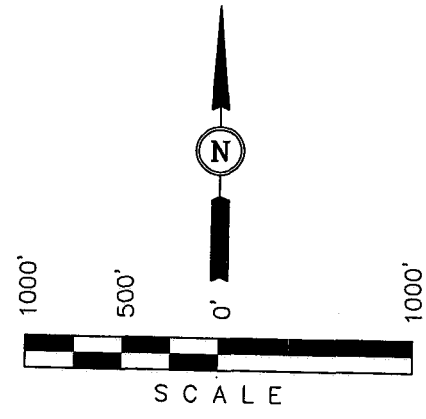
Well location, NBU #1021-12A, located as shown in the NE 1/4 NE 1/4 of Section 12, T10S, R21E, S.L.B.&M., Uintah County, Utah.

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 SERIES (TOPOGRAPHICAL 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

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

SCALE: 1" = 1000'	DATE SURVEYED: 02-22-07	DATE DRAWN: 02-26-07
PARTY: D.K. M.B. P.M.	REFERENCES: G.L.O. PLAT	
WEATHER: COLD	FILE: Kerr-McGee Oil & Gas Onshore LP	

NBU 1021-12A
NE/NE SEC. 12, T10S, R21E
UINTAH COUNTY, UTAH
ML-23612

ONSHORE ORDER NO. 1

DRILLING PROGRAM

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

Formation	Depth
Uinta	0- Surface
Green River	1052'
Top of Birds Nest Water	1391'
Mahogany	1755'
Wasatch	4284'
Mesaverde	6911'
MVU2	7813'
MVL1	8427'
TD	9000'

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

Substance	Formation	Depth
	Green River	1052'
Water	Top of Birds Nest Water	1391'
	Mahogany	1755'
Gas	Wasatch	4284'
Gas	Mesaverde	6911'
Gas	MVU2	7813'
Gas	MVL1	8427'
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 9000' TD, approximately equals 5580 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3600 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	May 31, 2007	
WELL NAME	**NBU 1021-12A**		TD	9,000' MD/TVD	
FIELD	Natural Buttes	COUNTY Uintah	STATE Utah	ELEVATION 4,957' GL	KB 4,972'
SURFACE LOCATION	NENE, SEC 12-T10S-R21E, 835' FNL 781' FEL			BHL	Straight Hole
	Latitude: 39.968047 Longitude: 109.493281				
OBJECTIVE ZONE(S)	Wasatch/Mesaverde				
ADDITIONAL INFO	Regulatory Agencies: UDOGM SURF & BLM MINERALS, Tri-County Health Dept.				

MD/TVD 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 4,284'				
Green River @	**1,052'**			
Top of Birds Nest Water @	**1391'**			
Mahogany @	**1,755'**			
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 @	**4,284'**			
Mverde @	**6,911'**			
MVU2 @	**7,813'**			
MVL1 @	**8,427'**			
TD @	**9,000'**			Max anticipated Mud required 11.5 ppg

1. to surf. w/ 270
2. tail 2904

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	0.67********	1.46	4.49
						7780	6350	201000
PRODUCTION	4-1/2"	0 to 9000	11.60	I-80	LTC	2.29	1.18	2.21

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 3402 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	TYPE CEMENT	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl	215	60%	15.60	1.18
Option 1			+ 25 pps flocele				
	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt	50		15.60	1.18
			+ 2% CaCl + 25 pps flocele				
	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	170	35%	11.00	3.82
			+ 25 pps Flocele + 3% salt BWOC				
	TAIL	500	Premium cmt + 2% CaCl	180	35%	15.60	1.18
			+ 25 pps flocele				
	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	410	60%	11.00	3.38
			celloflake + 5 pps gilsonite + 10% gel				
			+ 0.5% extender				
	TAIL	5,220'	50/50 Poz/G + 10% salt + 2% gel	1460	60%	14.30	1.31
			+ 1% R-3				

*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.

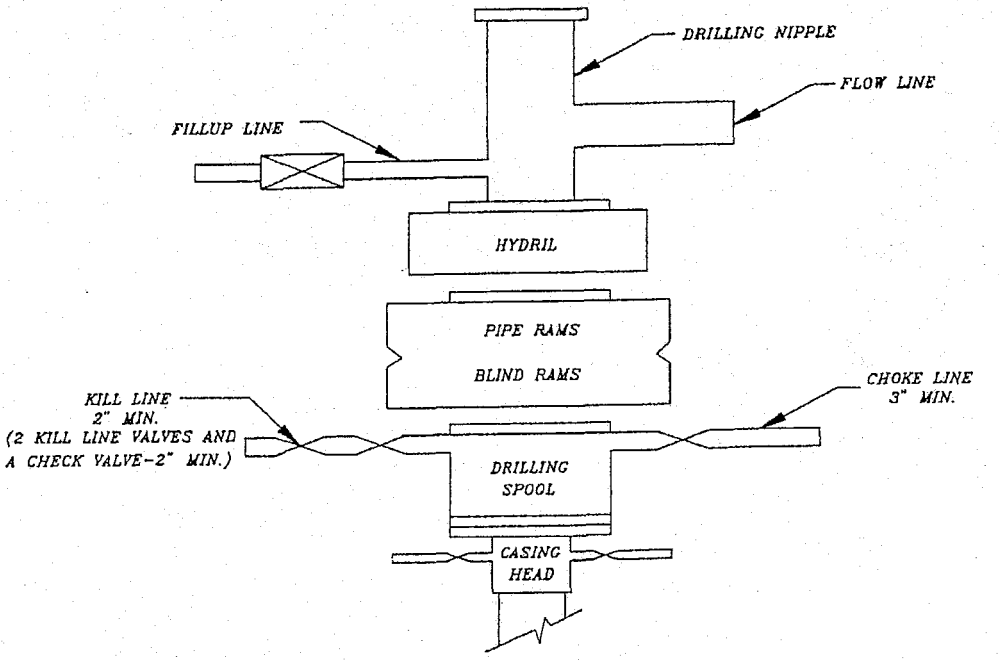
DRILLING ENGINEER: _____ **DATE:** _____

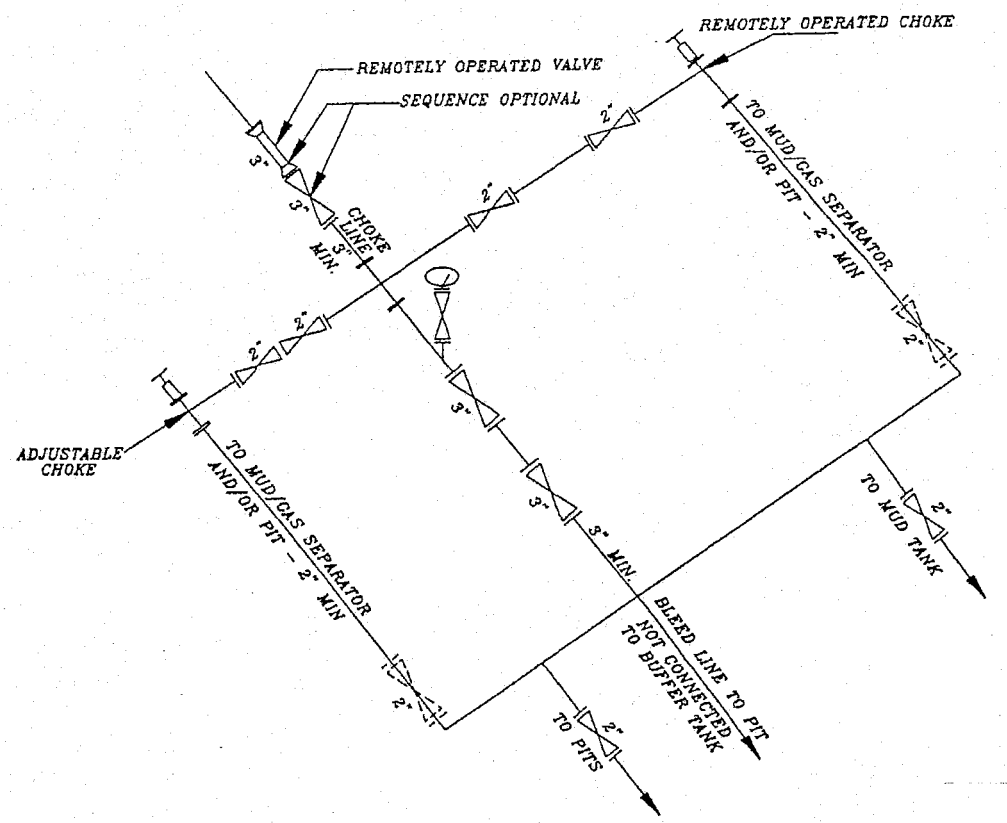
Brad Laney

DRILLING SUPERINTENDENT: _____ **DATE:** _____

Randy Bayne

5M BOP STACK and CHOKE MANIFOLD SYSTEM





NBU 1021-12A
NE/NE SEC. 12, T10S, R21E
Uintah County, UT
ML-23612

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

Approximately 0.1 +/- of re-route road is proposed. Refer to Topo Map B.

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

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

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

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

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

Please refer to Topo Map C.

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

The following guidelines will apply if the well is productive.

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

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

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

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

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

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

Approximately 66' +/- 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

6/4/2007
Date

Kerr-McGee Oil & Gas Onshore LP

NBU #1021-12A

SECTION 12, T10S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 6.9 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 5.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN LEFT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 4.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY, THEN SOUTHWESTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 3.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.7 MILES TO THE #245 AND THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1021-12H TO THE WEST; FOLLOW ROAD FLAGS IN A WESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 0.8 MILES TO THE BEGINNING OF THE PROPOSED ACCESS RE-ROUTE TO THE SOUTH; FOLLOW ROAD FLAGS IN A SOUTHERLY DIRECTION APPROXIMATELY 0.1 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHWEST; FOLLOW ROAD FLAGS IN A NORTHWESTERLY DIRECTION APPROXIMATELY 50' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 52.6 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1021-12A

LOCATED IN UINTAH COUNTY, UTAH
SECTION 12, T10S, R21E, S.L.B.&M.

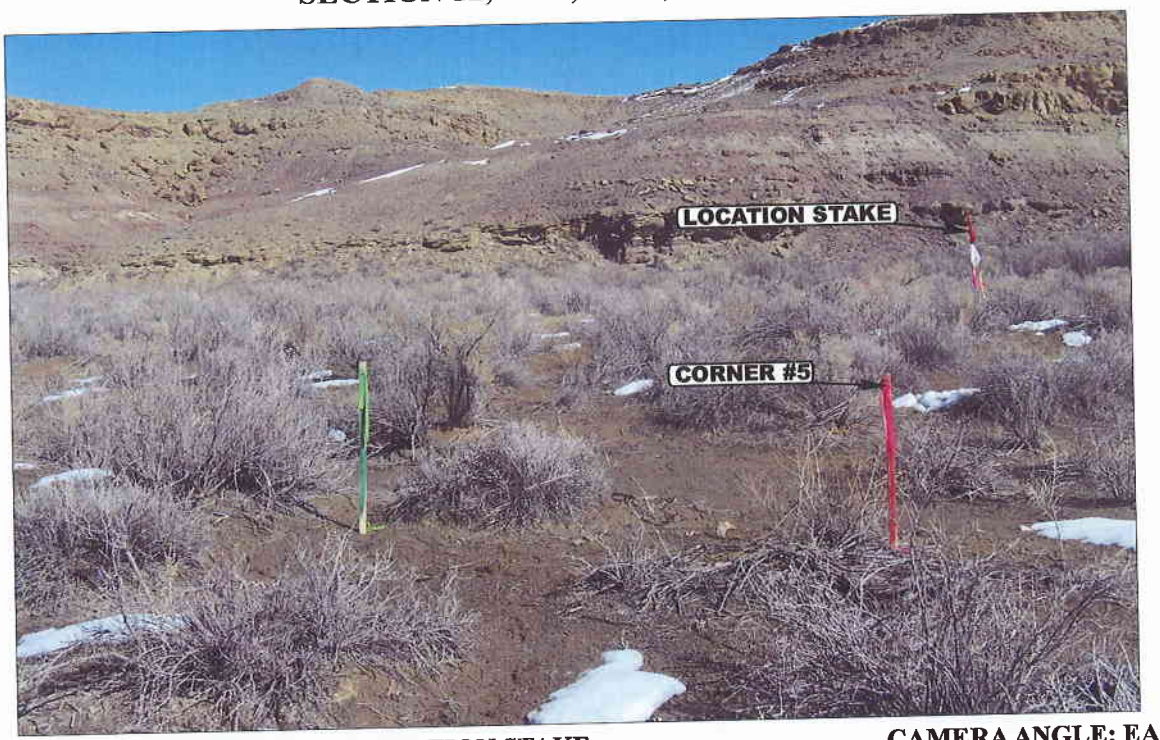


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

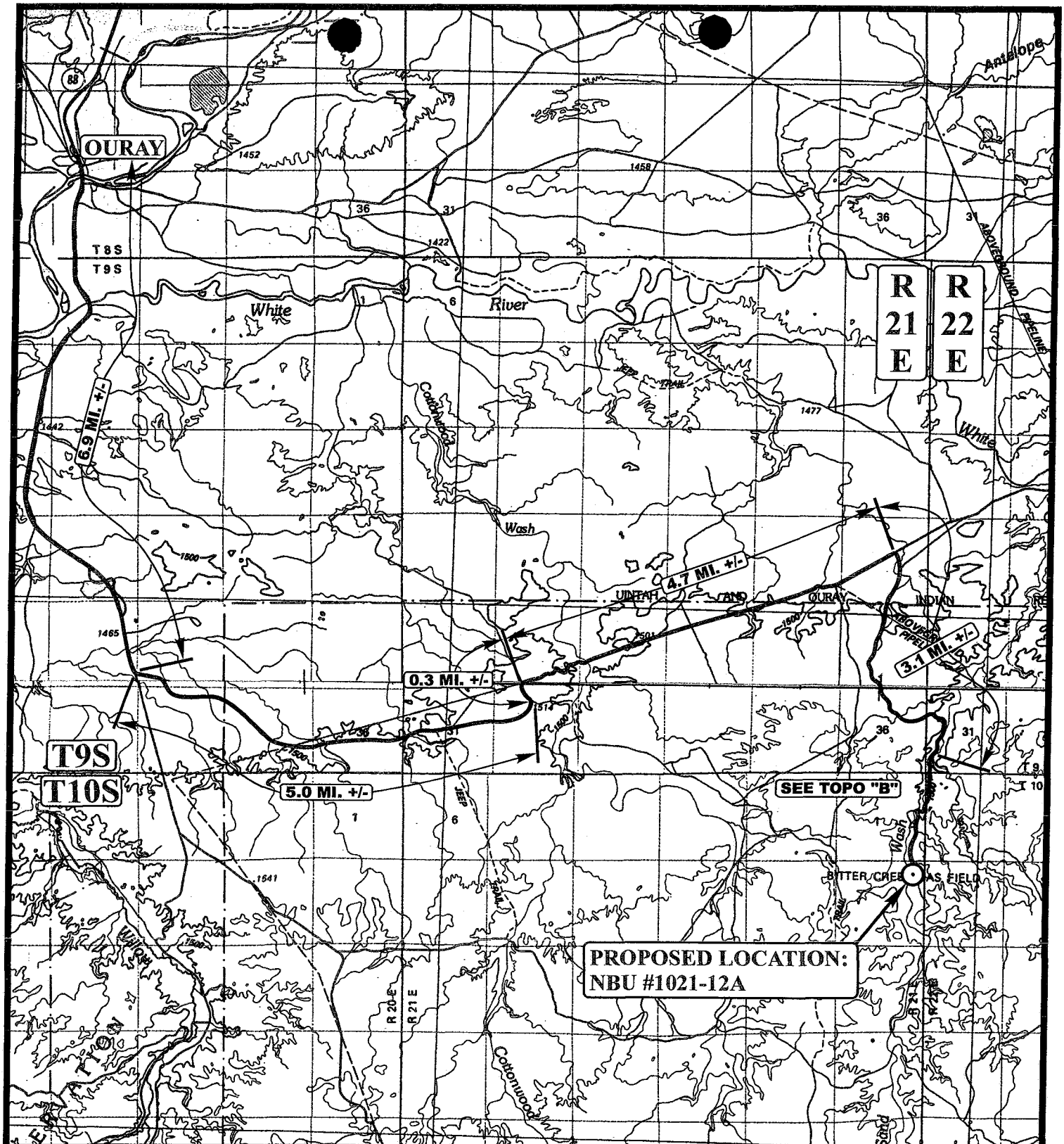
CAMERA ANGLE: EASTERLY

PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY

- Since 1964 -
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS	02 MONTH	23 DAY	07 YEAR	PHOTO
TAKEN BY: D.K.	DRAWN BY: C.P.	REVISED: 00-00-00		



LEGEND:

⊙ PROPOSED LOCATION

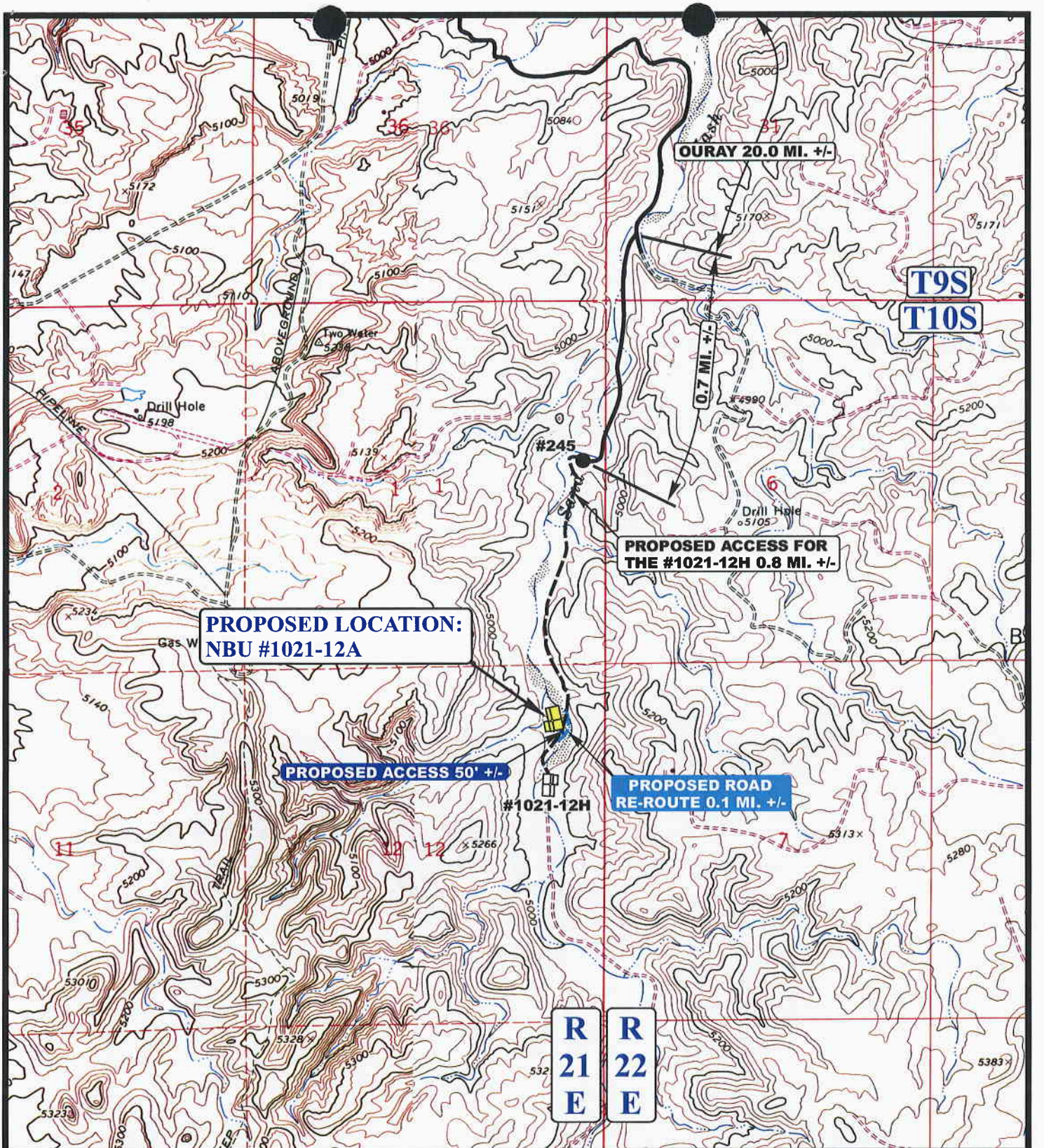
N

Kerr-McGee Oil & Gas Onshore LP

NBU #1021-12A
SECTION 12, T10S, R21E, S.L.B.&M.
835' FNL 781' FEL

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

TOPOGRAPHIC MAP	02 MONTH	23 DAY	07 YEAR	A TOPO
SCALE: 1:100,000	DRAWN BY: C.P.	REVISED: 00-00-00		



LEGEND:

EXISTING ROAD

PROPOSED ACCESS ROAD

PROPOSED ROAD RE-ROUTE

N

Kerr-McGee Oil & Gas Onshore LP

NBU #1021-12A
SECTION 12, T10S, R21E, S.L.B.&M.
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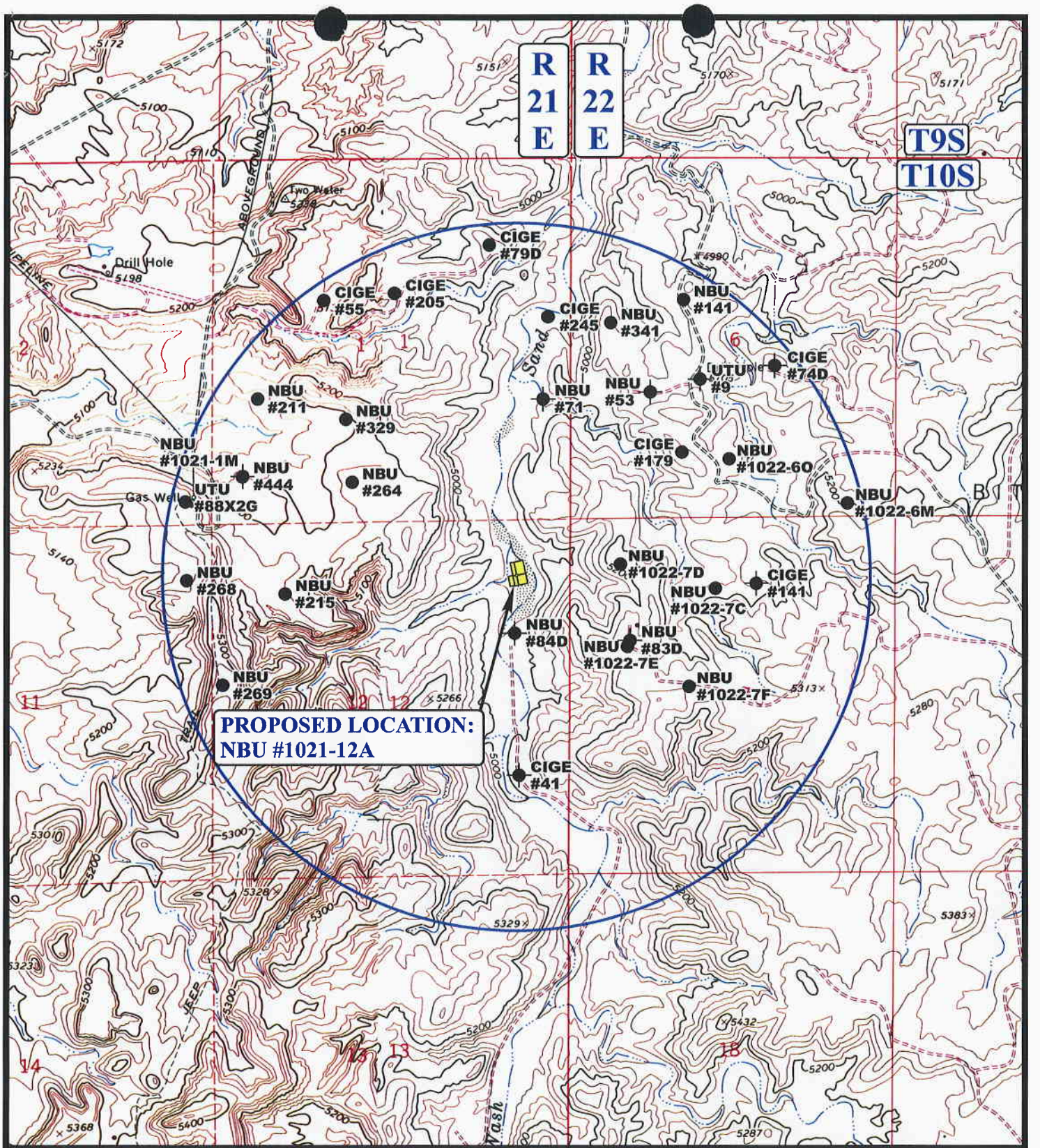
TOPOGRAPHIC MAP | 02 MONTH | 23 DAY | 07 YEAR | B TOPO

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

NBU #1021-12A
SECTION 12, T10S, R21E, S.L.B.&M.
835' FNL 781' FEL

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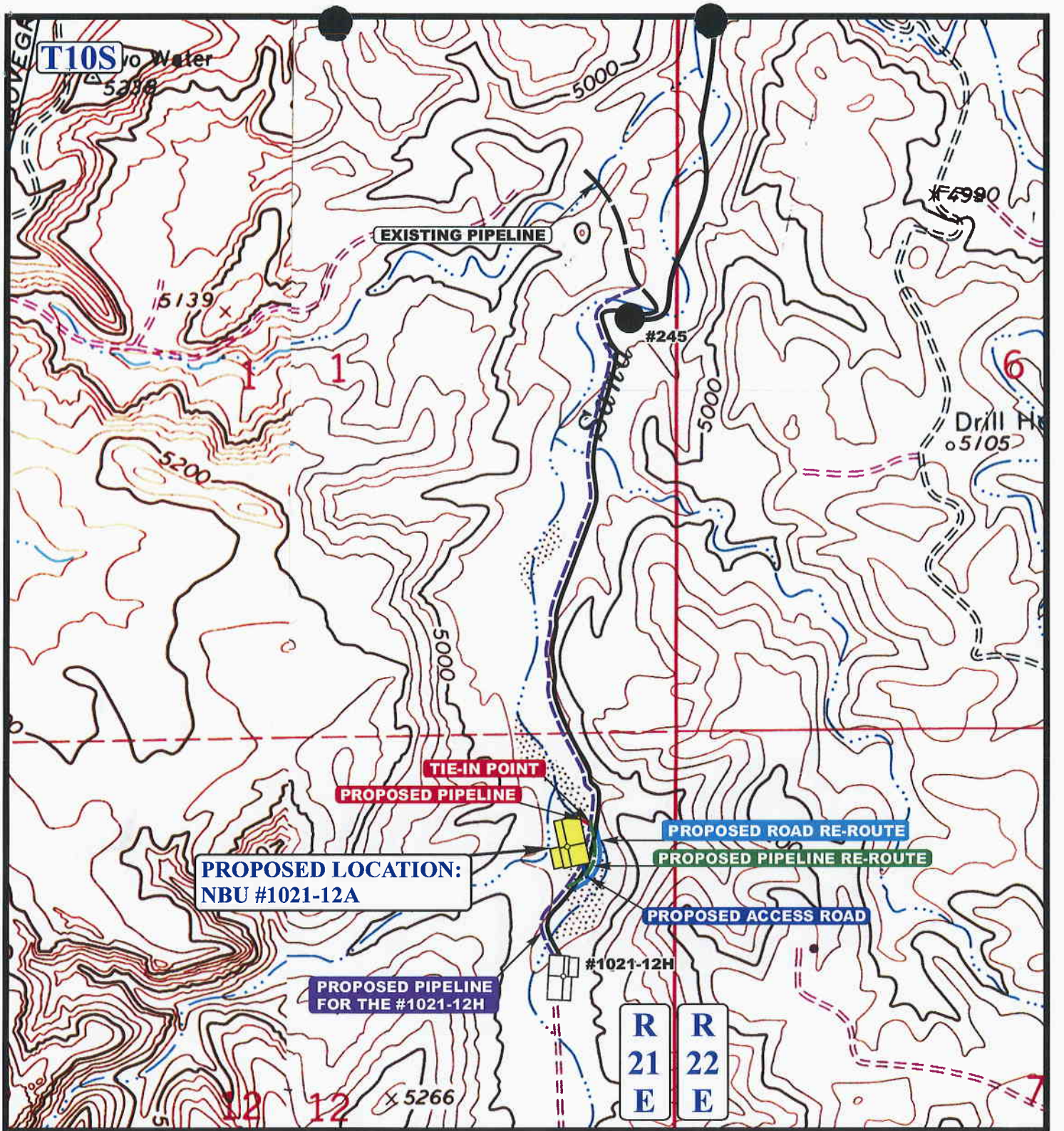
TOPOGRAPHIC MAP	02 MONTH	23 DAY	07 YEAR
SCALE: 1" = 2000'	DRAWN BY: C.P.	REVISED: 00-00-00	C TOPO



APPROXIMATE TOTAL PIPELINE DISTANCE = 66' +/-

LEGEND:

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

N

Kerr-McGee Oil & Gas Onshore LP

NBU #1021-12A
SECTION 12, T10S, R21E, S.L.B.&M.
835' FNL 781' FEL

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

TOPOGRAPHIC MAP | 02 MONTH | 23 DAY | 07 YEAR | D TOPO

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

Kerr-McGee Oil & Gas Onshore LP

NBU #1021-12A

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH
SECTION 12, T10S, R21E, S.L.B.&M.

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

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

- Since 1964 -
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS	02 MONTH	23 DAY	07 YEAR	PHOTO
TAKEN BY: D.K.	DRAWN BY: C.P.	REVISED: 00-00-00		

Ke[redacted]-McGee Oil & Gas Onsho[redacted] LP

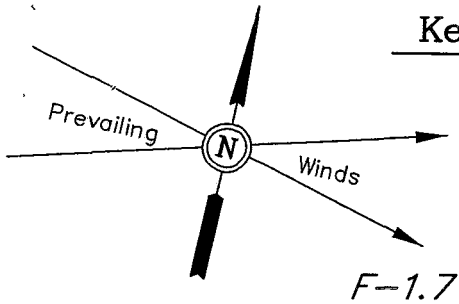
FIGURE #1

LOCATION LAYOUT FOR

NBU #1021-12A

SECTION 12, T10S, R21E, S.L.B.&M.

835' FNL 781' FEL



SCALE: 1" = 50'
DATE: 02-26-07
Drawn By: P.M.

Existing Drainage

Approx. Toe of Fill Slope

F-8.1'
El. 48.6'

F-1.7'
El. 55.0'

Topsoil Stockpile

Sta. 3+50

58'

F-1.8'
El. 54.9'

Round Corners as Needed

REGISTERED LAND SURVEYOR
No. 161319
ROBERT L. KAY
STATE OF UTAH

Existing Drainage

200'

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

Approx. Top of Cut Slope

PIPE TUBS

CATWALK

PIPE RACKS

Pit Topsoil

FLARE PIT

C-2.4'
El. 59.1'

Blooie Line

C-2.2'
El. 58.9'

El. 60.1'
C-13.4'
(btm. pit)

RIG

135'

Sta. 1+50

70'

10'

58'

RESERVE PITS
(10' Deep)

MUD TANKS

DOG HOUSE

TOILET

F-4.1'
El. 52.6'

LIGHT PLANT

BOILER

COMPRESSOR

TRAILER

WATER TANK

CONSTRUCT DIVERSION DITCH

15' WIDE BENCH

150'

SLOPE 1 1/2 : 1

Existing Drainage

MUD TANKS

PUMP HOUSE

BOOSTER

Total Pit Capacity
W/2' of Freeboard
= 9,850 Bbls. ±
Total Pit Volume
= 2,780 Cu. Yds.

TRASH

C-2.7'
El. 59.4'

Sta. 0+25

PROPANE STORAGE

El. 65.6'
C-18.9'
(btm. pit)

15' WIDE BENCH

F-1.1'
El. 55.6'

Sta. 0+00

C-2.7'
El. 59.4'

F-1.2'
El. 55.5'

Reserve Pit Backfill & Spoils Stockpile

Proposed Access Road

Proposed Access Road for the #1021-12H

NOTES:

Elev. Ungraded Ground At Loc. Stake = 4958.9'

FINISHED GRADE ELEV. AT LOC. STAKE = 4956.7'

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

Kerr-McGee Oil & Gas Onshore LP

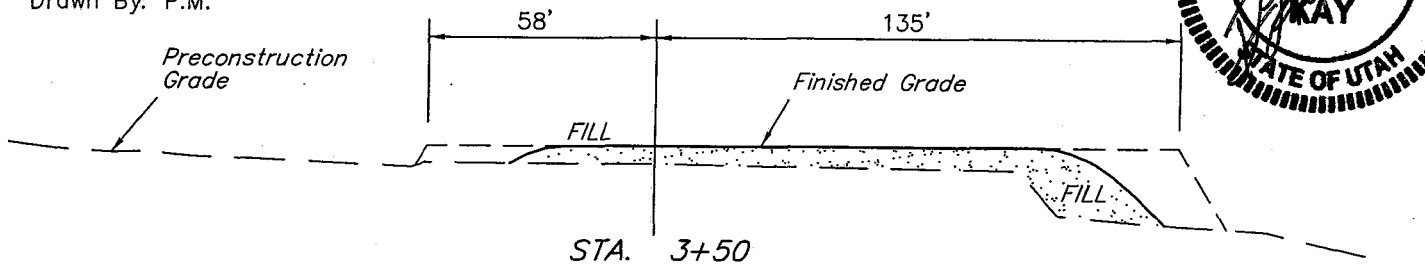
FIGURE #2

TYPICAL CROSS SECTIONS FOR
NBU #1021-12A
SECTION 12, T10S, R21E, S.L.B.&M.
835' FNL 781' FEL

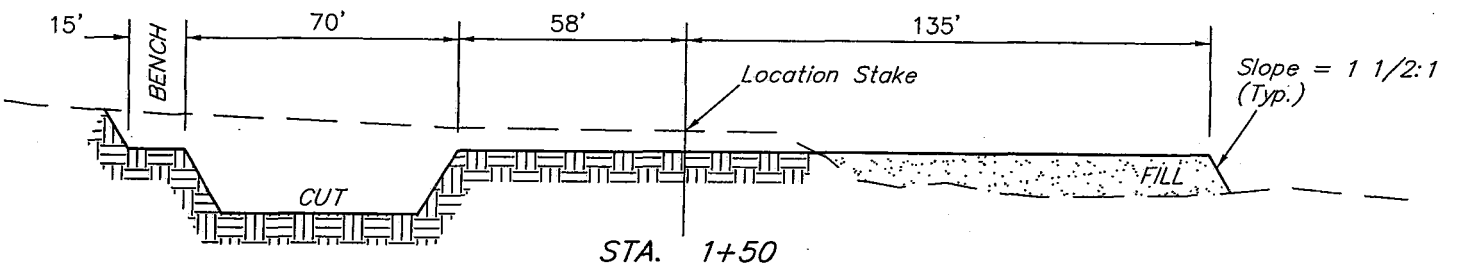
1" = 20' X-Section Scale
1" = 50'

DATE: 02-26-07
Drawn By: P.M.

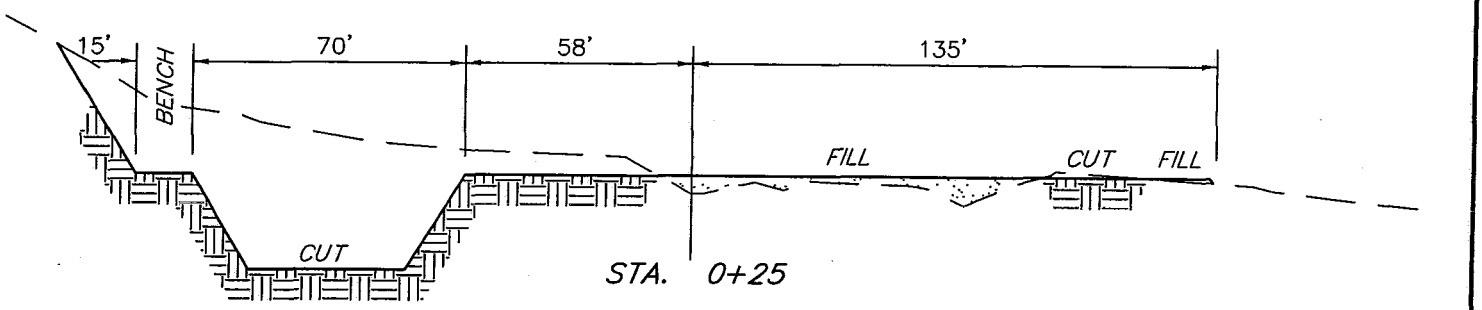
REGISTERED LAND SURVEYOR No. 161319 ROBERT L. KAY STATE OF UTAH



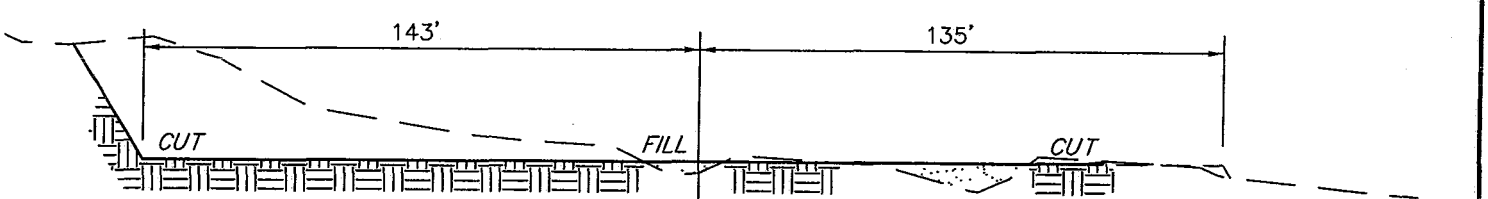
STA. 3+50



STA. 1+50



STA. 0+25



STA. 0+00

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 = 1,740 Cu. Yds.
Remaining Location = 6,880 Cu. Yds.

TOTAL CUT = 8,620 CU.YDS.
FILL = 5,490 CU.YDS.

EXCESS MATERIAL = 3,130 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.) = 3,130 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: 06/11/2007

API NO. ASSIGNED: 43-047-39383

WELL NAME: NBU 1021-12A

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 435-781-7024

CONTACT: SHEILA UPCHEGO

PROPOSED LOCATION:

NENE 12 100S 210E

SURFACE: 0835 FNL 0781 FEL

BOTTOM: 0835 FNL 0781 FEL

COUNTY: UINTAH

LATITUDE: 39.96809 LONGITUDE: -109.4925

UTM SURF EASTINGS: 628750 NORTHINGS: 4425094

FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	7/25/07
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-23612

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)

Y 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: NATURAL BUTTES

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

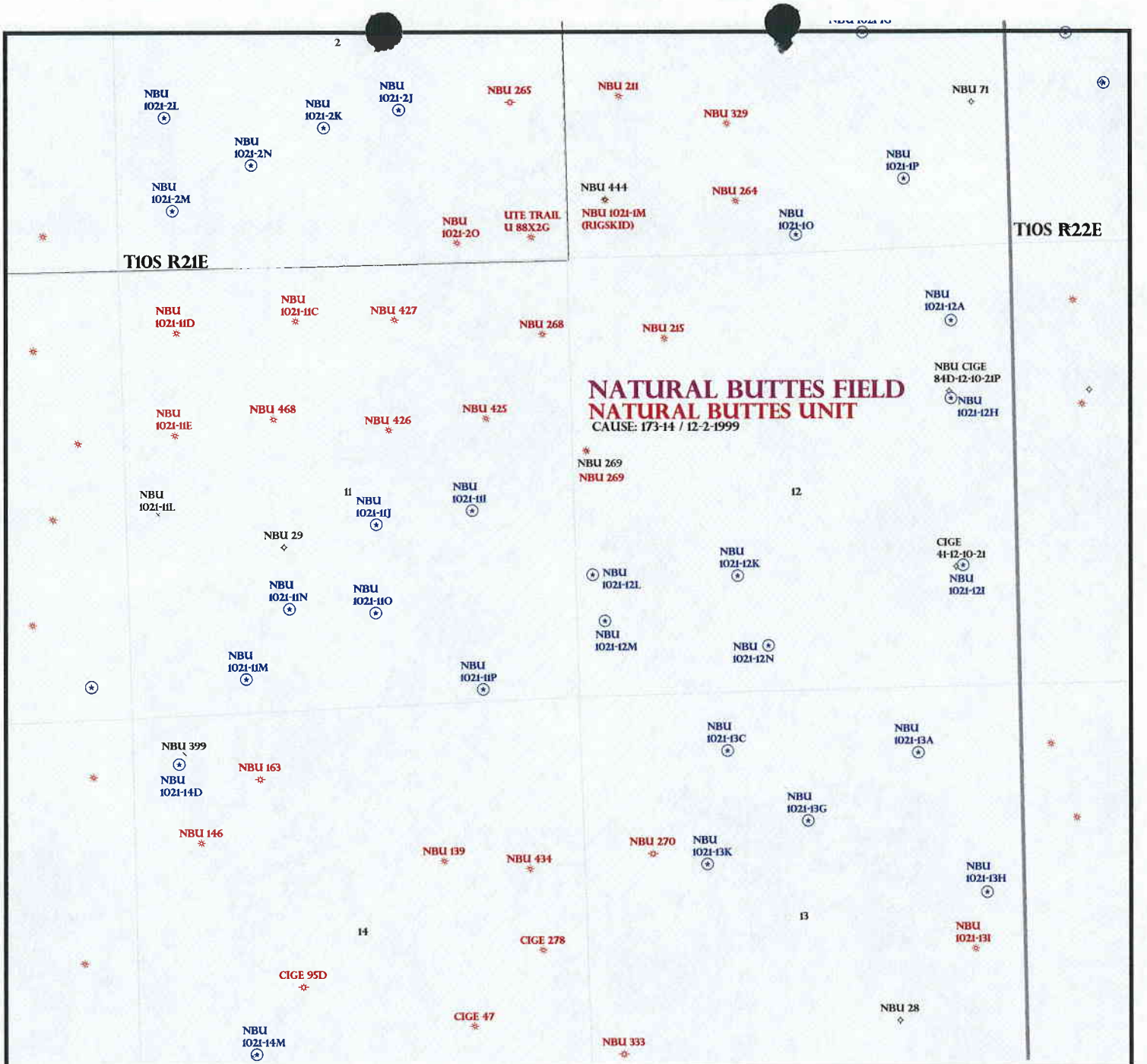
___ R649-3-3. Exception

✓ Drilling Unit
Board Cause No: 173-14
Eff Date: 12-2-99
Siting: 460' N usdg Euncomm Tract

___ R649-3-11. Directional Drill

COMMENTS: (Sop, Separate File (06-27-07)

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



OPERATOR: KERR MCGEE O&G (N9550)

SEC: 11,12 T.10S R. 21E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

CAUSE: 173-14 / 12-2-1999

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

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

Wells Status
- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING

Utah Oil Gas and Mining

N
W E
S

PREPARED BY: DIANA MASON

DATE: 13-JUNE-2007

Application for Permit to Drill
Statement of Basis

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
441	43-047-39383-00-00		GW	S	No

Operator KERR-MCGEE OIL & GAS ONSHORE, LP **Surface Owner-APD**
Well Name NBU 1021-12A **Unit**
Field UNDESIGNATED **Type of Work**
Location NENE 12 10S 21E S 835 FNL 781 FEL GPS Coord (UTM) 628750E 4425094N

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 of4,000'. A search of Division of Water Rights records shows one water well within a 10,000 foot radius of the center of Section 12. The well is located approximately 1 mile northwest of the proposed location. The well is owned by Dekalb Agricultural and is used for oil well drilling fluid. Depth is listed as 2,640 feet. 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.

Brad Hill	7/3/2007
APD Evaluator	**Date / Time**

Surface Statement of Basis

The general area is the Natural Buttes area in the Sand Wash Drainage of Uintah, County. Sand Wash is approximately 36 air miles south of Vernal, Utah and approximately 22 miles southeast of Ouray, Utah. Access is by State of Utah Highways, Uintah County and existing or planned oilfield development roads to within 0.9 miles of the location. New construction will occur from this point.

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

The NBU 1021-12A proposed gas well location is out of the active or periodic flooding bottom of Sand Wash beginning at the edge of the slope on the west. The southeast corner of the location is within a defined but inactive channel of Sand Wash. If intense flooding were to occur, this corner (Corner 2) could be eroded. This is highly unlikely, especially during the drilling operation. A gully intersects the location near the reserve pit and is planned for diversion around the west side of the pad. The location, as presently designed on Figure #1 of the APD, proposes 2.2 feet of cut at the center stake. This Figure will be resubmitted to reduce this level of cut to 0.5 feet. Borrow will be taken from the adjacent knolls on the southwest to reduce the excavation required to obtain construction fill. This was acceptable with Jim Davis of SITLA.

The White River is approximately 7 miles down drainage.

An archeological site exists in immediate area. The location of the well was sited so as not to conflict with this small site.

Both the surface and minerals are owned by SITLA. Jim Davis represented SITLA at the pre-site investigation. Mr. Davis had no other 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	6/27/2007
Onsite Evaluator	**Date / Time**

Conditions of Approval / Application for Permit to Drill

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

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator KERR-MCGEE OIL & GAS ONSHORE, LP
Well Name NBU 1021-12A
API Number 43-047-39383-0 **APD No** 441 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 NENE **Sec** 12 **Tw** 10S **Rng** 21E 835 FNL 781 FEL
GPS Coord (UTM) 628738 4425086 **Surface Owner**

Participants

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

Regional/Local Setting & Topography

The general area is the Natural Buttes area in the Sand Wash Drainage of Uintah, County. Sand Wash is approximately 36 air miles south of Vernal, Utah and approximately 22 miles southeast of Ouray, Utah. Access is by State of Utah Highways, Uintah County and existing or planned oilfield development roads to within 0.9 miles of the location. New construction will occur from this point.

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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
0.9	**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 sparse desert shrub type. Sage brush, shadscale, cheatgrass, Russian thistle, spiny hopsage and spring annuals exist.

Antelope, sheep during the winter, rabbits, coyotes, and small mammals, birds and raptors.

Soil Type and Characteristics

Moderately shallow gravely sandy loam.

Erosion Issues Y

Slight potential in an intense flood were to occur to erode a portion of the southeast corner of the location.

Sedimentation Issues N

Site Stability Issues N

Drainage Diverson Required Y

Berm Required? N

Erosion Sedimentation Control Required? N

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

Reserve Pit

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

Characteristics / Requirements

The proposed reserve pit is 70' 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?** Y **Liner Thickness** 20 **Pit Underlayment Required?** Y

Other Observations / Comments

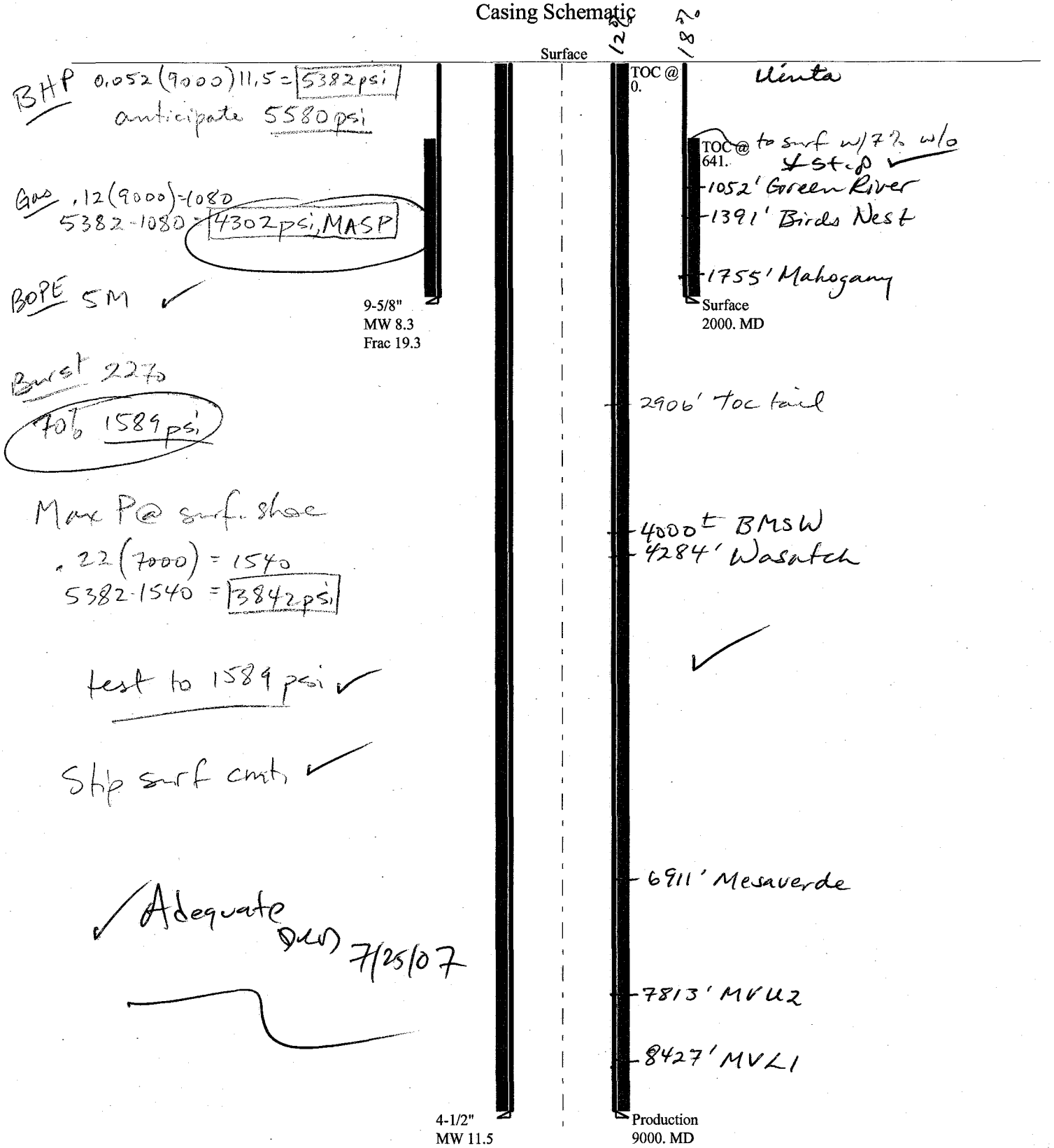
Daniel Emmitt representing the UDWR was not at the pre-site but stated on a previous day that all the remaining locations in the area were classified as yearlong critical habitat for antelope. He stated that the lack of water not forage is the limiting factor affecting the herd in the area. He recommended 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	6/27/2007
Evaluator	**Date / Time**

2007-07 Kerr McGee NBU 1021-12A

Casing Schematic



Well name:	**2007-07 Kerr McGee NBU 1021-12A**
Operator:	**Kerr McGee Oil & Gas Onshore L.P.**
String type:	Surface
Project ID:	43-047-39383
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: 1,300 ft

Cement top: 641 ft

Non-directional string.

Re subsequent strings:
Next setting depth: 9,000 ft
Next mud weight: 11.500 ppg
Next setting BHP: 5,377 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	883.7

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	862	1370	1.589	2000	2270	1.14	57	254	4.48 J

Prepared by: Helen Sadik-Macdonald, Div of Oil,Gas & Minerals
Phone: (801) 538-5357
FAX: (801) 359-3940
Date: July 6,2007
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:	**2007-07 Kerr McGee NBU 1021-12A**
Operator:	**Kerr McGee Oil & Gas Onshore L.P.**
String type:	Production
Project ID:	43-047-39383
Location:	Uintah County, Utah

Design parameters:

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

Burst
Max anticipated surface pressure: 3,397 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,377 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: 7,453 ft

Environment:
H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 201 °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	9000	4.5	11.60	I-80	LT&C	9000	9000	3.875	785.4

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	5377	6360	1.183	5377	7780	1.45	86	212	2.45 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Minerals
Phone: (801) 538-5357
FAX: (801) 359-3940
Date: July 6,2007
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 9000 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.

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)

June 18, 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)

43-047-39375	NBU 1021-05MT	Sec 05 T10S R21E 0745 FSL 0529 FWL
43-047-39376	NBU 1021-11I	Sec 11 T10S R21E 2387 FSL 1247 FEL
43-047-39377	NBU 1021-11O	Sec 11 T10S R21E 1192 FSL 2437 FEL
43-047-39378	NBU 1021-11N	Sec 11 T10S R21E 1258 FSL 1861 FWL
43-047-39379	NBU 1021-11P	Sec 11 T10S R21E 0232 FSL 1170 FEL
43-047-39380	NBU 1021-11M	Sec 11 T10S R21E 0425 FSL 1318 FWL
43-047-39381	NBU 1021-11J	Sec 11 T10S R21E 2252 FSL 2402 FEL
43-047-39383	NBU 1021-12A	Sec 12 T10S R21E 0835 FNL 0781 FEL
43-047-39382	NBU 1021-12M	Sec 12 T10S R21E 1022 FSL 0329 FWL
43-047-39384	NBU 1021-12N	Sec 12 T10S R21E 0677 FSL 2302 FWL
43-047-39385	NBU 1021-12K	Sec 12 T10S R21E 1532 FSL 1952 FWL
43-047-39386	NBU 1021-12L	Sec 12 T10S R21E 1580 FSL 0196 FWL
43-047-39360	NBU 921-16J	Sec 16 T09S R21E 1994 FSL 1660 FEL
43-047-39361	NBU 921-16HT	Sec 16 T09S R21E 1858 FNL 1013 FEL
43-047-39362	NBU 921-16MT	Sec 16 T09S R21E 1261 FSL 1248 FWL
43-047-39363	NBU 921-17K	Sec 17 T09S R21E 2147 FSL 1635 FWL
43-047-39364	NBU 921-17J	Sec 17 T09S R21E 1508 FSL 1748 FEL
43-047-39365	NBU 921-20M	Sec 20 T09S R21E 0568 FSL 0586 FWL
43-047-39366	NBU 921-20O	Sec 20 T09S R21E 1026 FSL 1859 FEL
43-047-39367	NBU 921-23C	Sec 23 T09S R21E 0817 FNL 1945 FWL
43-047-39368	NBU 921-25NT	Sec 25 T09S R21E 1150 FSL 2607 FWL
43-047-39369	NBU 922-18O	Sec 18 T09S R22E 1255 FSL 2083 FEL

43-047-39370 NBU 922-18I Sec 18 T09S R22E 1600 FSL 0901 FEL
43-047-39371 NBU 922-18G Sec 18 T09S R22E 2009 FNL 1936 FEL
43-047-39372 NBU 922-20E Sec 20 T09S R22E 2182 FNL 0452 FWL
43-047-39387 NBU 1022-6B-2 Sec 06 T10S R22E 0160 FNL 2289 FEL
43-047-39389 NBU 1022-24B Sec 24 T10S R22E 1035 FNL 1619 FEL
43-047-39374 NBU 1020-24BT Sec 24 T10S R20E 0914 FNL 1966 FEL
43-047-39373 NBU 1020-01KT Sec 01 T10S R20E 1731 FSL 1834 FWL

Our records indicate the NBU 1022-24B is closer than 460 feet from the Natural Buttes Unit boundary.

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:6-18-07

FORM 9

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

5. LEASE DESIGNATION AND SERIAL NUMBER: ML-23612

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: UNIT #891008900A

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

8. WELL NAME and NUMBER: NBU 1021-12A

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

9. API NUMBER:

3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST 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: 835'FNL, 781'FEL

COUNTY: UINTAH

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NENE 12 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 ON-SITE WAS CONDUCTED ON 06/27/2007. IT WAS DECIDED TO REVISE THE LOCATION LAYOUT AND CUT SHEETS, DUE TO THE LOCATION. THE OPERATOR IS SUBMITTING THE CHANGES TO BORROW OUT OF HILLSIDE TO BALANCE THE PROPOSED LOCATION.

PLEASE REFER TO THE ATTACHED LOCATION LAYOUT AND CUT SHEETS.

RECEIVED
SEP 04 2007
DIV. OF OIL, GAS & MINING

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

SIGNATURE DATE 8/23/2007

(This space for State use only)

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

Kerr-McGee Oil & Gas Onshore LP

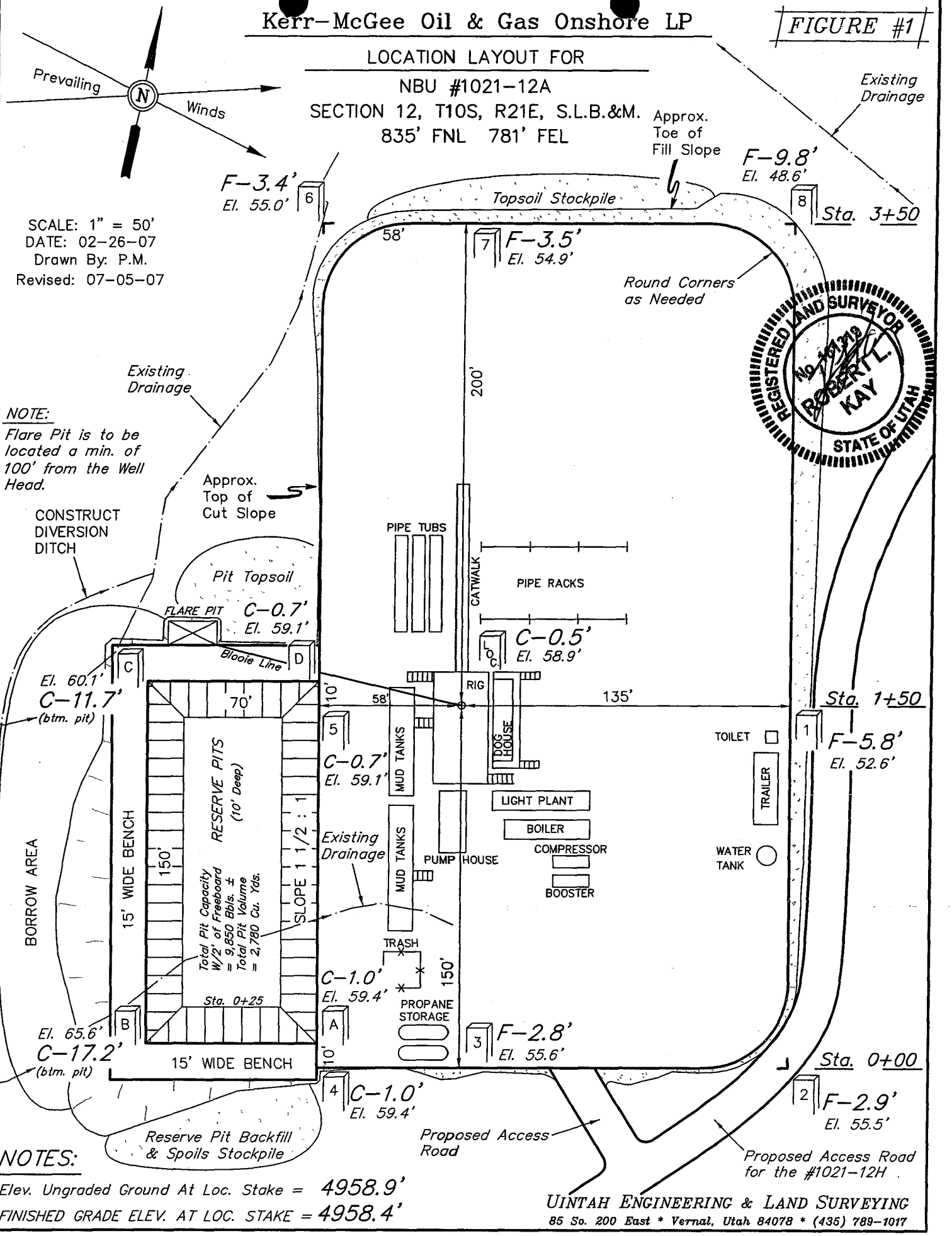
FIGURE #1

LOCATION LAYOUT FOR

NBU #1021-12A

SECTION 12, T10S, R21E, S.L.B.&M.

835' FNL 781' FEL



NOTES:

Elev. Ungraded Ground At Loc. Stake = 4958.9'

FINISHED GRADE ELEV. AT LOC. STAKE = 4958.4'

UINTAH ENGINEERING & LAND SURVEYING

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

Kerr-McGee Oil & Gas Onshore LP

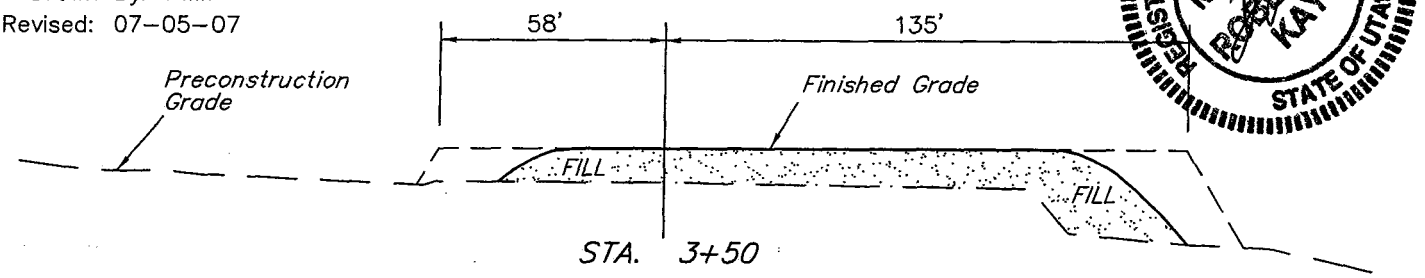
FIGURE #2

TYPICAL CROSS SECTIONS FOR
NBU #1021-12A
SECTION 12, T10S, R21E, S.L.B.&M.
835' FNL 781' FEL

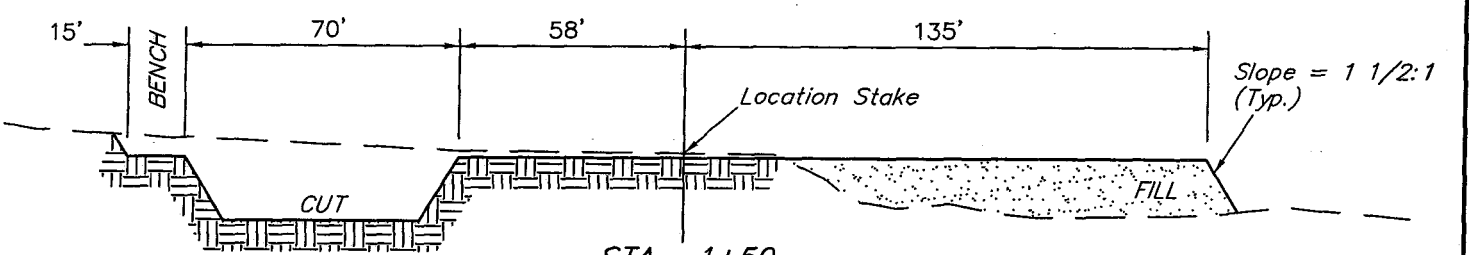
1" = 20'
X-Section Scale
1" = 50'

DATE: 02-26-07
Drawn By: P.M.
Revised: 07-05-07

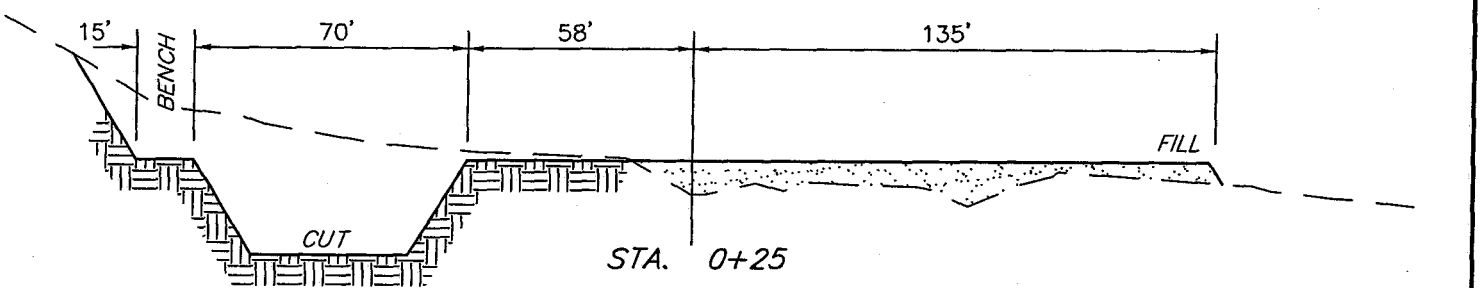
REGISTERED LAND SURVEYOR No. 161319 ROBERT L. KAY STATE OF UTAH



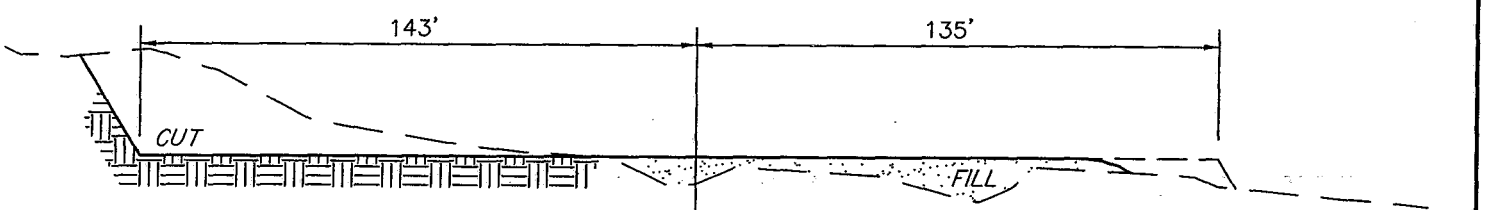
STA. 3+50



STA. 1+50



STA. 0+25



STA. 0+00

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 = 1,750 Cu. Yds.
Remaining Location = 4,820 Cu. Yds.

TOTAL CUT = 6,570 CU.YDS.
FILL = 9,270 CU.YDS.

DEFICIT MATERIAL = <2,700> Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.) = 3,140 Cu. Yds.
DEFICIT UNBALANCE (After Interim Rehabilitation) = <5,840> Cu. Yds.

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

From: Jim Davis
To: Bonner, Ed; Mason, Diana
Date: 2/4/2009 3:12 PM
Subject: Well approvals Newfield(2) Kerr McGee(4)

CC: Garrison, LaVonne

The following wells have been approved by SITLA including arch and paleo clearance.

NBU 921-27J1S 4304750102*
NBU 921-27J4S 4304750103*
NBU 921-27P3S 4304750099*
*Paleo monitoring required on construction in the SE corner of the expansion of this pad.
NBU 1021-12A 4304739383

Beluga St G-16-9-17 4301334122
Beluga St Q-16-9-17 4301334048

-Jim

Jim Davis
Utah Trust Lands Administration
jimdavis1@utah.gov
Phone: (801) 538-5156

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

February 5, 2009

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

Re: NBU 1021-12A Well, 835' FNL, 781' FEL, NE NE, Sec. 12, 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 43-047-39383.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal Field Office
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 DNR OIL, GAS & MINING

Operator: Kerr-McGee Oil & Gas Onshore, LP

Well Name & Number NBU 1021-12A

API Number: 43-047-39383

Lease: ML-23612

Location: NE NE **ec.** 12 **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) 942-0871 home
   - Carol Daniels at: (801) 538-5284 office
   - Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

3. **Reporting Requirements**

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

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

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

7. Surface casing shall be cemented to the surface.

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

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

February 24, 2009

Raleen White
Anadarko Petroleum Corp.
PO Box 173779
Denver, CO 80217-3779

43 047 39383
NBU 1021-12A
10S 21E 12

Re: APDs Rescinded at the request of Anadarko Petroleum Corp.

Dear Ms. White:

Enclosed find the list of APDs that you requested to be rescinded to Anadarko Petroleum Corp. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective February 20, 2009.

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

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
Bureau of Land Management, Vernal
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

43047395730000	FEDERAL 1021-23P	10S	21E	23	SESE
43047395770000	FEDERAL 1021-25I	10S	21E	25	NESE
43047395760000	FEDERAL 1021-25M	10S	21E	25	SWSW
43047397930000	Federal 1021-25N	10S	21E	25	SESW
43047395810000	FEDERAL 1021-34K	10S	21E	34	NESW
43047395520000	FEDERAL 1021-34M	10S	21E	34	SWSW
43047395560000	FEDERAL 1021-34P	10S	21E	34	SESE
43047389890000	FEDERAL 1021-35F	10S	21E	35	SENW
43047389760000	FEDERAL 1021-35G	10S	21E	35	SWNE
43047389380000	FEDERAL 1021-35H	10S	21E	35	SENE
43047389350000	FEDERAL 1021-35I	10S	21E	35	NESE
43047389330000	FEDERAL 1021-35P	10S	21E	35	SESE
43047389370000	FEDERAL1021-35A	10S	21E	35	NENE
43047365050000	LOVE 1121-2B	11S	21E	02	NWNE
43047394050000	LOVE UNIT 1121-10NT	11S	21E	10	SESW
43047393910000	LOVE UNIT 1121-3NT	11S	21E	03	SWSW
43047388240000	LOVE UNIT 1122-18C	11S	22E	18	NENW
43047388250000	LOVE UNIT 1122-18J	11S	22E	18	NWSE
43047388260000	LOVE UNIT 1122-18K	11S	22E	18	NESW
43047396050000	LOVE UNIT 1122-18L	11S	22E	18	NWSW
43047396030000	LOVE UNIT 1122-19C	11S	22E	19	NENW
43047386310000	MULLIGAN 823-23H	08S	23E	23	SENE
43047387130000	MULLIGAN 823-24O	08S	23E	24	SWSE
43047393730000	NBU 1020-1KT	10S	20E	01	NESW
43047393740000	NBU 1020-24BT	10S	20E	24	NWNE
43047393760000	NBU 1021-11I	10S	21E	11	NESE
43047393800000	NBU 1021-11M	10S	21E	11	SWSW
43047393790000	NBU 1021-11P	10S	21E	11	SESE
4304739383	NBU 1021-12A	10S	21E	12	NENE
43047393860000	NBU 1021-12L - **STATE**	10S	21E	12	NWSW
43047393840000	NBU 1021-12N	10S	21E	12	SESW
43047395470000	NBU 1021-15F	10S	21E	15	SENW
43047395460000	NBU 1021-15L	10S	21E	15	NWSW
43047395630000	NBU 1021-15P	10S	21E	15	SESE
43047395260000	NBU 1021-20G **STATE/FED**	10S	21E	20	SWNE
43047395340000	NBU 1021-20J **STATE/FED**	10S	21E	20	NWSE
43047395330000	NBU 1021-20K **STATE/FED**	10S	21E	20	NESW
43047395320000	NBU 1021-20L **STATE/FED**	10S	21E	20	NWSW
43047395310000	NBU 1021-20O **STATE/FED**	10S	21E	20	SWSE
43047375280000	NBU 1021-21C (FKA C275)	10S	21E	21	NENW
43047367020000	NBU 1021-21H	10S	21E	21	SENE
43047395500000	NBU 1021-22A	10S	21E	22	NENE
43047394030000	NBU 1021-23FT	10S	22E	23	SENW
43047395600000	NBU 1021-23L	10S	21E	23	NWSW
43047395780000	NBU 1021-25F	10S	21E	25	SENW
43047395750000	NBU 1021-25J	10S	21E	25	NWSE
43047395610000	NBU 1021-25K	10S	21E	25	NESW

43047395800000	NBU 1021-26D	10S	21E	26	NWNW
43047395790000	NBU 1021-26E	10S	21E	26	SWNW
43047379680000	NBU 1021-6C	10S	21E	06	NENW LOT 3
43047379670000	NBU 1021-6D	10S	21E	06	NWNW LOT 4
43047379410000	NBU 1021-7B	10S	21E	07	NWNE
43047401850000	NBU 921-31BT	09S	21E	31	NWNE
43047363950000	NBU 921-33K	09S	21E	33	NESW
4304740038	HATCH 923-13A	09S	23E	13	NENE
4304740060	HATCH 923-13ED	09S	23E	13	SWNW
4304740059	HATCH 923-13O	09S	23E	13	SWSE
4304740061	HATCH 923-14M	09S	23E	14	SWSW
4304740143	HATCH 923-14O	09S	23E	14	SWSE
4304740064	HATCH 923-15B	09S	23E	15	NWNE
4304740062	HATCH 923-15L	09S	23E	15	NWSW
4304740063	HATCH 923-15P	09S	23E	15	SESE
4304740065	HATCH 923-24O	09S	23E	24	SWSE
4304740069	HATCH 923-25A	09S	23E	25	NENE
4304740068	HATCH 923-25I	09S	23E	25	NESE
4304740070	HATCH 923-25O	09S	23E	25	SWSE
43047388010000	FEDERAL 1022-15H	10S	22E	15	SENE
4304739388	FEDERAL 1022-15K	10S	22E	15	NESW
43047389240000	FEDERAL 1022-15L	10S	22E	15	NWSW

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Green River District-Vernal Field Office
170 South 500 East
Vernal, UT 84078
(435) 781-4400 Fax: (435) 781-4410
http://www.blm.gov/ut/st/en/fo/vernal.html

IN REPLY REFER TO:
3160
UTG011

August 12, 2009

Raleen White
Kerr McGee Oil & Gas Onshore LP
PO Box 173779
Denver, CO 80217-3779

43 047 39383

Re: Request to Rescind APD
Well No. NBU 1021-12A
NENE, Sec. 12, T10S, R21E
Uintah County, Utah
Lease No. ML-23612
Natural Buttes Unit

Dear Ms. White:

The State of Utah Application for Permit to Drill (APD) for the above-referenced well was "Accepted by BLM for Unit Purposes Only" on February 18, 2009. This office received an email message from you on February 20, 2009 requesting that the APD approval/acceptance be rescinded. In view of the foregoing, this office is rescinding its acceptance of the referenced Application for Permit to Drill per your request. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

If you have any questions regarding this matter, please contact me at (435) 781-4455.

Sincerely,

Cindy Severson

Cindy Severson
Land Law Examiner

cc: UDOGM