

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: UO-08512 <i>ST</i>	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>			8. UNIT or CA AGREEMENT NAME: Natural Buttes Unit	
2. NAME OF OPERATOR: Kerr-McGee Oil & Gas Onshore, LP			9. WELL NAME and NUMBER: NBU 1022-13H	
3. ADDRESS OF OPERATOR: 1099 18th Street #1200 CITY Denver STATE CO ZIP 80202		PHONE NUMBER: (720) 929-6226	10. FIELD AND POOL, OR WILDCAT: Natural Buttes Field	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2394' FNL & 739' FEL AT PROPOSED PRODUCING ZONE: N/A			11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 13 10S 22E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 25.8 miles southeast of Ouray, Utah			12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 739'	16. NUMBER OF ACRES IN LEASE: 600	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40		
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1000'	19. PROPOSED DEPTH: 8,200	20. BOND DESCRIPTION: RLB0005237		
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5310 GR	22. APPROXIMATE DATE WORK WILL START: ASAP	23. ESTIMATED DURATION: 10 days		

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			
	14	40	Premium Cement	215 sx	1.18	15.6
			Premium Cement	100 sx	1.18	15.6
12 1/4	9 5/8 J-55 36#	2,000	Premium Cement	230 sx	3.82	11
			Premium Cement	180 sx	1.18	15.6
7 7/8	4 1/2 P-110 11.6#	8,200	Premium Lite II	390 sx	3.38	11
			50/50 Poz/G	1310 sx	1.31	14.3

25. **ATTACHMENTS**

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

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

NAME (PLEASE PRINT) Kevin McIntyre TITLE Regulatory Analyst

SIGNATURE *Kevin McIntyre* DATE 2/28/2008

(This space for State use only)

API NUMBER ASSIGNED: 43-047-39959

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

APPROVAL: *[Signature]*
Date: 11-04-08

(See Instructions on Reverse Side)

RECEIVED
MAR 03 2008
DIV. OF OIL, GAS & MINING

**NBU 1022-13H
SENE Sec. 13, T10S,R22E
UINTAH COUNTY, UTAH
UO-08512**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	1010'
Bird's Nest	1294'
Mahagony	1669'
Wasatch	4033'
Mesaverde	7659'
TD	8200'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	1010'
Water	Bird's Nest	1294'
Water	Mahagony	1669'
Gas	Wasatch	4033'
Gas	Mesaverde	7659'
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.

NBU 1022-13H

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 8200' TD, approximately equals ⁵⁰⁸⁴~~3100~~ psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately ^{3280 psi}~~1804~~ psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

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

9. **Variations:**

Please refer to the attached Drilling Program.

10. **Other Information:**

Please refer to the attached Drilling Program.



KERR-McGEE OIL & GAS ONSHORE LP
DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'						
SURFACE	9-5/8"	0 to 2000	36.00	J-55	LTC	3520	2020	453000
						1.14	2.16	8.01
PRODUCTION	4-1/2"	0 to 8200	11.60	I-80	LTC	7780	6350	201000
						2.51	1.29	2.42

- 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 3100 psi

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
	Option 1						
	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE	Option 2		NOTE: If well will circulate water to surface, option 2 will be utilized				
	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	3,530'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	390	60%	11.00	3.38
	TAIL	4,670'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1310	60%	14.30	1.31

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained
 *Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

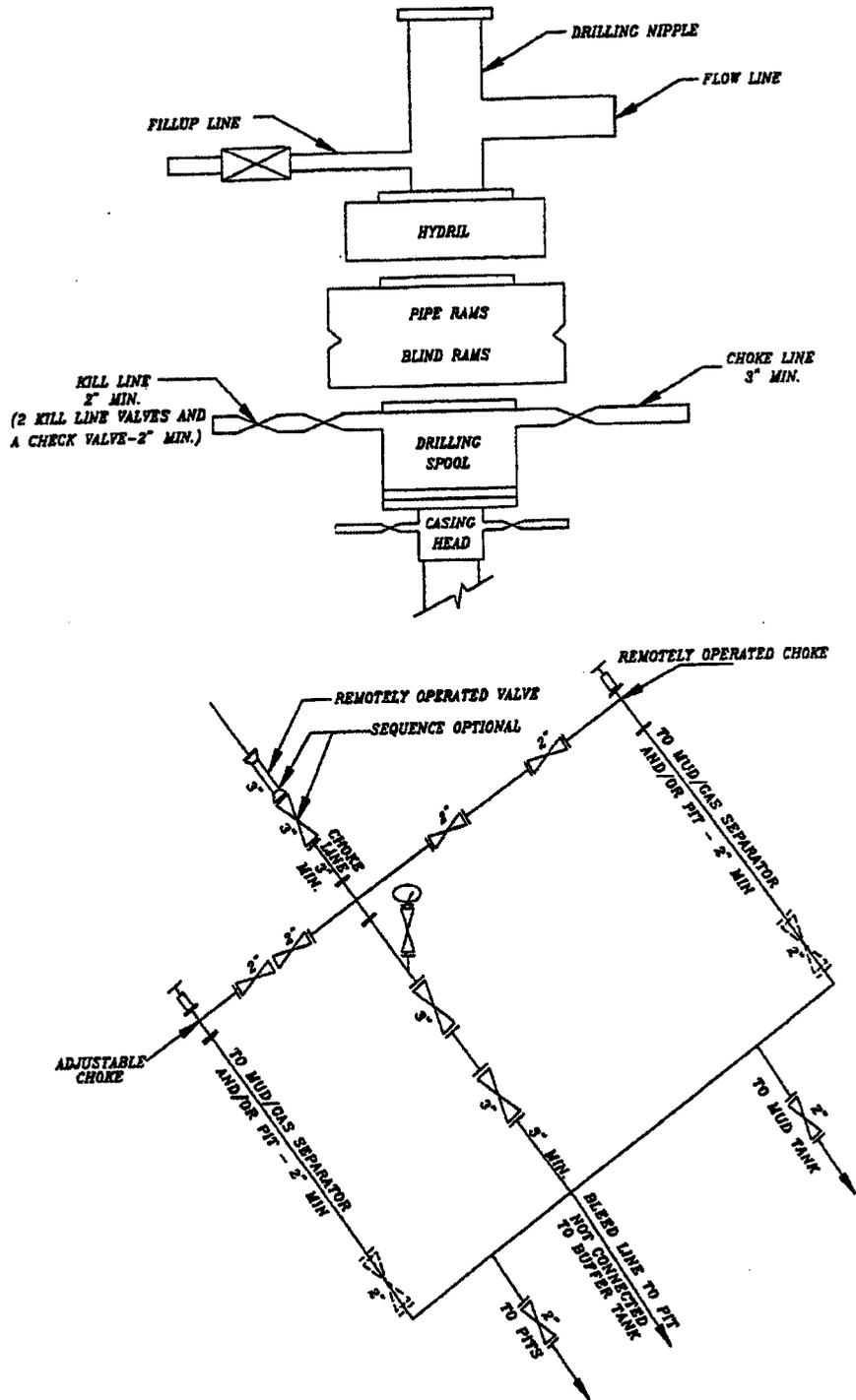
SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.
 BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.
 Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.
 Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER: _____ DATE: _____
 Brad Laney
 DRILLING SUPERINTENDENT: _____ DATE: _____
 Randy Bayne

EXHIBIT A



SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK

NBU 1022-13H
SENE SEC 13-T10S-R22E
UINTAH COUNTY, UTAH
UO-08512

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. **Directional Drilling:**

In accordance with Oil & Gas Conservation Rule R649-3-11 pertaining to Directional Drilling, this well will be directionally drilled in order to access portions of our lease which are otherwise inaccessible due to topography. Operator certifies that they are the sole working interest owner within 460' of the entire directional well bore.

2. **Existing Roads:**

Directions to the proposed location are attached.

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.

3. **Planned Access Roads:**

The proposed access road is approximately 250' +/- . Refer to Topo Map B.

The access road will be crowned (2 to 3%), ditched and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet. Graveling or capping the roadbed will be performed as necessary to provide a well constructed, safe road. Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.

Surface disturbance and vehicular traffic will be limited to the proposed location and proposed access route. Any additional area needed will be approved in advance. All construction shall be in conformance with the standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development. 1989.

The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches will be kept clear and free-flowing and will be maintained according to original construction standards. The access road surface will be kept free of trash during operations. All traffic will be confined to the approved disturbed surface. Road drainage crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing or shall the drainages be blocked by the road bed. Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts. Should mud holes develop, they shall be filled in and detours around them avoided. When snow is removed from the road during the winter months, the snow shall be pushed outside of the borrow ditches, and the turnouts kept clear so that snowmelt will be channeled away from the road.

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

Please refer to Topo Map C.

5. **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 requested color is Carlsbad Canyon (2.5 Y 6/2) as determined during the on-site inspection.

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

Refer to Topo Map D for the placement of the proposed pipeline.

6. **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.

Where available a 2" or 3" poly pipe will be installed with the existing rights-of-way to supply water during drilling and completion operations. There will be no new disturbance needed and the poly line will be removed after completion operations. The fresh water will be supplied from the power plant located within the following Sections 23, 24, 25, 26, 35, & 36, T8S, R23E.

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.

7. **Source of Construction Materials:**

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

Any gravel will be obtained from a commercial source.

8. 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 is to be used as discussed during on-site inspection. It will be a minimum of 20 mil thick and felt, 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. (Request is in lieu of filing Form 3160-5, after initial production).

9. Ancillary Facilities:

None are anticipated.

10. 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.

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.

11. 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.

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 of the pit, the stockpiled topsoil will be spread evenly over the location up to the rig anchor points, the location shall be reshaped to the original contour to the extent possible, and the location will be reseeded with Crested Wheatgrass using appropriate reclamation methods.

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.

12. Surface Ownership:

State of Utah
SITLA
675 E. 500 South, Suite 500
Salt Lake City, UT 84102-2818
801.538.5300

13. Other Information:

A Class III archaeological survey and a paleontological survey have been completed and the reports will be submitted separately.

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.

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.

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

Kevin McIntyre
Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
1099 18th Street #1200
Denver, CO 80202
(720) 929-6226

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 the terms and the conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for the lease activities is being provided by BLM Nationwide Bond #CO-1203.

I hereby certify that the proposed drill site and access route has been inspected and 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.



Kevin McIntyre

February 27, 2008
Date

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-13H

LOCATED IN UINTAH COUNTY, UTAH
SECTION 13, T10S, R22E, S.L.B.&M.

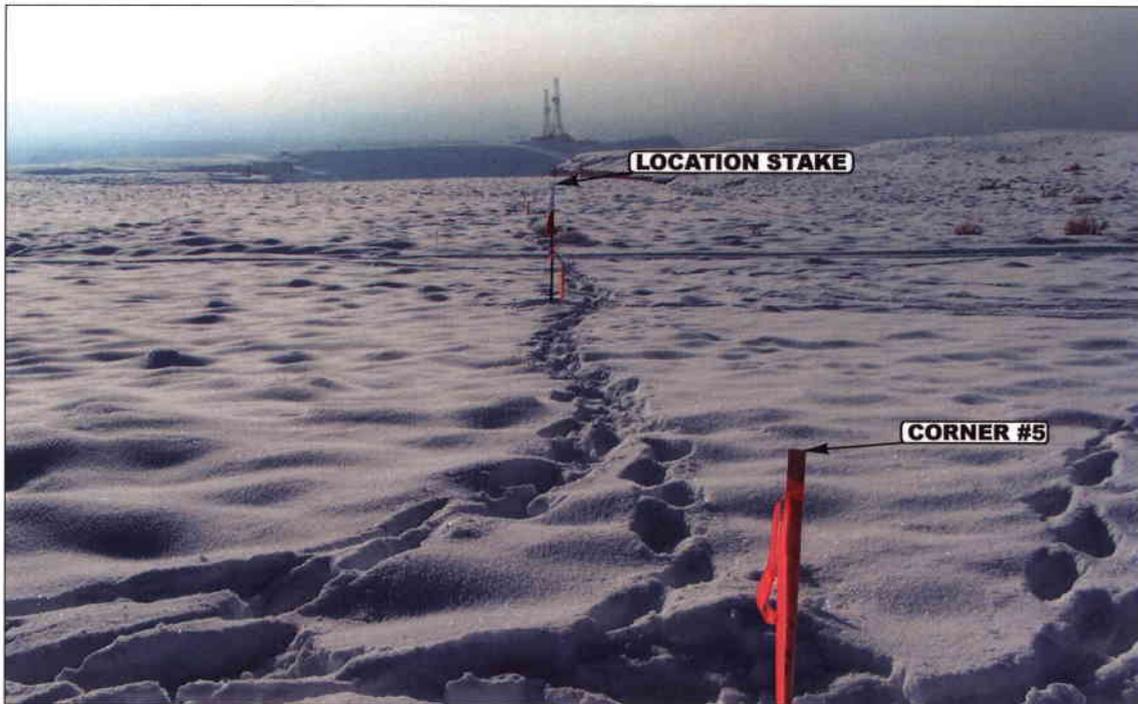


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY



PHOTO: VIEW FROM EXISTING ACCESS

CAMERA ANGLE: NORTHERLY



- Since 1964 -

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

LOCATION PHOTOS	1	29	08	PHOTO
	MONTH	DAY	YEAR	
TAKEN BY: D.R.	DRAWN BY: Z.L.	REVISED: 00-00-00		

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR

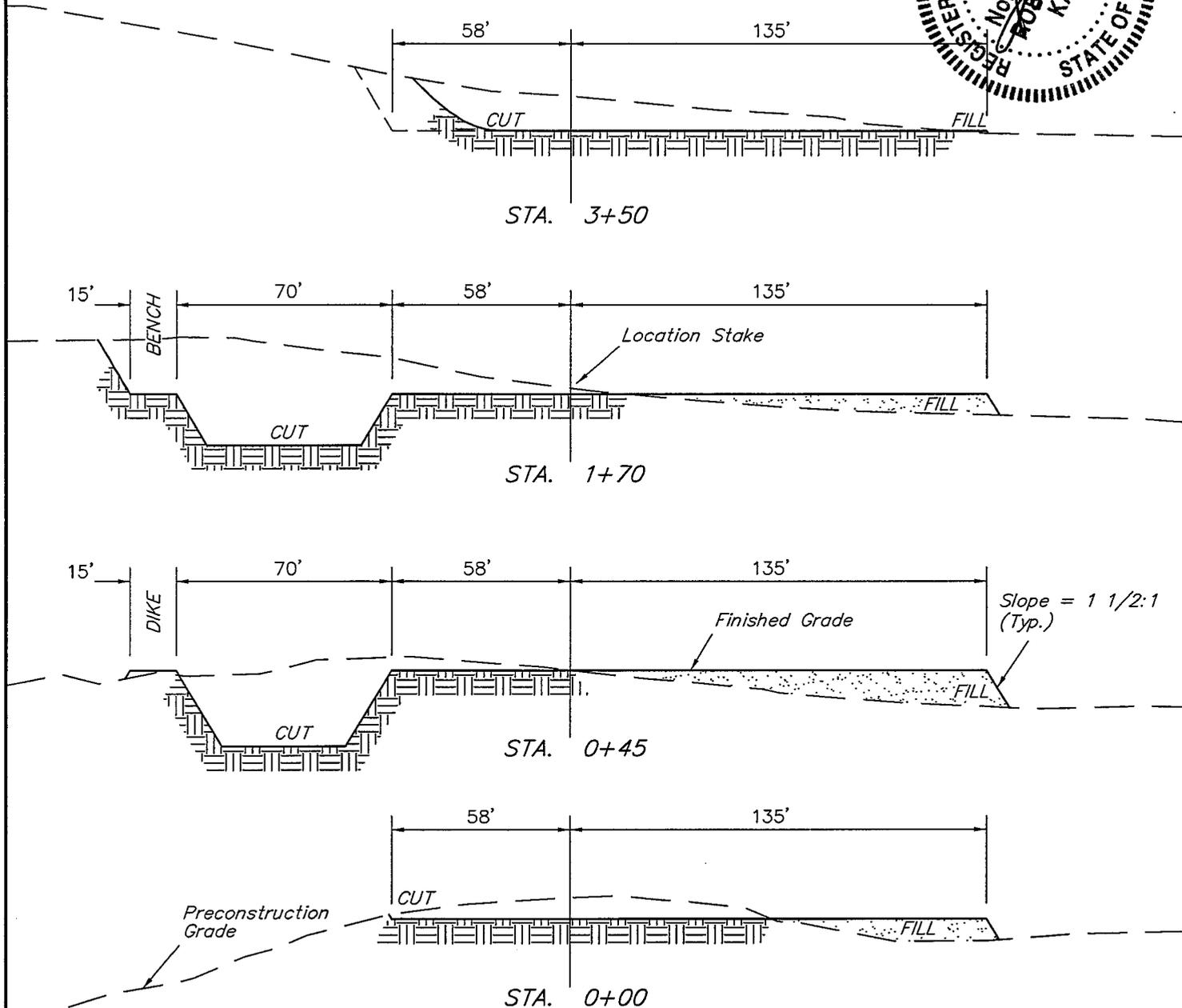
NBU #1022-13H

SECTION 13, T10S, R22E, S.L.B.&M.

2394' FNL 739' FEL



1" = 20'
X-Section Scale
1" = 50'
DATE: 1-17-08
Drawn By: C.P.



NOTE:

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

* NOTE:

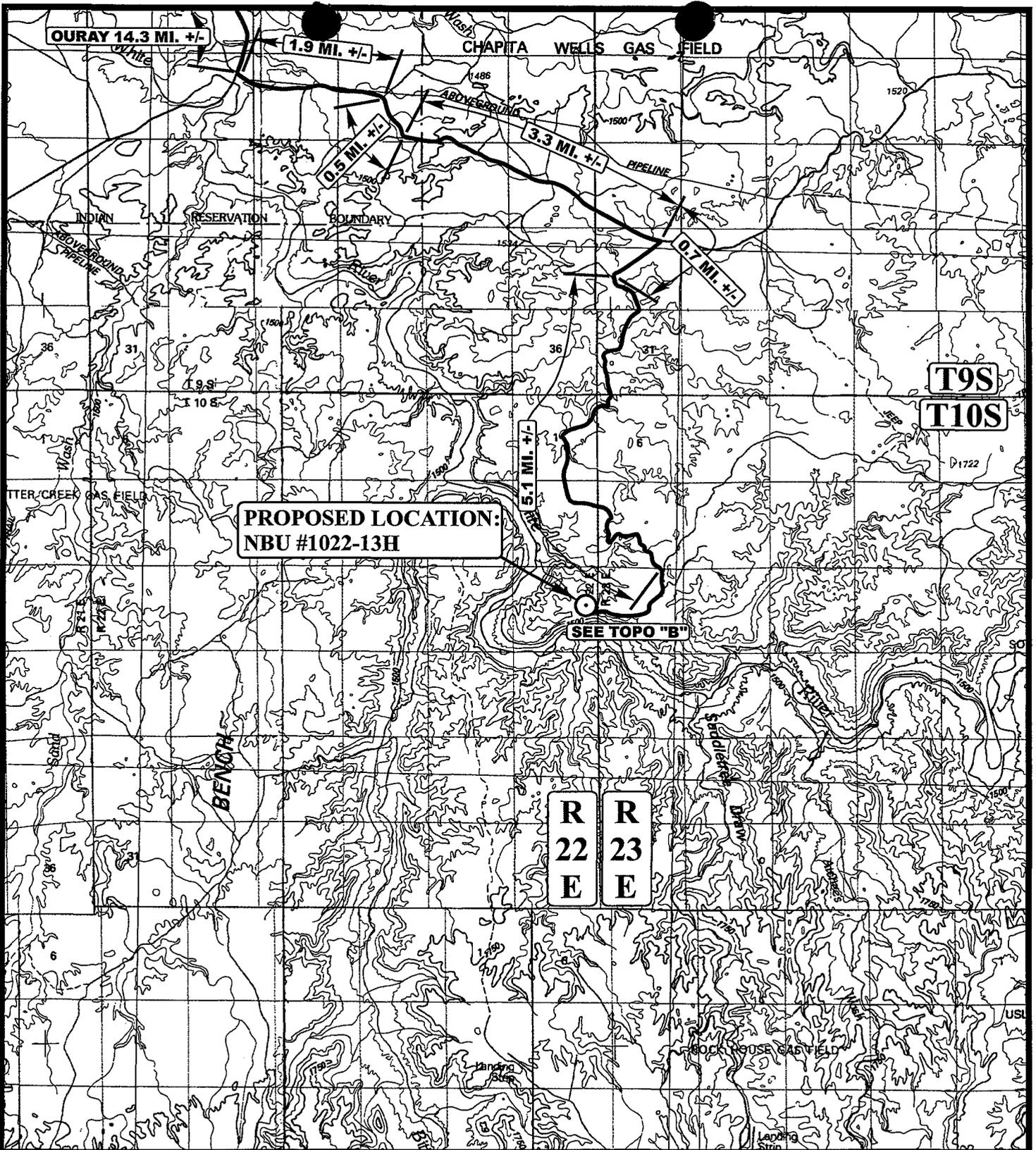
FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(12") Topsoil Stripping	= 1,720 Cu. Yds.
Remaining Location	= 8,170 Cu. Yds.
TOTAL CUT	= 9,890 CU.YDS.
FILL	= 3,250 CU.YDS.

EXCESS MATERIAL	= 6,640 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,110 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 3,530 Cu. Yds.

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



LEGEND:

○ PROPOSED LOCATION



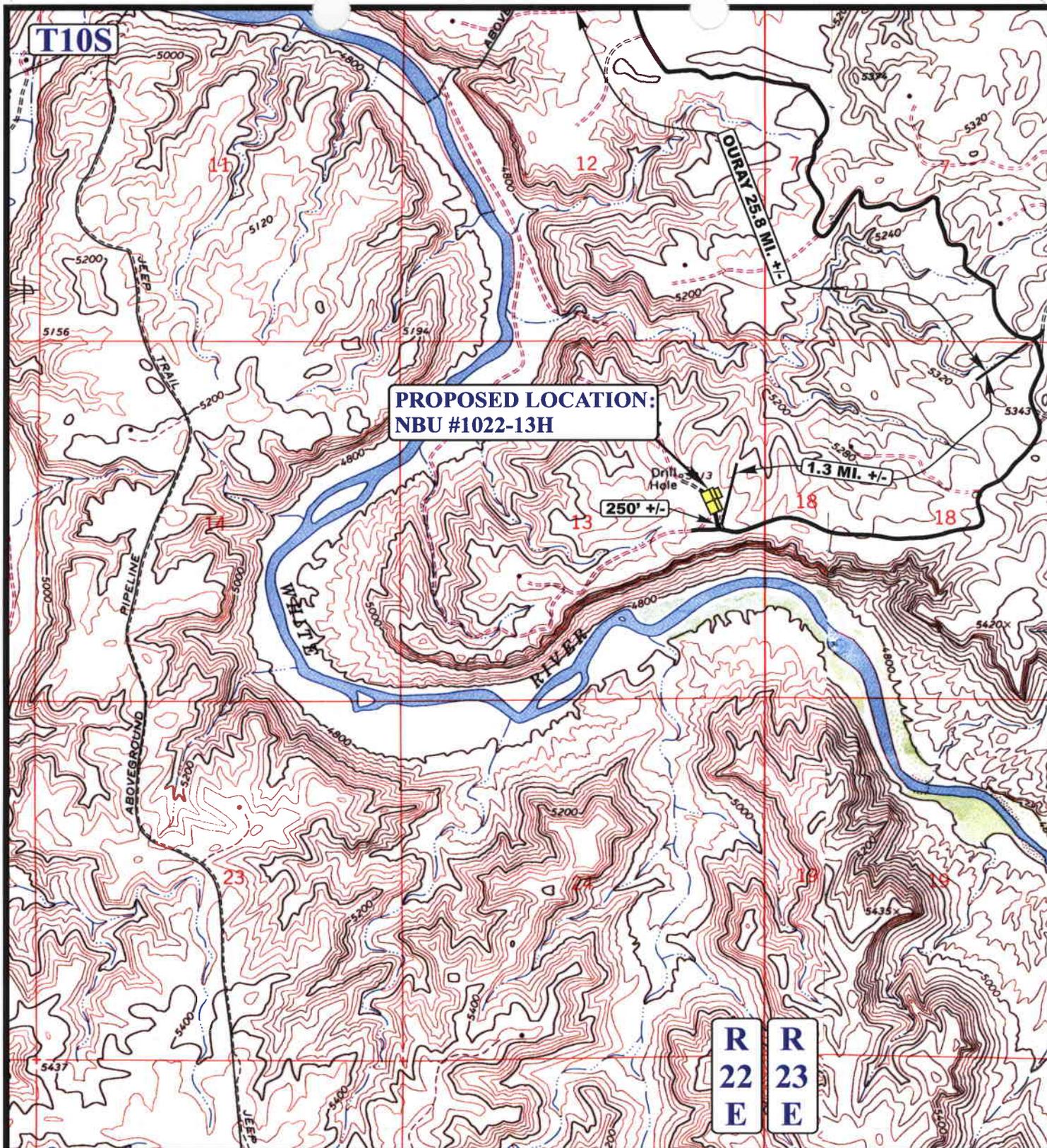
Kerr-McGee Oil & Gas Onshore LP

NBU #1022-13H
 SECTION 13, T10S, R22E, S.L.B.&M.
 2394' FNL 739' FEL

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

TOPOGRAPHIC 1 29 08
MAP MONTH DAY YEAR
 SCALE: 1:100,000 DRAWN BY: Z.L. REVISED: 00-00-00





LEGEND:

————— EXISTING ROAD

Kerr-McGee Oil & Gas Onshore LP

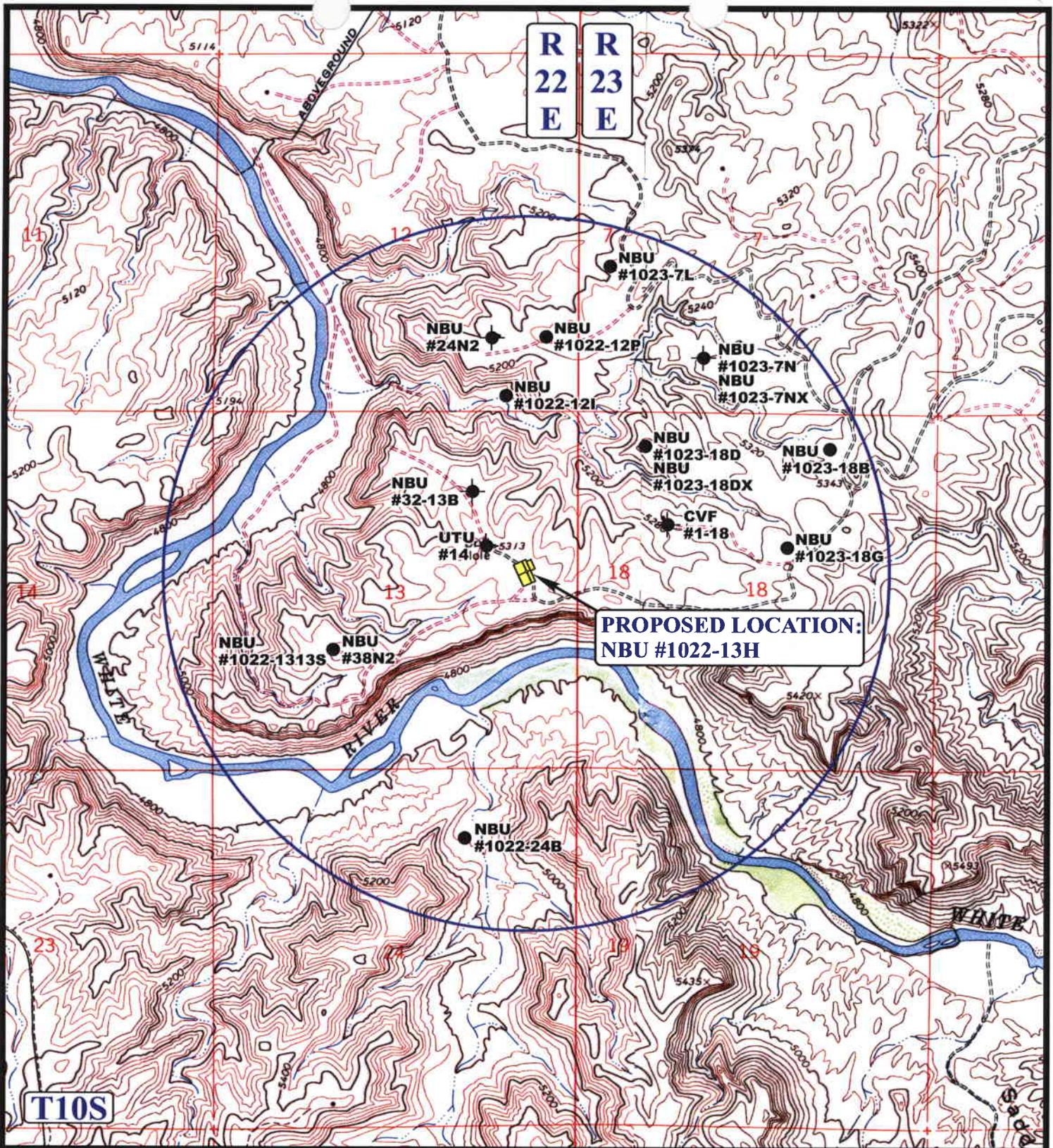
NBU #1022-13H
 SECTION 13, T10S, R22E, S.L.B.&M.
 2394' FNL 739' FEL



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

TOPOGRAPHIC MAP
 MONTH: 1 DAY: 29 YEAR: 08
 SCALE: 1" = 2000' DRAWN BY: Z.L. REVISED: 00-00-00





**PROPOSED LOCATION:
NBU #1022-13H**

LEGEND:

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

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

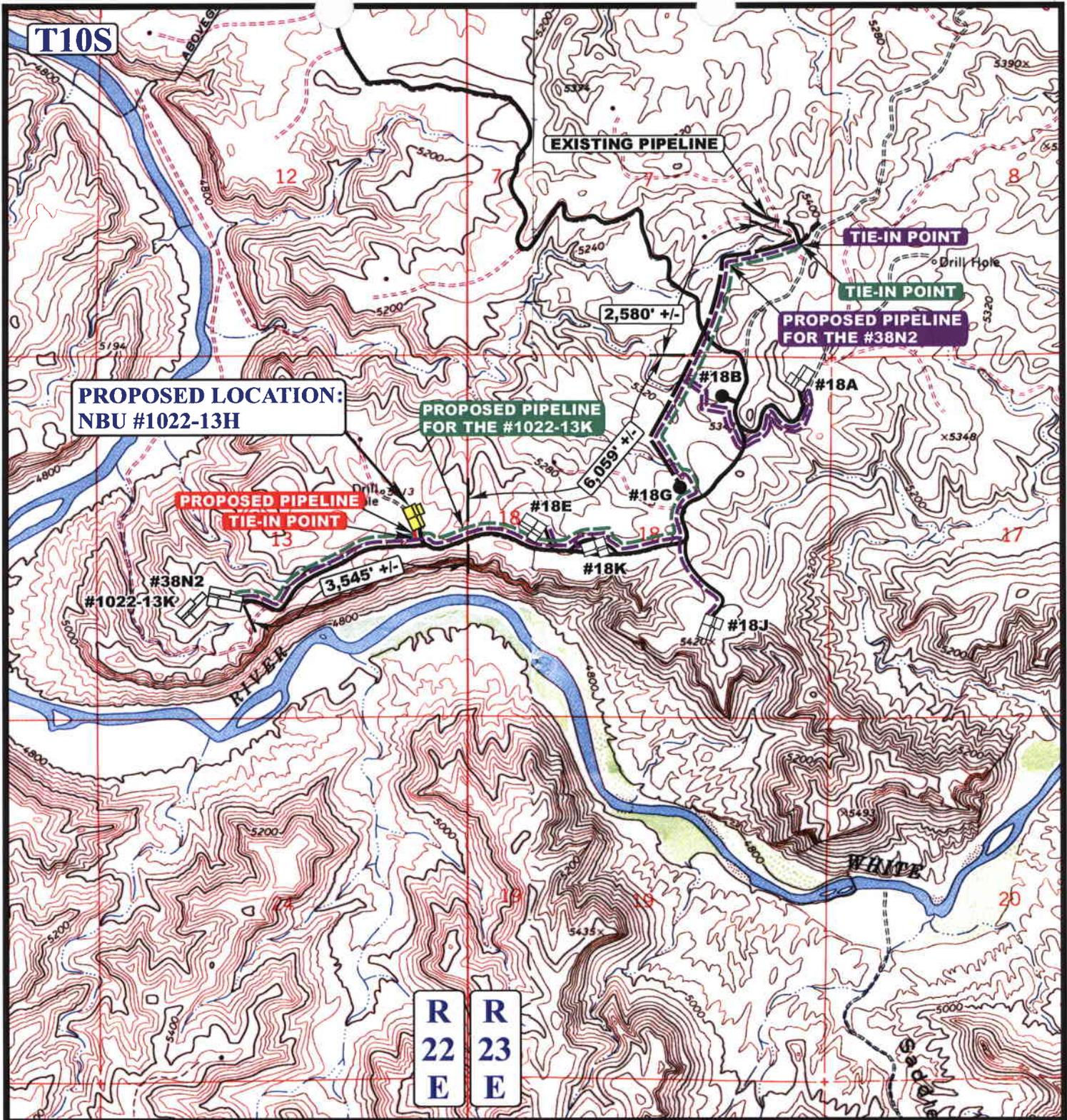
Kerr-McGee Oil & Gas Onshore LP

NBU #1022-13H
SECTION 13, T10S, R22E, S.L.B.&M.
2394' FNL 739' FEL



TOPOGRAPHIC 1 29 08
MAP MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: Z.L. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 216' +/-

LEGEND:

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

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-13H
 SECTION 13, T10S, R22E, S.L.B.&M.
 2394' FNL 739' FEL

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



TOPOGRAPHIC	1	29	08	D TOPO
MAP	MONTH	DAY	YEAR	
SCALE: 1" = 2000'	DRAWN BY: Z.L.		REVISED: 00-00-00	

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-13H
PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH
SECTION 13, T10S, R22E, S.L.B.&M.



PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: NORTHERLY

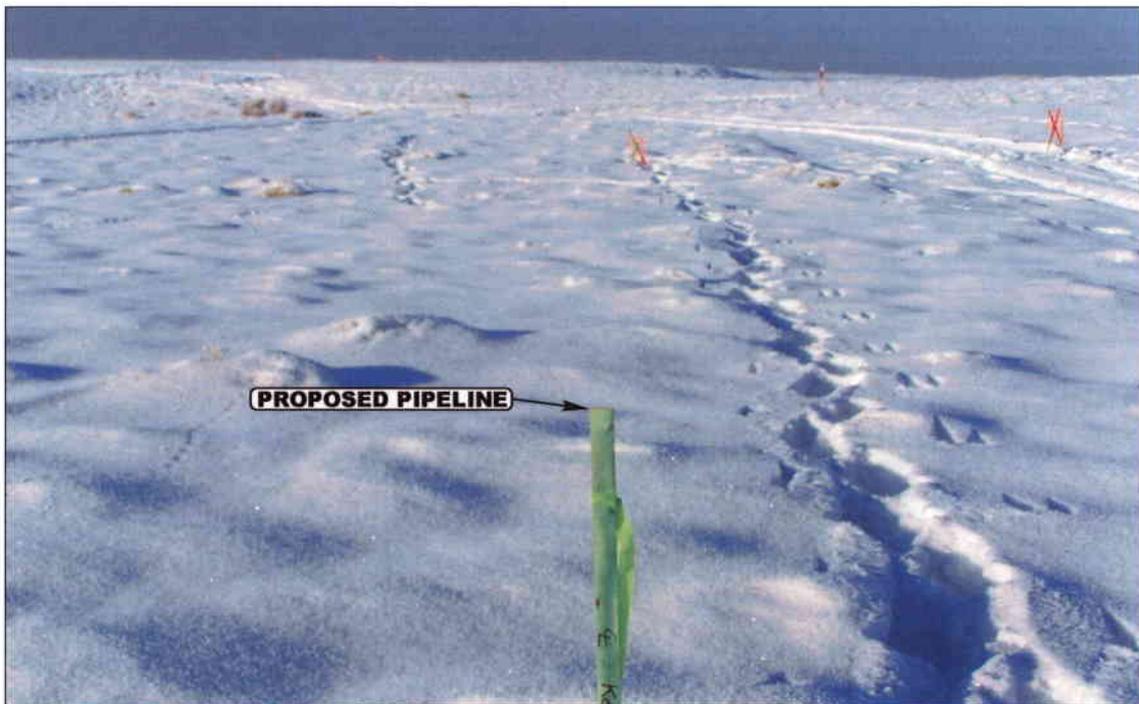


PHOTO: VIEW OF PROPOSED PIPELINE

CAMERA ANGLE: NORTHERLY



- Since 1964 -

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

PIPELINE PHOTOS	1	29	08	PHOTO
	MONTH	DAY	YEAR	
TAKEN BY: D.R.	DRAWN BY: Z.L.		REVISED: 00-00-00	

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 03/03/2008

API NO. ASSIGNED: 43-047-39959

WELL NAME: NBU 1022-13H

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 720-929-6226

CONTACT: KEVIN MCINTYRE

PROPOSED LOCATION:

SENE 13 100S 220E
 SURFACE: 2394 FNL 0739 FEL
 BOTTOM: 2394 FNL 0739 FEL
 COUNTY: UINTAH
 LATITUDE: 39.94966 LONGITUDE: -109.3809
 UTM SURF EASTINGS: 638319 NORTHINGS: 4423215
 FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	5/12/08
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: UO-08512 ST

SURFACE OWNER: 3 - State

PROPOSED FORMATION: WSMVD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

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

LOCATION AND SITING:

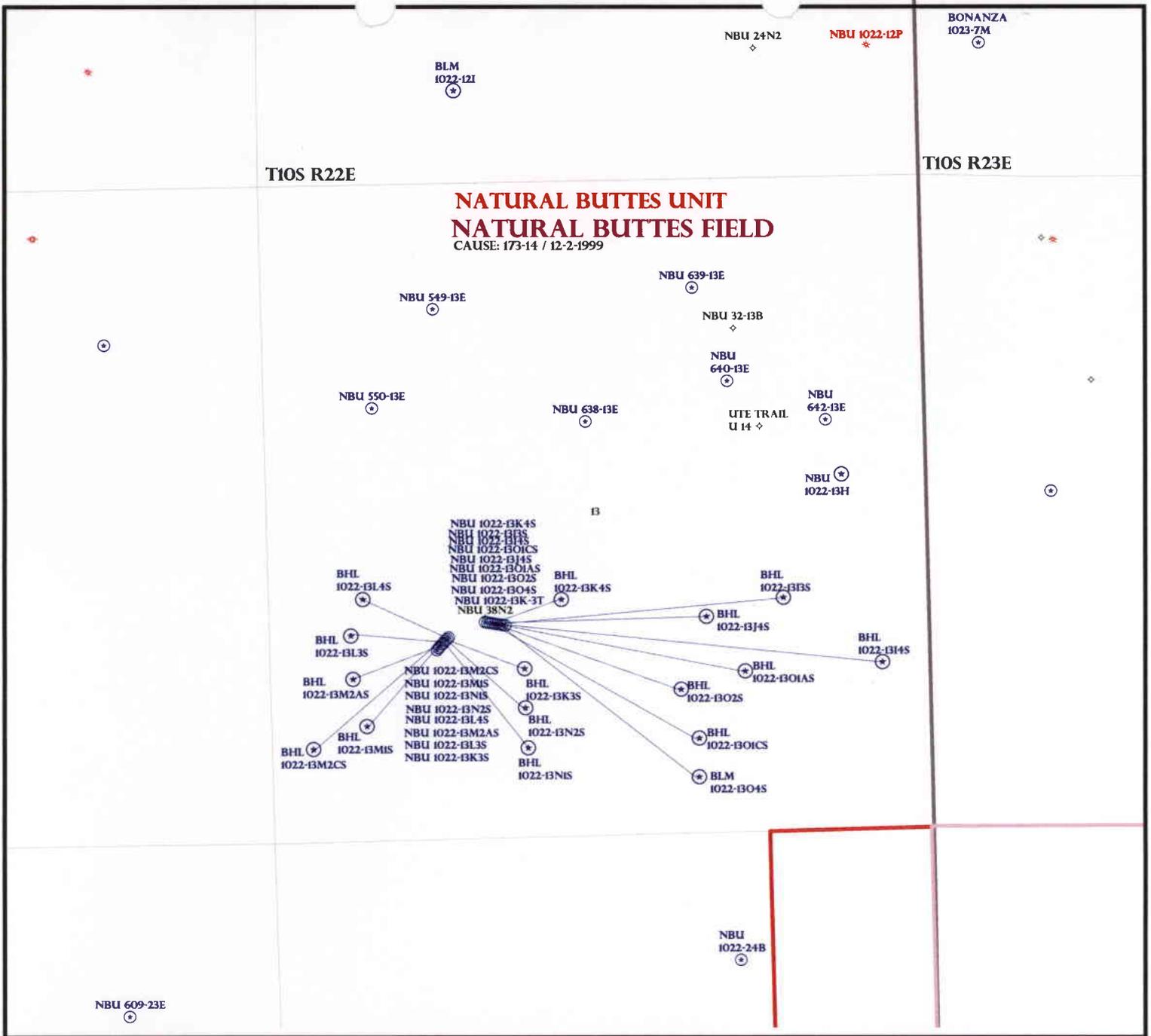
- _____ R649-2-3.
- Unit: NATURAL BUTTES
- _____ R649-3-2. General
- Siting: 460 From Qtr/Qtr & 920' Between Wells
- _____ R649-3-3. Exception
- Drilling Unit
- Board Cause No: 173-14
- Eff Date: 12-2-1999
- Siting: 460' fr uldrg & vulcomm. Tract
- _____ R649-3-11. Directional Drill

COMMENTS:

Need Permit (04-01-08)

STIPULATIONS:

- 1- STATEMENT OF BASIS
- 2- OIL SHALE



OPERATOR: KERR MCGEE O&G (N2995)

SEC: 13 T.10S R. 22E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

CAUSE: 173-14 / 12-2-1999

- 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

- 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



OIL, GAS & MINING



PREPARED BY: DIANA MASON
DATE: 04-MARCH-2008

Application for Permit to Drill

Statement of Basis

4/9/2008

Utah Division of Oil, Gas and Mining

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APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
703	43-047-39959-00-00		GW	S	No
Operator	KERR-MCGEE OIL & GAS ONSHO		Surface Owner-APD		
Well Name	NBU 1022-13H	Unit	NATURAL BUTTES		
Field	NATURAL BUTTES		Type of Work		
Location	SENE 13 10S 22E S 2394 FNL 739 FEL GPS Coord (UTM) 638319E 4423215N				

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 4,300'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 13. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. Production casing cement should be brought up above the base of the moderately saline ground water to isolate it from fresher waters uphole.

Brad Hill
APD Evaluator

4/9/2008
Date / Time

Surface Statement of Basis

The general area is in the east end of the Natural Buttes Unit, which contains the White River and short rugged drainages that drain into the White River. Topography is varied and frequently dissected by short draws or washes, which become overly steep as they approach the White River breaks or rim. Distance to the White River varies from ¼ mile to 2 miles. The side drainages are dry except for ephemeral flows. No seeps or springs exist in the area. An occasional pond has been constructed to supply water for livestock and antelope. Vernal, Utah is approximately 35 air miles and 55.5 road miles to the northwest. Utah State, Uintah County and oilfield development roads to the location access the area.

The proposed Natural Buttes 1022-13H gas well location begins on a bench or moderately wide ridge top that runs in a southeast to northwest direction. The terrain is undulating or uneven. The slope north of the reserve pit is moderately steep then becomes very steep as it drops off into a canyon with ledge sandstone rock outcrops. The ridge top has a gentle slope to the southwest also into a significant draw. The White River is approximately ¾ miles down drainage on the reserve pit side of the pad. An existing access road runs thru proposed pad and will remain open. Due to the surface formations and the short distance to the River the reserve pit should be double lined and adequately padded. The location should be stable and pose no other problems for drilling and operating a well.

Both the surface and minerals for this location are owned by SITLA. Ed Bonner of SITLA attended the pre-site visit and expressed no concerns regarding the proposed location.

Ben Williams represented the Utah Division of Wildlife Resources. Mr. Williams stated the area is classified as critical yearlong habitat for antelope. He however recommended no stipulations for this species as the loss of forage from this location is not significant and water not forage is the factor limiting the herd population in the area. No other wildlife is expected to be affected. He gave Rayleen White, representing Kerr McGee, and Mr. Bonner of SITLA copies of his evaluation and a DWR recommended seed mix to use when re-vegetating the area.

The following statement by the UDWR was previously provided for consideration in approving Permits to Drill

Application for Permit to Drill

Statement of Basis

4/9/2008

Utah Division of Oil, Gas and Mining

Page 2

in the White River area. "The White River in Utah is home to one of the more intact native fish assemblages in the Colorado River basin. We regularly see large adult Colorado pikeminnow (*Ptychocheilus lucius*) and all age/size classes of flannelmouth sucker (*Catostomus latipinnis*), bluehead sucker (*Catostomus discobolus*), and roundtail chub (*Gila robusta*). The pikeminnow is an endangered species covered under the ESA and managed through activities funded by the Upper Colorado River Endangered Fish Recovery Program. The remaining three species are state sensitive species covered under a Range-wide Conservation Agreement and Strategy signed by six states and numerous federal and tribal agencies and a State Management Plan for the three species also signed by state, federal, and tribal agencies. We have planned many conservation actions for the three species around the state; however, we have not worried about the White River populations as much because we still see all life stages here. If development is allowed without mitigation for potential impacts to these species, we could see a disruption in this population like we've seen in other streams and rivers across the state. Spills and/or leaks may impact these fish by a number of means, from simply causing a fish kill and harming all individuals that cannot escape the spill to interruption of spawning cues (meaning they may go one or more years depending on the severity of the spill without spawning.

The location appears to be the only site for constructing and operating a well in the immediate area.

Floyd Bartlett
Onsite Evaluator

4/1/2008
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	A double synthetic liner each with a minimum thickness of 20 mils and an appropriate thickness of felt sub-liner to cushion the liners shall be properly installed and maintained in the reserve pit.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator KERR-MCGEE OIL & GAS ONSHO
Well Name NBU 1022-13H
API Number 43-047-39959-0 **APD No** 703 **Field/Unit** NATURAL BUTTES
Location: 1/4,1/4 SENE **Sec** 13 **Tw** 10S **Rng** 22E 2394 FNL 739 FEL
GPS Coord (UTM) 638320 4423218 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Ed Bonner (SITLA), Rayleen White and Tony Kzneck (Kerr McGee) and David Kay (Uintah Engineering and Land Surveying), Ben Williams (UDWR).

Regional/Local Setting & Topography

The general area is in the east end of the Natural Buttes Unit, which contains the White River and short rugged drainages that drain into the White River. Topography is varied and frequently dissected by short draws or washes, which become overly steep as they approach the White River breaks or rim. Distance to the White River varies from ¼ mile to 2 miles. The side drainages are dry except for ephemeral flows. No seeps or springs exist in the area. An occasional pond has been constructed to supply water for livestock and antelope. Vernal, Utah is approximately 35 air miles and 55.5 road miles to the northwest. Utah State, Uintah County and oilfield development roads to the location access the area.

The proposed Natural Buttes 1022-13H gas well location begins on a bench or moderately wide ridge top that runs in a southeast to northwest direction. The terrain is undulating or uneven. The slope north of the reserve pit is moderately steep then becomes very steep as it drops off into a canyon with ledgey sandstone rock outcrops. The ridge top has a gentle slope to the southwest also into a significant draw. The White River is approximately ¾ miles down drainage on the reserve pit side of the pad. An existing access road runs thru proposed pad and will remain open. Due to the surface formations and the short distance to the River the reserve pit should be double lined and adequately padded. The location should be stable and pose no other problems for drilling and operating a well.

Both the surface and minerals for this location 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	Width 260 Length 350	Onsite	UNTA

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Moderately vegetated with black sagebrush, Gardner saltbrush, prickly pear, halogeton, broom snakeweed six-week fescue and spring annuals.

Antelope, coyote, small mammals and birds. Winter domestic sheep grazing

Soil Type and Characteristics

Shallow rocky loam with some exposed bedrock on the surface.

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?** Y **Cultural Resources?** N

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		
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	10 to 20	5
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
	Final Score	25
		1 Sensitivity Level

Characteristics / Requirements

The reserve pit is proposed on the northeast portion of the location within an area of cut. Dimensions are 70' x 150' x 10' deep. A liner is required. Because the location is elevated in rough terrain above the White River a double 20-mil liner and an appropriate thickness of sub felt to cushion all rock is required for the reserve pit.

Closed Loop Mud Required? N **Liner Required?** Y **Liner Thickness** 40 **Pit Underlayment Required?** Y

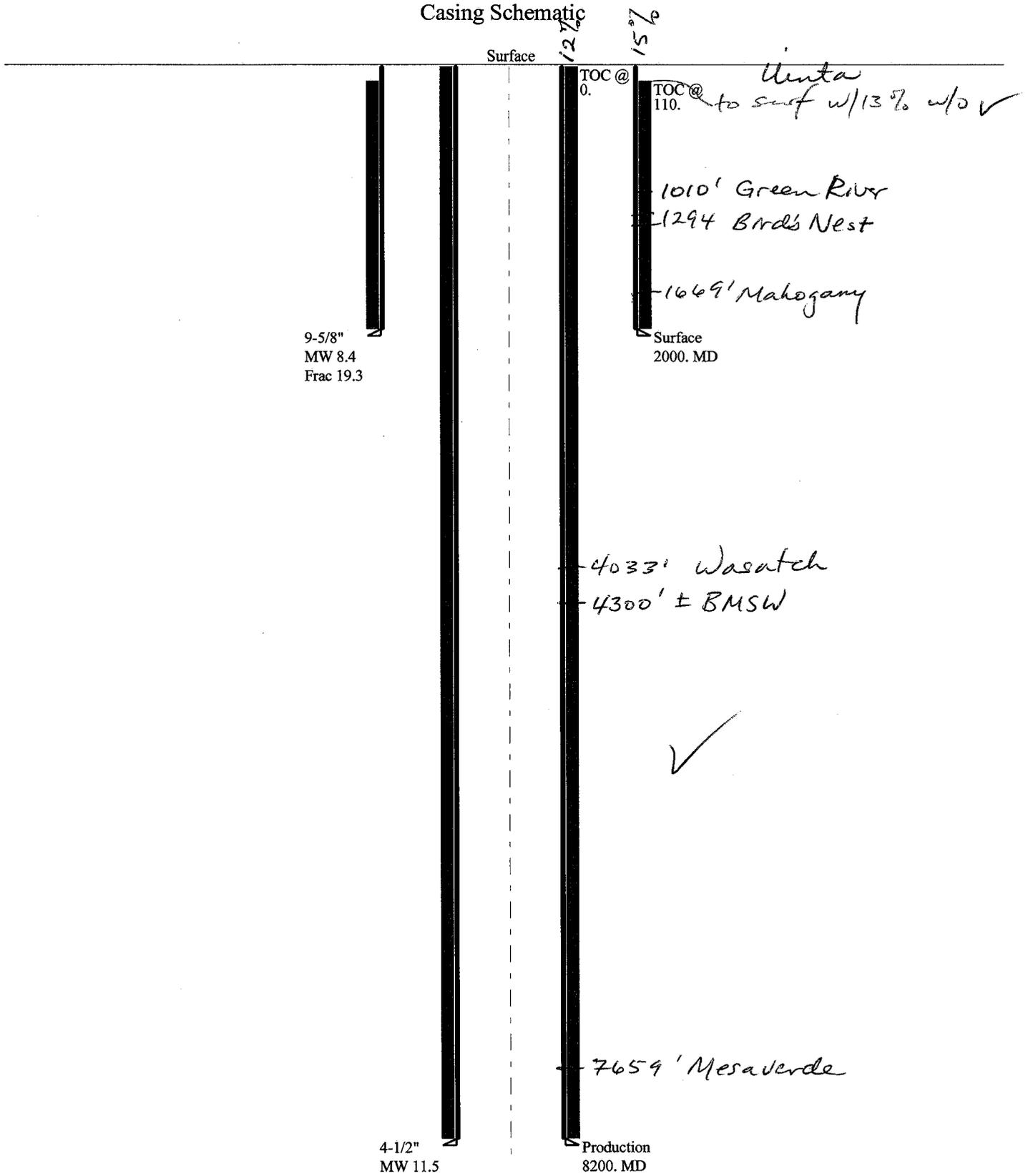
Other Observations / Comments

Floyd Bartlett
Evaluator

4/1/2008
Date / Time

2008-04 Kerr McGee NBU 1022-13H

Casing Schematic



Well name:

2008-04 Kerr McGee NBU 1022-13HOperator: **Kerr McGee Oil & Gas Onshore L.P.**String type: **Surface**

Project ID:

43-047-39959

Location: **Uintah County, Utah****Design parameters:****Collapse**Mud weight: 8.400 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: 1,751 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: 110 ft

Non-directional string.**Re subsequent strings:**Next setting depth: 8,200 ft
Next mud weight: 11.500 ppg
Next setting BHP: 4,899 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 (ft³)
1	2000	9.625	36.00	J-55	LT&C	2000	2000	8.796	868.1
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	873	2020	2.315	2000	3520	1.76	63	453	7.18 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & MineralsPhone: (801) 538-5357
FAX: (801) 359-3940Date: April 16, 2008
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

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

Well name:

2008-04 Kerr McGee NBU 1022-13HOperator: **Kerr McGee Oil & Gas Onshore L.P.**String type: **Production**

Project ID:

43-047-39959Location: **Uintah County, Utah****Design parameters:****Collapse**Mud weight: 11.500 ppg
Design is based on evacuated pipe.**Burst**Max anticipated surface
pressure: 3,095 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 4,899 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: 6,790 ft

Environment:H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 190 °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	8200	4.5	11.60	P-110	LT&C	8200	8200	3.875	715.6
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	4899	7580	1.547	4899	10690	2.18	79	279	3.54 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & MineralsPhone: (801) 538-5357
FAX: (801) 359-3940Date: April 16, 2008
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 8200 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.

BOPE REVIEW

Kerr-McGee NBU 1022-13H API 43-047-39959

INPUT

Well Name	Kerr-McGee NBU 1022-13H API 43-047-39959		
Casing Size (")	String 1	String 2	
Setting Depth (TVD)	9 5/8	4 1/2	
Previous Shoe Setting Depth (TVD)	2200	8200	
Max Mud Weight (ppg)	0	2000	
BOPE Proposed (psi)	8.4	11.5	
Casing Internal Yield (psi)	500	5000	
Operators Max Anticipated Pressure (psi)	3520	10690	
	5084	11.9 ppg	

Calculations	String 1	9 5/8 "	
Max BHP [psi]	.052*Setting Depth*MW =	961	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	697	NO ✓ <i>O.K.</i> Air Drill to surface shoe
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	477	YES ✓
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	477	← NO <i>O.K.</i>
Required Casing/BOPE Test Pressure		2200	psi
*Max Pressure Allowed @ Previous Casing Shoe =		0	psi

Calculations	String 2	4 1/2 "	
Max BHP [psi]	.052*Setting Depth*MW =	4904	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	3920	YES
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	3100	YES ✓
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	3540	← NO <i>Reasonable</i>
Required Casing/BOPE Test Pressure		5000	psi
*Max Pressure Allowed @ Previous Casing Shoe =		2000	psi ✓

*Assumes 1psi/ft frac gradient

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:

3160

(UT-922)

March 5, 2008

Memorandum

To: Assistant District Manager Minerals, Vernal District
From: Michael Coulthard, Petroleum Engineer
Subject: 2008 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 2008 within the Natural Buttes Unit, Uintah County, Utah.

API#	WELL NAME	LOCATION
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(Proposed PZ Wasatch/MesaVerde)

43-047-39959 NBU 1022-13H Sec 13 T10S R22E 2394 FNL 0739 FEL

This office has no objection to permitting the well at this time.

/s/ Michael L. Coulthard

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

MCoulthard:mc:3-5-08

From: Jim Davis
To: Bonner, Ed; Garrison, LaVonne; Mason, Diana
Date: 10/30/2008 9:19 AM
Subject: Well approvals

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

Kerr McGEE	43-047-39954	NBU 1022-02F
Kerr McGEE	43-047-39955	NBU 1022-02D
Kerr McGEE	43-047-39959	NBU 1022-13H
Newfield Prod Co	43-013-34005	State 9-32T-8-17
Newfield Prod Co	43-047-40160	State 13-36T-8-17
Newfield Prod Co	43-047-40161	State 16-2T-9-17
Newfield Prod Co	43-013-34006	State 11-2T-9-17

-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

November 4, 2008

Kerr-McGee Oil & Gas Onshore, LP
1099 18th St., #1200
Denver, CO 80202

Re: NBU 1022-13H Well, 2394' FNL, 739' FEL, SE NE, Sec. 13, T. 10 South, R. 22 East, Uintah County, Utah

Gentlemen:

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

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-39959.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Kerr-McGee Oil & Gas Onshore, LP

Well Name & Number NBU 1022-13H

API Number: 43-047-39959

Lease: UO-08512 ST

Location: SE NE Sec. 13 T. 10 South R. 22 East

Conditions of Approval

1. General

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

2. Notification Requirements

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

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

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

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

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

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

3. Reporting Requirements

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

Page 2

43-047-39959

November 4, 2008

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.

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UO-08512 ST
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: NBU 1022-13H
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.	9. API NUMBER: 43047399590000
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	PHONE NUMBER: 720 929-6007 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2394 FNL 0739 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 13 Township: 10.0S Range: 22.0E Meridian: S	9. FIELD and POOL or WILDCAT: NATURAL BUTTES COUNTY: UINTAH STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 10/30/2009	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input checked="" type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: _____

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

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

Approved by the Utah Division of Oil, Gas and Mining

Date: October 26, 2009

By:

NAME (PLEASE PRINT) Danielle Piernot	PHONE NUMBER 720 929-6156	TITLE Regulatory Analyst
SIGNATURE N/A		DATE 10/26/2009



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 43047399590000

API: 43047399590000

Well Name: NBU 1022-13H

Location: 2394 FNL 0739 FEL QTR SENE SEC 13 TWNP 100S RNG 220E MER S

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

Date Original Permit Issued: 11/4/2008

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

- If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes No
- Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes No
- Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes No
- Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location? Yes No
- Has the approved source of water for drilling changed? Yes No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No
- Is bonding still in place, which covers this proposed well? Yes No

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

Signature: Danielle Piernot

Date: 10/26/2009

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

Date: October 26, 2009

By: 

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UO-08512 ST
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: NBU 1022-13H
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.	9. API NUMBER: 43047399590000
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	PHONE NUMBER: 720 929-6007 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2394 FNL 0739 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 13 Township: 10.0S Range: 22.0E Meridian: S	9. FIELD and POOL or WILDCAT: NATURAL BUTTES COUNTY: UINTAH STATE: UTAH

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

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 11/2/2010 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input checked="" type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>

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

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

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

Date: November 02, 2010
 By: 

NAME (PLEASE PRINT) Danielle Piernot	PHONE NUMBER 720 929-6156	TITLE Regulatory Analyst
SIGNATURE N/A		DATE 11/2/2010



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047399590000

API: 43047399590000

Well Name: NBU 1022-13H

Location: 2394 FNL 0739 FEL QTR SENE SEC 13 TWNP 100S RNG 220E MER S

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- Has the approved source of water for drilling changed? Yes No
- Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes No
- Is bonding still in place, which covers this proposed well? Yes No

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

Signature: Danielle Piernot

Date: 11/2/2010

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

Date: November 02, 2010

By: 



GARY R. HERBERT
Governor

GREG 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

November 18, 2011

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

Re: APD Rescinded – NBU 1022-13H, Sec. 13, T.10S, R. 22E
Uintah County, Utah API No. 43-047-39959

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 November 4, 2008. On October 26, 2009 and November 2, 2010 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 November 18, 2011.

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