

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-01191A
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Kerr-McGee Oil & Gas Onshore, LP		7. If Unit or CA Agreement, Name and No. Natural Buttes Unit
3a. Address 1099 18th Street #1200, Denver, CO 80202		8. Lease Name and Well No. NBU 1022-04P1T
3b. Phone No. (include area code) 720.229.0630		9. API Well No. 43047-39991
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 803' FSL & 505' FEL LAT 39.972989 LON -109.437203 At proposed prod. zone N/A 633514X 4425705Y -109.436561		10. Field and Pool, or Exploratory Natural Buttes Field
11. Sec., T. R. M. or Blk. and Survey or Area Sec. 4, T 10S, R 22E SESE		12. County or Parish Uintah
13. State UT		14. Distance in miles and direction from nearest town or post office* 24 miles northeast of Ouray, UT
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 505'	16. No. of acres in lease 1363.21	17. Spacing Unit dedicated to this well 20 Acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1250'	19. Proposed Depth 8770'	20. BLM/BIA Bond No. on file WYB000291
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5116 GR	22. Approximate date work will start* ASAP	23. Estimated duration 10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, must be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan. | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature	Name (Printed/Typed) Kevin McIntyre	Date 04/03/2008
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Title
Regulatory Analyst

Approved by (Signature)	Name (Printed/Typed) BRADLEY G. HILL	Date 04-10-08
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Title
OFFICE ENVIRONMENTAL MANAGER

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

**Federal Approval of this
Action Is Necessary**

RECEIVED

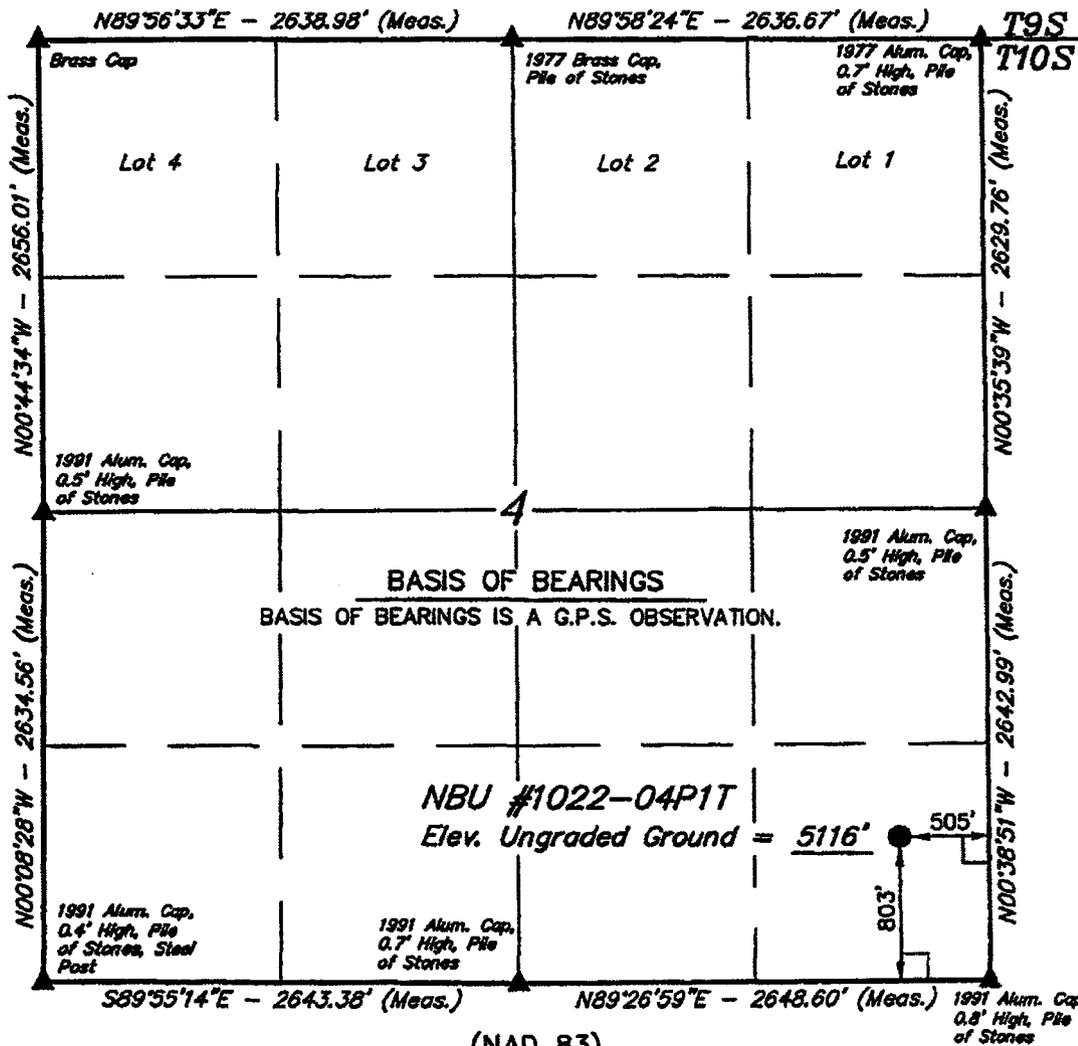
APR 07 2008

DIV. OF OIL, GAS & MINING

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

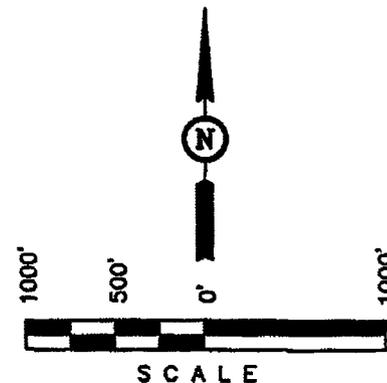
Kerr-McGee Oil & Gas Onshore LP

Well location, NBU #1022-04P1T, located as shown in the SE 1/4 SE 1/4 of Section 4, T10S, R22E, S.L.B.&M., Uintah County, Utah.



BASIS OF ELEVATION

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



CERTIFICATE OF SURVEY

THIS IS TO CERTIFY THAT THE ABOVE DESCRIBED LAND WAS RECORDED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAID AREAS ARE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ROBERT J. KERR
REGISTERED LAND SURVEYOR
STATE OF UTAH

LEGEND:

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

(NAD 83)
 LATITUDE = 39°58'22.76" (39.972989)
 LONGITUDE = 109°26'13.93" (109.437203)
 (NAD 27)
 LATITUDE = 39°58'22.88" (39.973022)
 LONGITUDE = 109°26'11.47" (109.436519)

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

SCALE 1" = 1000'	DATE SURVEYED: 02-15-08	DATE DRAWN: 02-18-08
PARTY D.K. C.K. C.C.	REFERENCES G.L.O. PLAT	
WEATHER COLD	FILE Kerr-McGee Oil & Gas Onshore LP	

**NBU 1022-04P1T
SESE Sec. 4, T10S,R22E
UINTAH COUNTY, UTAH
UTU-01191A**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	1094'
Wasatch	4286'
Mesa Verde	7673'
TD	8770'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	1094'
Gas	Wasatch	4286'
Gas	Mesaverde	7673'
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 8770' TD, approximately equals 3361 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 1929 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.

NBU 1022-04P1T
SESE SEC 4-T10S-R22E
UINTAH COUNTY, UTAH
UTU-01191A

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. 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.

2. Planned Access Roads:

The proposed access road is approximately 81' +/- . 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.

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 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.

Exceptions to Best Management Practices (BMPs) Requested:

Approximately 6915' of 4" steel pipeline will be installed on surface within the access corridor for the well location. As a Best Management Practice (BMP), the pipeline would be buried within the access road corridor if possible. The construction of pipelines requires the corridor of 30 feet.

This exception to the BMP should be granted by the BLM Authorized Officer because indurated bedrock, such as sandstone, is at or within 2 feet of the surface and the soil type has a poor history for successful rehabilitation.

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.

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.

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 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).

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.

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.

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.

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.

11. Surface Ownership:

United States of America
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435) 789-1362

12. 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.

Seed Mixture:

The following seed mixture will be used during interim reclamation:

Crested Wheatgrass 12 lb/acre

Operator will contact the BLM for the seed mixture when final reclamation of the location occurs.

13. 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

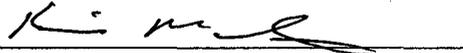
Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

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.

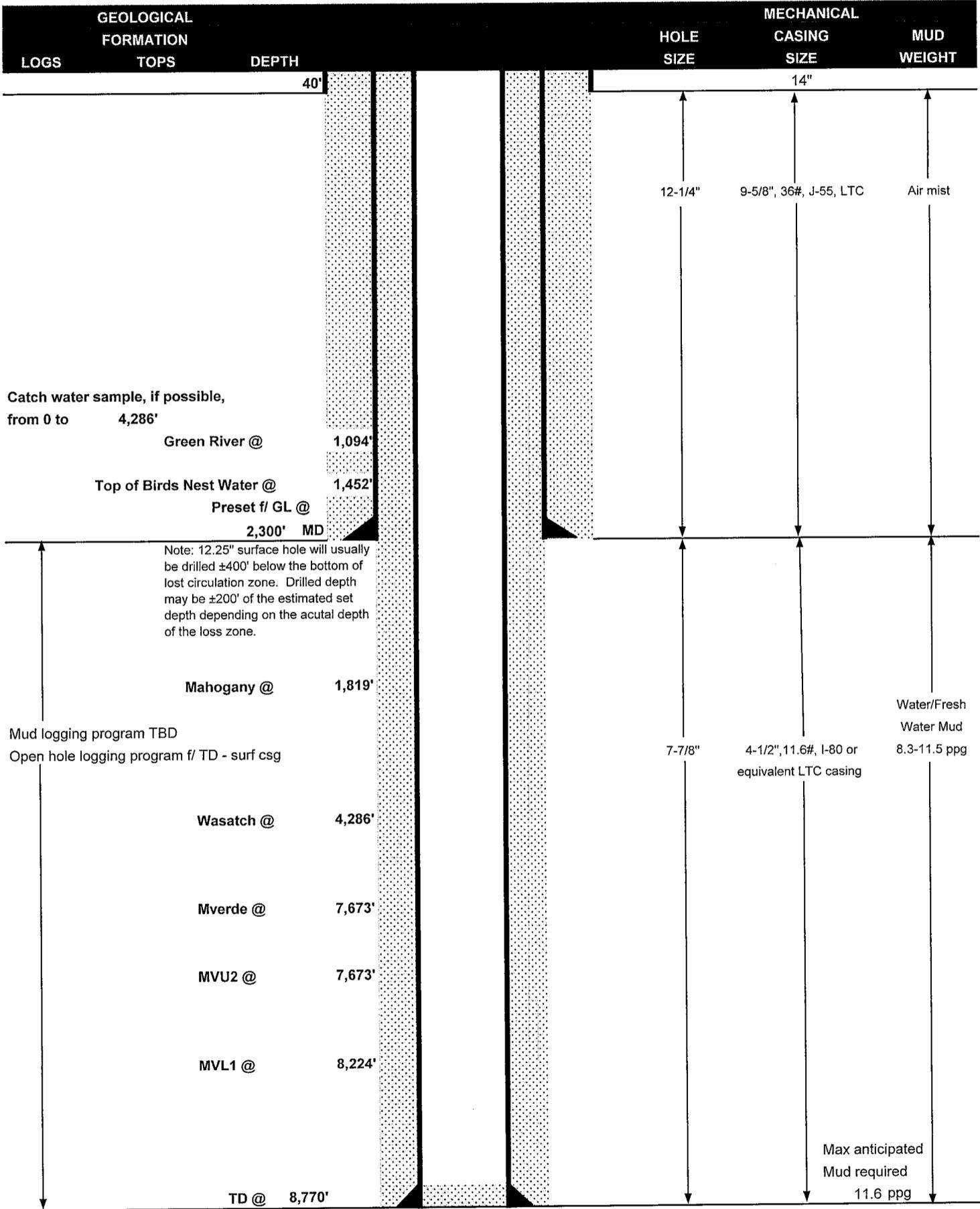

Kevin McIntyre

April 3, 2008
Date



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE April 3, 2008
 WELL NAME NBU 1022-04P1T TD 8,770' MD/TVD _____
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,116' GL KB 5,131'
 SURFACE LOCATION 803 FSL & 505 FEL BHL Straight Hole
 Latitude: 39.972989 Longitude: -109.437203
 OBJECTIVE ZONE(S) Wasatch/Mesaverde
 ADDITIONAL INFO Regulatory Agencies: BLM (SURF & MINERALS), UDOGM, Tri-County Health Dept.





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 2,300'	36.00	J-55	LTC	3520	2020	453000
						1.05	1.88	6.25
PRODUCTION	4-1/2"	0 to 8770	11.60	I-80	LTC	7780	6350	201000
						2.32	1.20	2.26

- 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 = 11.6 ppg) .22 psi/ft = gradient for partially evac wellbore
- (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoym.Fact. of water)
- MASP 3361 psi

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD	
SURFACE Option 1	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18	
	TOP OUT CMT (1)	250	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	100		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	2000	Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWO	230	35%	11.00	3.82	
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18	
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18	
PRODUCTION	LEAD	3,780'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	410	60%	11.00	3.38	
	TAIL	4,990'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1400	60%	14.30	1.31	

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

FLOAT EQUIPMENT & CENTRALIZERS

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

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER: _____
Brad Laney

DRILLING SUPERINTENDENT: _____
Randy Bayne

DATE: _____

DATE: _____

Kerr-McGee Oil & Gas Onshore LP
NBU #1022-O4P1T
SECTION 4, T10S, R22E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 11.2 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 8.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 3.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTH; TURN LEFT AND PROCEED IN A NORTHERLY DIRECTION APPROXIMATELY 0.4 MILES TO THE BEGINNING OF THE EXISTING ACCESS TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 80' TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 55.4 MILES.

Kerr-McGee Oil & Gas Onshore LP

NBU #1022-04P1T

LOCATED IN UINTAH COUNTY, UTAH
SECTION 4, T10S, R22E, S.L.B.&M.



PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF EXISTING ACCESS

CAMERA ANGLE: NORTHEASTERLY



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

- Since 1964 -

LOCATION PHOTOS

2 19 08
MONTH DAY YEAR

PHOTO

TAKEN BY: D.K.

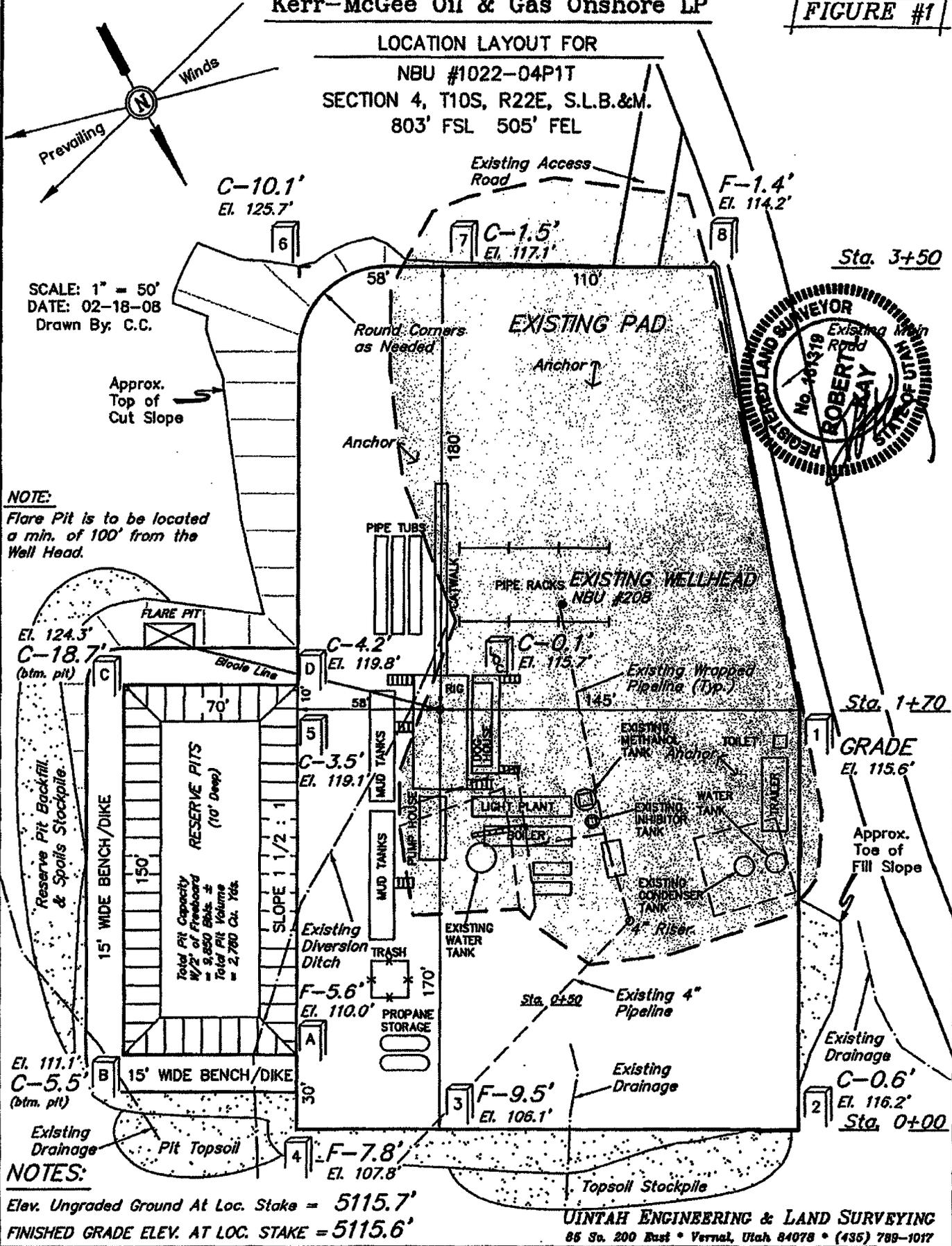
DRAWN BY: G.L.

REVISED: 00-00-00

Kerr-McGee Oil & Gas Onshore LP

FIGURE #1

LOCATION LAYOUT FOR
 NBU #1022-04P1T
 SECTION 4, T10S, R22E, S.L.B.&M.
 803' FSL 505' FEL



SCALE: 1" = 50'
 DATE: 02-18-08
 Drawn By: C.C.

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

RESERVE PITS
 (10' Deep)
 Total Pit Capacity
 1/2 of Freeboard
 = 9,850 Bbls. ±
 Total Pit Volume
 = 2,780 Cu. Yds.

NOTES:
 Elev. Ungraded Ground At Loc. Stake = 5115.7'
 FINISHED GRADE ELEV. AT LOC. STAKE = 5115.6'

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

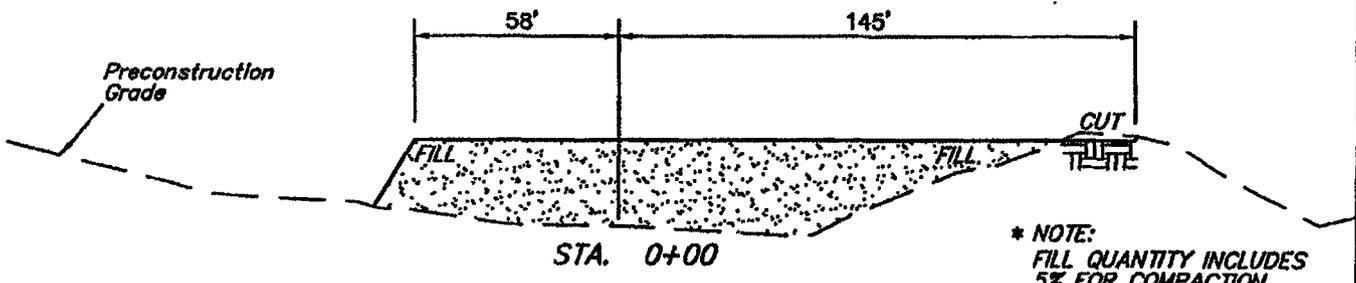
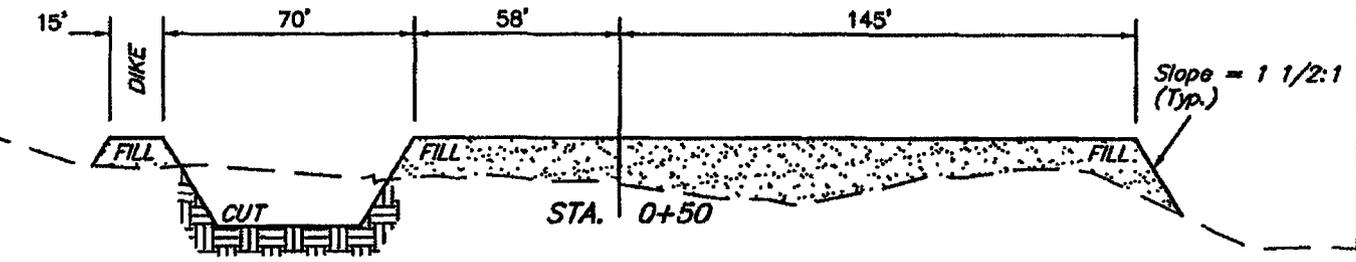
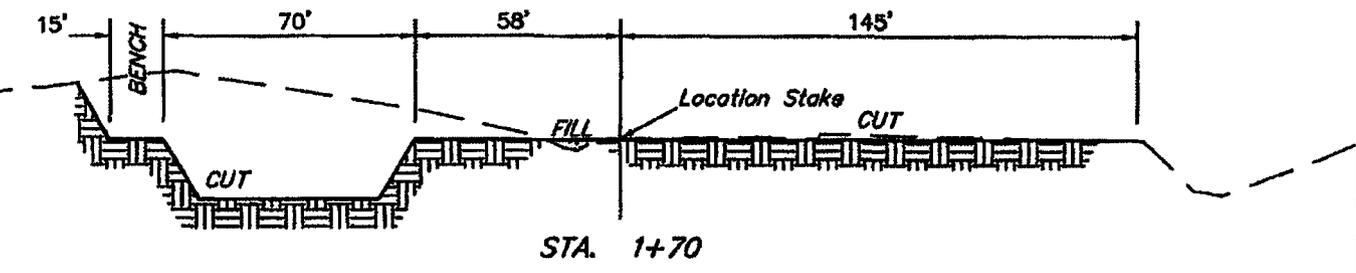
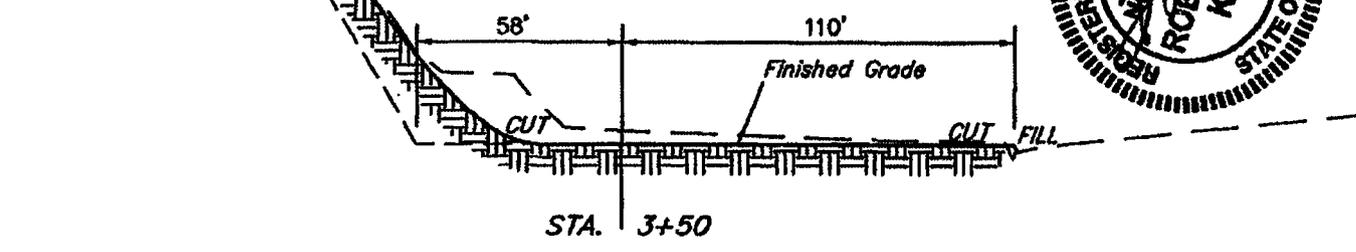
Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR
 NBU #1022-04P1T
 SECTION 4, T10S, R22E, S.L.B.&M.
 803' FSL 505' FEL

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

DATE: 02-18-08
 Drawn By: C.C.



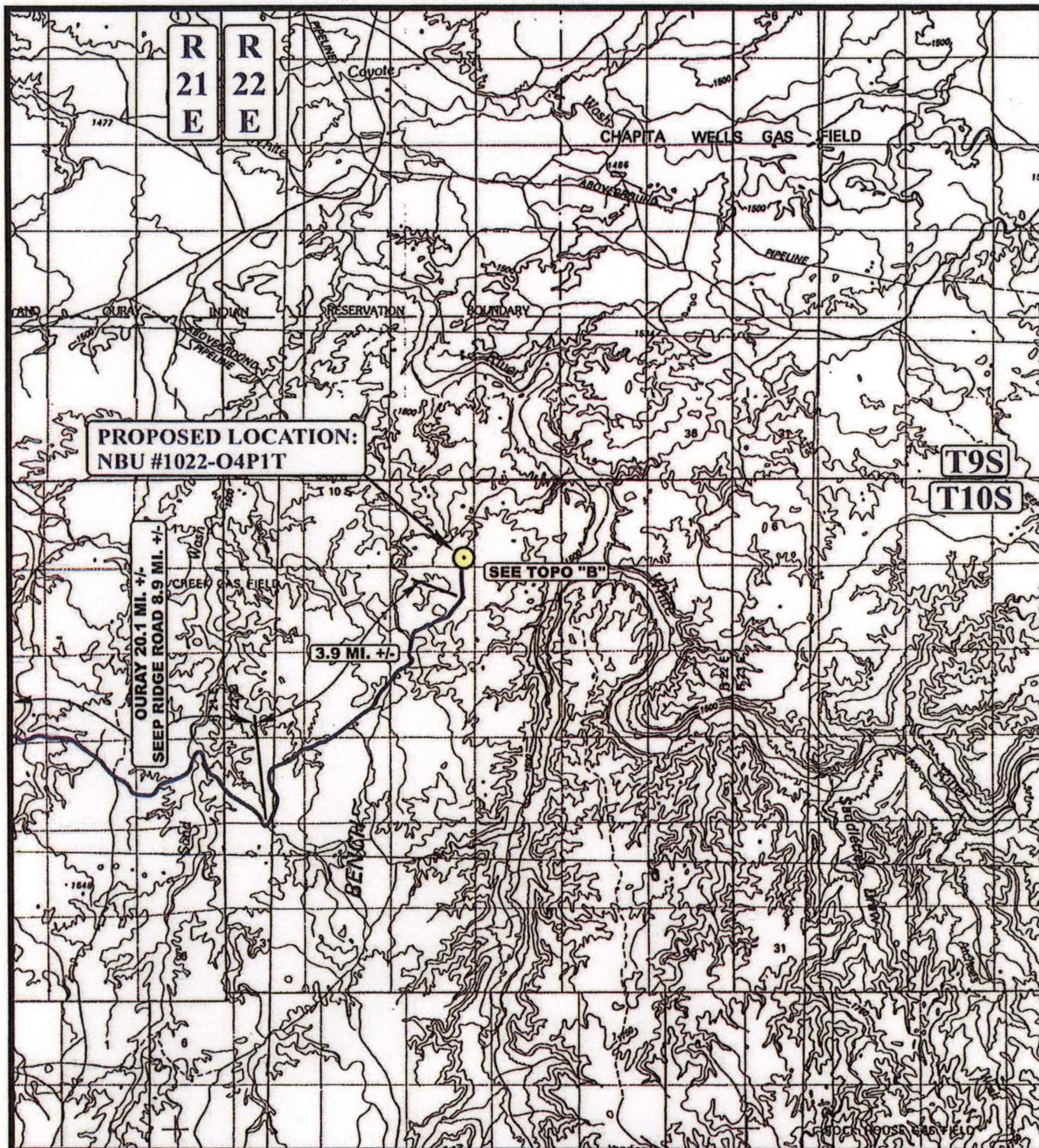
* NOTE:
 FILL QUANTITY INCLUDES
 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 810 Cu. Yds.
(New Construction Only)	
Remaining Location	= 7,270 Cu. Yds.
TOTAL CUT	= 8,080 CU.YDS.
FILL	= 4,840 CU.YDS.

EXCESS MATERIAL	= 3,240 Cu. Yds.
Topsoil & Pit Backfill	= 2,200 Cu. Yds.
(1/2 Pit Vol.)	
EXCESS UNBALANCE	= 1,040 Cu. Yds.
(After Interim Rehabilitation)	

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



**PROPOSED LOCATION:
NBU #1022-04P1T**

**OURAY 20.1 MI. +/-
SEEP RIDGE ROAD 3.9 MI. +/-**

SEE TOPO "B"

3.9 MI. +/-

LEGEND:

PROPOSED LOCATION



Kerr-McGee Oil & Gas Onshore LP

**NBU #1022-04P1T
SECTION 4, T10S, R22E, S.L.B.&M.
803' FSL 505' FEL**

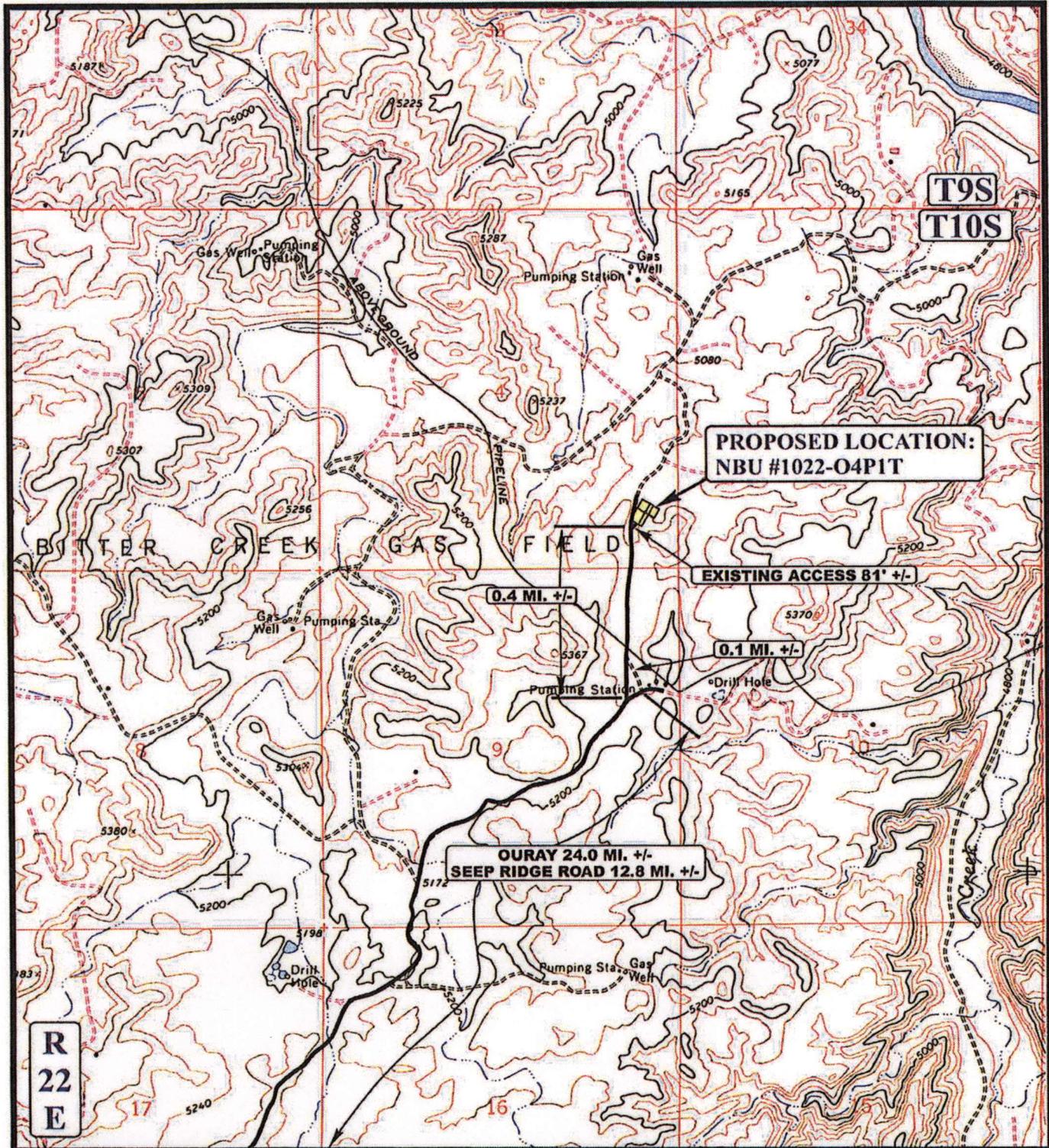


Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP **2 1908**
MONTH DAY YEAR

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





LEGEND:

- EXISTING ROAD
- - - - - PROPOSED ACCESS ROAD



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-04P1T
SECTION 4, T10S, R22E, S.L.B.&M.
803' FSL 505' FEL

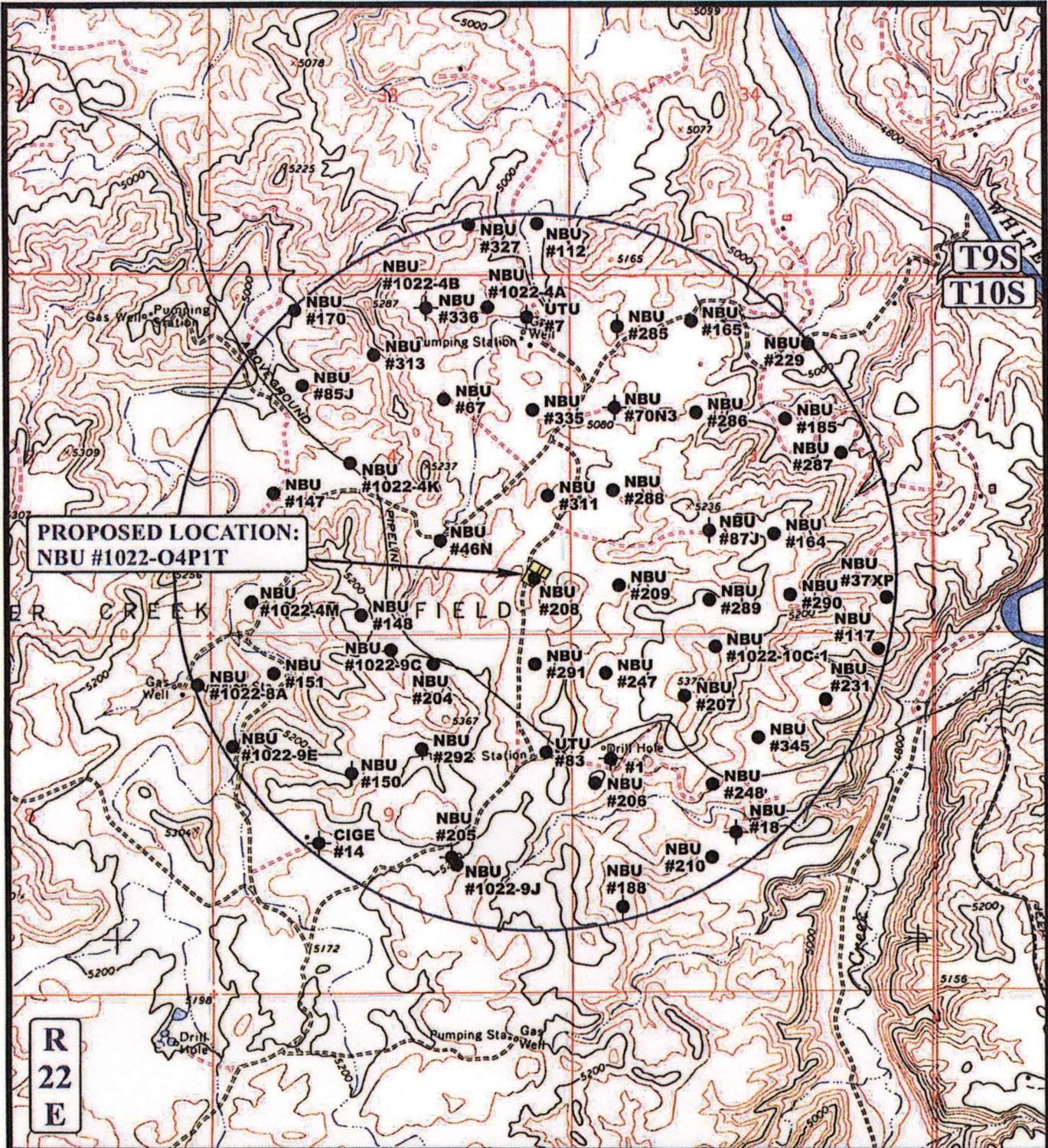


Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC MAP **2 1908**
MONTH DAY YEAR

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

B
TOPO



**PROPOSED LOCATION:
NBU #1022-O4P1T**

**R
22
E**

LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- ◐ SHUT IN WELLS
- ◑ WATER WELLS
- ◒ ABANDONED WELLS
- ◓ TEMPORARILY ABANDONED



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-O4P1T
SECTION 4, T10S, R22E, S.L.B.&M.
803' FSL 505' FEL

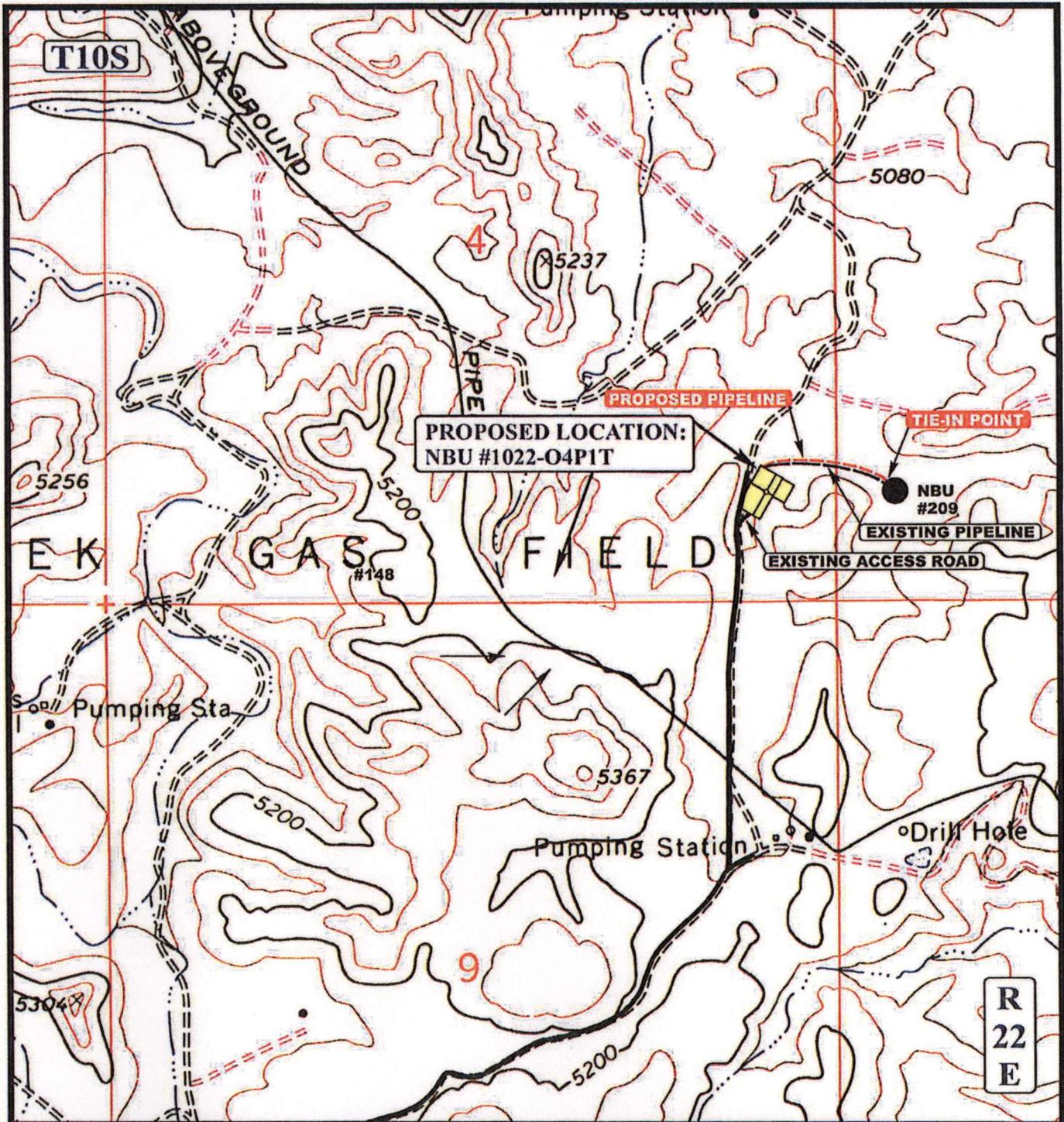


Utah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC 2 19 08
MAP MONTH DAY YEAR

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





APPROXIMATE TOTAL PIPELINE DISTANCE = 2285' +/-

LEGEND:

-  PROPOSED ACCESS ROAD
-  EXISTING PIPELINE
-  PROPOSED PIPELINE



Kerr-McGee Oil & Gas Onshore LP

NBU #1022-O4PIT
 SECTION 4, T10S, R22E, S.L.B.&M.
 803' FSL 505' FEL



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

TOPOGRAPHIC MAP **2 19 08**
MONTH DAY YEAR

SCALE: 1" = 1000' DRAWN BY: G.L. REVISED: 00-00-00



**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 04/07/2008

API NO. ASSIGNED: 43-047-39991

WELL NAME: NBU 1022-04P1T

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 720-29-0630

CONTACT: KEVIN MCINTYRE

PROPOSED LOCATION:

SESE 04 100S 220E
 SURFACE: 0803 FSL 0505 FEL
 BOTTOM: 0803 FSL 0505 FEL
 COUNTY: UINTAH
 LATITUDE: 39.97286 LONGITUDE: -109.4366
 UTM SURF EASTINGS: 633514 NORTHINGS: 4425705
 FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-01191A
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: WSMVD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. WYB000291)
- 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 ularg. & uncomm. Tracts
- _____ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

*1- Federal (Approved)
 2- Oil Shale*

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)

April 10, 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
------	-----------	----------

(Proposed PZ Wasatch/MesaVerde)

43-047-39991	NBU 1022-04P1T Sec 04	T10S R22E 0803 FSL 0505 FEL
43-047-39990	NBU 1022-09D1T Sec 09	T10S R22E 0563 FNL 0869 FWL

This office has no objection to permitting the wells 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:4-10-08



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

April 10, 2008

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

Re: NBU 1022-04P1T Well, 803' FSL, 505' FEL, SE SE, Sec. 4, 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 43-047-39991.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

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

Operator: Kerr-McGee Oil & Gas Onshore, LP
Well Name & Number NBU 1022-04P1T
API Number: 43-047-39991
Lease: UTU-01191A

Location: SE SE **Sec.** 4 **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

Notify the division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 (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. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. 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.

RECEIVED

APR 04 2008

Form 3160-3
(August 2007)

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT **BLM**

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-01191A U-01191
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Kerr-McGee Oil & Gas Onshore, LP		7. If Unit or CA Agreement, Name and No. Natural Buttes Unit
3a. Address 1099 18th Street #1200, Denver, CO 80202	3b. Phone No. (include area code) 720.229.0630	8. Lease Name and Well No. NBU 1022-04P1T
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 803' FSL & 505' FEL LAT 39.972989 LON -109.437203 S ESE At proposed prod. zone N/A		9. API Well No. 43 047 39991
14. Distance in miles and direction from nearest town or post office* 24 miles northeast of Ouray, UT		10. Field and Pool, or Exploratory Natural Buttes Field
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 505'	16. No. of acres in lease 1363.21	11. Sec., T. R. M. or Blk. and Survey or Area Sec. 4, T 10S, R 22E
17. Spacing Unit dedicated to this well 20 Acres	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. 1250'	12. County or Parish Uintah
19. Proposed Depth 8770'	20. BLM/BIA Bond No. on file WYB000291	13. State UT
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5116 GL	22. Approximate date work will start* ASAP	23. Estimated duration 10 days
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. I, must be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the BLM.

25. Signature	Name (Printed/Typed) Kevin McIntyre	Date 04/03/2008
---------------	--	--------------------

Title
Regulatory Analyst

Approved by (Signature)	Name (Printed/Typed) JERRY KENICKA	Date SEP 12 2008
-------------------------	---------------------------------------	----------------------------

Title
Assistant Field Manager
Lands & Mineral Resources
Office
VERNAL FIELD OFFICE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

NOTICE OF APPROVAL

RECEIVED

SEP 23 2008

DIV. OF OIL, GAS & MINING

UDOGM

08XS0110A

no nos APP posted 4-17-08

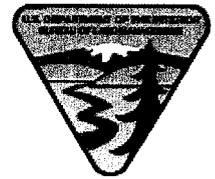


**UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE**

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company:	Kerr-McGee Oil & Gas Onshore, LP	Location:	SESE, Sec. 4, T10S, R22E
Well No:	NBU 1022-04P1T	Lease No:	UTU-01191
API No:	43-047-39991	Agreement:	Natural Buttes Unit

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
Supervisory NRS:	Karl Wright	(435) 781-4484	(435) 828-7381
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	(435) 828-3544
NRS/Enviro Scientist:	James Hereford	(435) 781-3412	
NRS/Enviro Scientist:	Chuck Macdonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Dan Emmett	(435) 781-3414	
NRS/Enviro Scientist:	Paul Percival	(435) 781-4493	
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	(435) 828-3546
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545

Fax: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	- Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	- Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	- Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	- Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	- Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

***SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)***

Surface COAs:

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

SITE SPECIFIC COAs:

None

DOWNHOLE CONDITIONS OF APPROVAL (COAs)

SITE SPECIFIC DOWNHOLE COAs:

- Production casing cement shall be brought up and into the surface casing. Production casing minimum cement top is 1200 ft. The minimum cement top is approximately 1800 ft above the surface casing shoe.
Cmnt Top (TOC) standard will place cmnt behind casing across formation lost circulation zone, Birds Nest Zone.
COA specification fulfills operators performance standard stated in APD (where operators toc is calc'd with an excess to reach surface).
- Covering air/gas drilling operations, requirements will be adhered to covering air/gas drilling operations as described in Onshore Order #2 III. E. 1. Drilling Operations, Special Drilling Operations, air/gas drilling.
- Drilling plan specifics and practices are referenced in the Kerr McGee Oil & Gas Standard Operating Procedures (SOP version: July 28,2008). The operators drilling plan items three (3) and nine (9) reference the SOP. Kerr McGee shall adhere to the referenced requirements in the SOP.
- A Gamma Ray well Log shall be run from the well Total Depth to the surface.
A copy of the Gamma Ray well Log shall be submitted to the BLM Vernal Field Office.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.

- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Wellogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.

- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.
- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.

- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill, or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE		5. LEASE SERIAL NO. UTU 01191A
1 TYPE OF WELL Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: _____		6. IF INDIAN, ALLOTTEE OR TRIBE NAME NA
2. NAME OF OPERATOR Kerr-McGee Oil & Gas Onshore LP		7. IF UNIT OR CA/AGREEMENT, NAME AND/OR NO. 891008900A
3. ADDRESS AND TELEPHONE NO. CONTACT: Danielle Piernot 1099 18th Street, Suite 1200 PHONE: 720-929-6156 Denver, CO 80202 danielle.piernot@anadarko.com		8. WELL NAME AND NO. NBU 1022-04P1T
4. LOCATION OF WELL (Footage, T, R, M, or Survey Description) 803' FSL 505' FEL SESE Sec. 4 T10S R22E		9. API WELL NO. 43-047-39991
		10. FIELD AND POOL, OR EXPLORATORY AREA Natural Buttes
		11. COUNTY OR PARISH, STATE Uintah, Utah

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (start/resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other
			APD Extension

13. Describe Proposed or completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with the BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a form 3160-4 must be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Kerr-McGee respectfully requests authorization for a one year extension for the subject well location so that the drilling operations may be completed. The original APD was approved by UDOGM on April 10, 2008 and given API number 43-047-39991.

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

Please contact the undersigned if you have any questions and/or comments.

Thank you.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Danielle Piernot	By:
Signature 	Title Regulatory Analyst
	Date April 7, 2009

THIS SPACE FOR FEDERAL OR STATE OFFICE USE.

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

COPY SENT TO OPERATOR

Date: 4-14-2009

Initials: KS

RECEIVED
APR 08 2009
DIV. OF OIL, GAS & MINING

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

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

API: 4304739991
Well Name: NBU 1022-04P1T
Location: 803' FSL 505' FEL SESE Sec. 4 T10S R22E
Company Permit Issued to: Kerr-McGee Oil & Gas Onshore LP
Date Original Permit Issued: 4/10/2008

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 right-of-way, which could affect the proposed location? Yes No

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

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

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

Danielle Perrot
Signature

4/7/2009

Date

Title: Regulatory Analyst

Representing: Kerr-McGee Oil & Gas Onshore LP

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APR 08 2009
DIV. OF OIL, GAS & MINING

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: KERR-McGEE OIL & GAS ONSHORE, L.P.

Well Name: NBU 1022-04P1T

Api No: 43-047-39991 Lease Type: FEDERAL

Section 04 Township 10S Range 22E County UINTAH

Drilling Contractor PETE MARTIN DRILING RIG # BUCKET

SPUDDED:

Date 04/20/09

Time NOON

How DRY

Drilling will Commence: _____

Reported by LEW WELDON

Telephone # (435) 828-7035

Date 04/22/09 Signed CHD

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-01191A
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 1022-04P1T
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.	9. API NUMBER: 43047399910000
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	PHONE NUMBER: 720 929-6587 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0803 FSL 0505 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SESE Section: 04 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 type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<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 checked="" type="checkbox"/> DRILLING REPORT Report Date: 5/10/2009	<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 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.

FINISHED DRILLING FROM 2290' TO 8750' ON 05/08/2009. RAN 4 1/2" 11.6# I-80 PRODUCTION CSG. LEAD CMT W/380 SX PREM LITE II @11.3 PPG 2.89 YIELD. TAILED CMT W/1161 SX 50/50 POZ @14.3 PPG 1.31 YIELD. FLUSH LINES & DROP PLUG DISPLACE W/135.1 BBLS WATER W/CLAYTREATMENT + 1 GAL MAGNACIDE & CORROSION INHIBITER BUMP PLUG W/2900 PSI PLUG HELD PLUMPING PSI 2500. 400 OVER PSI 100% RETURNS W/10 BBLS CMT BACK TO SURFACE 1.5 BBLS BLEED OFF FLUSHED STACK SET MANDREL W/50K STRING WT NIPPLE DOWN BOP CLEAN MUD PITS. RELEASED PIONEER RIG 69 ON 05/10/2009 AT 0300 HRS.

Accepted by the
 Utah Division of
 Oil, Gas and Mining
FOR RECORD ONLY
 May 11, 2009

NAME (PLEASE PRINT) Sheila Upchego	PHONE NUMBER 435 781-7024	TITLE Regulatory Analyst
SIGNATURE N/A	DATE 5/11/2009	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-01191A
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES
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	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: _____

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