

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-142430
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Ute Tribe
2. Name of Operator Kerr-McGee Oil & Gas Onshore, LP		7. If Unit or CA Agreement, Name and No.
3a. Address PO Box 173779 Denver, CO 80217-3779		8. Lease Name and Well No. Federal 920-33M
3b. Phone No. (include area code) Raleen White 720-929-6666		9. API Well No. 43047-40570
4. Location of well (Report location clearly and in accordance with any State requirements.)* NAD 83 At surface 526' FSL 562' FWL SW/4 SW/4 Lat. 39.98524 Long. -109.67911 At proposed prod. zone 612838X 4426746Y 39.985248 -109.678425		10. Field and Pool, or Exploratory Natural Buttes Field
14. Distance in miles and direction from the nearest town or post office* Approximately 38 miles south of Vernal, Utah		11. Sec., T., R., M., or Blk. and Survey or Area 33 T 9S R 20E Lot 3 S.L.B. & M.
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drlg. unit line, if any) 526'	16. No. of acres in lease 688.60	17. Spacing Unit dedicated to this well 40 acres
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. ±1,100'	19. Proposed Depth 10,500'	20. BLM/ BIA Bond No. on file YB000291
21. Elevations (Show whether DF, RT, GR, etc.) 4,896' GR KB	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 shall be attached to this form:

- | | |
|--|---|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by 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 shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/ or plans as may be required by the a authorized officer. |

25. Signature <i>Raleen White</i>	Name (Printed/ Typed) Raleen White	Date 2-13-2009
Title Sr Regulatory Analyst	E-mail: raleen.white@anadarko.com	Phone: 720-929-6666
Approved By (Signature) <i>Bradley G. Hill</i>	Name (Printed/ Typed) BRADLEY G. HILL	Date 02.24.09
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.

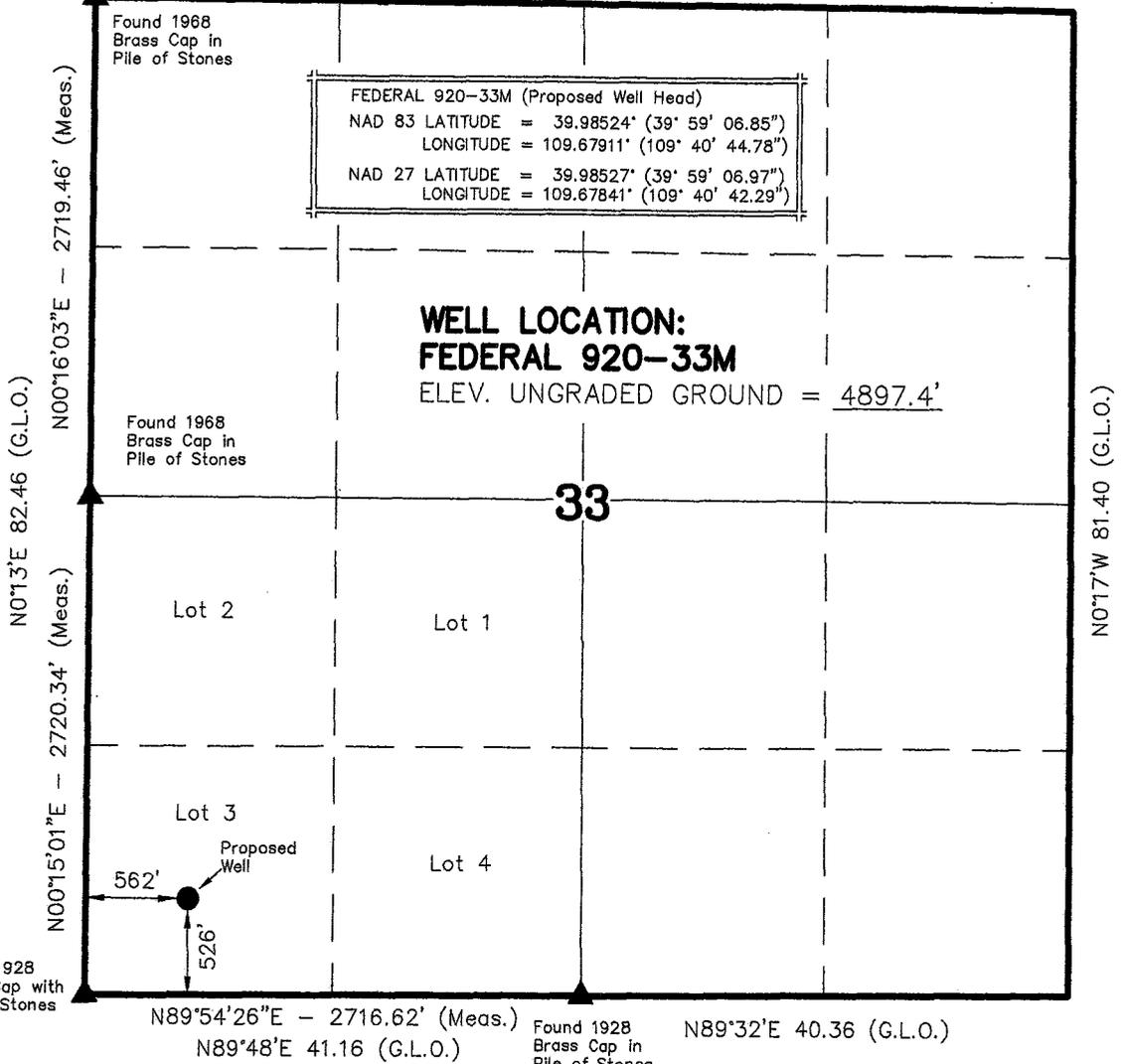
* (Instructions on page 2)

**Federal Approval of this
Action is Necessary**

RECEIVED
FEB 17 2009
DIV. OF OIL, GAS & MINING

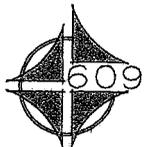
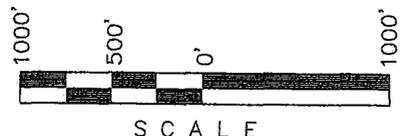
T9S, R20E, S.L.B.&M.

N89°34'W 80.88 (G.L.O.)



NOTES:

- ▲ = Section Corners Located
- 1. Well footages are measured at right angles to the Section Lines.
- 2. G.L.O. distances are shown in feet or chains. 1 chain = 66 feet.
- 3. Bearings are based on Global Positioning Satellite observations.
- 4. Basis of elevation is the Northwest Corner of Section 12, T9S, R20E, S.L.B.&M. The elevation of this Section Corner is shown on the Ouray SE 7.5 Min. Quadrangle as being 4676'.



SURVEYOR'S CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

No. 362251
KOLBY R. KAY
REGISTERED LAND SURVEYOR
STATE OF UTAH

Kerr-McGee
Oil & Gas Onshore, LP
1099 18th Street - Denver, Colorado 80202

FEDERAL 920-33M
WELL PLAT
526' FSL, 562' FWL
LOT 3 OF SECTION 33, T9S, R20E,
S.L.B.&M. UINTAH COUNTY, UTAH.

CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

TIMBERLINE (435) 789-1365
ENGINEERING & LAND SURVEYING, INC.
38 WEST 100 NORTH - VERNAL, UTAH 84078

DATE SURVEYED: 10-28-08	SURVEYED BY: M.S.B.	SHEET 1 OF 9
DATE DRAWN: 10-29-08	DRAWN BY: E.M.S.	
SCALE: 1" = 1000'	Date Last Revised:	

**Federal 920-33M
SWSW Sec. 33, T9S,R20E
UINTAH COUNTY, UTAH
UTU-142430**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	1609'
Bird's Nest	1843'
Mahogany	2288'
Wasatch	5016'
Mesaverde	8375'
MVU2	9172'
MVL1	9716'
TD	10,500'

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

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
	Green River	1609'
	Bird's Nest	1843'
	Mahogany	2288'
Gas	Wasatch	5016'
Gas	Mesaverde	8375'
Gas	MVU2	9172'
Gas	MVL1	9716'
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 10,500' TD, approximately equals 6,705 psi (calculated at 0.64 psi/foot).

Maximum anticipated surface pressure equals approximately 4,395 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. Anticipated Starting Dates:

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

9. Variances:

Please refer to the attached Drilling Program.

Onshore Order #2 – Air Drilling Variance

Kerr-McGee Oil & Gas Onshore LP (KMG) respectfully requests a variance to several requirements associated with air drilling outlined in Onshore Order 2

- *Blowout Prevention Equipment (BOPE) requirements;*
- *Mud program requirements; and*
- *Special drilling operation (surface equipment placement) requirements associated with air drilling.*

This Standard Operating Practices addendum provides supporting information as to why KMG current air drilling practices for constructing the surface casing hole should be granted a variance to Onshore Order 2 air drilling requirements.

The reader should note that the air rig is used only to construct a stable surface casing hole through a historically difficult lost circulation zone. A conventional rotary rig follows the air rig, and is used to drill and construct the majority of the wellbore.

More notable, KMG has used the air rig layout and procedures outlined below to drill the surface casing hole in approximately 675 wells without incident of blow out or loss of life.

Background

In a typical well, KMG utilizes an air rig for drilling the surface casing hole, an interval from the surface to surface casing depths, which varies in depth from 1,700 to 2,800 feet.

The air rig drilling operation does not drill through productive or over pressured formations in KMG field, but does penetrate the Uinta and Green River Formations. The purpose of the air drilling operation is to overcome the severe loss circulation zone in the Green River known as the Bird's Nest while creating a stable hole for the surface casing. The surface casing hole is generally drilled to approximately 500 feet below the Bird's Nest.

Before the surface air rig is mobilized, a rathole rig is utilized to set and cement conductor pipe through a competent surface formation. Generally, the conductor is set at 40 feet. In some cases, conductor may be set deeper in areas that the surface formation is not found competent. This rig also drills the rat and mouse holes in preparation for the surface casing and production string drilling operations.

The air rig is then mobilized to drill the surface casing hole by drilling a 12-1/4 inch hole to just above the Bird's Nest interval with an air hammer. The hammer is then tripped and replaced with a 12-1/4 inch tri-cone bit. The tri-cone bit is used to drill to the surface casing point, approximately 500 feet below the loss circulation zone (Bird's Nest). The 9-5/8 inch surface casing is then run and cemented in place, thereby isolating the lost circulation zone.

KMG fully appreciates Onshore Order 2 well control and safety requirements associated with a typical air drilling operations. However, the requirements of Onshore Order 2 are excessive with respect to the air rig layout and drilling operation procedures that are currently in practice to drill and control the surface casing hole in KMG Fields.

Variance for BOPE Requirements

The air rig operation utilizes a properly lubricated and maintained air bowl diverter system which diverts the drilling returns to a six-inch blooie line. The air bowl is the only piece of BOPE equipment which is installed during drilling operations and is sufficient to contain the air returns associated with this drilling operation. As was discussed earlier, the drilling of the surface hole does not encounter any over pressured or productive zones, and as a result standard BOPE equipment should not be required. In addition, standard drilling practices do not support the use of BOPE on 40 feet of conductor pipe.

Variance for Mud Material Requirements

Onshore Order 2 also states that sufficient quantities of mud materials shall be maintained or readily accessible for the purpose of assuring adequate well control. Once again, the surface hole drilling operations does not encounter over pressured or productive intervals, and as a result there is not a need to control pressure in the surface hole with a mud system. Instead of mud, the air rigs utilize water from the reserve pit for well control, if necessary. A skid pump which is located near the reserve pit (see attachment) will supply the water to the well bore.

Variance for Special Drilling Operation (surface equipment placement) Requirements

Onshore Order 2 requires specific safety distances or setbacks for the placement of associated standard air drilling equipment, wellbore, and reserve pits. The air rigs used to drill the surface holes are not typical of an air rig used to drill a producing hole in other parts of the US. These are smaller in nature and designed to fit a KMG location. The typical air rig layout for drilling surface hole in the field is attached.

Typically the blooie line discharge point is required to be 100 feet from the well bore. In the case of a KMG well, the reserve pit is only 45 feet from the rig and is used for the drill cuttings. The blooie line, which transports the drill cuttings from the well to the reserve pit, subsequently discharges only 45 feet from the well bore.

Typically the air rig compressors are required to be located in the opposite direction from the blooie line and a minimum of 100 feet from the well bore. At the KMG locations, the air rig compressors are approximately 40 feet from the well bore and approximately 60 feet from the blooie line discharge due to the unique air rig design. The air compressors (see attachment) are located on the rig (1250 cfm) and on a standby trailer (1170 cfm). A booster sits between the two compressors and boosts the output from 350 psi to 2000 psi. The design does put the booster and standby compressor opposite from the blooie line.

Lastly, Onshore Order 2 addresses the need for an automatic igniter or continuous pilot light on the blowie line. The air rig does not utilize an igniter as the surface hole drilling operation does not encounter productive formations.

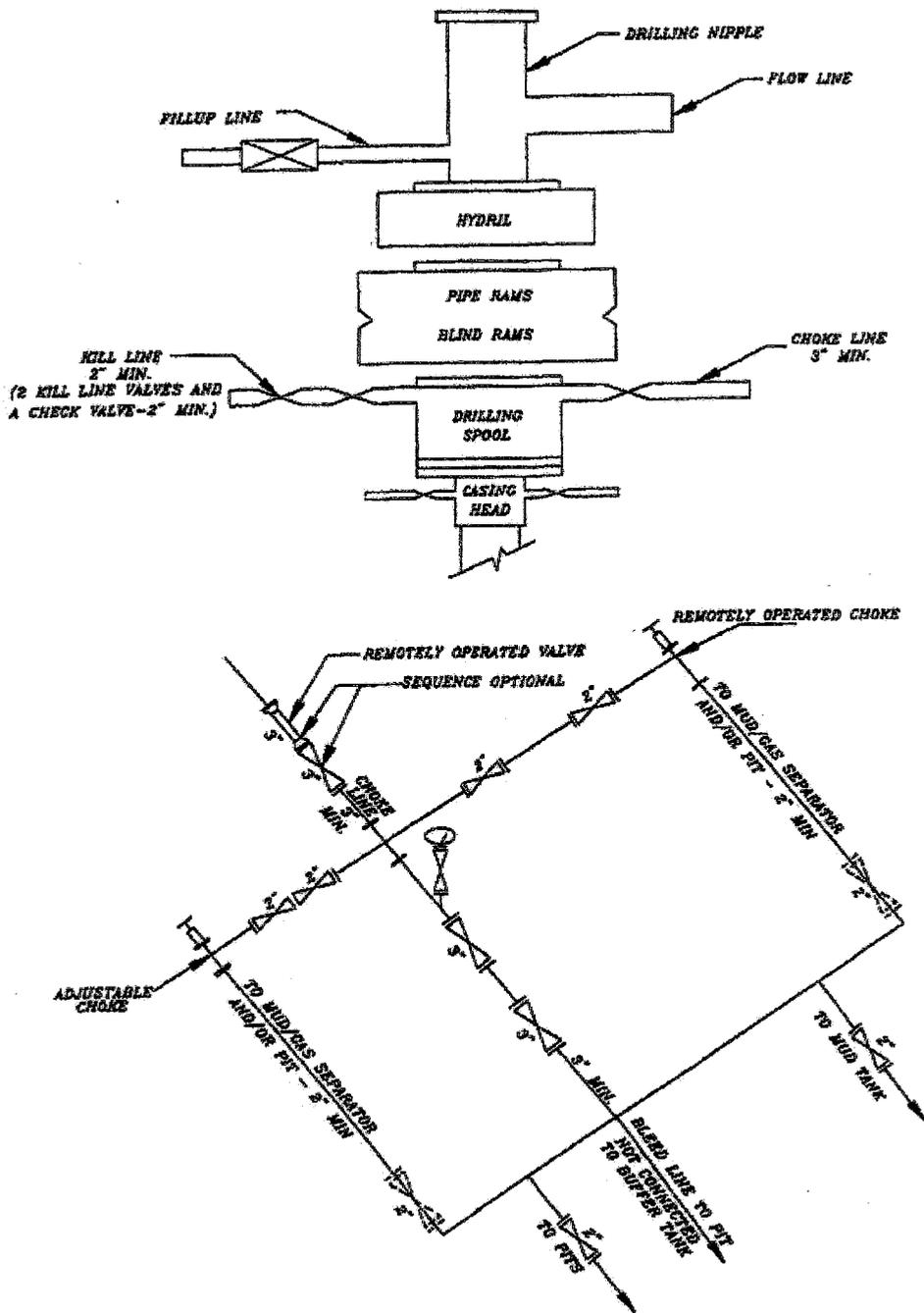
Conclusion

The air rig operating procedures and the attached air rig layout have effectively maintained well control while drilling the surface holes in KMG Fields. KMG respectfully requests a variance from Onshore Order 2 with respect to air drilling well control requirements as discussed above.

10. Other Information:

Please refer to the attached Drilling Program.

EXHIBIT A
Federal 920-33M



SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK

Federal 920-33M
SWSW Sec. 33 T9S R20E
UINTAH COUNTY, UTAH
UTU-142430

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. **Existing Roads:**

Refer to the attached location directions.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

2. **Planned Access Roads:**

Approximately $\pm 340'$ of new access road is proposed. Refer to Topo Map B.

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

Please see the Natural Buttes Unit Standard Operating Procedure (SOP).

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

Please refer to Topo Map C.

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

Please see the Natural Buttes Unit SOP.

Refer to Topo Map D for the location of the proposed pipelines.

Variances to Best Management Practices (BMPs) Requested:

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 has a poor history for successful rehabilitation.

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 Shadow gray (2.5Y 6/2), a non-reflective earthtone.

Interim Surface Reclamation Plan:

This exception is requested due to the current twin and multi-well program. If determined that this well will not be a candidate for either twinning &/or multi-well the operator shall spread the topsoil pile on the location up to the rig anchor points. The location will be reshaped to the original contour to the extent possible. The operator will reseed the area using the BLM recommended seed mixture and reclamation methods.

5. **Location and Type of Water Supply:**

Please see the Natural Buttes SOP.

6. **Source of Construction Materials:**

Please see the Natural Buttes SOP.

7. **Methods of Handling Waste Materials:**

Please see the Natural Buttes SOP.

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 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, Pipeline Facility Sec. 36, T9S, R20E, Goat Pasture Evaporation Pond SW/4 Sec. 16, T10S, R22E, Bonanza Evaporation Pond Sec. 2, T10S, R23E (*Request is in lieu of filing Form 3160-5, after initial production*).

8. **Ancillary Facilities:**

Please see the Natural Buttes SOP.

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.

Location size may change prior to the drilling of the well due to the current rig availability. If the proposed location is not large enough to accommodate the drilling rig. The location will be re-surveyed and a form 3160-5 will be submitted.

10. **Plans for Reclamation of the Surface:**

Please see the Natural Buttes SOP.

Operator shall call the BIA for the seed mixture when the final reclamation occurs.

11. Surface/Mineral Ownership:

The well pad and access road are located on lands owned by:

Ute Indian Tribe
P.O. Box 70
Fort Duchesne, Utah 84026
(435) 722-5141

The mineral ownership is listed below:

United States of America
Bureau of Land Management
170 South 500 East
Vernal, UT 84078
(435)781-4400

12. Stipulations/Notices/Mitigation:

There are no stipulations or notices for this location.

13. Other Information:

A Class III archaeological survey has been performed and will be submitted upon receipt. The Paleo report is attached.

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

Raleen White
Sr. Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
P.O. Box 173779
Denver, CO 80217-3779
(720) 929-6666

Tommy Thompson
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
P.O. Box 173779
Denver, CO 80217-3779
(720) 929-6724

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.

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

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.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by Bureau of Land Management Nationwide Bond WYB000291.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that I have full knowledge of the State and Federal laws applicable to this operation; 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 in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Raleen White
Raleen White

2/13/2009

Date



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 2700	36.00	J-55	LTC	3520	2020	453000
						0.78	1.60	5.93
PRODUCTION	4-1/2"	0 to 10500	11.60	P-110	LTC	7780	6350	201000
						1.72	0.93	1.89

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 - (0.22 psi/ft - partial evac gradient x TD)
 (Burst Assumptions: TD = 12.5 ppg) 0.22 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 4,395 psi

3) Maximum Anticipated Bottom Hole Pressure (MABHP) = Pore Pressure at TD
 (Burst Assumptions: TD = 12.5 ppg) 0.64 psi/ft = bottomhole gradient
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing * Buoy. Fact. of water)
 MABHP 6,705 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)	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	LEAD	1500	NOTE: If well will circulate water to surface, option 2 will be utilized 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	4,510'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	490	60%	11.00	3.38
	TAIL	5,990'	50/50 Poz/G + 10% salt + 2% gel + 1% R-3	1670	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. Most rigs have top drives; however, if used, the Kelly Is to be equipped with upper and 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:

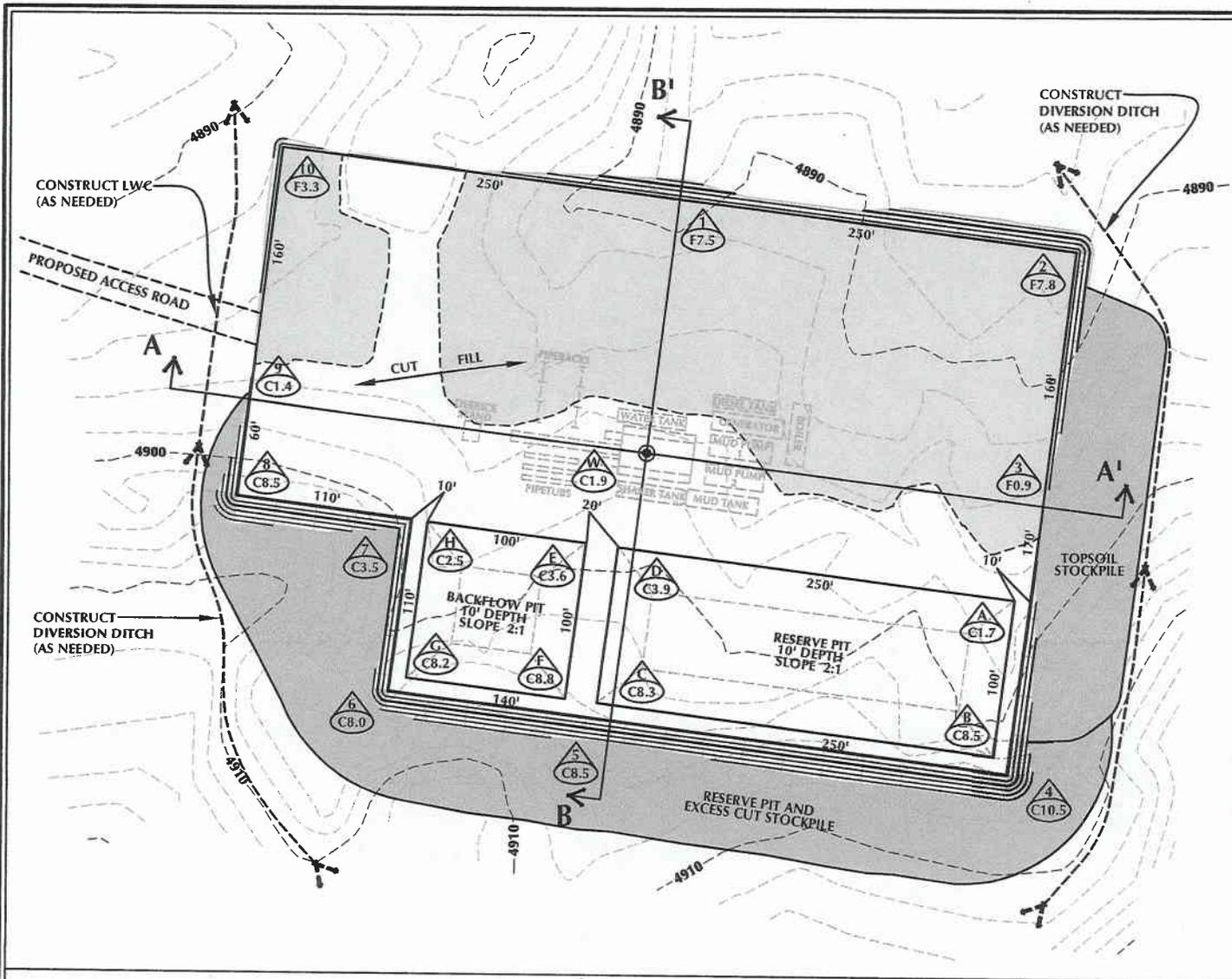
John Huycke / Grant Schluender

DATE:

DRILLING SUPERINTENDENT:

John Merkel / Lovel Young

DATE:



WELL PAD LEGEND

	WELL LOCATION
	EXISTING CONTOURS (2' INTERVAL)
	PROPOSED CONTOURS (2' INTERVAL)

WELL PAD FEDERAL 920-33M QUANTITIES

EXISTING GRADE @ LOC. STAKE = 4,897.4'
 FINISHED GRADE ELEVATION = 4,895.5'
 CUT SLOPES = 1.5:1
 FILL SLOPES = 1.5:1

TOTAL CUT FOR WELL PAD = 11,028 C.Y.
 TOTAL FILL FOR WELL PAD = 10,824 C.Y.
 TOPSOIL @ 6" DEPTH = 3,134 C.Y.
 EXCESS MATERIAL = 204 C.Y.
 TOTAL DISTURBANCE = 3.89 ACRES
 SHRINKAGE FACTOR = 1.10
 SWELL FACTOR = 1.00
 RESERVE PIT CAPACITY (2' OF FREEBOARD)
 +/- 25,880 BARRELS
 RESERVE PIT VOLUME
 +/- 7,185 CY
 BACKFLOW PIT CAPACITY (2' OF FREEBOARD)
 +/- 8,780 BARRELS
 BACKFLOW PIT VOLUME
 +/- 2,520 CY

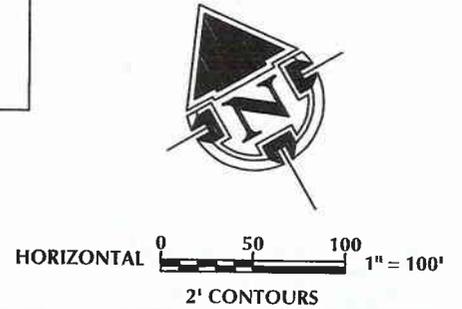
**KERR-MCGEE OIL & GAS
 ONSHORE L.P.**
 1099 18th Street - Denver, Colorado 80202

**FEDERAL 920-33M
 WELL PAD - LOCATION LAYOUT**
 526' FSL, 562' FWL
 LOT 3 OF SECTION 33, T.9S., R.20E.
 S.L.B.&M., UINTAH COUNTY, UTAH

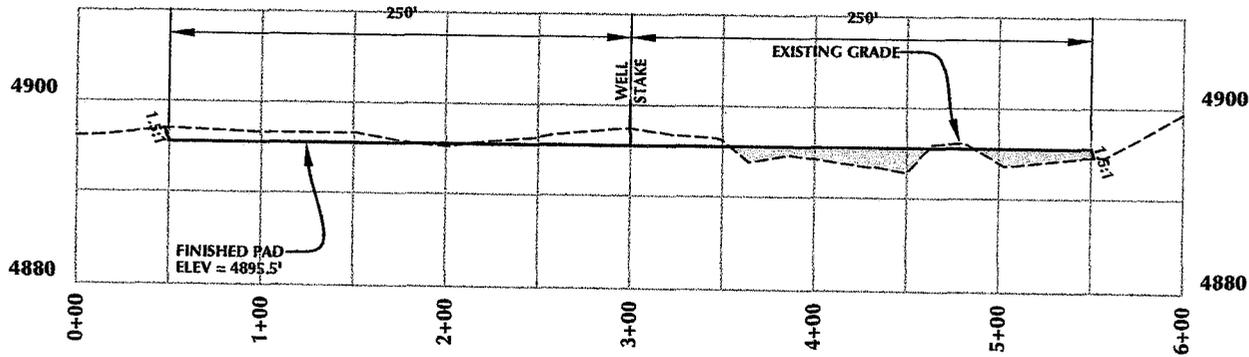


CONSULTING, LLC
 371 Coffeen Avenue
 Sheridan WY 82801
 Phone 307-674-0609
 Fax 307-674-0182

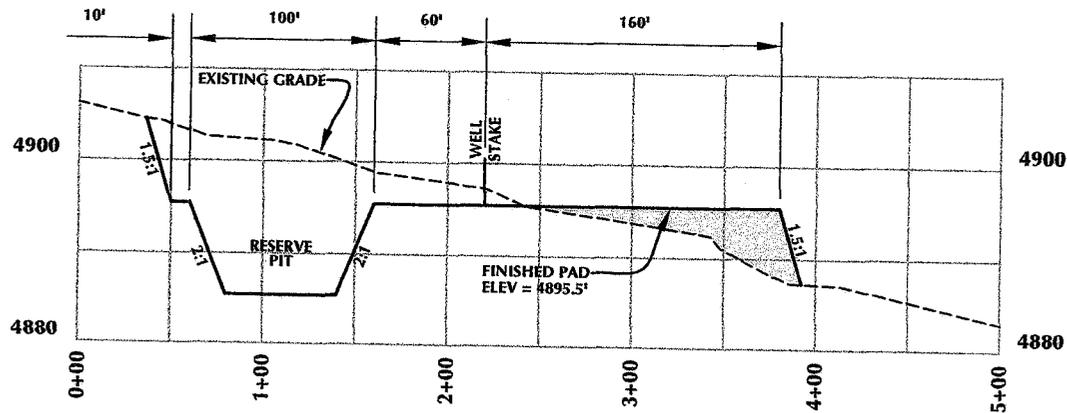
Scale: 1"=100'	Date: 12/19/08	SHEET NO:
REVISED:	BY DATE	2 2 OF 9



Timberline (435) 789-1365
 Engineering & Land Surveying, Inc.
 38 WEST 100 NORTH VERNAL, UTAH 84078



CROSS SECTION A-A'



CROSS SECTION B-B'

NOTE: CROSS SECTION B-B' DEPICTS
MAXIMUM RESERVE PIT DEPTH.

**KERR-MCGEE OIL & GAS
ONSHORE L.P.**

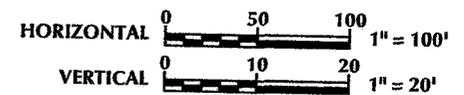
1099 18th Street - Denver, Colorado 80202



CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

**FEDERAL 920-33M
WELL PAD - CROSS SECTIONS
526' FSL, 562' FWL
LOT 3 OF SECTION 33, T.9S., R.20E.
S.L.B.&M., UINTAH COUNTY, UTAH**

Scale: 1"=100'	Date: 12/19/08	SHEET NO:
REVISID:	BY DATE	3 3 OF 9



Timberline (435) 789-1365
Engineering & Land Surveying, Inc.
38 WEST 100 NORTH VERNAL, UTAH 84078

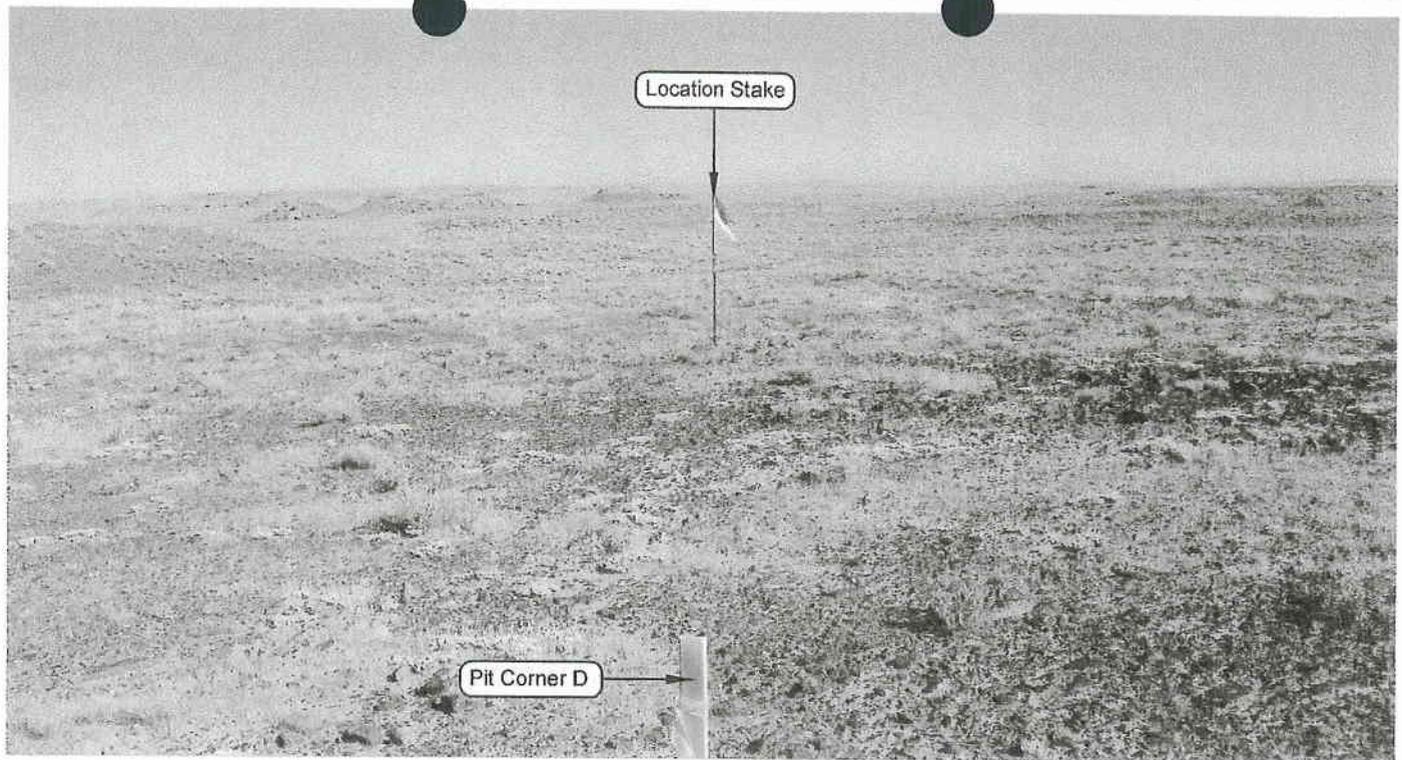


PHOTO VIEW: FROM PIT CORNER D TO LOCATION STAKE

CAMERA ANGLE: NORTHEASTERLY

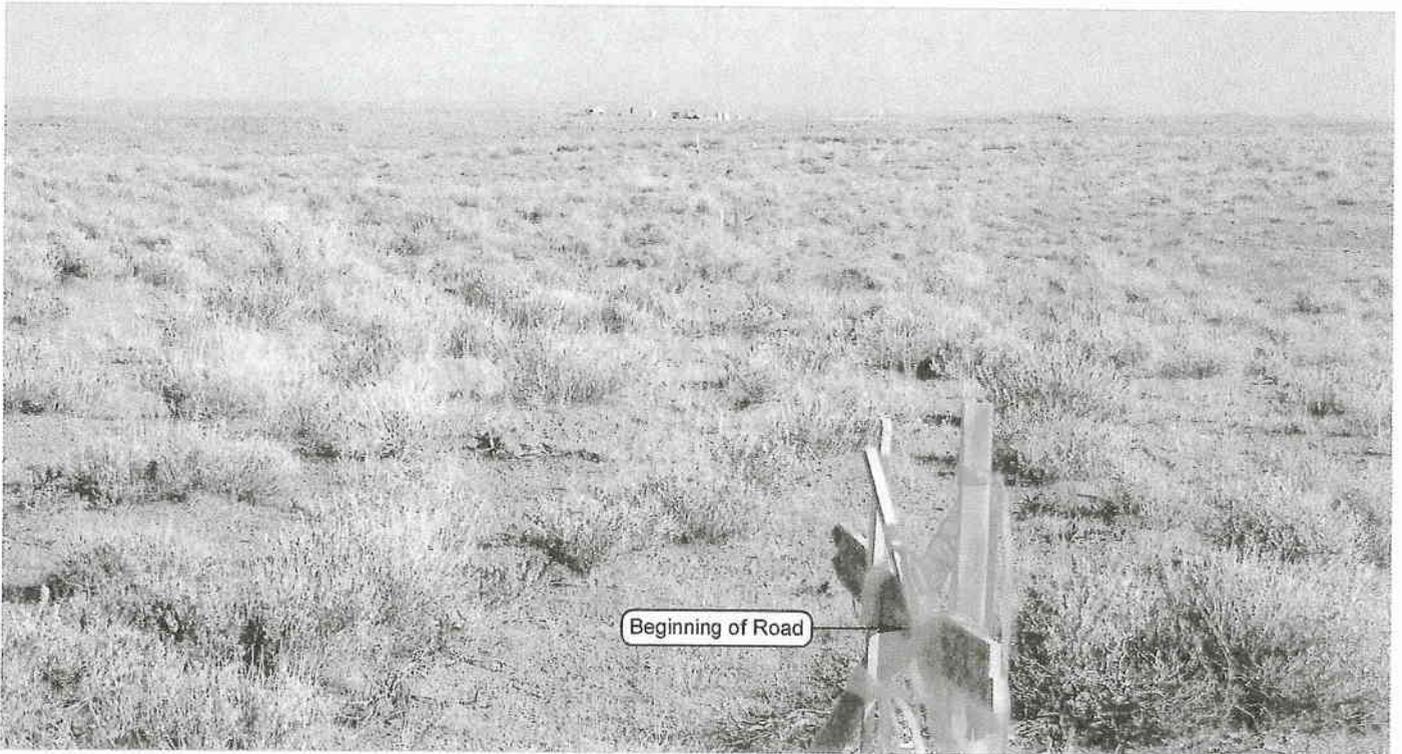


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: EASTERLY

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

1099 18th Street - Denver, Colorado 80202

FEDERAL 920-33M
526' FSL, 562' FWL
LOT 3 OF SECTION 33, T9S, R20E,
S.L.B.&M. UINTAH COUNTY, UTAH.



CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

LOCATION PHOTOS

TAKEN BY: M.S.B.

DRAWN BY: E.M.S.

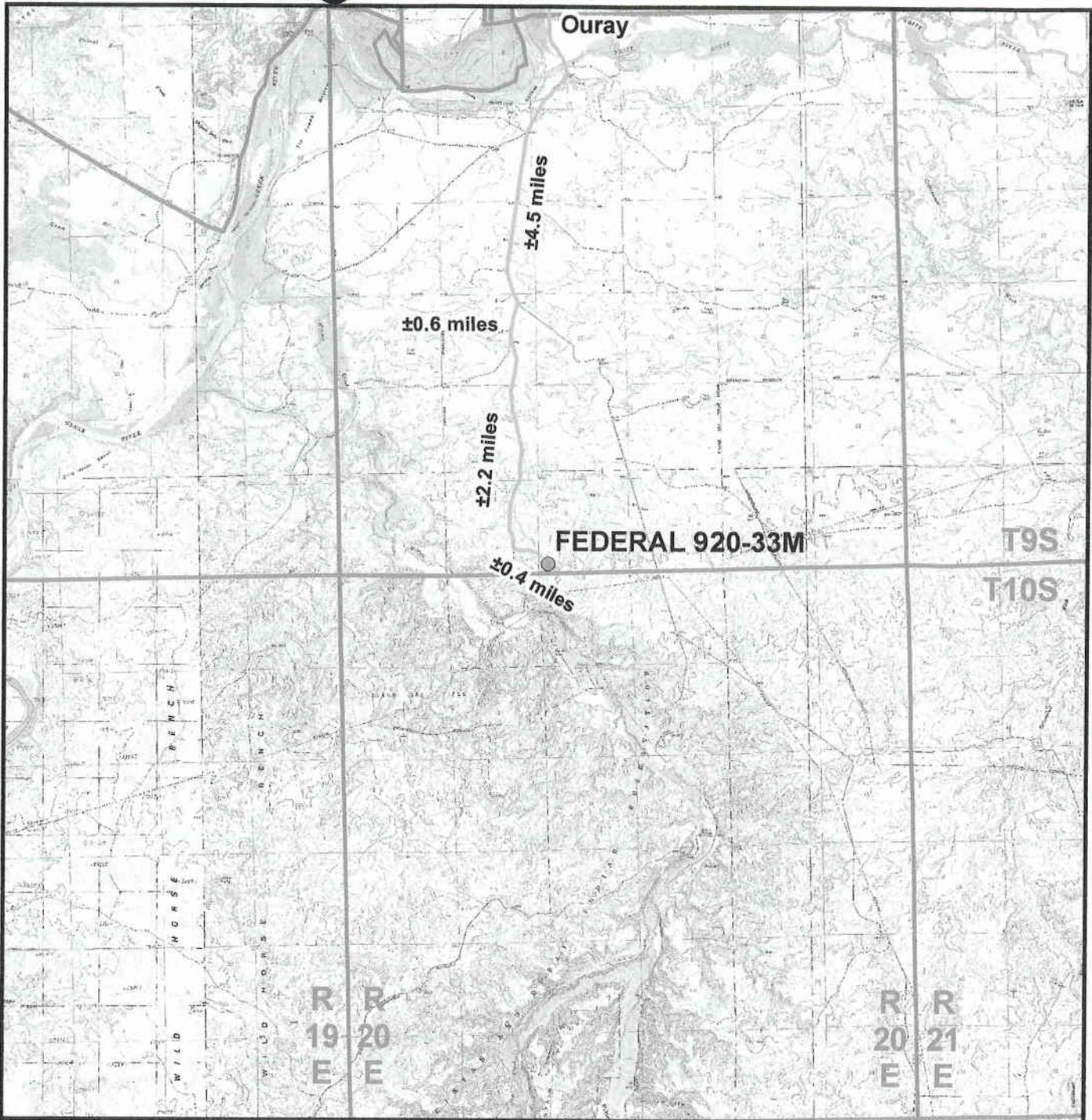
DATE TAKEN: 10-28-08

DATE DRAWN: 10-29-08

REVISED:

Timberline (435) 789-1365
Engineering & Land Surveying, Inc.
38 WEST 100 NORTH VERNAL, UTAH 84078

SHEET
4
OF 9



Legend

- Proposed FEDERAL 920-33M Well Location
- Access Route - Proposed

Kerr-McGee Oil & Gas Onshore, LP
 1099 18th Street, Denver, Colorado 80202

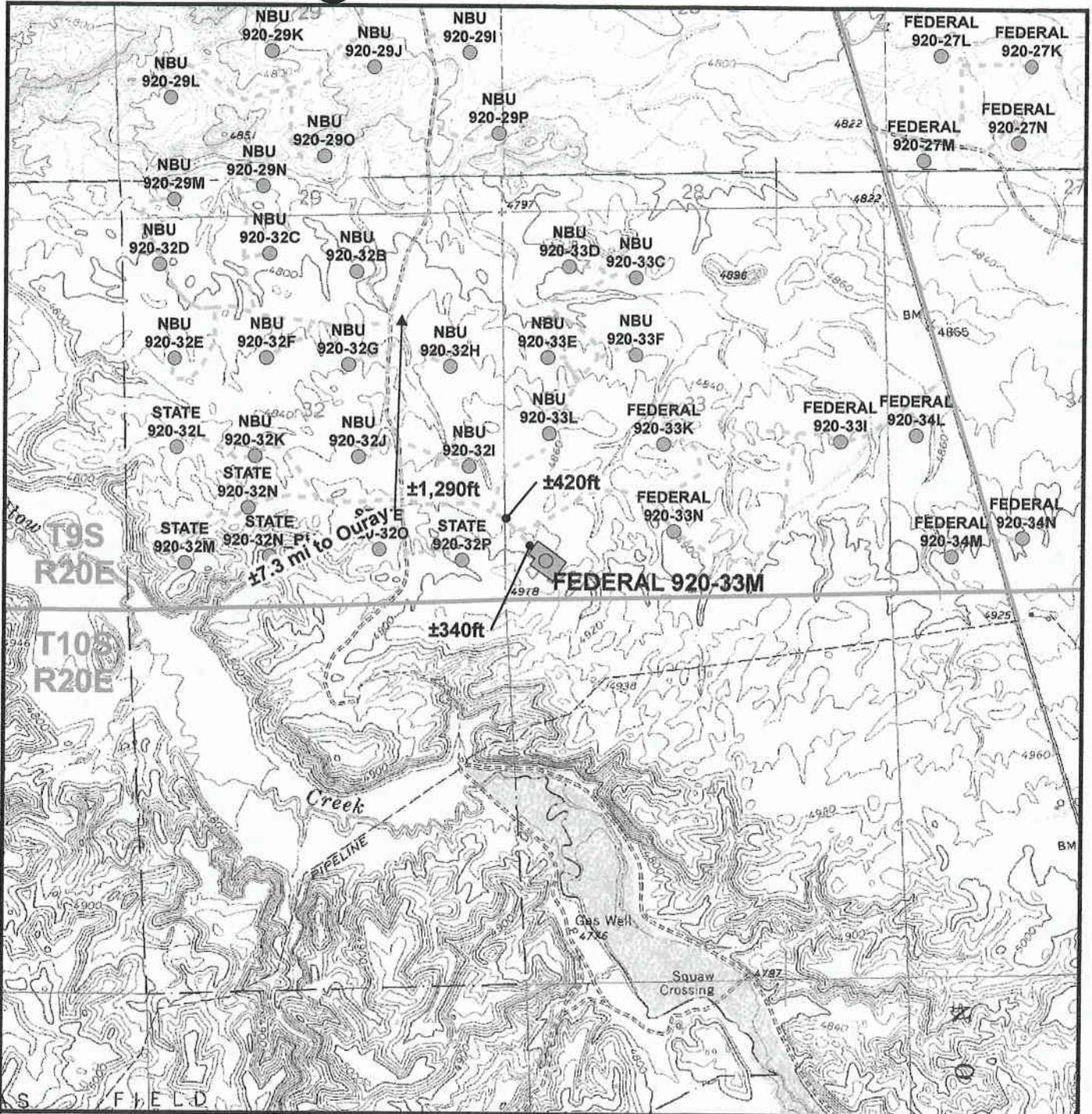
FEDERAL 920-33M
Topo A
526' FSL, 562' FWL
LOT 3 of Section 33, T9S, R20E
S.L.B.&M., Uintah County, Utah



CONSULTING, LLC
 371 Coffeen Avenue
 Sheridan, WY 82801
 Phone (307) 674-0609
 Fax (307) 674-0182



Scale: 1:100,000	NAD83 USP Central	Sheet No:
Drawn: JELo	Date: 18 Dec 2008	5
Revised:	Date:	5 of 9



Legend

- Well - Proposed
- Well Pad
- - - Road - Proposed
- Road - Existing

Total Proposed Road Length: ±340ft

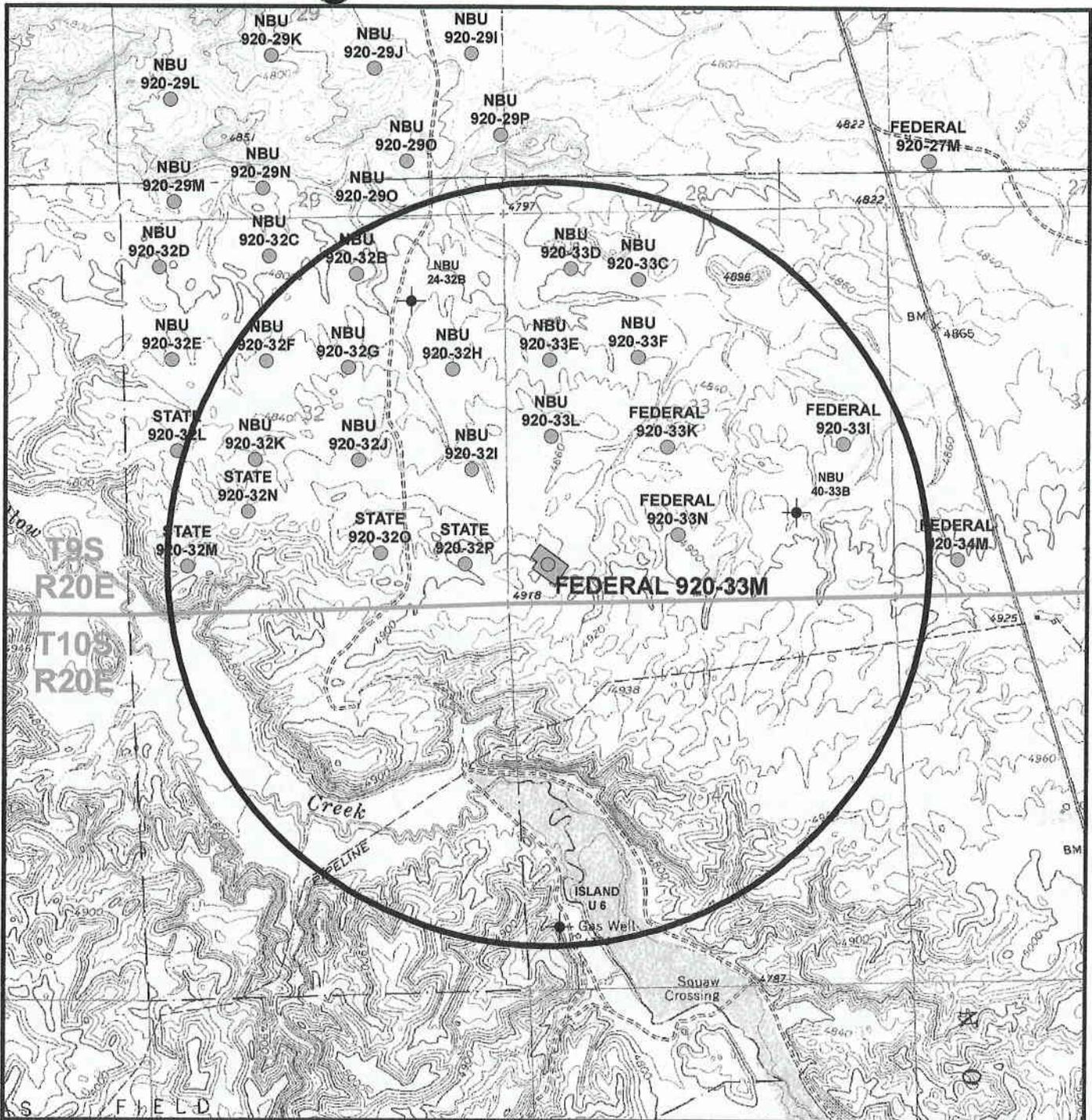
Kerr-McGee Oil & Gas Onshore, LP
 1099 18th Street, Denver, Colorado 80202

FEDERAL 920-33M
Topo B
 526' FSL, 562' FWL
 LOT 3 of Section 33, T9S, R20E
 S.L.B.&M., Uintah County, Utah

609
CONSULTING, LLC
 371 Coffeen Avenue
 Sheridan, WY 82801
 Phone (307) 674-0609
 Fax (307) 674-0182



Scale: 1" = 2000ft	NAD83 USP Central	Sheet No:
Drawn: JELo	Date: 18 Dec 2008	6
Revised:	Date:	6 of 9



Legend

- Well - Proposed
- ◻ Well - 1 Mile Radius
- Producing
- ⊗ Location Abandoned
- ⬮ Well Pad
- ▲ Approved permit (APD); not yet spudded
- ⊙ Spudded (Drilling commenced; Not yet comple
- ⊖ Temporarily-Abandoned
- ⊕ Plugged and Abandoned
- ⬮ Shut-In

Well locations derived from State of Utah, Dept. of Natural Resources, Division of Oil, Gas and Mining

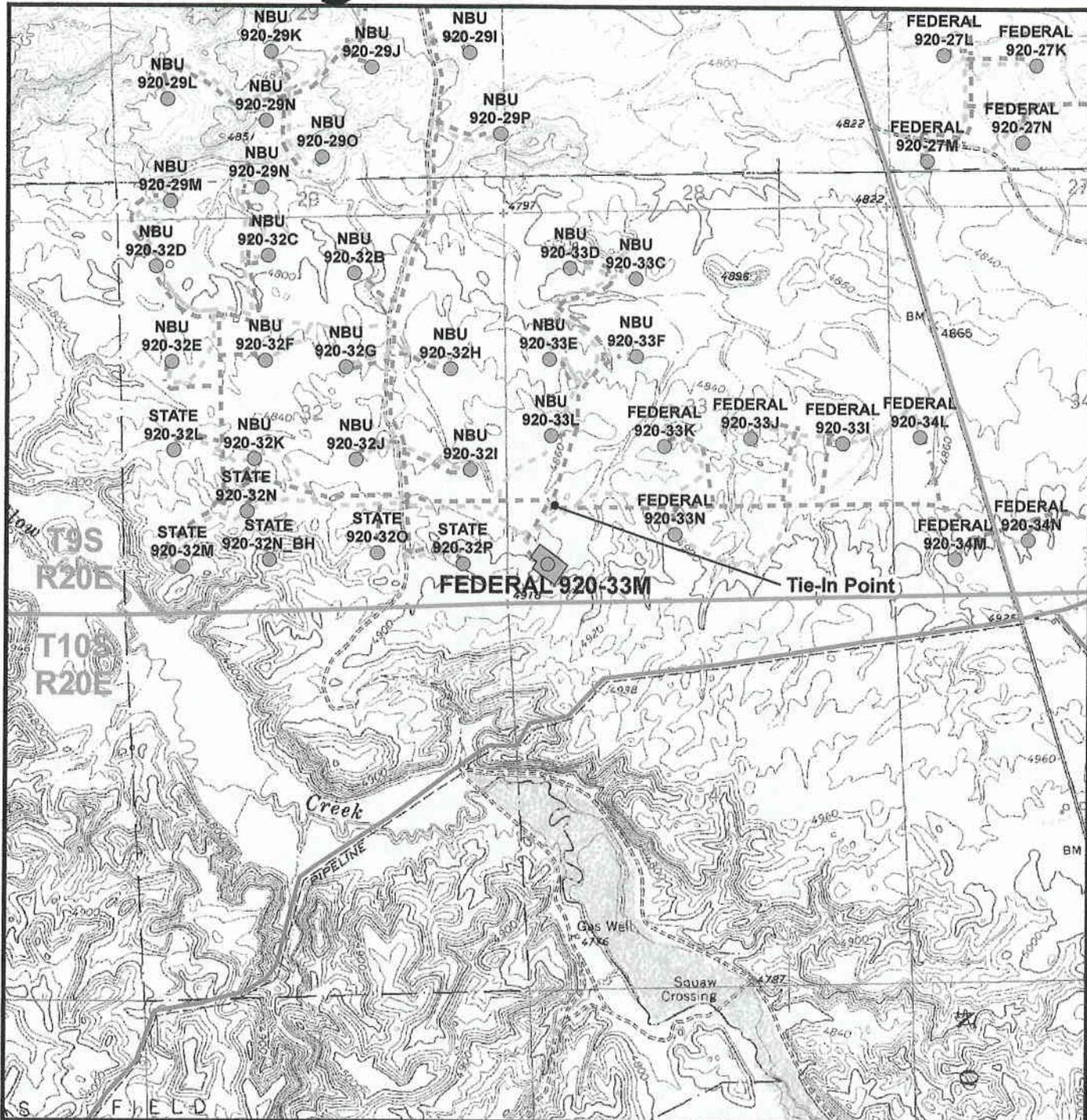
Kerr-McGee Oil & Gas Onshore, LP
 1099 18th Street, Denver, Colorado 80202

FEDERAL 920-33M
 Topo C
 526' FSL, 562' FWL
 LOT 3 of Section 33, T9S, R20E
 S.L.B.&M., Uintah County, Utah



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Scale: 1" = 2000ft	NAD83 USP Central	Sheet No:
Drawn: JELo	Date: 18 Dec 2008	7
Revised:	Date:	7 of 9



Legend

- Well - Proposed
- Well Pad
- - - Pipeline - Proposed
- - - Road - Proposed
- Pipeline - Existing
- Road - Existing

Proposed Pipeline Length From Tie-In Point To Edge Of Pad: ±800ft
 Proposed Pipeline Length Around Pad: ±660ft

Kerr-McGee Oil & Gas Onshore, LP
 1099 18th Street, Denver, Colorado 80202

FEDERAL 920-33M
 Topo D
 526' FSL, 562' FWL
 LOT 3 of Section 33, T9S, R20E
 S.L.B.&M., Uintah County, Utah



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Scale: 1" = 2000ft	NAD83 USP Central
Drawn: JELo	Date: 18 Dec 2008
Revised:	Date:

Sheet No:

8

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Kerr-McGee Oil & Gas Onshore, LP
FEDERAL 920-33M
Section 33, T9S, R20E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 13.9 MILES TO THE JUNCTION OF STATE HIGHWAY 88. EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 16.8 MILES TO OURAY, UTAH. FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 4.5 MILES TO THE INTERSECTION OF THE WILD HORSE BENCH ROAD (A CLASS D COUNTY ROAD). EXIT RIGHT AND PROCEED IN A SOUTHERLY DIRECTION ALONG THE WILD HORSE BENCH ROAD APPROXIMATELY 0.6 MILES TO THE INTERSECTION OF THE WILLOW CREEK ROAD (A CLASS D COUNTY ROAD). EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG THE WILLOW CREEK ROAD APPROXIMATELY 2.2 MILES TO THE PROPOSED ACCESS ROAD. FOLLOW ROAD FLAGS IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 2,050 FEET TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 38.4 MILES IN A SOUTHERLY DIRECTION.

IPC #08-363

Paleontological Reconnaissance Survey Report

**Survey of Kerr McGee's Proposed Gathering Pipeline, Well Pads,
Access Roads, and Pipelines for "NBU #920-33C, D, E, F,
& L" & "Federal #920-33M" (Sec. 33, T 9 S, R 20 E)**

Big Pack Mtn NW
Topographic Quadrangle
Uintah County, Utah

January 9, 2009

Prepared by Stephen D. Sandau
Paleontologist for
Intermountain Paleo-Consulting
P. O. Box 1125
Vernal, Utah 84078

little information about the paleontological resources of the unit or the area is known.

- **Class 4 – High.** Geologic units containing a high occurrence of vertebrate fossils or scientifically significant invertebrate or plant fossils, but may vary in abundance and predictability.
 - **Class 4a** – Outcrop areas with high potential are extensive (greater than two acres) and paleontological resources may be susceptible to adverse impacts from surface disturbing actions.
 - **Class 4b** – Areas underlain by geologic units with high potential but have lowered risks of disturbance due to moderating circumstances such as a protective layer of soil or alluvial material; or outcrop areas are smaller than two contiguous acres.
- **Class 5 – Very High.** Highly fossiliferous geologic units that consistently and predictably produce vertebrate fossils or scientifically significant invertebrate or plant fossils.
 - **Class 5a** - Outcrop areas with very high potential are extensive (greater than two acres) and paleontological resources may be susceptible to adverse impacts from surface disturbing actions.
 - **Class 5b** - Areas underlain by geologic units with very high potential but have lowered risks of disturbance due to moderating circumstances such as a protective layer of soil or alluvial material; or outcrop areas are smaller than two contiguous acres.

It should be noted that many fossils, though common and unimpressive in and of themselves, can be important paleo-environmental, depositional, and chronostratigraphic indicators.

LOCATION

Kerr McGee's proposed gathering pipeline, well pads, access roads, and pipelines for "NBU #920-33C, D, E, F, & L" & "Federal #920-33M" (Sec. 33, T 9 S, R 20 E) are located on Ute Indian Reservation land about one mile east of Willow Creek, approximately 5-6 miles south of the Green River, and some 7-8 miles south of Ouray, Utah. The project area can be found on the Big Pack Mtn NW 7.5 minute U. S. Geological Survey Quadrangle Map, Uintah County, Utah.

PREVIOUS WORK

The basins of western North America have long produced some of the richest fossil collections in the world. Early Cenozoic sediments are especially well represented throughout the western interior. Paleontologists started field work in Utah's Uinta Basin as early as 1870 (Betts, 1871; Marsh, 1871, 1875a, 1875b). The Uinta Basin is located in the northeastern corner of Utah and covers approximately 31,000 sq. km (12,000 sq. miles) ranging in elevation from 1,465 to 2,130 m (4,800 to 7,000 ft) (Marsell, 1964; Hamblin et al., 1987). Middle to late Eocene time marked a period of dramatic change in the climate, flora, (Stucky, 1992) and fauna (Black and Dawson, 1966) of North America.

GEOLOGICAL AND PALEONTOLOGICAL OVERVIEW

Early in the geologic history of Utah, some 1,000 to 600 Ma, an east-west trending basin developed creating accommodation for 25,000 feet of siliclastics. Uplift of that filled-basin during the early Cenozoic formed the Uinta Mountains (Rasmussen et al., 1999). With the rise of the Uinta Mountains the asymmetrical synclinal Uinta Basin is thought to have formed through the effects of down warping in connection with the uplift. Throughout the Paleozoic and Mesozoic deposition fluctuated between marine and non-marine environments laying down a thick succession of sediments in the area now occupied by the Uinta Basin. Portions of these beds crop out on the margins of the basin due to tectonic events during the late Mesozoic.

Early Tertiary Uinta Basin sediments were deposited in alternating lacustrine and fluvial environments. Large shallow lakes periodically covered most of the basin and surrounding areas during early to mid Eocene time (Abbott, 1957). These lacustrine sediments show up in the western part of the basin, dipping 2-3 degrees to the northeast and are lost in the subsurface on the east side. The increase of cross-bedded, coarse-grained sandstone and conglomerates preserved in paleo-channels indicates a transition to a fluvial environment toward the end of the epoch.

Four Eocene formations are recognized in the Uinta Basin: the Wasatch, Green River, Uinta and Duchesne River, respectively (Wood, 1941). The Uinta Formation is subdivided into two lithostratigraphic units namely: the Wagonhound Member (Wood, 1934), formerly known as Uinta A and B (Osborn, 1895, 1929) and the Myton Member previously regarded as the Uinta C.

Within the Uinta Basin in northeast Utah, the Uinta Formation in the western part of the basin is composed primarily of lacustrine sediments inter-fingering with over-bank deposits of silt, and mudstone and westward flowing channel sands and fluvial clays, muds, and sands in the east (Bryant et al, 1990; Ryder et al, 1976). Stratigraphic work done by early geologists and paleontologists within the Uinta Formation focused on the definition of rock units and attempted to define a distinction between early and late Uintan faunas (Riggs, 1912; Peterson and Kay, 1931; Kay 1934). More recent work focused on magnetostratigraphy, radioscopic chronology, and continental biostratigraphy (Flynn, 1986; Prothero, 1996). Well-known for its fossiliferous nature and distinctive mammalian fauna of mid-Eocene Age, the Uinta Formation is the type formation for the Uintan Land Mammal Age (Wood et al, 1941).

The Duchesne River Formation of the Uinta Basin in northeastern Utah is composed of a succession of fluvial and flood plain deposits composed of mud, silt, and sandstone. The source area for these late Eocene deposits is from the Uinta Mountains indicated by paleocurrent data (Anderson and Picard, 1972). In Peterson's (1931c) paper, the name "Duchesne Formation" was applied to the formation and it was later changed to the "Duchesne River Formation" by Kay (1934). The formation is divided up into four members: the Brennan Basin, Dry Gulch Creek, LaPoint, and Starr Flat (Anderson and Picard, 1972). Debates concerning the Duchesne River Formation, as to whether its age was late Eocene or early Oligocene, have surfaced throughout the literature of the last century (Wood et al., 1941; Scott 1945). Recent paleo-magnetostratigraphic work (Prothero, 1996) shows that the Duchesne River Formation is late Eocene in time.

FIELD METHODS

In order to determine if the proposed project area contained any paleontological resources, a reconnaissance survey was performed. An on-site observation of the proposed areas undergoing surficial disturbance is necessary because judgments made from topographic maps alone are often unreliable. Areas of low relief have potential to be erosional surfaces with the possibility of bearing fossil materials rather than surfaces covered by unconsolidated sediment or soils.

When found within the proposed construction areas, outcrops and erosional surfaces were checked to determine if fossils were present and to assess needs. Careful effort is made during surveys to identify and evaluate significant fossil materials or fossil horizons when they are found. Microvertebrates, although rare, are occasionally found in anthills or upon erosional surfaces and are of particular importance.

PROJECT AREA

The project area is situated in the Wagonhound Member (Uinta A & B) of the Uinta Formation. The following list provides a description of the individual wells and their associated pipelines and access roads.

NBU #920-33C

The proposed well pad, access road, and pipeline are located in the NE/NW quarter-quarter section of Sec. 33, T 9 S, R 20 E (Figure 1). The staked well pad, pipeline, and access road are located primarily on desert pavement of resistant, varnished sandstone fragments and colluvium of the Wagonhound Member (Uinta A and B) of the Uinta Formation. Adjacent to the staked well pad, access road, and pipeline is a butte consisting of alternating fluvial, quartz-rich, tan, medium-grained sandstone; purple siltstone; green-purple mudstone; and structureless, purple, fine-grained, globular sandstone capped by a massive, tan sandstone.

A large mammalian distal humerus (*?brontothere*) was discovered on the southwestern corner of the well pad, near the access road and pipeline tie-in, as well as unidentifiable, highly weathered turtle fragments. The distal humerus shows signs of transverse compression, indicating it may have sourced from the sandstone in the butte.

NBU #920-33D

The proposed access road and pipeline begin off the northern side of the well pad for "NBU 920-33L" in the NW/SW quarter-quarter section of Sec. 33, T 9 S, R 20 E (Figure 1). They travel northeast for about a quarter of a mile, turns and travels northwest for another quarter of a mile, turns northeast again and travels a little under a quarter mile, before turning west and travels a few hundred feet to the proposed well pad in the NW/NW quarter-quarter section of Sec. 33. The staked well pad, pipeline, and access road are located primarily on desert pavement of resistant, varnished sandstone fragments and colluvium of the Wagonhound Member (Uinta A and B) of the Uinta Formation. Along the northern edge of the well pad is a butte consisting of alternating fluvial, quartz-rich, tan, medium-grained sandstone; purple siltstone; green-purple mudstone; and structureless, purple, fine-grained, globular sandstone capped by a massive, tan sandstone. Many individual turtles were located, one of which is referred to *Apalone* sp. The material is sourcing from the sandstone on the pad.

NBU #920-33E

The proposed well pad, access road, and pipeline are located in the SW/NW quarter-quarter section of Sec. 33, T 9 S, R 20 E (Figure 1). The staked well pad, access road, and pipeline are located on a thin soil horizon with dense, low shrub cover. Outcrops near the well pad consist of a well-indurated, purple siltstone; purple, fine-grained sandstone; and green mudstone. No fossil resources were discovered.

NBU #920-33F

The proposed well pad, access road, and pipeline are located in the SE/NW quarter-quarter section of Sec. 33, T 9 S, R 20 E (Figure 1). The staked well pad, access road, and pipeline are located on a thin soil horizon with dense, low shrub cover. Outcrops near the well pad consist of a well-indurated, purple siltstone; purple, fine-grained sandstone; and green mudstone. No fossil resources were discovered.

NBU #920-33L

The proposed well pad, access road, and pipeline are located in the NW/SW quarter-quarter section of Sec. 33, T 9 S, R 20 E (Figure 1). The staked well pad, access road, and pipeline are located on a thin soil horizon with dense, low shrub cover. Outcrops near the well pad consist of a well-indurated, purple siltstone; purple, fine-grained sandstone; and green mudstone. No fossil resources were discovered.

Federal #920-33M

The proposed well pad and pipeline are located in the SW/SW quarter-quarter section of Sec. 33 T 9 S, R 20 E (Figure 1). The proposed pipeline begins off the Gathering Pipeline and travels southwest for 0.2 miles where it ties in to the proposed well pad. The proposed access road begins in the SE/SE quarter-quarter section of Sec. 32, T 9 S, R 20 E and heads east for approximately 0.3 miles where it terminates at the proposed well pad. The staked well pad,

access road, and pipeline are located on a thin soil horizon with dense, low shrub cover. Outcrops near the well pad are a well-indurated; purple siltstone and purple, fine-grained sandstone. No fossil resources were discovered.

Gathering Pipeline

The proposed Gathering Pipeline ties in to another pipeline in the SE/SE quarter-quarter section of Sec. 32, T 9 S, R 20 S and travels east for about half a mile before terminating at another pipeline tie in the SW/SW quarter-quarter section of Sec. 33 (Figure 1). The pipeline is located on a thin soil horizon with dense, low shrub cover. Outcrops on or near the pipeline route are a well-indurated, purple siltstone and purple, fine-grained sandstone. No fossil resources were discovered.

SURVEY RESULTS

PROJECT	GEOLOGY	PALEONTOLOGY
<p>“NBU #920-33C” (Sec. 33, T 9 S, R 20 E)</p>	<p>The staked well pad, pipeline, and access road are located primarily on desert pavement of resistant, varnished sandstone fragments and colluvium of the Wagonhound Member (Uinta A and B) of the Uinta Formation. Adjacent to the staked well pad, access road, and pipeline is a butte consisting of alternating fluvial, quartz-rich, tan, medium-grained sandstone; purple siltstone; green-purple mudstone; and structureless, purple, fine-grained, globular sandstone capped by a massive, tan sandstone.</p>	<p>A large mammalian distal humerus (<i>?brontothere</i>) was discovered on the southwestern corner of the well pad, near the access road and pipeline tie-in, as well as unidentifiable, highly weathered turtle fragments. The distal humerus shows signs of transverse compression, indicating it may have sourced from the sandstone in the butte. Class 4a</p>
<p>“NBU #920-33D” (Sec. 33, T 9 S, R 20 E)</p>	<p>The staked well pad, pipeline, and access road are located primarily on desert pavement of resistant, varnished sandstone fragments and colluvium of the Wagonhound Member (Uinta A and B) of the Uinta Formation. Along the northern edge of the well pad is a butte consisting of alternating fluvial, quartz-rich, tan, medium-grained sandstone; purple siltstone; green-purple mudstone; and structureless, purple, fine-grained, globular sandstone capped by a massive, tan sandstone.</p>	<p>Many individual turtles were located, one of which is referred to <i>Apalone</i> sp. The material is sourcing from the sandstone on the pad. Class 4a</p>
<p>“NBU #920-33E” (Sec. 33, T 9 S, R 20 E)</p>	<p>The staked well pad, access road, and pipeline are located on a thin soil horizon with dense, low shrub cover. Outcrops near the well pad consist of a well-indurated, purple siltstone; purple, fine-grained sandstone; and green mudstone.</p>	<p>No fossil resources were discovered. Class 3a</p>

<p>“NBU #920-33F” (Sec. 33, T 9 S, R 20 E)</p>	<p>The staked well pad, access road, and pipeline are located on a thin soil horizon with dense, low shrub cover. Outcrops near the well pad consist of a well-indurated, purple siltstone; purple, fine-grained sandstone; and green mudstone.</p>	<p>No fossil resources were discovered. Class 3a</p>
<p>“NBU #920-33L” (Sec. 33, T 9 S, R 20 E)</p>	<p>The staked well pad, access road, and pipeline are located on a thin soil horizon with dense, low shrub cover. Outcrops near the well pad consist of a well-indurated, purple siltstone; purple, fine-grained sandstone; and green mudstone.</p>	<p>No fossil resources were discovered. Class 3a</p>
<p>“Federal #920-33M” (Sec. 33, T 9 S, R 20 E)</p>	<p>The staked well pad, access road, and pipeline are located on a thin soil horizon with dense, low shrub cover. Outcrops near the well pad are a well-indurated; purple siltstone and purple, fine-grained sandstone.</p>	<p>No fossil resources were discovered. Class 3a</p>
<p>“Gathering Pipeline” (Sec. 32 & 33, T 9 S, R 20 E)</p>	<p>The pipeline is located on a thin soil horizon with dense, low shrub cover. Outcrops on or near the pipeline route are a well-indurated, purple siltstone and purple, fine-grained sandstone.</p>	<p>No fossil resources were discovered. Class 3a</p>

RECOMMENDATIONS

A reconnaissance survey was conducted for Kerr McGee’s proposed gathering pipeline, well pads, access roads, and pipelines for “NBU #920-33C, D, E, F, & L” & “Federal #920-33M” (Sec. 33, T 9 S, R 20 E). The well pads and the associated access roads and pipelines covered in this report showed some signs of vertebrate fossils, therefore, we advise the following recommendations.

Due to the fossils found and the amount of exposed bed rock containing these fossils, we recommend that a permitted paleontologist be present to monitor the beginning of the construction process and there after perform a spot monitor of the proposed access roads, pipelines, and well pads for “NBU #920-33C and NBU #920-33D.”

Furthermore, we recommend that no other paleontological restrictions should be placed on the development of the remaining projects included in this report.

Nevertheless, if any vertebrate fossil(s) are found during construction within the project area, recommendations are that a paleontologist is immediately notified in order to collect fossil materials in danger of being destroyed. Any vertebrate fossils found should be carefully moved outside of the construction areas to be check by a permitted paleontologist.

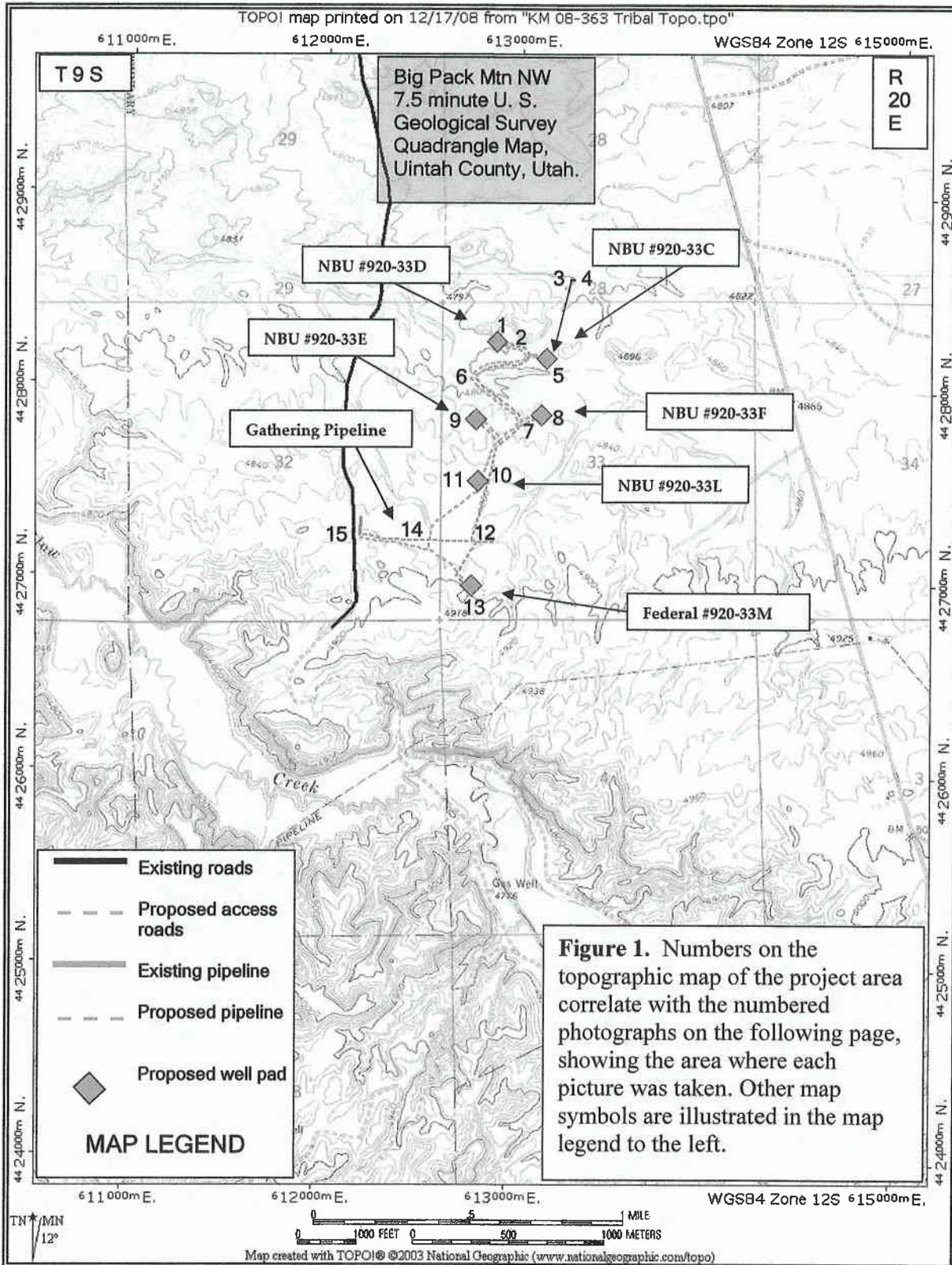


Figure 1. *continued...*

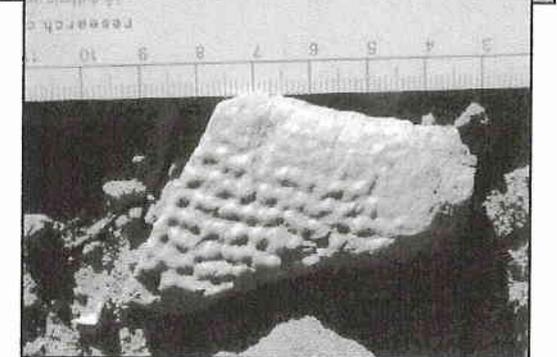
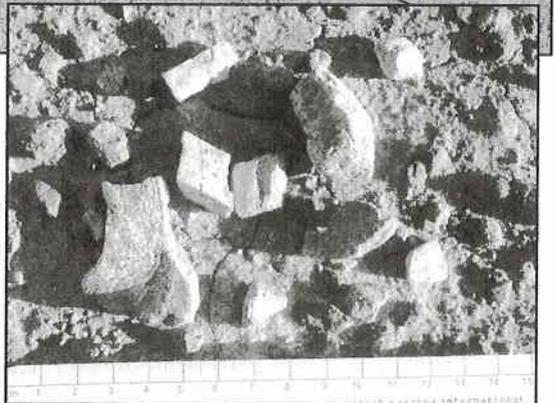
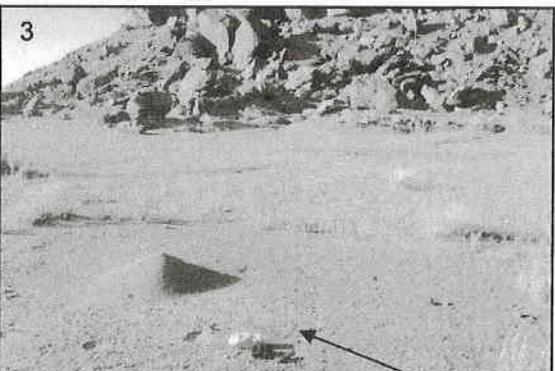
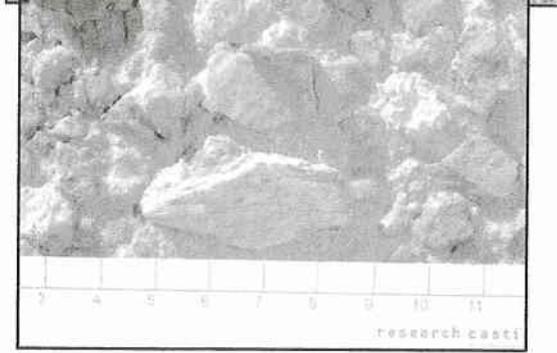
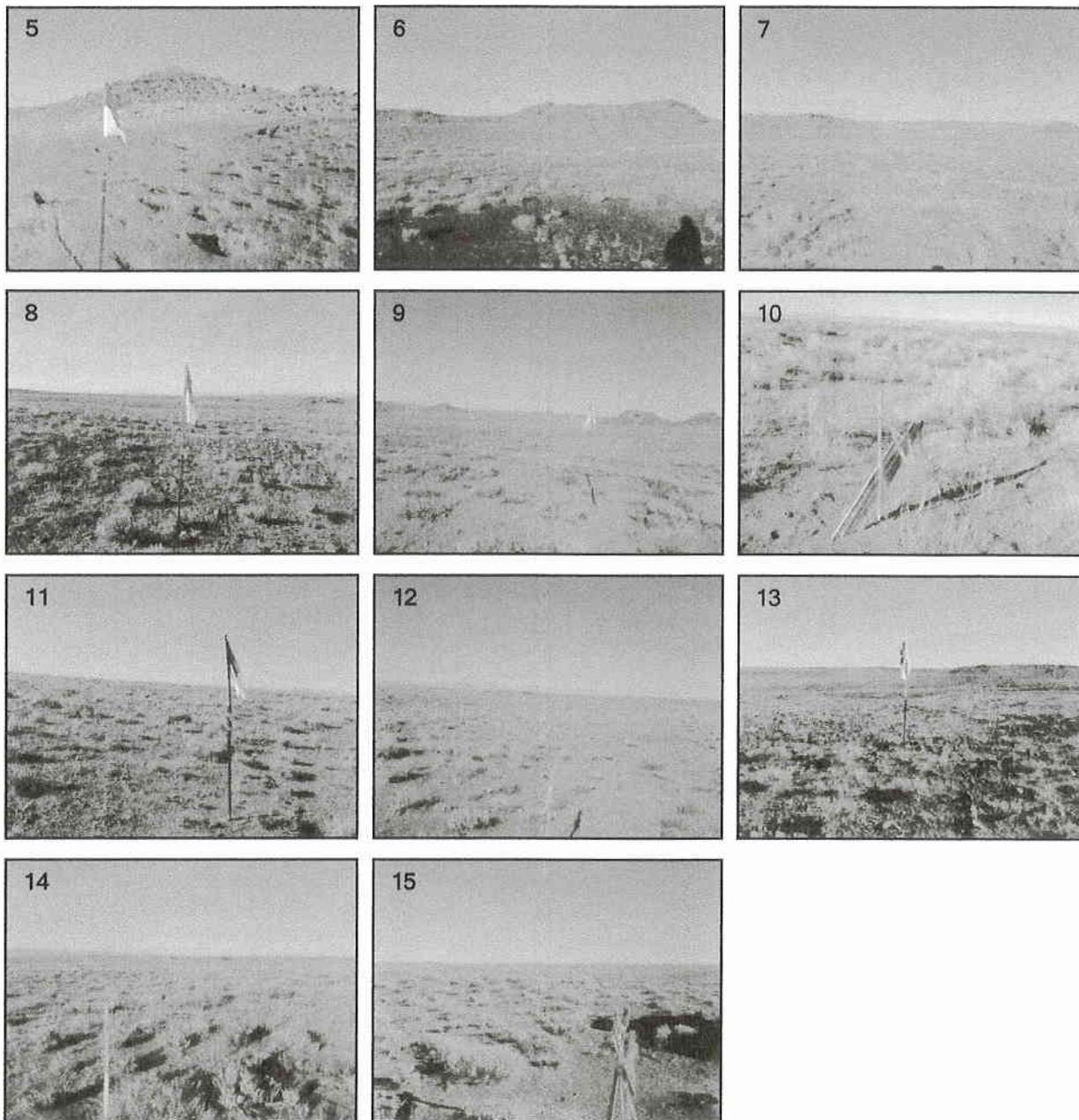


Figure 1. *continued...*

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- _____, and others, 1941, Nomenclature and Correlation of the North America Continental Tertiary: Geol. Soc. Amer. Bull., v. 52, no. 1, Jan. 1, p. 1-48: 52, no. 1, Jan. 1, p. 1-48.

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 02/17/2009

API NO. ASSIGNED: 43-047-40570

WELL NAME: FEDERAL 920-33M

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 720-929-6666

CONTACT: RALEEN WHITE

PROPOSED LOCATION:

SWSW 33 090S 200E

SURFACE: 0526 FSL 0562 FWL

BOTTOM: 0526 FSL 0562 FWL

COUNTY: UINTAH

LATITUDE: 39.98525 LONGITUDE: -109.67843

UTM SURF EASTINGS: 612838 NORTHINGS: 4426746

FIELD NAME: NATURAL BUTTES (630)

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

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-142430

PROPOSED FORMATION: WSMVD

SURFACE OWNER: 2 - Indian

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: _____
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: _____
- Eff Date: _____
- Siting: _____
- R649-3-11. Directional Drill

COMMENTS:

Sop, Separate file

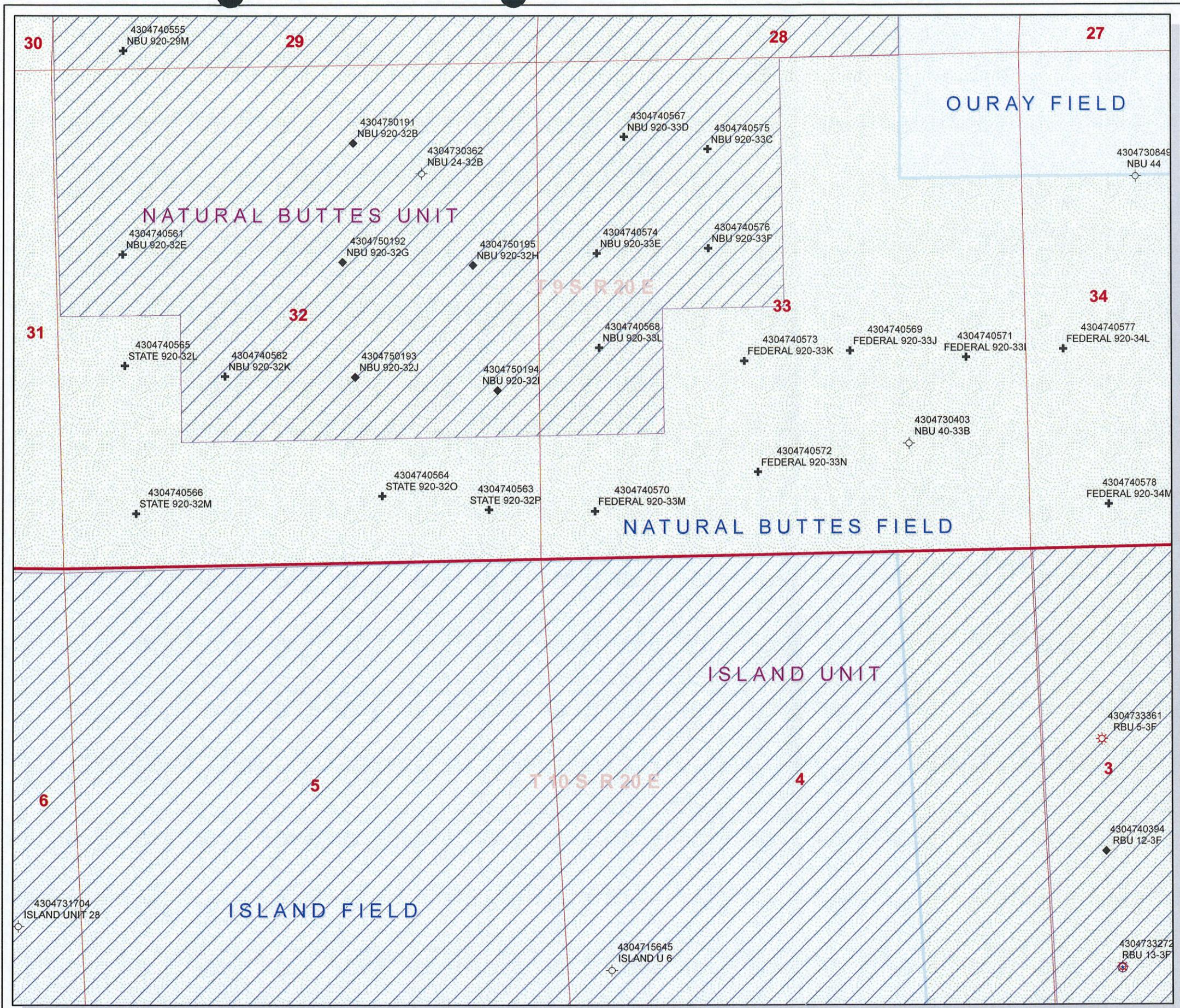
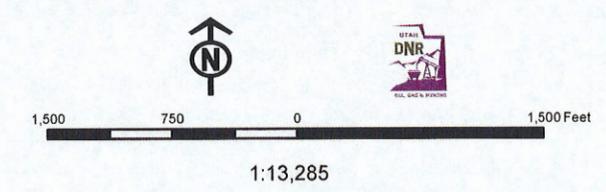
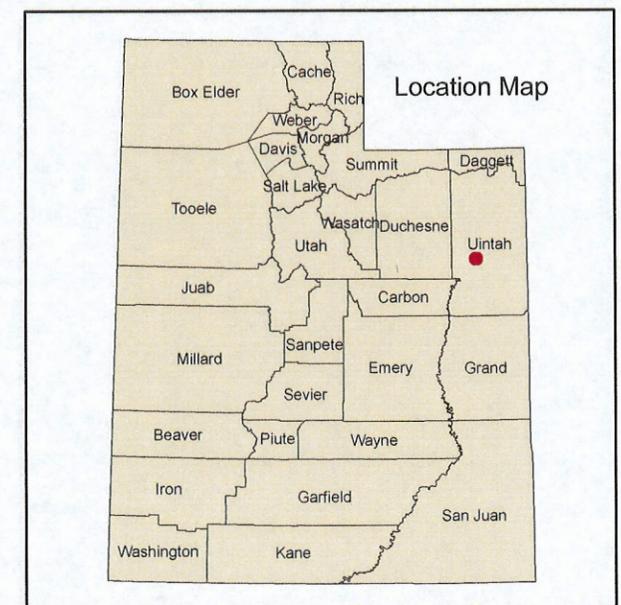
STIPULATIONS:

- 1- Federal Approval
- 2- Spacing Strip
- 3- OIL SHALE

API Number: 4304740570
Well Name: FEDERAL 920-33M
 Township 09.0 S Range 20.0 E Section 33
 Meridian: SLBM
 Operator: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Map Prepared:
 Map Produced by Diana Mason

Units	Wells Query Events
STATUS	✖ <call other values>
ACTIVE	GIS_STAT_TYPE
EXPLORATORY	◆ <Null>
GAS STORAGE	◆ APD
NF PP OIL	○ DRL
NF SECONDARY	○ GI
PI OIL	○ GS
PP GAS	○ LA
PP GEOTHERMIL	○ NEW
PP OIL	○ OPS
SECONDARY	○ PA
TERMINATED	○ PGW
Fields	○ POW
STATUS	○ RET
ACTIVE	○ SGW
COMBINED	○ SOW
Sections	○ TA
Township	○ TW
	○ WD
	○ WI
	○ WS





JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 24, 2009

Kerr-McGee Oil & Gas Onshore, LP
P O Box 173779
Denver, CO 80217-3779

Re: Federal 920-33M Well, 526' FSL, 562' FWL, SW SW, Sec. 33, T. 9 South, R. 20 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 43-047-40570.

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 Federal 920-33M
API Number: 43-047-40570
Lease: UTU-142430
Location: SW SW Sec. 33 T. 9 South R. 20 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 with 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 office (801) 733-0983 home

3. Reporting Requirements

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

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

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

Page 2

43-047-40570

February 24, 2009

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: UTU-142430
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: UTE 7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: FEDERAL 920-33M
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.	9. API NUMBER: 43047405700000
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: 0526 FSL 0562 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SWSW Section: 33 Township: 09.0S Range: 20.0E 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

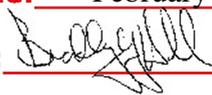
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 3/1/2010 <input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	<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:

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: February 25, 2010

By: 

NAME (PLEASE PRINT) Danielle Piernot	PHONE NUMBER 720 929-6156	TITLE Regulatory Analyst
SIGNATURE N/A	DATE 2/23/2010	



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 43047405700000

API: 43047405700000

Well Name: FEDERAL 920-33M

Location: 0526 FSL 0562 FWL QTR SWSW SEC 33 TWP 090S RNG 200E MER S

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

Date Original Permit Issued: 2/24/2009

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: 2/23/2010

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

Date: February 25, 2010

By:



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office
170 South 500 East
Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410
<http://www.blm.gov/ut/st/en/fo/vernal.html>



NOV 01 2010

IN REPLY REFER TO:
3160 (UTG011)

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

Re: Request to Return APD
Well No. Federal 920-33M
Lot 3, Sec. 33, T9S, R20E
Uintah County, Utah
Lease No. UTU-0142430

43 047 40570

Dear Ms. Jacobson:

The Application for Permit to Drill (APD) for the above referenced well received in this office on February 17, 2009, is being returned unapproved per your request to this office in an email message received on September 30, 2010. If you intend to drill at this location at a future date, a new APD must be submitted.

If you have any questions regarding APD processing, please contact Cindy Severson at (435) 781-4455.

Sincerely,

James H. Sparger
Acting Assistant Field Manager
Lands & Mineral Resources

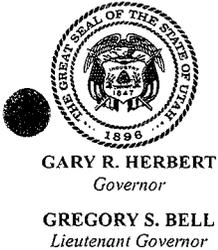
Enclosures

cc: UDOGM

RECEIVED

NOV 17 2010

DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 15, 2011

43 0A7 40570
Federal 920-33M
9S 20E 33

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

Re: APDs Rescinded for Kerr McGee O&G Onshore, L.P. Company,
Uintah County

Dear Ms. Piernot:

Enclosed find the list of APDs that are being rescinded per your request to Kerr-McGee Oil & Gas Onshore, L.P. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective March 14, 2011.

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

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

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal

43-047-50275	NBU 605-35E
43-047-40547	FEDERAL 920-27K
43-047-40549	FEDERAL 920-27J
43-047-40550	FEDERAL 920-27O
43-047-40551	FEDERAL 920-27L
43-047-40552	FEDERAL 920-27N
→ 43-047-40570	FEDERAL 920-33M
43-047-40571	FEDERAL 920-33I
43-047-40578	FEDERAL 920-34M
43-047-40579	FEDERAL 920-34N
43-047-50767	FEDERAL 920-27M
43-047-40553	NBU 920-29O
43-047-40554	NBU 920-29L
43-047-40555	NBU 920-29M
43-047-40556	NBU 920-29I
43-047-40557	NBU 920-29K
43-047-40558	NBU 920-29P
43-047-40559	NBU 920-29J
43-047-40560	NBU 920-29N
43-047-40568	NBU 920-33L
43-047-40574	NBU 920-33E
43-047-40575	NBU 920-33C
43-047-40576	NBU 920-33F