

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

FORM 3

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL						1. WELL NAME and NUMBER Federal 1021-25I	
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>						3. FIELD OR WILDCAT NATURAL BUTTES	
4. TYPE OF WELL Gas Well Coalbed Methane Well: NO						5. UNIT or COMMUNITIZATION AGREEMENT NAME	
6. NAME OF OPERATOR KERR-MCGEE OIL & GAS ONSHORE, L.P.						7. OPERATOR PHONE 307-752-1169	
8. ADDRESS OF OPERATOR P.O. Box 173779, Denver, CO, 80217						9. OPERATOR E-MAIL Laura.Gianakos@anadarko.com	
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) UTU 0143933			11. MINERAL OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>			12. SURFACE OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>	
13. NAME OF SURFACE OWNER (if box 12 = 'fee')						14. SURFACE OWNER PHONE (if box 12 = 'fee')	
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')						16. SURFACE OWNER E-MAIL (if box 12 = 'fee')	
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')			18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input checked="" type="checkbox"/> (Submit Commingling Application) NO <input type="checkbox"/>			19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>	
20. LOCATION OF WELL	FOOTAGES	QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN	
LOCATION AT SURFACE	1625 FSL 1290 FEL	NESE	25	10.0 S	21.0 E	S	
Top of Uppermost Producing Zone	1625 FSL 1290 FEL	NESE	25	10.0 S	21.0 E	S	
At Total Depth	1625 FSL 1290 FEL	NESE	25	10.0 S	21.0 E	S	
21. COUNTY UINTAH			22. DISTANCE TO NEAREST LEASE LINE (Feet) 1290		23. NUMBER OF ACRES IN DRILLING UNIT 240		
			25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 500		26. PROPOSED DEPTH MD: 8760 TVD: 8760		
27. ELEVATION - GROUND LEVEL 5367			28. BOND NUMBER WYB000291		29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Permit #43-8496		
ATTACHMENTS							
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES							
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER				<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN			
<input type="checkbox"/> AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)				<input type="checkbox"/> FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER			
<input type="checkbox"/> DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)				<input checked="" type="checkbox"/> TOPOGRAPHICAL MAP			
NAME Danielle Piernot			TITLE Regulatory Analyst			PHONE 720 929-6156	
SIGNATURE			DATE 05/21/2009			EMAIL gnbregulatory@anadarko.com	
API NUMBER ASSIGNED 43047504410000			APPROVAL  Permit Manager				

Proposed Hole, Casing, and Cement

String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	7.875	4.5	0	8760		
Pipe	Grade	Length	Weight			
	Grade I-80 LT&C	8760	11.6			

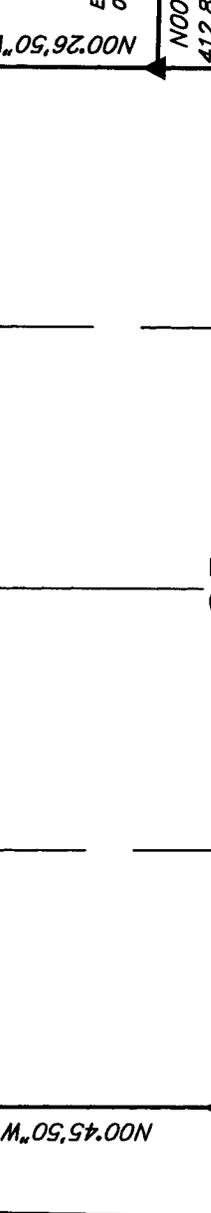
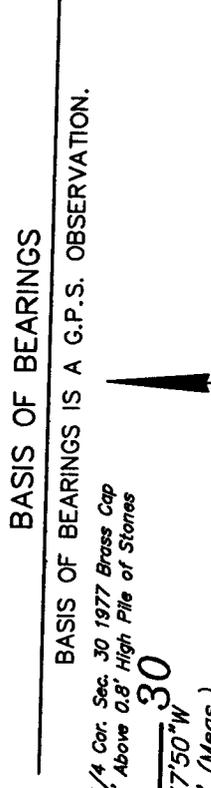
Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	9.625	0	1900		
Pipe	Grade	Length	Weight			
	Grade J-55 LT&C	1900	36.0			

T10S, R21E, S.L.B.&M.
Kerr-McGee Oil & Gas Onshore LP
 Well location, FEDERAL #1021-25I, located as shown in the NE 1/4 SE 1/4 of Section 25, T10S, R21E, S.L.B.&M., Uintah County, Utah.

R 21
R 22

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

BASIS OF BEARINGS
 BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



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

FEDERAL #1021-25 I
 Elev. Ungraded Ground = 5367'

CERTIFIED LAND SURVEYOR
 THIS IS TO CERTIFY THAT THE ABOVE WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.
J. BOBBERY
 REGISTERED LAND SURVEYOR
 REGISTRATION NO. 1917
 STATE OF UTAH

LEGEND:
 — = 90° SYMBOL
 ● = PROPOSED WELL HEAD.
 ▲ = SECTION CORNERS LOCATED.

LEGEND:
 (NAD 83)
 LATITUDE = 39°54'57.13" (39.915869)
 LONGITUDE = 109°29'40.62" (109.494617)
 (NAD 27)
 LATITUDE = 39°54'57.25" (39.915903)
 LONGITUDE = 109°29'38.16" (109.493933)

SCALE
 1" = 1000'
DATE SURVEYED: 03-26-07
DATE DRAWN: 04-02-07
PARTY: J.W. B.P. C.H.
REFERENCES: G.L.O. PLAT
WEATHER: COOL
FILE: Kerr-McGee Oil & Gas Onshore LP

Federal 1021-25I

Surface: 1,625' FSL, 1,290' FEL (NE/4SE/4)
Sec. 25 T10S R21E

Uintah, Utah
Mineral Lease: UTU 0143933

ONSHORE ORDER NO. 1

DRILLING PROGRAM

An APD for this location was originally approved on August 27, 2007 and was given API 43-047-39577. Kerr-McGee Oil & Gas Onshore, LP rescinded the APD for this location, however Kerr-McGee respectfully requests a new APD for this location due to a revised drilling schedule in this area. A Cultural Resource report (report number MOAC 06-679) and a Paleo Report (report number IPC 07-78) were submitted and reviewed with the original APD.

**1. – 2. Estimated Tops of Important Geologic Markers:
Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:**

<u>Formation</u>	<u>Depth</u>	<u>Resource</u>
Uinta	0 – Surface	
Green River	963'	
Birds Nest	1,314'	Water
Mahogany	1,617'	Water
Wasatch	4,098'	Gas
Mesaverde	6,664'	Gas
MVU2	7,645'	Gas
MVL1	8,271'	Gas
TD	8,760'	

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 8,760' TD, approximately equals 5,230 psi (calculated at 0.6 psi/foot).

Maximum anticipated surface pressure equals approximately 3,303 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 blooie 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.

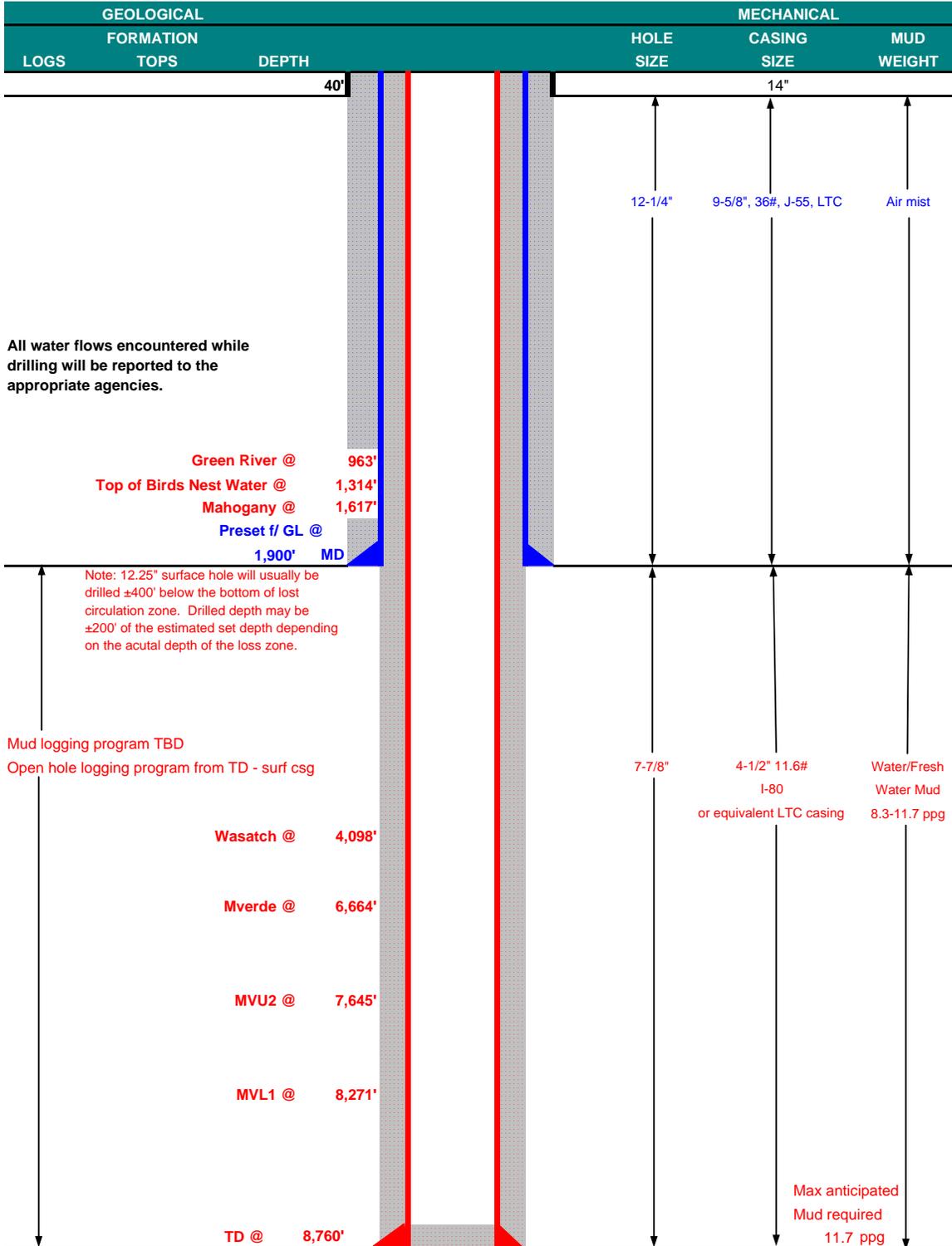
10. Other Information:

Please refer to the attached Drilling Program.



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE May 21, 2009
 WELL NAME Federal 1021-25I TD 8,760' MD/TVD _____
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,367' GL KB 5,382'
 SURFACE LOCATION NE/4 SE/4 1,625' FSL 1,290' FEL Sec 25 T 10S R 21E BHL Straight Hole
 Latitude: 39.915903 Longitude: -109.493933 NAD 27 _____
 OBJECTIVE ZONE(S) Wasatch/Mesaverde
 ADDITIONAL INFO Regulatory Agencies: BLM (MINERALS), BLM (SURFACE), 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'				3,520	2,020	453,000
SURFACE	9-5/8"	0 to 1900	36.00	J-55	LTC	1.03*	2.27	6.62
PRODUCTION	4-1/2"	0 to 8760	11.60	I-80	LTC	2.29	1.19	2.41

*Burst on surface casing is controlled by fracture gradient as shoe with gas gradient above. D.F. = 2.94

1) Max Anticipated Surf. Press.(MASP) (Surf Csg) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac grad 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 = 11.7 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 3,303 psi

3) Maximum Anticipated Bottom Hole Pressure (MABHP) = Pore Pressure at TD
 (Burst Assumptions: TD = 11.7 ppg) 0.6 psi/ft = bottomhole gradient
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
MABHP 5,230 psi

CEMENT PROGRAM

	FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD 500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1) 200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2) as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE	NOTE: If well will circulate water to surface, option 2 will be utilized					
Option 2	LEAD 1500	Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL 500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD 3,590'	Premium Lite II + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 1% Retarder	350	40%	11.00	3.38
	TAIL 5,170'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1270	40%	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. The BOPE will be installed before the production hole is drilled and tested to 5,000 psi (annular to 2,500 psi) prior to drilling out the surface casing shoe. Record on chart recorder and tour sheet. Function test rams on each trip. Maintain safety valve and 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

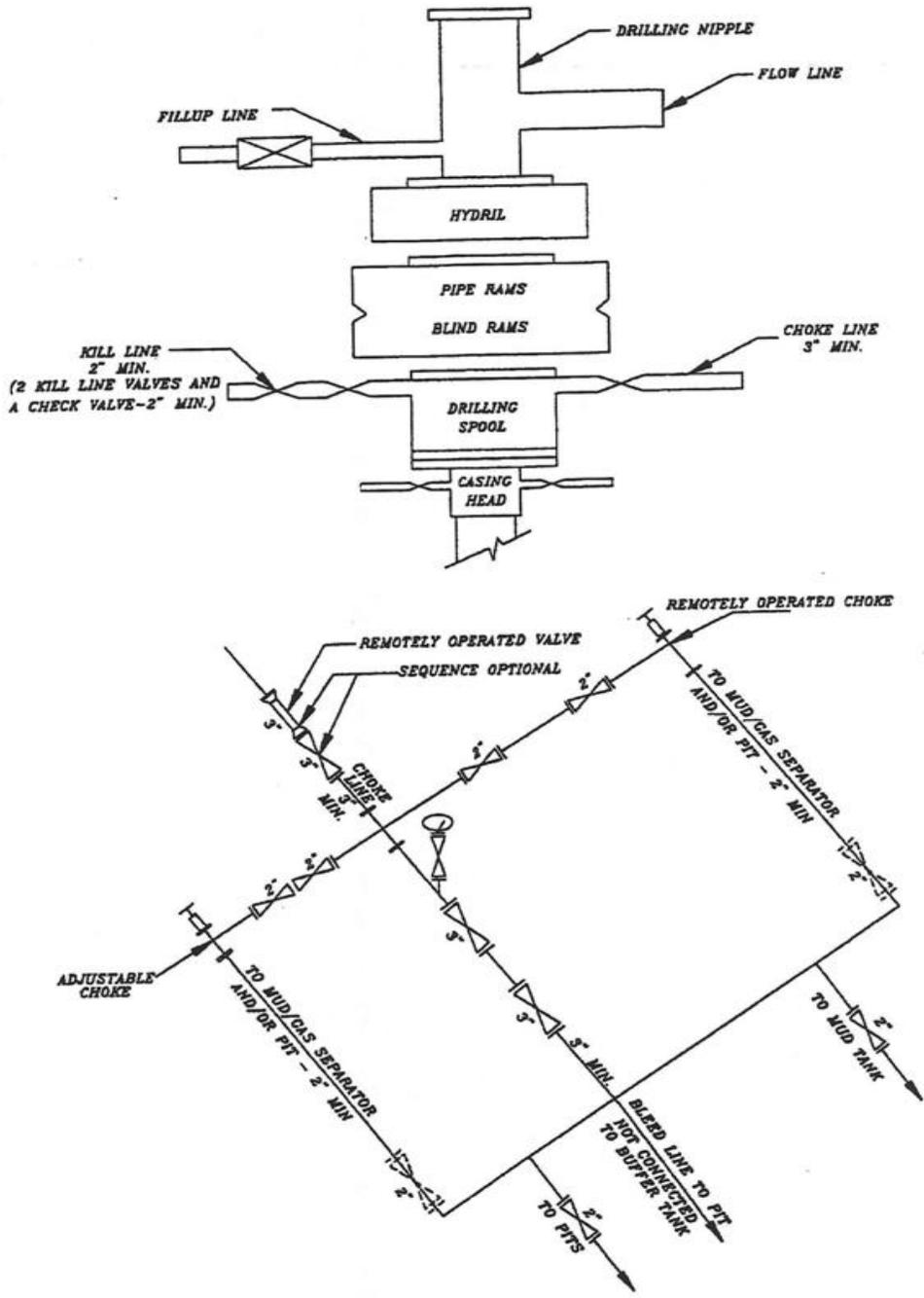
DATE:

DRILLING SUPERINTENDENT:

John Merkel / Lovelace

DATE:

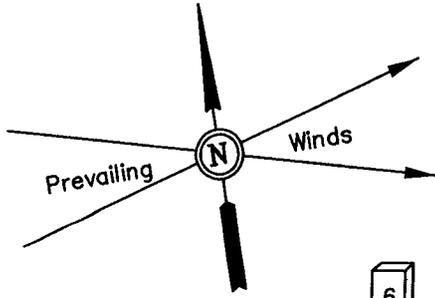
EXHIBIT A Federal 1021-25I



SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK

Kerr-McGee Oil & Gas Onshore LP

LOCATION LAYOUT FOR
 FEDERAL #1021-25I
 SECTION 25, T10S, R21E, S.L.B.&M.
 1625' FSL 1290' FEL



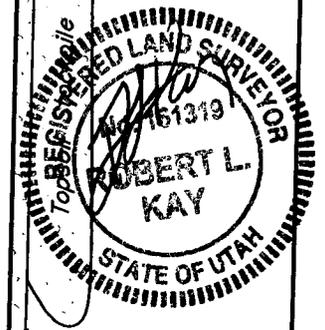
SCALE: 1" = 50'
 DATE: 04-02-07
 Drawn By: C.H.

Approx. Top of Cut Slope

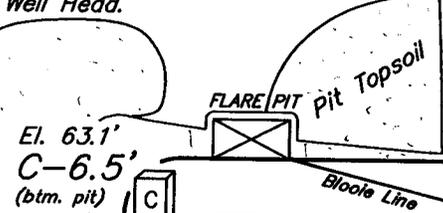
Approx. Toe of Fill Slope

F-2.1'
 El. 64.5'

Sta. 3+50

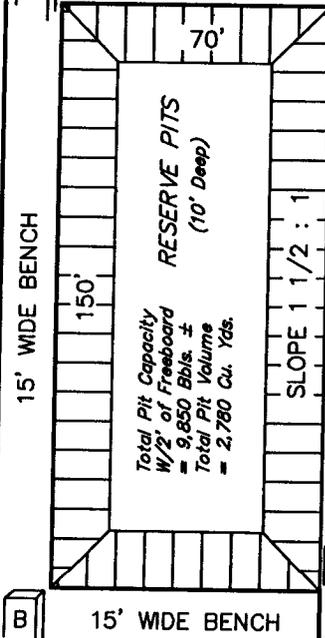


NOTE:
 Flare Pit is to be located a min. of 100' from the Well Head.



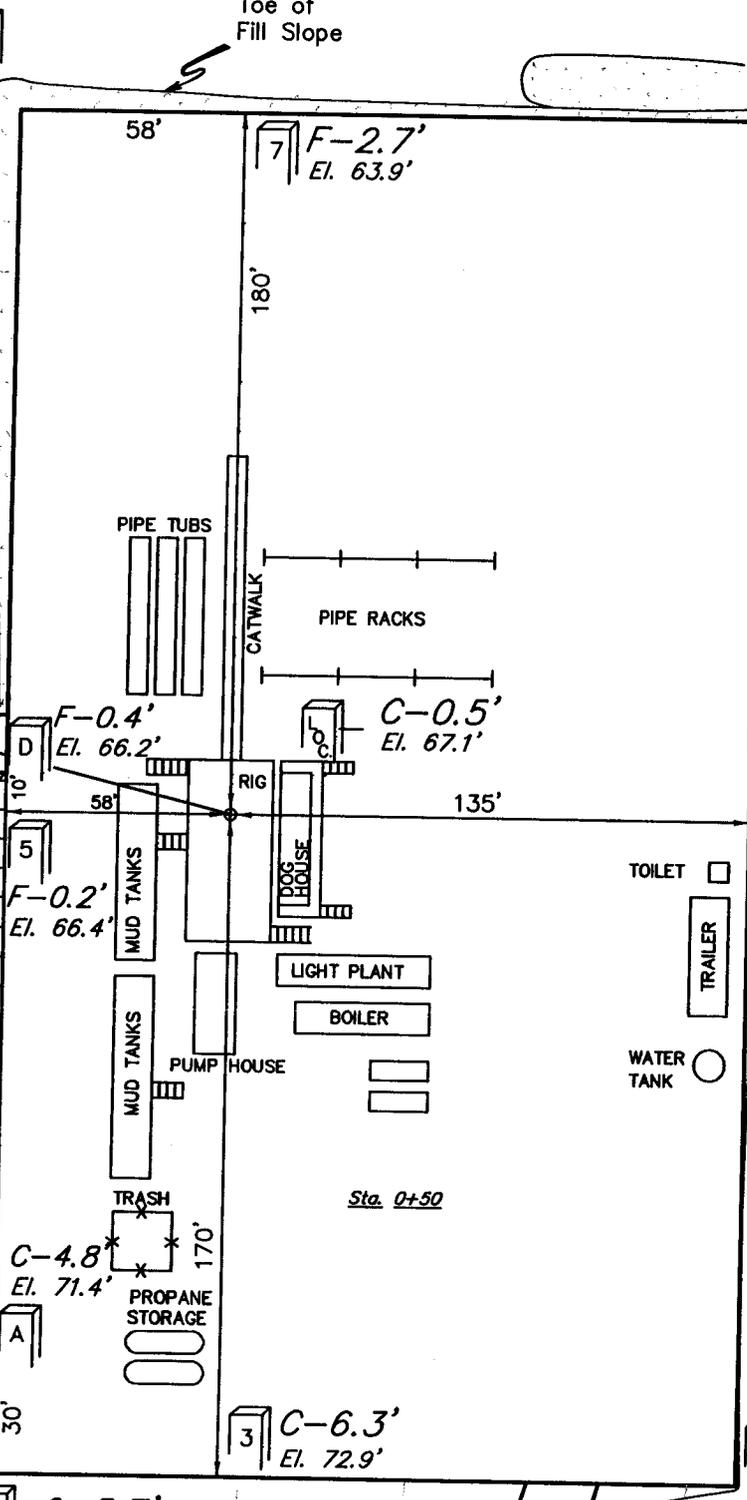
El. 63.1'
 C-6.5'
 (btm. pit)

Reserve Pit Backfill & Spoils Stockpile



RESERVE PITS
 (10' Deep)
 Total Pit Capacity
 W/2' of Freeboard
 = 9,650 Bbls. ±
 Total Pit Volume
 = 2,780 Cu. Yds.

El. 70.8'
 C-14.2'
 (btm. pit)



F-0.4'
 El. 66.2'

C-0.5'
 El. 67.1'

F-0.2'
 El. 66.4'

F-0.6'
 El. 66.0'

C-4.8*
 El. 71.4'

C-6.3'
 El. 72.9'

C-5.7'
 El. 72.3'

C-0.8'
 El. 67.4'

NOTES:

Elev. Ungraded Ground At Loc. Stake = 5367.1'
 FINISHED GRADE ELEV. AT LOC. STAKE = 5366.6'

Proposed Access Road

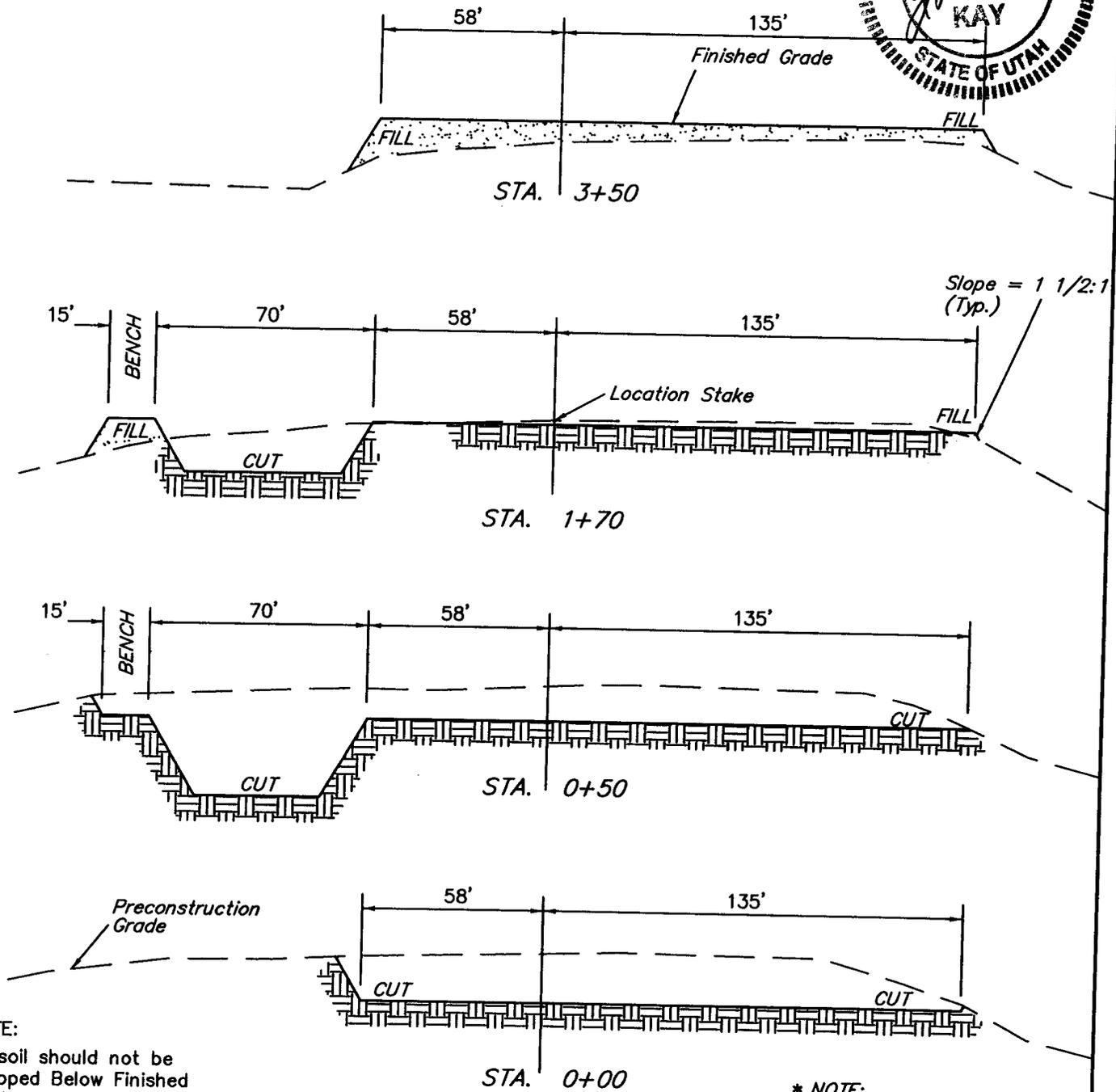
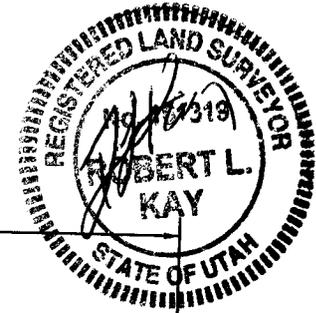
FIGURE #1

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR
 FEDERAL #1021-25I
 SECTION 25, T10S, R21E, S.L.B.&M.
 1625' FSL 1290' FEL

1" = 20'
 X-Section Scale
 1" = 50'
 DATE: 04-02-07
 Drawn By: C.H.



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

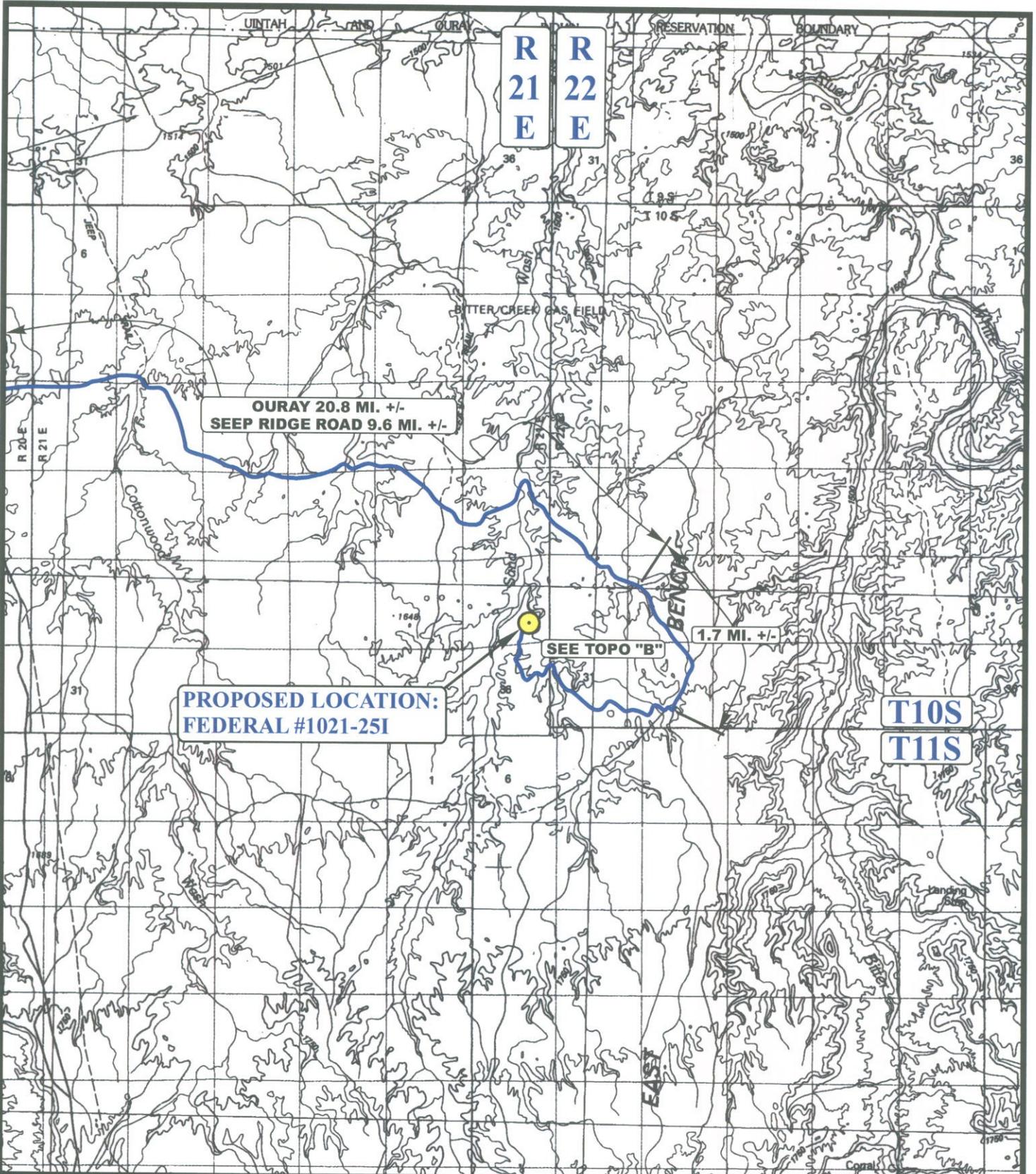
* NOTE:
 FILL QUANTITY INCLUDES 5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1,710 Cu. Yds.
Remaining Location	= 6,700 Cu. Yds.
TOTAL CUT	= 8,410 CU.YDS.
FILL	= 2,840 CU.YDS.

EXCESS MATERIAL	= 5,570 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3,100 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 2,470 Cu. Yds.

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



LEGEND:

● PROPOSED LOCATION



Kerr-McGee Oil & Gas Onshore LP

FEDERAL #1021-251
SECTION 25, T10S, R21E, S.L.B.&M.
1625' FSL 1290' FEL

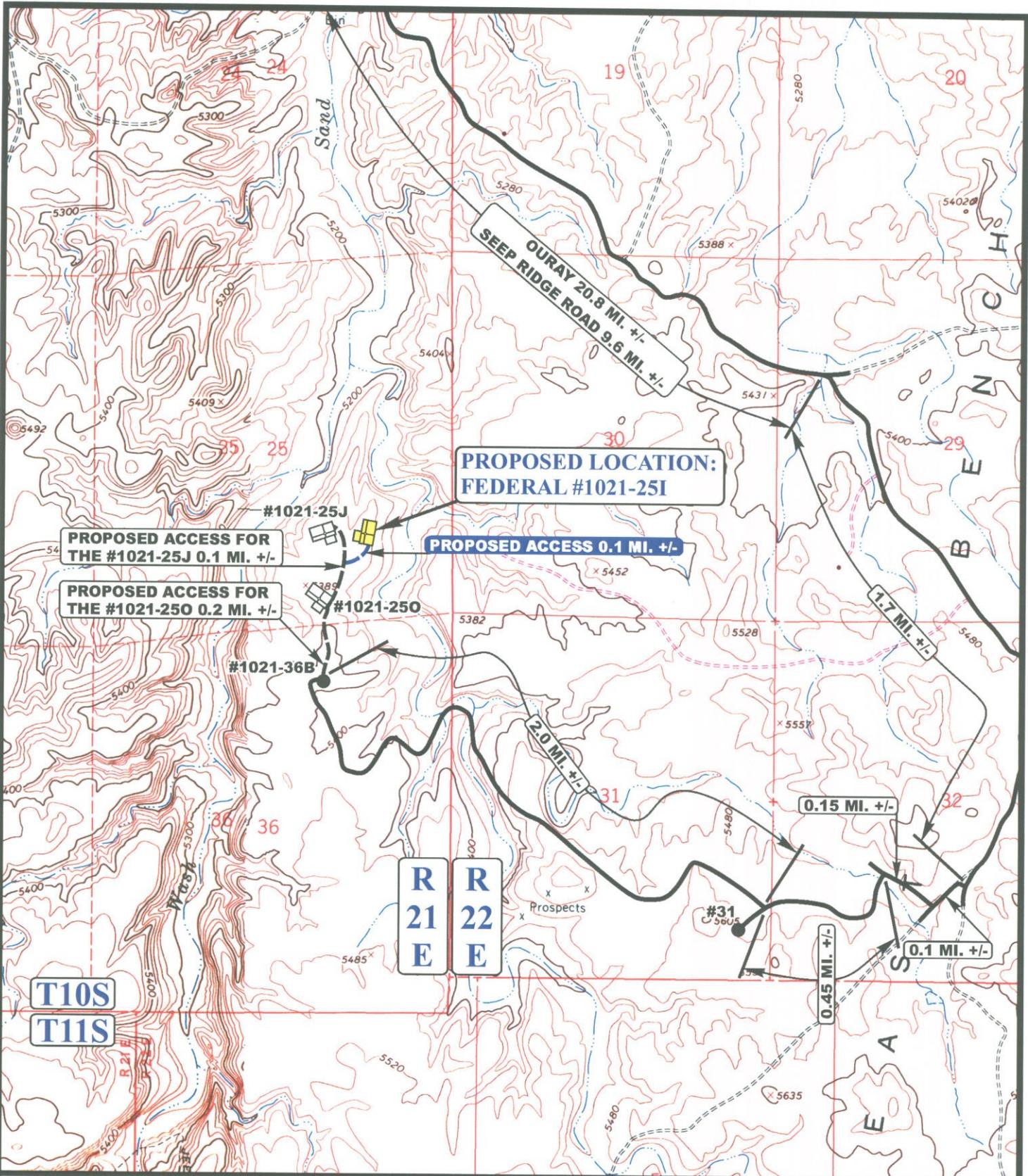


Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC 03 29 07
MAP MONTH DAY YEAR

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





**PROPOSED LOCATION:
FEDERAL #1021-25I**

**PROPOSED ACCESS FOR
THE #1021-25J 0.1 MI. +/-**

PROPOSED ACCESS 0.1 MI. +/-

**PROPOSED ACCESS FOR
THE #1021-25O 0.2 MI. +/-**

**R
21
E** **R
22
E**

**T10S
T11S**

LEGEND:

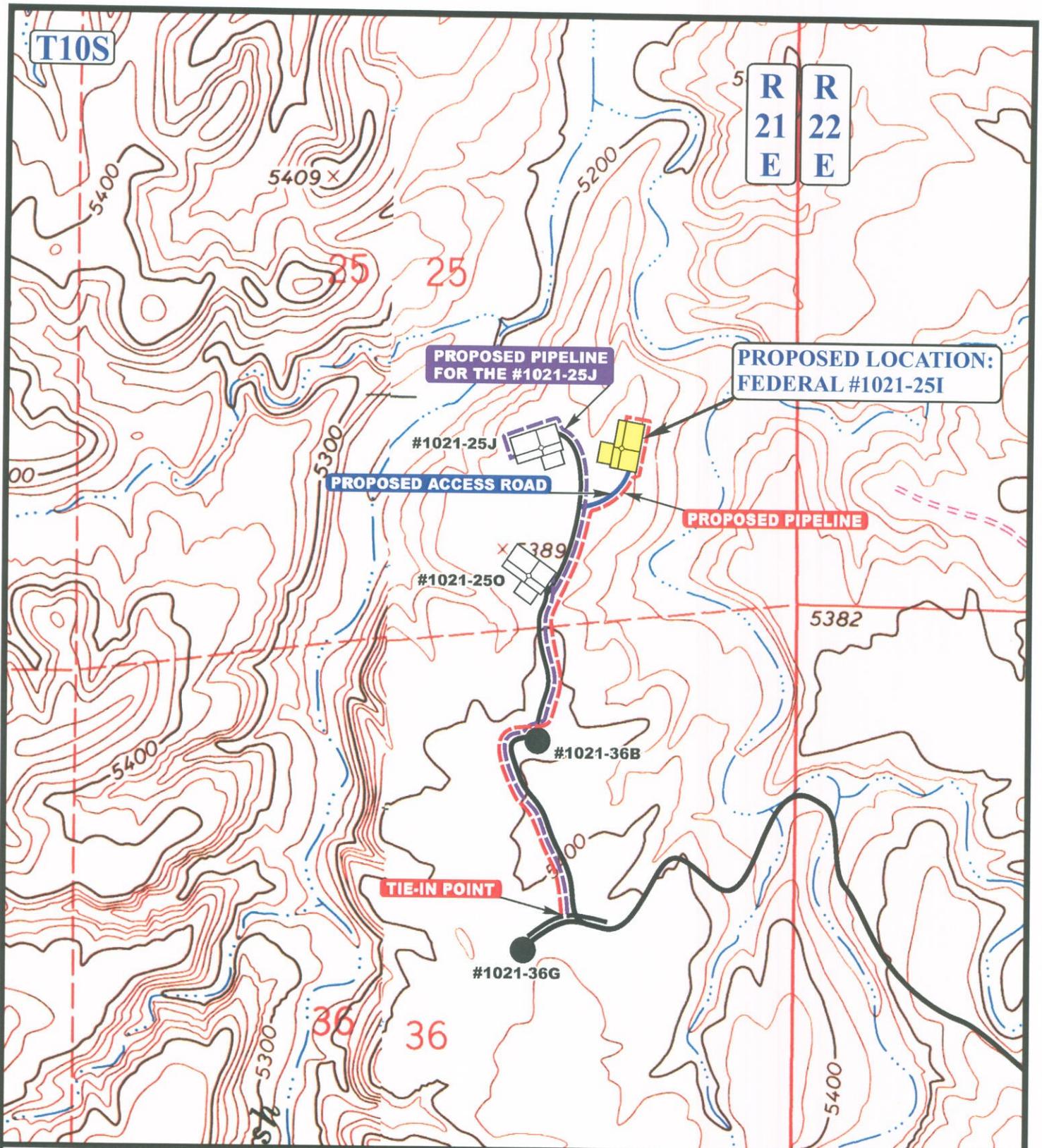
- EXISTING ROAD
- PROPOSED ACCESS ROAD

Kerr-McGee Oil & Gas Onshore LP
FEDERAL #1021-25I
SECTION 25, T10S, R21E, S.L.B.&M.
1625' FSL 1290' FEL



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

TOPOGRAPHIC **03** **29** **07**
MAP MONTH DAY YEAR
 SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00 **B**
 TOPO



APPROXIMATE TOTAL PIPELINE DISTANCE = 4,350' +/-

LEGEND:

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



Kerr-McGee Oil & Gas Onshore LP

FEDERAL #1021-25I

SECTION 25, T10S, R21E, S.L.B.&M.

1625' FSL 1290' FEL



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

**TOPOGRAPHIC
 MAP**

03	29	07
MONTH	DAY	YEAR

SCALE: 1" = 1000' DRAWN BY: C.P. REVISED: 07-08-07

**D
 TOPO**

Kerr-McGee Oil & Gas Onshore LP FEDERAL #1021-25I PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH
SECTION 25, T10S, R21E, S.L.B.&M.



PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: NORTHEASTERLY



PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: NORTHEASTERLY



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

PIPELINE PHOTOS			03	29	07	PHOTO
			MONTH	DAY	YEAR	
TAKEN BY: J.W.	DRAWN BY: C.P.	REVISED: 00-00-00				

Kerr-McGee Oil & Gas Onshore LP

FEDERAL #1021-25I

LOCATED IN UINTAH COUNTY, UTAH
SECTION 25, T10S, R21E, S.L.B.&M.

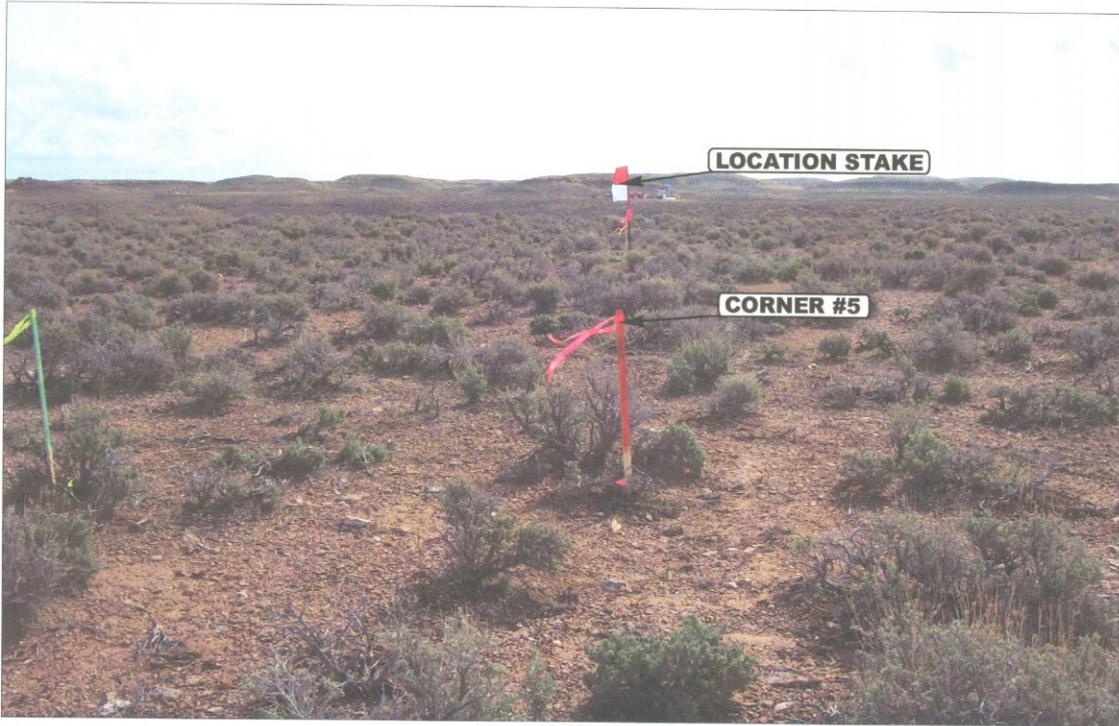


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: EASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

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

LOCATION PHOTOS	03	29	07	PHOTO
	MONTH	DAY	YEAR	
TAKEN BY: J.W.	DRAWN BY: C.P.		REVISED: 00-00-00	

Kerr-McGee Oil & Gas Onshore LP
FEDERAL #1021-25I
SECTION 25, T10S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 11.2 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 9.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 1.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE WEST; TURN RIGHT AND PROCEED IN A WESTERLY, THEN SOUTHWESTERLY DIRECTION APPROXIMATELY 0.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 0.15 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN LEFT AND PROCEED IN A SOUTHWESTERLY, THEN WESTERLY DIRECTION APPROXIMATELY 0.45 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHWEST; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION APPROXIMATELY 2.0 MILES TO THE EXISTING #1021-36B AND THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1021-25O TO THE NORTH; FOLLOW ROAD FLAGS IN A NORTHERLY DIRECTION APPROXIMATELY 0.2 MILES TO THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1021-25J TO THE NORTH; FOLLOW ROAD FLAGS IN A NORTHERLY DIRECTION APPROXIMATELY 0.1 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.1 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 56.65 MILES.

Federal 1021-25I

Surface: 1,625' FSL, 1,290' FEL (NE/4SE/4)
Sec. 25 T10S R21E

Uintah, Utah
Mineral Lease: UTU 0143933

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

An APD for this location was originally approved on August 27, 2007 and was given API 43-047-39577. Kerr-McGee Oil & Gas Onshore, LP rescinded the APD for this location, however Kerr-McGee respectfully requests a new APD for this location due to a revised drilling schedule in this area. A Cultural Resource report (report number MOAC 06-679) and a Paleo Report (report number IPC 07-78) were submitted and reviewed with the original APD.

This Application for Permit to Drill (APD) is filed under the Notice of Staking (NOS) process as stated in Onshore Order No. 1 (OSO #1) and supporting Bureau of Land Management (BLM) documents. An NOS was submitted on April 17, 2007 showing the surface locations in NE/4 SE/4 of Section 25 T10S R21E.

An on-site meeting for this surface location was held on June 28, 2007.

1. Existing Roads:

Refer to Topo Map A for directions to the location.

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

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

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. Planned Access Roads:

Approximately ± 0.1 mi. ($\pm 528'$) of new access road is proposed. Please refer to the attached Topo Map B.

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

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

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

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

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

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities:

The following guidelines will apply if the well is productive.

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

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

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

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The required color is Shadow Gray, a non-reflective earthtone.

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

Approximately ±4,350' of proposed pipeline will be installed. Refer to Topo D for the proposed pipeline.

5. Location and Type of Water Supply:

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec. 32 T4S R3E, Water User Claim #43-8496, Application #53617.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. Source of Construction Materials:

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

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

A plastic reinforced liner and felt will be used; it will be a minimum of 20 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit. Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled By truck to one of the pre-approved disposal sites: RNI in Sec. 5 T9S R22E, NBU #159 in Sec. 35 T9S R21E, Ace Oilfield in Sec. 2 T6S R20E, MC&MC in Sec. 12 T6S R19E, Pipeline Facility in Sec. 36 T9S R20E, Goat Pasture Evaporation Pond in SW/4 Sec. 16 T10S R22E, Bonanza Evaporation Pond in Sec. 2 T10S R23E.

8. Ancillary Facilities:

None are anticipated.

9. Well Site Layout: (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

The reserve pit will be lined, and when the reserve pit is closed, the pit liner will be buried below plow depth.

All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

Location size may change prior to the drilling of the well due to current rig availability. If the proposed location is not large enough to accommodate the drilling rig the location will be re-surveyed and a Form 9 shall be submitted.

10. Plans for Reclamation of the Surface:

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

A plastic, nylon reinforced liner will be used, it shall be torn and perforated before backfilling of the reserve pit.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water(s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. Surface/Mineral Ownership:

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

12. Other Information:

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

A Paleontological survey report and a Cultural Resource report was submitted with the original APD for this location.

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

Kathy Schneebeck Dulnoan
Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
PO Box 173779
Denver, CO 80217-3779
(720) 929-6007

Tommy Thompson
General Manager, Drilling
Kerr-McGee Oil & Gas Onshore LP
PO 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.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by 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.

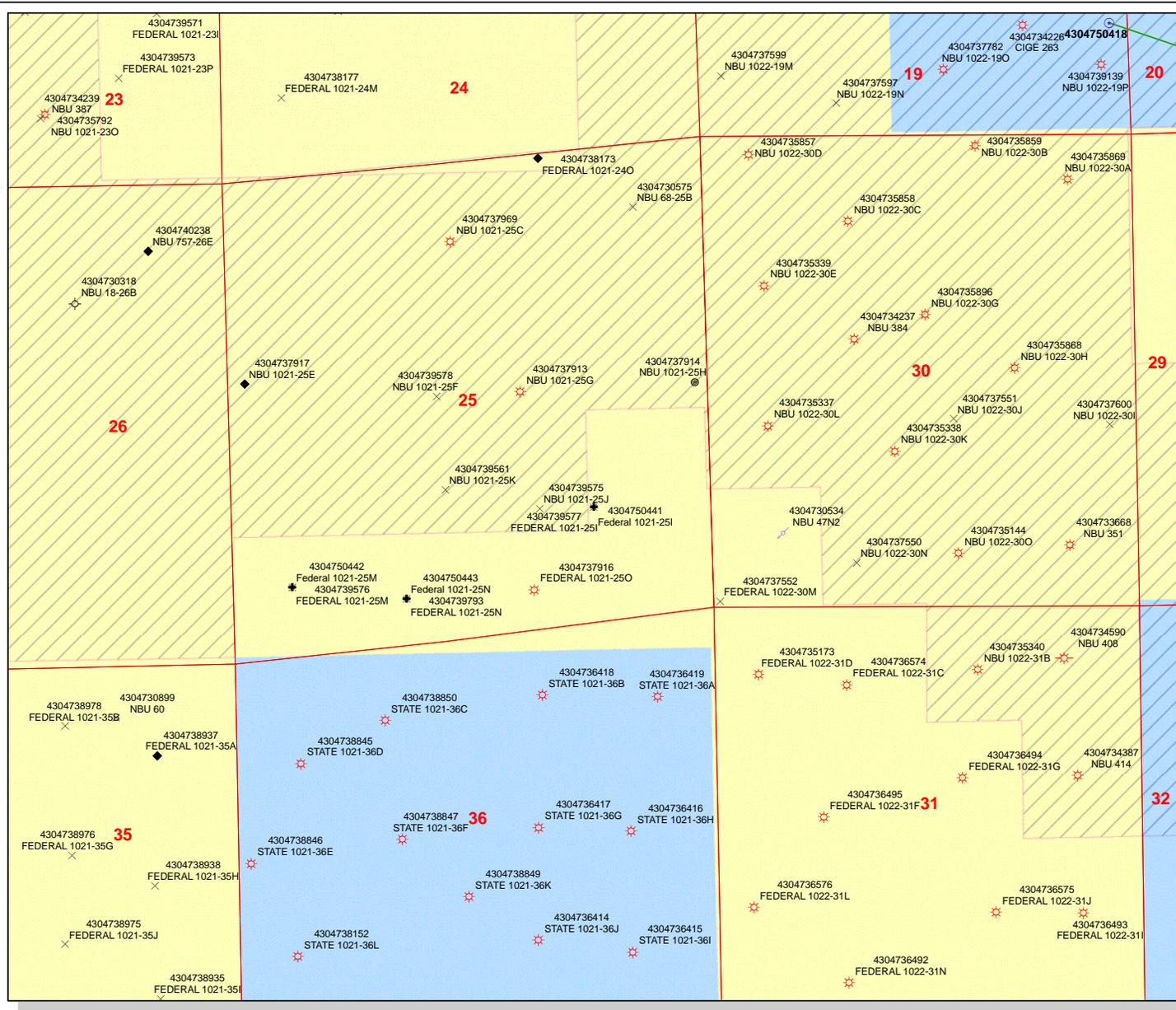
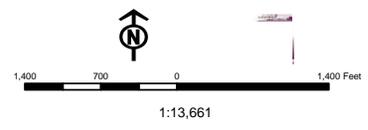

Danielle Piernot

May 21, 2009
Date

API Number: 4304750441
Well Name: Federal 1021-25I
Township 10.0 S Range 21.0 E Section 25
Meridian: SLBM
 Operator: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Map Prepared:
 Map Produced by Diana Mason

Units	Wells Query Events
STATUS	GIS_STAT_TYPE
ACTIVE	-Nub
EXPLORATORY	APD
GAS STORAGE	DRL
NF PP OIL	GI
NF SECONDARY	GS
PI OIL	LA
PP GAS	NEW
PP GEOTHERM	OPS
PP OIL	PA
SECONDARY	PGW
TERMINATED	POW
Fields	RET
ACTIVE	SGW
COMBINED	SOW
Sections	TA
	TW
	WD
	WI
	WS





Kerr-McGee Oil & Gas Onshore LP
1625 18 Street, Suite 1200
Denver, CO 80202

July 6, 2009

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

RE: Federal 1021-25I
T10S-21E
Section 25: NESE
1625' FSL, 1290' FEL
Uintah County, Utah

Dear Mrs. Mason:

Kerr-McGee Oil & Gas Onshore LP has submitted a permit to drill the captioned well to test the Wasatch and Mesaverde formations. The well is located at an exception location to State Rule 649-3-2 (Statewide). The well location was moved for topographic reasons. Kerr-McGee owns 100% of the leasehold within 460 feet of the exception location of the offset lands and has no objection to the exception location.

Kerr-McGee requests your approval of this exception location. If you have any questions, call me at 720-929-6262. Thank you for your assistance.

Sincerely,

Jason Rayburn
Landman

A handwritten signature in blue ink, appearing to read 'Jason Rayburn', written over the typed name.

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 5/21/2009

API NO. ASSIGNED: 43047504410000

WELL NAME: Federal 1021-25I

OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P. (N2995)

PHONE NUMBER: 720 929-6156

CONTACT: Danielle Piernot

PROPOSED LOCATION: NESE 25 100S 210E

Permit Tech Review:

SURFACE: 1625 FSL 1290 FEL

Engineering Review:

BOTTOM: 1625 FSL 1290 FEL

Geology Review:

COUNTY: UINTAH

LATITUDE: 39.91582

LONGITUDE: -109.49383

UTM SURF EASTINGS: 628730.00

NORTHINGS: 4419290.00

FIELD NAME: NATURAL BUTTES

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU 0143933

PROPOSED PRODUCING FORMATION(S): WASATCH-MESA VERDE

SURFACE OWNER: 1 - Federal

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- PLAT
- Bond: FEDERAL - WYB000291
- Potash
- Oil Shale 190-5
- Oil Shale 190-3
- Oil Shale 190-13
- Water Permit: Permit #43-8496
- RDCC Review:
- Fee Surface Agreement
- Intent to Commingle

Commingling Approved

LOCATION AND SITING:

- R649-2-3.
 - Unit:**
 - R649-3-2. General
 - R649-3-3. Exception
 - Drilling Unit
 - Board Cause No:** Cause 173-24
 - Effective Date:** 10/5/2009
 - Siting:** 460' Fr Ext. U Boundary & uncommitted Tract
 - R649-3-11. Directional Drill
-

Comments: Presite Completed

Stipulations: 3 - Commingling - ddoucet
4 - Federal Approval - dmason
17 - Oil Shale 190-5(b) - dmason
23 - Spacing - dmason



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

Permit To Drill

Well Name: Federal 1021-25I
API Well Number: 43047504410000
Lease Number: UTU 0143933
Surface Owner: FEDERAL
Approval Date: 2/17/2010

Issued to:

KERR-MCGEE OIL & GAS ONSHORE, L.P., P.O. Box 173779, Denver, CO 80217

Authority:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of Cause 173-24. The expected producing formation or pool is the WASATCH-MESA VERDE Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:

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

Commingle:

In accordance with Board Cause No. 210-05, commingling of the production from the Wasatch formation and the Mesaverde formation in this well is allowed.

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.

Conditions of Approval:

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

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

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.

Notification Requirements:

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

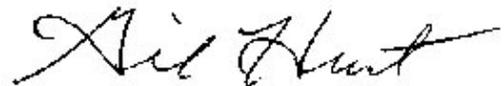
- Within 24 hours following the spudding of the well – contact Carol Daniels at 801-538-5284 (please leave a voicemail message if not available)
OR
submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <https://oilgas.ogm.utah.gov>

Reporting Requirements:

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

Approved By:



Gil Hunt
Associate Director, Oil & Gas

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9 5. LEASE DESIGNATION AND SERIAL NUMBER: UTU 0143933
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME:
1. TYPE OF WELL Gas Well	8. WELL NAME and NUMBER: FEDERAL 1021-25I
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.	9. API NUMBER: 43047504410000
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	PHONE NUMBER: 720 929-6515 Ext
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1625 FSL 1290 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESE Section: 25 Township: 10.0S Range: 21.0E Meridian: S	9. FIELD and POOL or WILDCAT: NATURAL BUTTES COUNTY: UINTAH STATE: UTAH

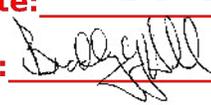
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT Approximate date work will start: 2/17/2011	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input checked="" type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

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

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

Date: 02/17/2011
By: 

NAME (PLEASE PRINT) Danielle Piernot	PHONE NUMBER 720 929-6156	TITLE Regulatory Analyst
SIGNATURE N/A		DATE 2/16/2011



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 43047504410000

API: 43047504410000

Well Name: FEDERAL 1021-25I

Location: 1625 FSL 1290 FEL QTR NESE SEC 25 TWNP 100S RNG 210E MER S

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

Date Original Permit Issued: 2/17/2010

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

Signature: Danielle Piernot

Date: 2/16/2011

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

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING	FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.	5. LEASE DESIGNATION AND SERIAL NUMBER: UTU 0143933
1. TYPE OF WELL Gas Well	6. IF INDIAN, ALLOTTEE OR TRIBE NAME: 7. UNIT or CA AGREEMENT NAME:
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.	8. WELL NAME and NUMBER: FEDERAL 1021-251
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779	PHONE NUMBER: 720 929-6511
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1625 FSL 1290 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NESE Section: 25 Township: 10.0S Range: 21.0E Meridian: S	9. API NUMBER: 43047504410000 9. FIELD and POOL or WILDCAT: MATRICAL 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: 2/17/2012	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> CASING REPAIR
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> CHANGE WELL NAME
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> CONVERT WELL TYPE
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> NEW CONSTRUCTION
	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> PLUG BACK
	<input type="checkbox"/> PRODUCTION START OR RESUME	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	<input type="checkbox"/> TEMPORARY ABANDON
	<input type="checkbox"/> TUBING REPAIR	<input type="checkbox"/> VENT OR FLARE	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> WATER SHUTOFF	<input type="checkbox"/> SI TA STATUS EXTENSION	<input checked="" type="checkbox"/> APD EXTENSION
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> OTHER	OTHER: <input style="width: 100px;" type="text"/>

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

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

Approved by the Utah Division of Oil, Gas and Mining
Date: February 07, 2012
By:

NAME (PLEASE PRINT) Danielle Piernot	PHONE NUMBER 720 929-6156	TITLE Regulatory Analyst
SIGNATURE N/A	DATE 2/1/2012	



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

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Location: 1625 FSL 1290 FEL QTR NESE SEC 25 TWNP 100S RNG 210E MER S

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Date Original Permit Issued: 2/17/2010

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- 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

Signature: Danielle Piernot

Date: 2/2/2012

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



The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

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Signature: Danielle Piernot

Date: 2/2/2012

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



GARY R. HERBERT
Governor
GREG BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

March 13, 2012

Jenn Hawkins
Kerr McGee Oil & Gas Onshore, L.P.
1099 18th Street, Suite 1800
Denver, CO 80202

Re: APDs Rescinded for Kerr McGee Oil & Gas Onshore, L.P.
Uintah County

Dear Ms. Hawkins:

Enclosed find the list of APDs that you requested to be rescinded. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective March 7, 2012.

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
SITLA, Ed Bonner



API Number	Well Name
4304750274	NBU 727-35E
4304737762	FEDERAL 920-24G
4304750439	FEDERAL 1022-15L
4304750440	FEDERAL 1022-15K
4304750441	FEDERAL 1021-25I
4304750442	FEDERAL 1021-25M
4304750443	FEDERAL 1021-25N
4304738796	FEDERAL 1022-27K
4304738980	BITTER CREEK 1122-3N
4304737763	FEDERAL 920-24H
4304739156	NBU 1022-24O
4304736573	NBU 1022-23C
4304751040	NBU 920-22L4CS
4304751041	NBU 920-22M1BS
4304751042	NBU 920-22M4BS
4304751051	NBU 920-23L2DS
4304751052	NBU 920-23L4BS
4304738921	NBU 1022-8B-4T
4304739253	NBU 921-15L
4304738159	NBU 1022-20B
4304738169	NBU 1022-28I
4304750464	NBU 922-33N4S
4304750465	NBU 922-33O4S
4304750466	NBU 922-33P2S
4304750467	NBU 922-33P3S
4304738820	LOVE 1121-18B
4304740189	NBU 922-35IT
4304738491	NBU 1022-5H-4
4304750093	NBU 1022-34F
4304750094	NBU 1022-35M
4304750095	NBU 1022-34E
4304750097	FEDERAL 1022-27M
4304750067	NBU 921-16F3S
4304750068	NBU 921-16E4S
4304737103	FEDERAL 1022-29C
4304750127	NBU 420-29E
4304739527	NBU 1021-20F
4304739528	NBU 1021-20E
4304739530	NBU 1021-20B
4304738741	LOVE 1121-7P
4304738742	LOVE 1121-7L
4304738744	LOVE 1121-7F
4304738745	LOVE 1121-7D
4304738747	LOVE 1121-8P
4304738750	LOVE 1121-8F
4304738754	LOVE 1121-15L
4304738755	LOVE 1121-15N
4304739525	NBU 1021-20H
4304738795	NBU 1022-27O
4304738807	NBU 1022-34D
4304738920	NBU 1022-4E-3
4304737547	NBU 1022-17P
4304751050	NBU 920-23L1BS
4304737907	NBU 1021-3L
4304737908	NBU 1021-3D

4304737909	NBU 1021-3H
4304737917	NBU 1021-25E
4304737911	NBU 1021-24C
4304750029	NBU 375-13E
4304750033	NBU 515-25E
4304750034	NBU 673-25E
4304750035	NBU 674-25E
4304737963	NBU 1021-3G
4304737965	NBU 1021-5D
4304737684	NBU 498-13E



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Green River District
Vernal Field Office
170 South 500 East
Vernal, UT 84078

<http://www.blm.gov/ut/st/en/fo/vernal.html>



JUN 13 2012

IN REPLY REFER TO:
3160 (UTG011)

Julie Jacobson
Anadarko Petroleum Corporation
Kerr McGee Oil & Gas Onshore LP
1099 18th Street, Suite 600
Denver, CO 80202

43 047 50441

Re: Notice of Expiration
Well No. Federal 1021-25i
NESE, Sec. 25, T10S, R21E
Uintah County, Utah
Lease No. UTU-0143933
Natural Buttes Unit

Dear Ms. Jacobson:

The Application for Permit to Drill (APD) for the above-referenced well was approved on February 19, 2010. No extension request of the original APD was received. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

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

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Mineral Resources

RECEIVED

JUN 21 2012

DIV. OF OIL, GAS & MINING

cc: UDOGM

RECEIVED
VERNAL FIELD OFFICE
2007 AUG 16 PM 4:05

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
DEPT. OF THE INTERIOR
BUREAU OF LAND MGMT.

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-0143933	
b. 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	
2. Name of Operator KERR MCGEE OIL & GAS ONSHORE LP		7. If Unit or CA Agreement, Name and No.	
3A. Address 1368 SOUTH 1200 EAST VERNAL, UT 84078		8. Lease Name and Well No. FEDERAL 1021-251	
3b. Phone No. (include area code) (435) 781-7024		9. API Well No. 43 047 50441	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NE/SE 1625'FSL, 1290'FEL At proposed prod. Zone		10. Field and Pool, or Exploratory NATURAL BUTTES	
14. Distance in miles and direction from nearest town or post office* 35.2 MILES SOUTHEAST OF OURAY, UTAH		11. Sec., T., R., M., or Blk, and Survey or Area SEC. 25, T10S, R21E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1290'	16. No. of Acres in lease 240.00	17. Spacing Unit dedicated to this well 40.00	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. REFER TO TOPO C	19. Proposed Depth 8760'	20. BLM/BIA Bond No. on file BOND NO. WYB000291	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5367'GL	22. Approximate date work will start*	23. Estimated duration	

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 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 shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature 	Name (Printed/Typed) SHEILA UPCHEGO	Date 8/14/2007
Title SENIOR LAND ADMIN SPECIALIST		
Approved by (Signature) 	Name (Printed/Typed) James H. Sparger	Date FEB 19 2010
Title ACTING 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

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 reverse)

UDOGM

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FEB 25 2010

NOTICE OF APPROVAL

DIV. OF OIL, GAS & MINING

NOS 7/10/07
07PP 2402A



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, LP
Well No: Federal 1021-25I
API No: 43-047-50441

Location: NESE, Sec. 25, T10S, R21E
Lease No: UTU-0143933
Agreement: N/A

OFFICE NUMBER: (435) 781-4400

OFFICE FAX NUMBER: (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 to: ut_vn_opreport@blm.gov .
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.

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

- All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2 gms of NO_x per horsepower-hour. This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower.
- All and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gms of NO_x per horsepower-hour.
- 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:

DOI-BLM-UT-G010-2009-0284-EA

- An Interim Surface Reclamation Plan for surface disturbance on the well pad, access road, and pipeline will be completed. At a minimum, this will include the Best Management Practice of the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, reseeding the area using appropriate reclamation methods. The areas of the location not needed for production operations, including portions of the pad and the reserve pits, will have the stock piled top soil spread evenly over the reclaimed surface, and be seeded with the recommended seed mix shown below. If it is determined that this well site will be used as a multi-well site the interim reclamation will be delayed until all wells are constructed at the site.

Interim Reclamation seed mix

Ephraim crested wheatgrass	<i>Agropyron cristatum v. Epharim</i>	2 lbs. /acre
western wheatgrass	<i>Agropyron smithii</i>	2 lbs. /acre
scarlet globemallow	<i>Spaeralcea coccinea</i>	1 lbs. /acre
shadscale	<i>Atriplex confertifolia</i>	2 lbs. /acre
fourwing saltbush	<i>Atriplex canescens</i>	3 lbs. /acre

Following well plugging and abandonment, the location, access roads, pipelines, and other facilities shall be reclaimed. All disturbed surfaces shall be reshaped to approximate the original contour; the top soil re-spread over the surface; and, the surface re-vegetated. The surface of approved staging areas where construction activities did not occur may require disking or ripping and reseeding.

- No Construction, drilling, completion operations from February 1 through August 15 for Golden eagle.

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DIV. OF OIL, GAS & MIN.

- The operator will control noxious weeds along the well pad, access road, and the pipeline route by spraying or mechanical removal. On BLM administered land, a Pesticide Use Proposal (PUP) will be submitted and approved prior to the application of herbicides or pesticides or possibly hazardous chemicals.

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**DOWNHOLE PROGRAM
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 1000 ft. The minimum cement top is approximately 800 ft above the surface casing shoe.
- Cmmt 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).

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.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- 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.**

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FEB 25 2010

DIV. OF OIL, GAS & MINING

- 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.
- While actively drilling, 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.

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FEB 25 2010

DIV. OF OIL, GAS & MINERALS

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 (¼, 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.

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- 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.

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- 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.

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VERNAL FIELD OFFICE
2007 AUG 16 PM 4:05

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
DEPT. OF THE INTERIOR
BUREAU OF LAND MGMT.

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-0143933	
b. 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	
2. Name of Operator KERR MCGEE OIL & GAS ONSHORE LP		7. If Unit or CA Agreement, Name and No.	
3A. Address 1368 SOUTH 1200 EAST VERNAL, UT 84078		8. Lease Name and Well No. FEDERAL 1021-251	
3b. Phone No. (include area code) (435) 781-7024		9. API Well No. 43 047 50441	
4. Location of Well (Report location clearly and in accordance with any State requirements. *) At surface NE/SE 1625'FSL, 1290'FEL At proposed prod. Zone		10. Field and Pool, or Exploratory NATURAL BUTTES	
14. Distance in miles and direction from nearest town or post office* 35.2 MILES SOUTHEAST OF OURAY, UTAH		11. Sec., T., R., M., or Blk, and Survey or Area SEC. 25, T10S, R21E	
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1290'	16. No. of Acres in lease 240.00	17. Spacing Unit dedicated to this well 40.00	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. REFER TO TOPO C	19. Proposed Depth 8760'	20. BLM/BIA Bond No. on file BOND NO. WYB000291	
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 5367'GL	22. Approximate date work will start*	23. Estimated duration	

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 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 shall be filed with the appropriate Forest Service Office. | 6. Such other site specific information and/or plans as may be required by the authorized office. |

25. Signature 	Name (Printed/Typed) SHEILA UPCHEGO	Date 8/14/2007
Title SENIOR LAND ADMIN SPECIALIST		
Approved by (Signature) 	Name (Printed/Typed) James H. Sparger	Date FEB 19 2010
Title ACTING 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

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 reverse)

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NOTICE OF APPROVAL

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NOS 7/10/07
07PP 2402A

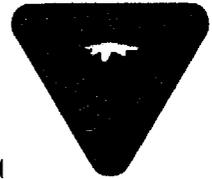


UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4401



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Kerr McGee Oil & Gas, LP
Well No: Federal 1021-25I
API No: 43-047-50441

Location: NESE, Sec. 25, T10S, R21E
Lease No: UTU-0143933
Agreement: N/A

OFFICE NUMBER: (435) 781-4400

OFFICE FAX NUMBER: (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 to: ut_vn_opreport@blm.gov .
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.

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

- All new and replacement internal combustion gas field engines of less than or equal to 300 design-rated horsepower must not emit more than 2 gms of NO_x per horsepower-hour. This requirement does not apply to gas field engines of less than or equal to 40 design-rated horsepower.
- All and replacement internal combustion gas field engines of greater than 300 design rated horsepower must not emit more than 1.0 gms of NO_x per horsepower-hour.
- 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:

DOI-BLM-UT-G010-2009-0284-EA

- An Interim Surface Reclamation Plan for surface disturbance on the well pad, access road, and pipeline will be completed. At a minimum, this will include the Best Management Practice of the reshaping of the pad to the original contour to the extent possible; the re-spreading of the top soil up to the rig anchor points; and, reseeding the area using appropriate reclamation methods. The areas of the location not needed for production operations, including portions of the pad and the reserve pits, will have the stock piled top soil spread evenly over the reclaimed surface, and be seeded with the recommended seed mix shown below. If it is determined that this well site will be used as a multi-well site the interim reclamation will be delayed until all wells are constructed at the site.

Interim Reclamation seed mix

Ephraim crested wheatgrass	<i>Agropyron cristatum v. Epharim</i>	2 lbs. /acre
western wheatgrass	<i>Agropyron smithii</i>	2 lbs. /acre
scarlet globemallow	<i>Spaeralcea coccinea</i>	1 lbs. /acre
shadscale	<i>Atriplex confertifolia</i>	2 lbs. /acre
fourwing saltbush	<i>Atriplex canescens</i>	3 lbs. /acre

Following well plugging and abandonment, the location, access roads, pipelines, and other facilities shall be reclaimed. All disturbed surfaces shall be reshaped to approximate the original contour; the top soil re-spread over the surface; and, the surface re-vegetated. The surface of approved staging areas where construction activities did not occur may require disking or ripping and reseeding.

- No Construction, drilling, completion operations from February 1 through August 15 for Golden eagle.

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- The operator will control noxious weeds along the well pad, access road, and the pipeline route by spraying or mechanical removal. On BLM administered land, a Pesticide Use Proposal (PUP) will be submitted and approved prior to the application of herbicides or pesticides or possibly hazardous chemicals.

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**DOWNHOLE PROGRAM
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 1000 ft. The minimum cement top is approximately 800 ft above the surface casing shoe.
- Cmmt 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).

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.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- 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.**

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- 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.
- While actively drilling, 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.

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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 (¼, 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.

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