

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

FORM 3  
AMENDED REPORT

|   |                   |  |                |   |              |                 |
|---|-------------------|--|----------------|---|--------------|-----------------|
| <b>APPLICATION FOR PERMIT TO DRILL</b>  |                   |  |                | <b>1. WELL NAME and NUMBER</b><br>NBU 920-21KT  |              |                 |
| <b>2. TYPE OF WORK</b><br>DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/> |                   |  |                | <b>3. FIELD OR WILDCAT</b><br>NATURAL BUTTES  |              |                 |
| <b>4. TYPE OF WELL</b><br>Gas Well Coalbed Methane Well: NO   |                   |  |                | <b>5. UNIT or COMMUNITIZATION AGREEMENT NAME</b><br>NATURAL BUTTES  |              |                 |
| <b>6. NAME OF OPERATOR</b><br>KERR-MCGEE OIL & GAS ONSHORE, L.P.  |                   |  |                | <b>7. OPERATOR PHONE</b><br>720 929-6587  |              |                 |
| <b>8. ADDRESS OF OPERATOR</b><br>P.O. Box 173779, Denver, CO, 80217   |                   |  |                | <b>9. OPERATOR E-MAIL</b><br>mary.mondragon@anadarko.com  |              |                 |
| <b>10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE)</b><br>UTU 0144869  |                   | <b>11. MINERAL OWNERSHIP</b><br>FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>    |                | <b>12. SURFACE OWNERSHIP</b><br>FEDERAL <input type="checkbox"/> INDIAN <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/> |              |                 |
| <b>13. NAME OF SURFACE OWNER (if box 12 = 'fee')</b>  |                   |  |                | <b>14. SURFACE OWNER PHONE (if box 12 = 'fee')</b>  |              |                 |
| <b>15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')</b>   |                   |  |                | <b>16. SURFACE OWNER E-MAIL (if box 12 = 'fee')</b>   |              |                 |
| <b>17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN')</b><br>UTE TRIBE  |                   | <b>18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS</b><br>YES <input checked="" type="checkbox"/> (Submit Commingling Application) NO <input type="checkbox"/> |                | <b>19. SLANT</b><br>VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>                               |              |                 |
| <b>20. LOCATION OF WELL</b>   | <b>FOOTAGES</b>   | <b>QTR-QTR</b>   | <b>SECTION</b> | <b>TOWNSHIP</b>   | <b>RANGE</b> | <b>MERIDIAN</b> |
| <b>LOCATION AT SURFACE</b>  | 1834 FSL 2049 FWL | NESW   | 21             | 9.0 S   | 20.0 E       | S               |
| <b>Top of Uppermost Producing Zone</b>  | 1834 FSL 2049 FWL | NESW   | 21             | 9.0 S   | 20.0 E       | S               |
| <b>At Total Depth</b>   | 1834 FSL 2049 FWL | NESW   | 21             | 9.0 S   | 20.0 E       | S               |
| <b>21. COUNTY</b><br>UINTAH   |                   | <b>22. DISTANCE TO NEAREST LEASE LINE (Feet)</b><br>1834   |                | <b>23. NUMBER OF ACRES IN DRILLING UNIT</b><br>720  |              |                 |
|   |                   | <b>25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed)</b><br>1000   |                | <b>26. PROPOSED DEPTH</b><br>MD: 10619 TVD: 10619   |              |                 |
| <b>27. ELEVATION - GROUND LEVEL</b><br>4830   |                   | <b>28. BOND NUMBER</b><br>WYB000291  |                | <b>29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE</b><br>Permit #43-8496   |              |                 |

**ATTACHMENTS**

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

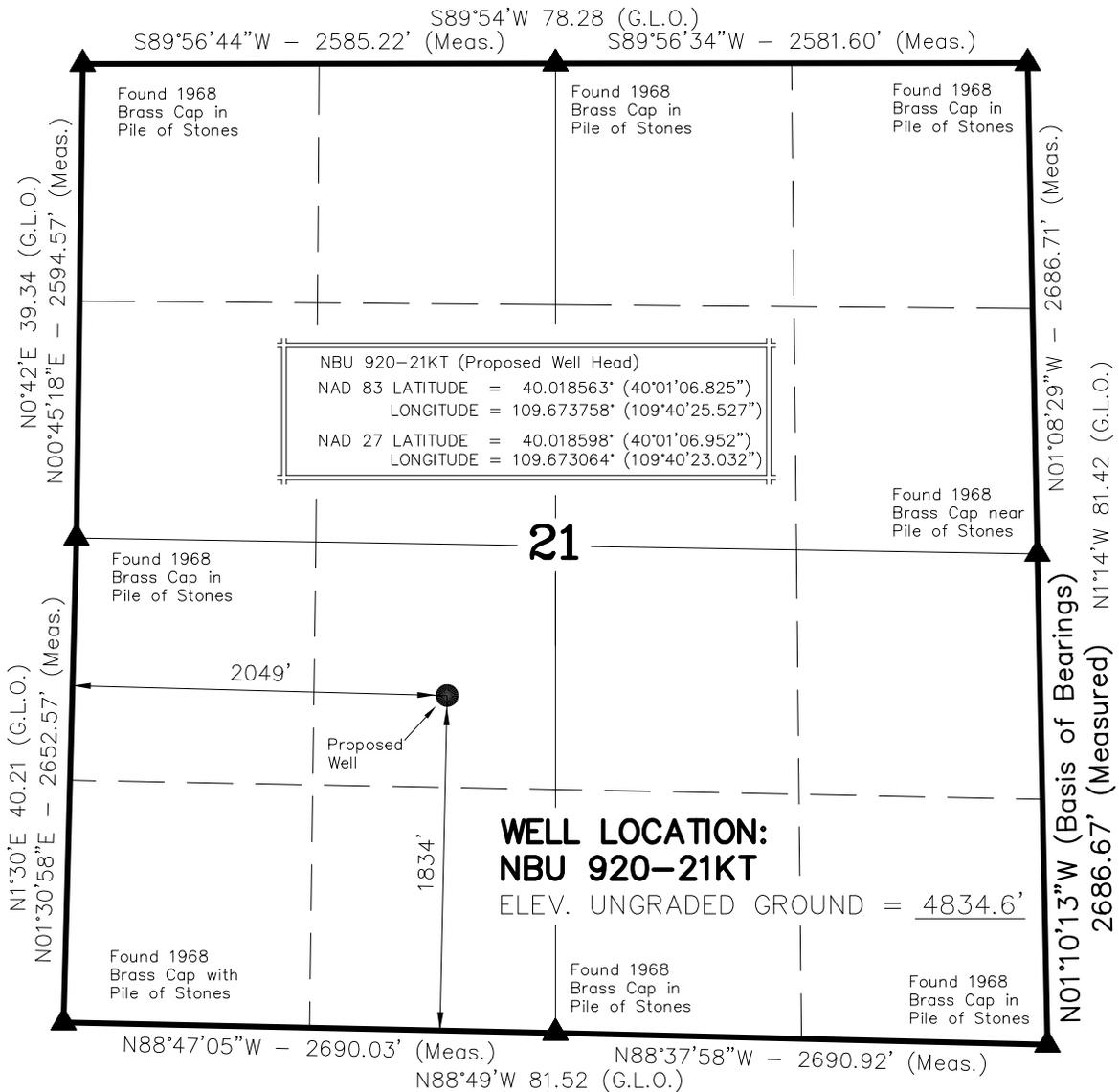
|   |   |
|---|---|
| <input checked="" type="checkbox"/> <b>WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER</b> | <input checked="" type="checkbox"/> <b>COMPLETE DRILLING PLAN</b>                 |
| <input type="checkbox"/> <b>AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)</b>       | <input type="checkbox"/> <b>FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER</b> |
| <input type="checkbox"/> <b>DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY DRILLED)</b>    | <input checked="" type="checkbox"/> <b>TOPOGRAPHICAL MAP</b>                      |

|  |   |   |
|--|---|---|
| <b>NAME</b> Kathy Schneebeck-Dulnoan         | <b>TITLE</b> Staff Regulatory Analyst   | <b>PHONE</b> 720 929-6007                         |
| <b>SIGNATURE</b>                             | <b>DATE</b> 08/07/2009  | <b>EMAIL</b> Kathy.SchneebeckDulnoan@anadarko.com |
| <b>API NUMBER ASSIGNED</b><br>43047506310000 | <b>APPROVAL</b><br><br><br>Permit Manager |   |

| <b>Proposed Hole, Casing, and Cement</b> |                    |                    |                 |                    |  |  |
|--|--------------------|--------------------|-----------------|--------------------|--|--|
| <b>String</b>                            | <b>Hole Size</b>   | <b>Casing Size</b> | <b>Top (MD)</b> | <b>Bottom (MD)</b> |  |  |
| Prod                                     | 7.875              | 4.5                | 0               | 10619              |  |  |
| <b>Pipe</b>                              | <b>Grade</b>       | <b>Length</b>      | <b>Weight</b>   |                    |  |  |
|  | Grade HCP-110 LT&C | 1019               | 11.6            |                    |  |  |
|  | Grade I-80 LT&C    | 9600               | 11.6            |                    |  |  |
|  |                    |                    |                 |                    |  |  |

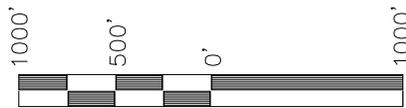
| <b>Proposed Hole, Casing, and Cement</b> |                  |                    |                 |                    |  |  |
|--|------------------|--------------------|-----------------|--------------------|--|--|
| <b>String</b>                            | <b>Hole Size</b> | <b>Casing Size</b> | <b>Top (MD)</b> | <b>Bottom (MD)</b> |  |  |
| Surf                                     | 12.25            | 9.625              | 0               | 2685               |  |  |
| <b>Pipe</b>                              | <b>Grade</b>     | <b>Length</b>      | <b>Weight</b>   |                    |  |  |
|  | Grade J-55 LT&C  | 2685               | 36.0            |                    |  |  |
|  |                  |                    |                 |                    |  |  |

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



**NOTES:**

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



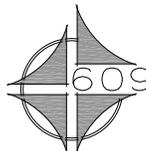
SCALE  
SURVEYOR'S CERTIFICATE

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

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

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

**NBU 920-21KT  
WELL PLAT**  
1834' FSL, 2049' FWL  
NE ¼ SW ¼ OF SECTION 21, T9S, R20E,  
S.L.B.&M. UTAH COUNTY, UTAH.



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

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

|                            |                     |                             |
|----------------------------|---------------------|-----------------------------|
| DATE SURVEYED:<br>12-05-08 | SURVEYED BY: D.J.S. | <b>SHEET<br/>1<br/>OF 9</b> |
| DATE DRAWN:<br>01-20-09    | DRAWN BY: K.K.O.    |                             |
| SCALE: 1" = 1000'          |                     | Date Last Revised:          |

**NBU 920-21KT**

Surface: 1,834' FSL 2,049' FWL (NE/4SW/4)

Sec. 21 T9S R20E

Uintah, Utah

Mineral Lease: UTU 0144869

**ONSHORE ORDER NO. 1**

***DRILLING PROGRAM***

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      | 1,738'       |                 |
| Birds Nest       | 1,962'       | Water           |
| Mahogany         | 2,485'       | Water           |
| Wasatch          | 5,179'       | Gas             |
| Mesaverde        | 8,555'       | Gas             |
| MVU2             | 9,543'       | Gas             |
| MVL1             | 10,010'      | Gas             |
| TD               | 10,619'      |                 |

3. **Pressure Control Equipment** (Schematic Attached)

*Please refer to the attached Drilling Program.*

4. **Proposed Casing & Cementing Program:**

*Please refer to the attached Drilling Program.*

5. **Drilling Fluids Program:**

*Please refer to the attached Drilling Program.*

6. **Evaluation Program:**

*Please refer to the attached Drilling Program.*

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 10,619' TD, approximately equals 6,616 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 4,280 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

**8. Anticipated Starting Dates:**

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

**9. Variations:**

*Please refer to the attached Drilling Program.*

*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.*

***Variance for FIT Requirements***

*KMG also respectfully requests a variance to Onshore Order 2, Section III, Part Bi, for the pressure integrity test (PIT, also known as a formation integrity test (FIT)). The air rig operation utilizes a 5M BOPE when drilling. This well is not an exploratory well and is being drilled in an area where the formation integrity is well known. Additionally, when an FIT is run with the mud weight as required, the casing shoe frequently breaks down and causes subsequent lost circulation when drilling the entire depth of the well.*

***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.*

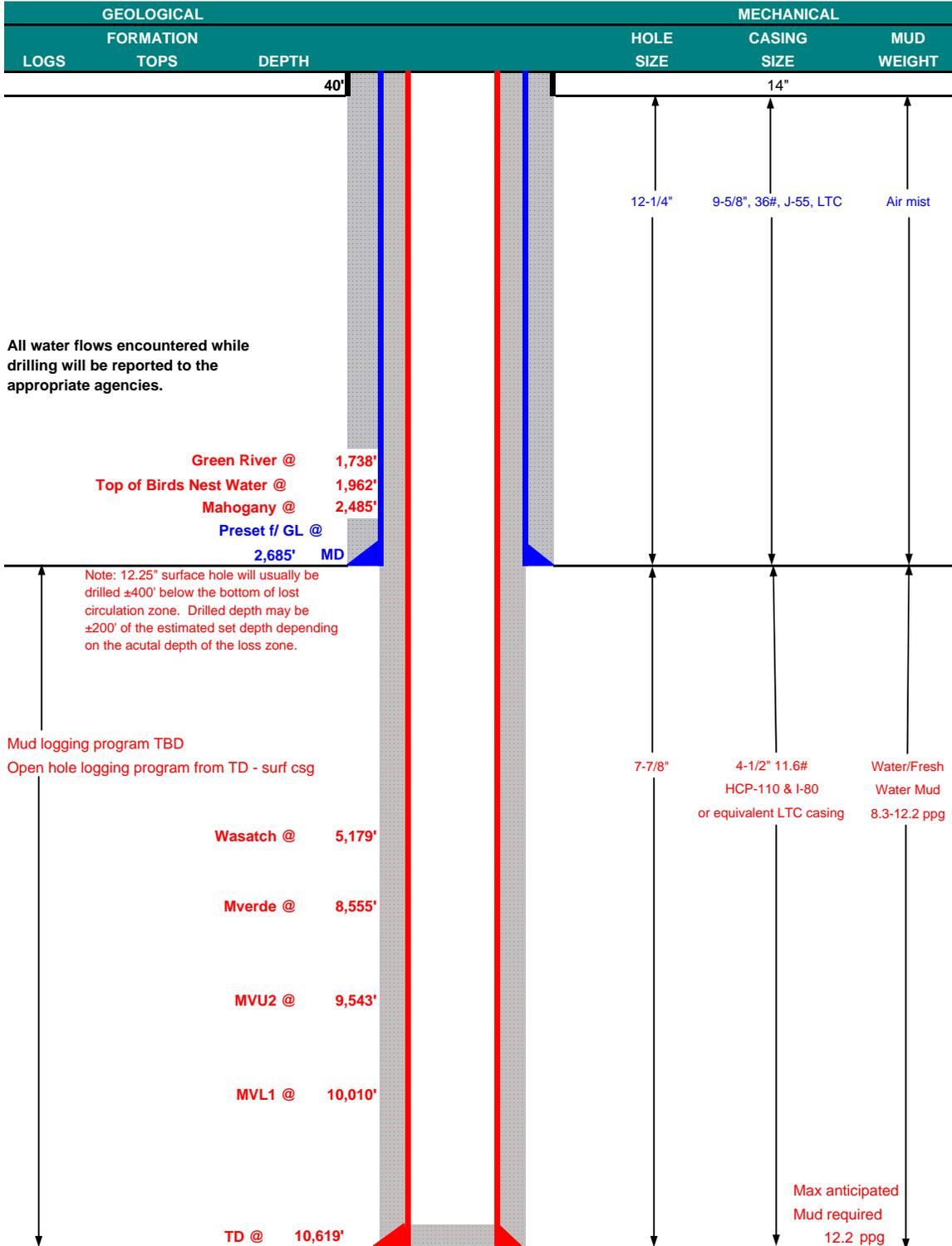
**10. Other Information:**

*Please refer to the attached Drilling Program.*



## KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

|                   |  |            |            |                    |                   |
|-------------------|--|------------|------------|--------------------|-------------------|
| COMPANY NAME      | KERR-McGEE OIL & GAS ONSHORE LP  |            | DATE       | August 5, 2009     |                   |
| WELL NAME         | NBU 920-21KT   |            | TD         | 10,619' MD/TVD     |                   |
| FIELD             | Natural Buttes   | COUNTY     | Uintah     | STATE              | Utah              |
|                   |  |            |            | FINISHED ELEVATION | 4,830'            |
| SURFACE LOCATION  | NE/4 SW/4  | 1,834' FSL | 2,049' FWL | Sec 21 T 9S R 20E  | BHL Straight Hole |
|                   | Latitude:  | 40.018563  | Longitude: | -109.673758        | NAD 83            |
| OBJECTIVE ZONE(S) | Wasatch/Mesaverde  |            |            |                    |                   |
| ADDITIONAL INFO   | Regulatory Agencies: BLM (MINERALS), Ute Tribe (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 2685     | 36.00 | J-55    | LTC   | 0.80*          | 1.61     | 4.69    |
| PRODUCTION | 4-1/2" | 0 to 9600     | 11.60 | I-80    | LTC   | 7,780          | 6,350    | 201,000 |
|            |        | 9600 to 10619 | 11.60 | HCP-110 | LTC   | 1,777          | 1,04     | 2,01    |
|            |        |               |       |         |       | 10,690         | 8,650    | 279,000 |
|            |        |               |       |         |       | 2.43           | 1.28     | 29.01   |

\*Burst on surface casing is controlled by fracture gradient as shoe with gas gradient above. D.F. = 2.08

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 = 12.2 ppg) 0.22 psi/ft = gradient for partially evac wellbore  
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing\*Buoy.Fact. of water)  
**MASP 4,280 psi**

3) Maximum Anticipated Bottom Hole Pressure (MABHP) = Pore Pressure at TD  
 (Burst Assumptions: TD = 12.2 ppg) 0.62 psi/ft = bottomhole gradient  
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing\*Buoy.Fact. of water)  
**MABHP 6,616 psi**

**CEMENT PROGRAM**

|   | FT. OF FILL | DESCRIPTION   | SACKS   | EXCESS | WEIGHT | YIELD |
|---|-------------|---|---------|--------|--------|-------|
| SURFACE LEAD  | 500'        | Premium cmt + 2% CaCl + 0.25 pps flocele  | 215     | 60%    | 15.60  | 1.18  |
| Option 1 TOP OUT CMT (6 jobs)   | 1,200'      | 20 gals sodium silicate + Premium cmt + 2% CaCl + 0.25 pps flocele              | 380     | 0%     | 15.60  | 1.18  |
| <b>NOTE: If well will circulate water to surface, option 2 will be utilized</b> |             |   |         |        |        |       |
| SURFACE LEAD  | 2,185'      | Prem cmt + 16% Gel + 10 pps gilsonite + 0.25 pps Flocele + 3% salt BWOC         | 250     | 35%    | 11.00  | 3.82  |
| Option 2 TAIL   | 500         | Premium cmt + 2% CaCl + 0.25 pps flocele  | 180     | 35%    | 15.60  | 1.18  |
| TOP OUT CMT   | as required | Premium cmt + 2% CaCl   | as req. |        | 15.60  | 1.18  |
| PRODUCTION LEAD   | 4,679'      | Premium Lite II + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 1% Retarder | 450     | 40%    | 11.00  | 3.38  |
| TAIL  | 5,940'      | 50/50 Poz/G + 10% salt + 2% gel + 0.1% R-3                                      | 1450    | 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 for a total of 15 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.

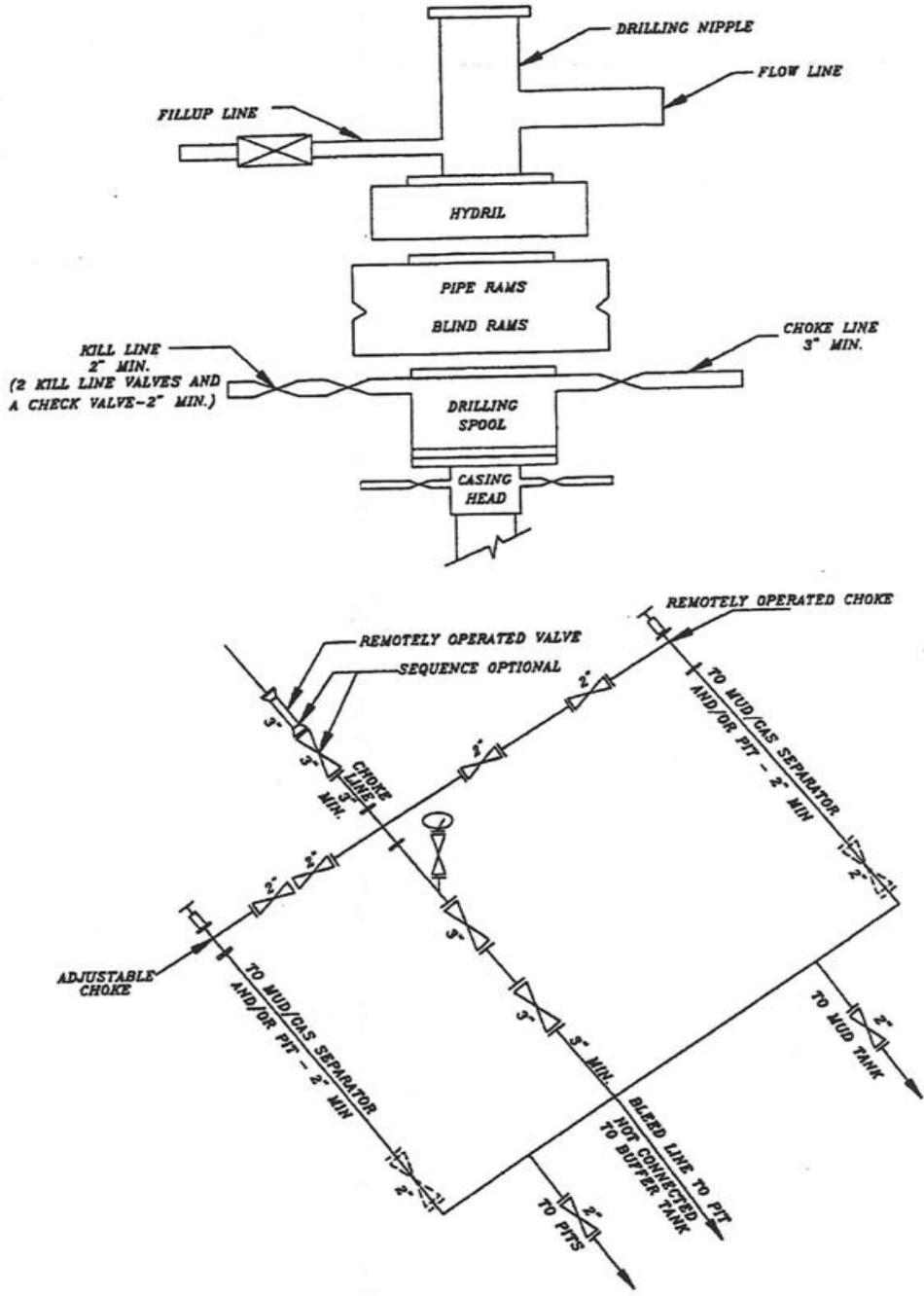
Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

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

DRILLING ENGINEER: \_\_\_\_\_ DATE: \_\_\_\_\_  
 John Huycke / Emile Goodwin

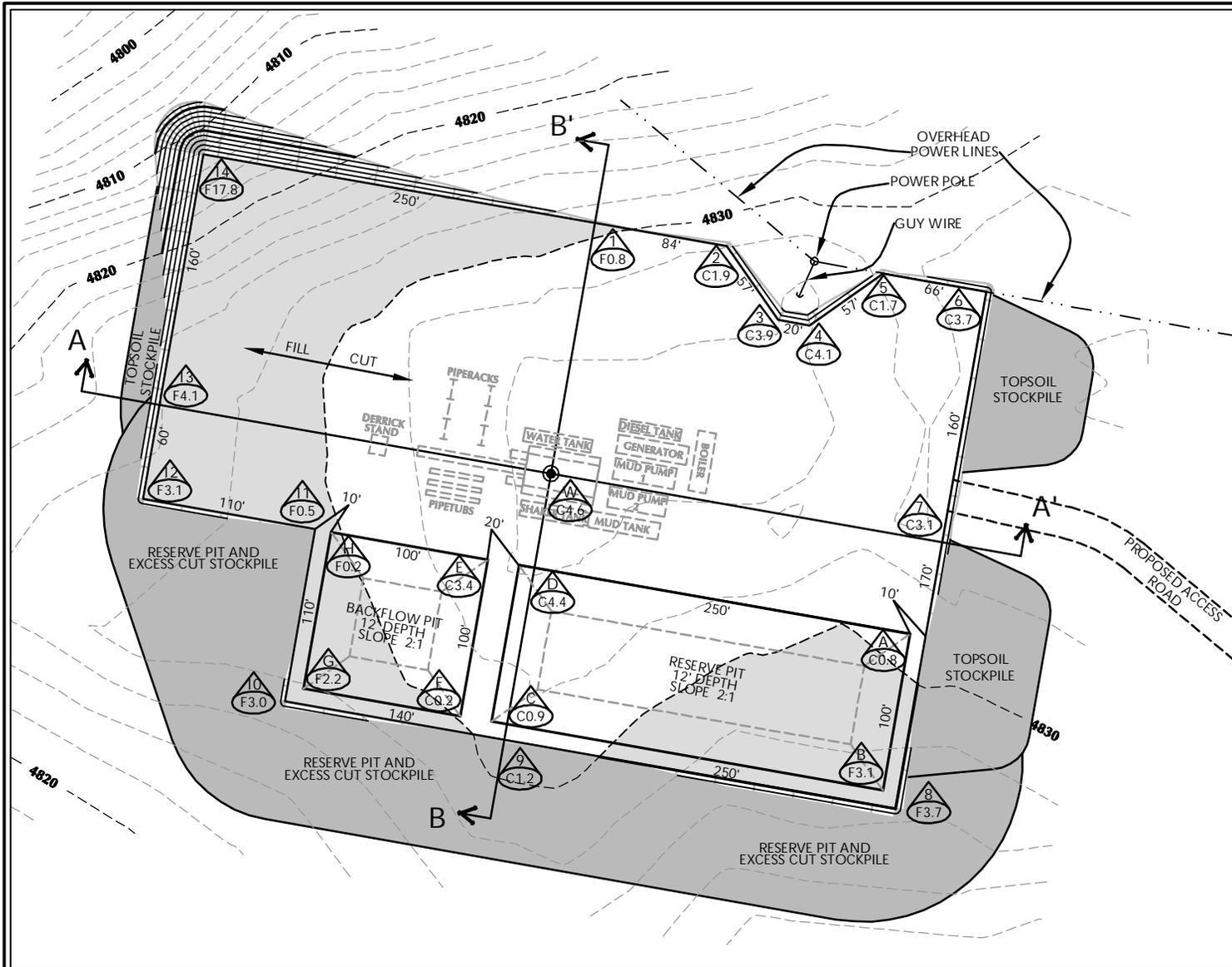
DRILLING SUPERINTENDENT: \_\_\_\_\_ DATE: \_\_\_\_\_  
 John Merkel / Lovel Young

### EXHIBIT A NBU 920-21KT



**SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK**

'APIWellNo:43047506310000'  
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**WELL PAD LEGEND**

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

**WELL PAD NBU 920-21KT QUANTITIES**

EXISTING GRADE @ LOC. STAKE = 4,834.6'  
 FINISHED GRADE ELEVATION = 4,830.0'  
 CUT SLOPES = 1.5:1  
 FILL SLOPES = 1.5:1

TOTAL CUT FOR WELL PAD = 8,016 C.Y.  
 TOTAL FILL FOR WELL PAD = 7,908 C.Y.  
 TOPSOIL @ 6" DEPTH = 3,022 C.Y.  
 EXCESS MATERIAL = 108 C.Y.  
 TOTAL DISTURBANCE = 3.70 ACRES  
 SHRINKAGE FACTOR = 1.10  
 SWELL FACTOR = 1.00  
 RESERVE PIT CAPACITY (2' OF FREEBOARD)  
 +/- 28,730 BARRELS  
 RESERVE PIT VOLUME  
 +/- 7,720 CY  
 BACKFLOW PIT CAPACITY (2' OF FREEBOARD)  
 +/- 9,490 BARRELS  
 BACKFLOW PIT VOLUME  
 +/- 2,660 CY

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

**NBU 920-21KT  
 WELL PAD - LOCATION LAYOUT**  
 1834' FSL, 2049' FWL  
 NE1/4 SW1/4, OF SECTION 21, T9S, R20E,  
 S.L.B.&M., UINTAH COUNTY, UTAH



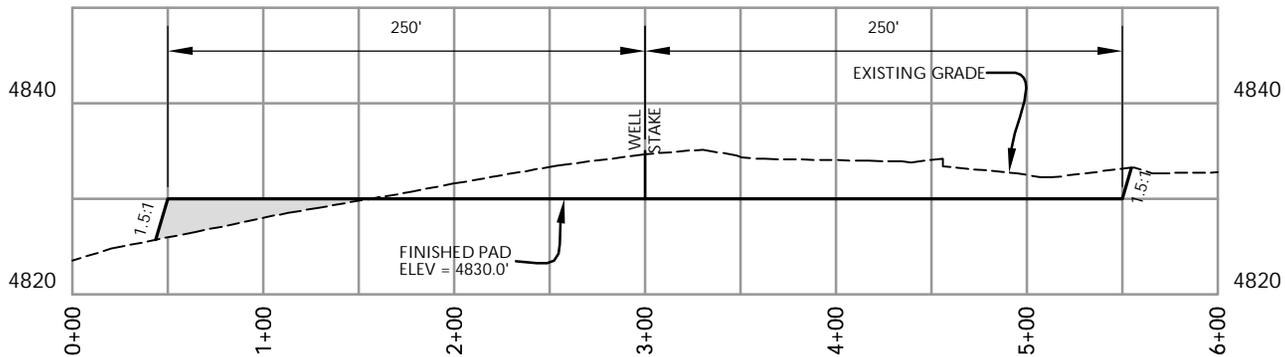
**CONSULTING, LLC**  
 371 Coffeen Avenue  
 Sheridan WY 82801  
 Phone 307-674-0609  
 Fax 307-674-0182

|                |               |                    |
|----------------|---------------|--------------------|
| Scale: 1"=100' | Date: 2/13/09 | SHEET NO:          |
| REVISED:       | BY DATE       | <b>2</b><br>2 OF 9 |

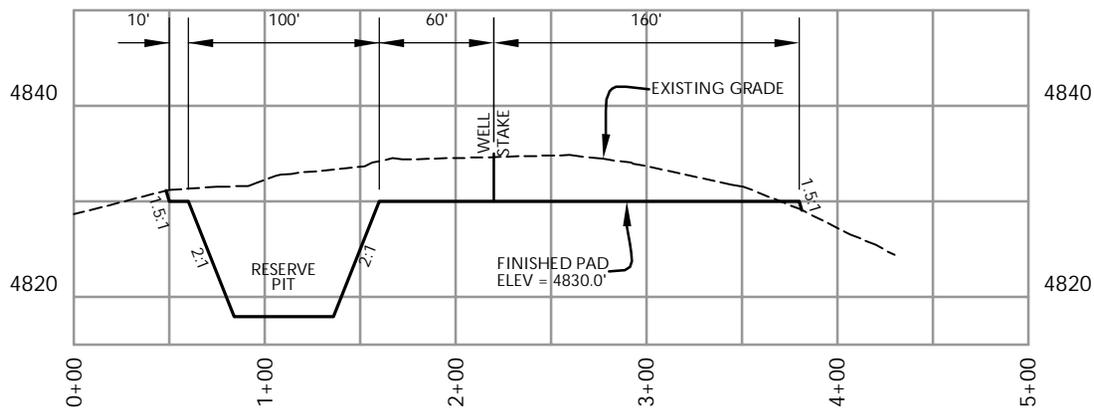


HORIZONTAL 1" = 100'  
 2' CONTOURS

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



CROSS SECTION A-A'



CROSS SECTION B-B'

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

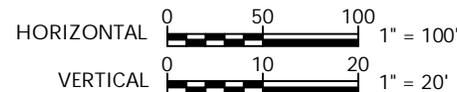
KERR-MCGEE OIL & GAS  
ONSHORE L.P.  
1099 18th Street - Denver, Colorado 80202

NBU 920-21KT  
WELL PAD - CROSS SECTIONS  
1834' FSL, 2049' FWL  
NE1/4 SW1/4, SECTION 21, T9S, R20E  
S.L.B.&M., UINTAH COUNTY, UTAH

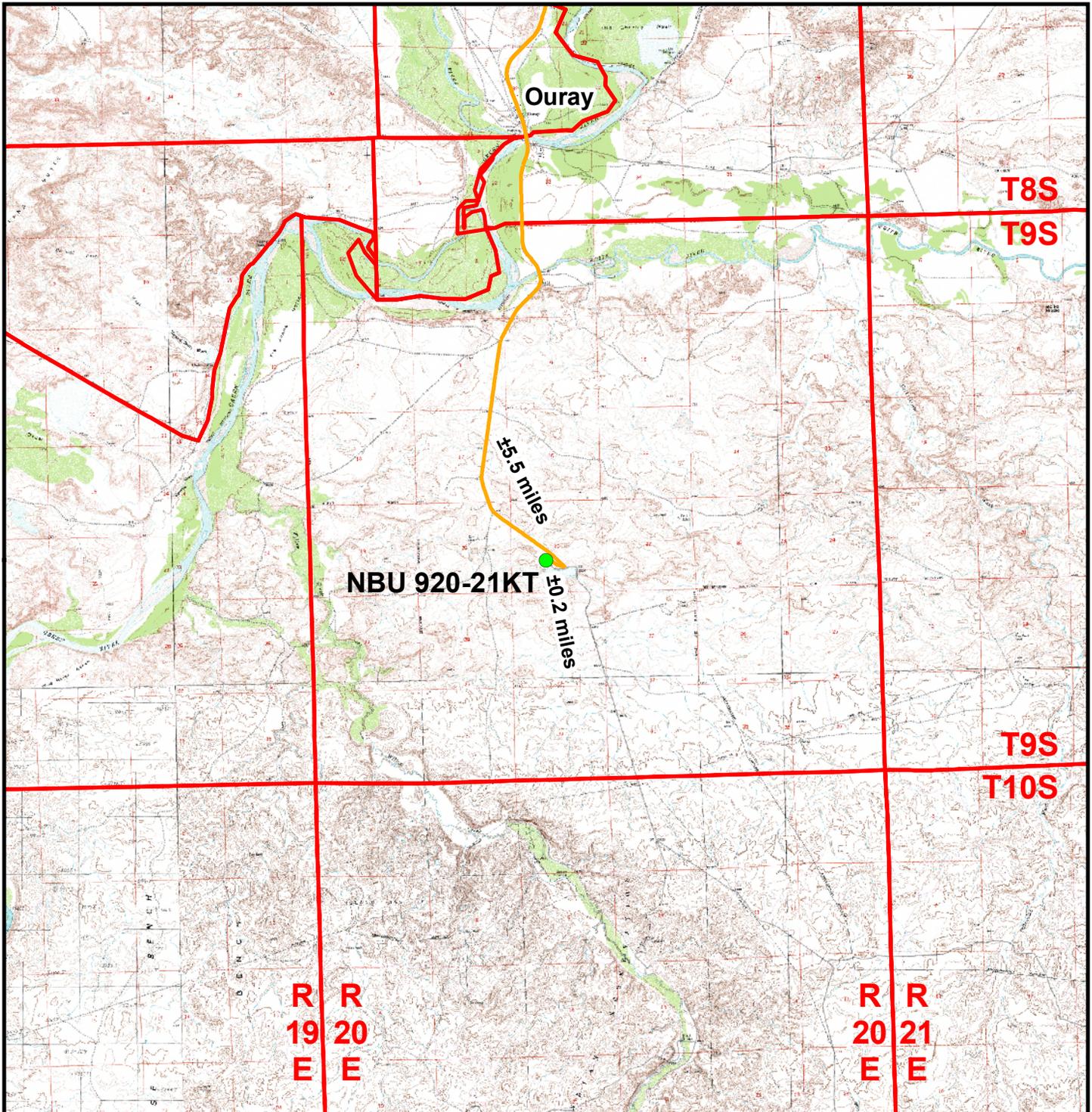


CONSULTING, LLC  
371 Coffeen Avenue  
Sheridan WY 82801  
Phone 307-674-0609  
Fax 307-674-0182

|                |               |                    |
|----------------|---------------|--------------------|
| Scale: 1"=100' | Date: 2/13/09 | SHEET NO:          |
| REVISD:        | BY DATE       | <b>3</b><br>3 OF 9 |



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



**Legend**

- Proposed NBU 920-21KT Well Location
- Access Route - Proposed

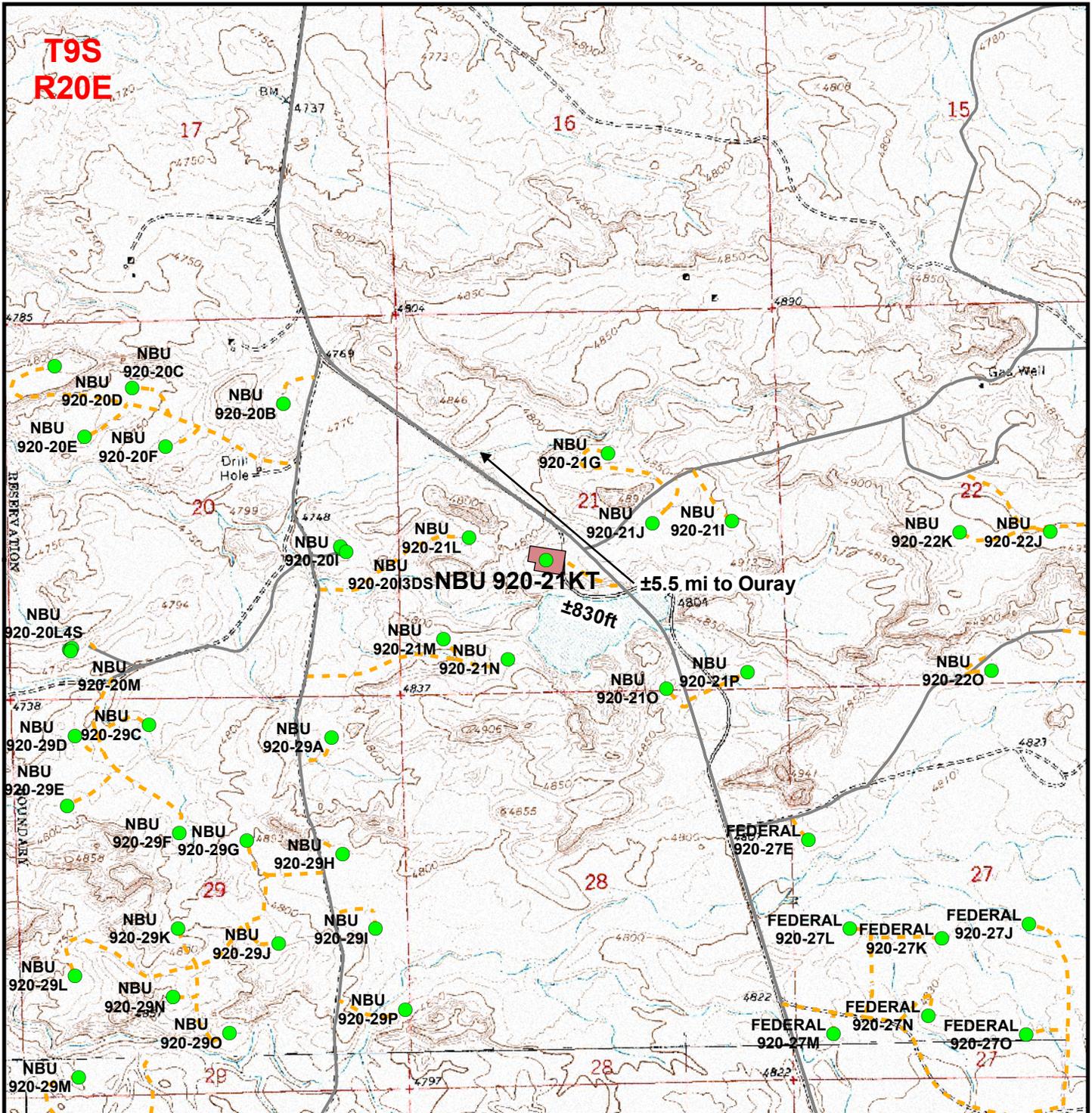
**Kerr-McGee Oil & Gas Onshore, LP**  
 1099 18th Street, Denver, Colorado 80202

**NBU 920-21KT**  
**Topo A**  
 1834' FSL, 2049' FWL  
 NE¼ SW¼, Section 21, T9S, R20E  
 S.L.B.&M., Uintah County, Utah

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



|                  |                   |           |
|------------------|-------------------|-----------|
| Scale: 1:100,000 | NAD83 USP Central | Sheet No: |
| Drawn: JELO      | Date: 10 Feb 2009 | <b>5</b>  |
| Revised:         | Date:             |           |



**Legend**

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

Total Proposed Road Length: ±830ft

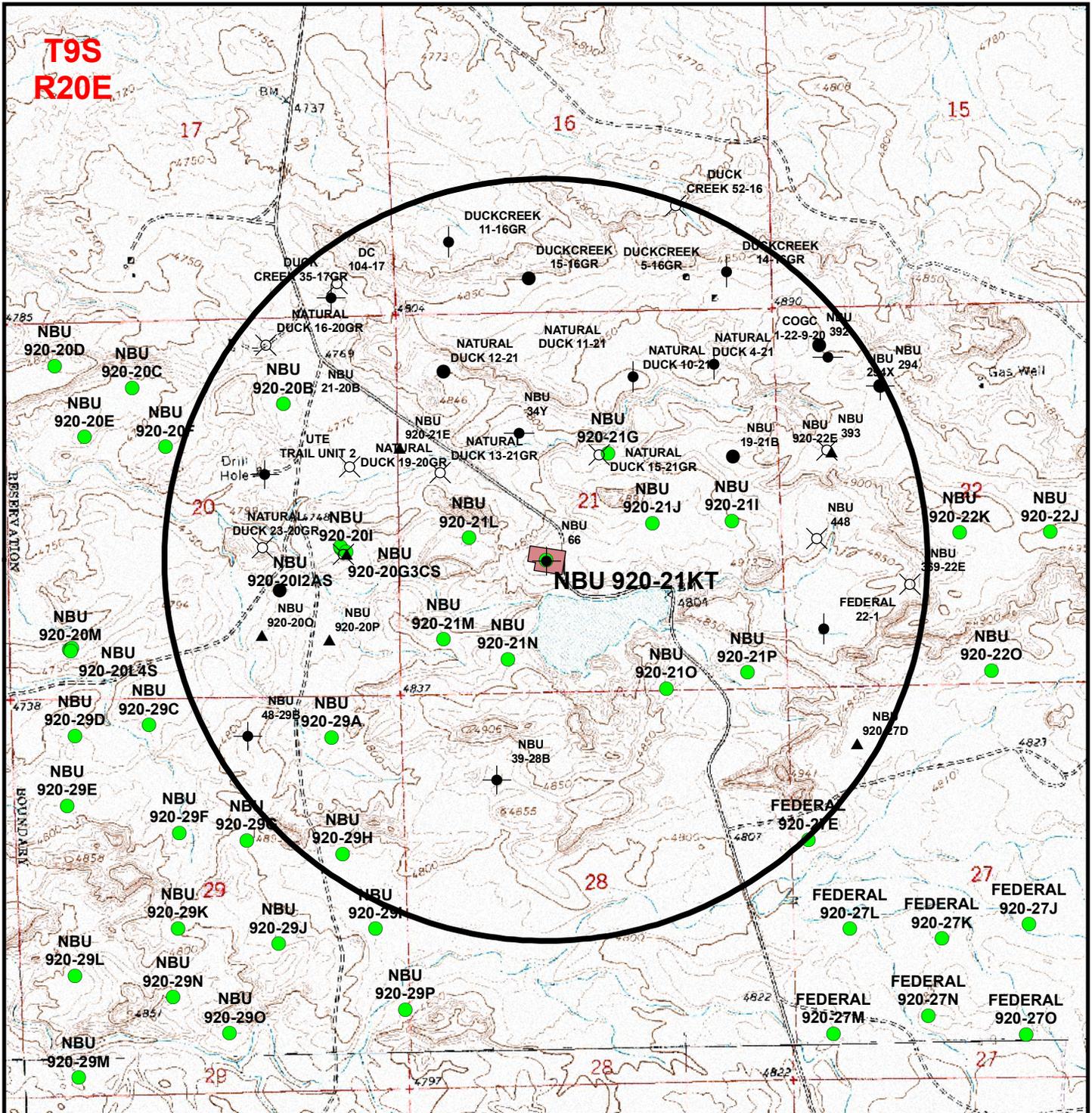
**Kerr-McGee Oil & Gas Onshore, LP**  
 1099 18th Street, Denver, Colorado 80202

**NBU 920-21KT**  
**Topo B**  
 1834' FSL, 2049' FWL  
 NE¼ SW¼, Section 21, T9S, R20E  
 S.L.B.&M., Uintah County, Utah

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



|                    |                   |           |
|--------------------|-------------------|-----------|
| Scale: 1" = 2000ft | NAD83 USP Central | Sheet No: |
| Drawn: JELO        | Date: 10 Feb 2009 | <b>6</b>  |
| Revised:           | Date:             |           |



**Legend**

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

- Well - Proposed
- Well - 1 Mile Radius
- Producing
- ▲ Approved permit (APD); not yet spudded
- ⊗ Location Abandoned
- Shut-In
- Well Pad
- ▲ Spudded (Drilling commenced: Not yet complete)
- Temporarily-Abandoned
- Plugged and Abandoned

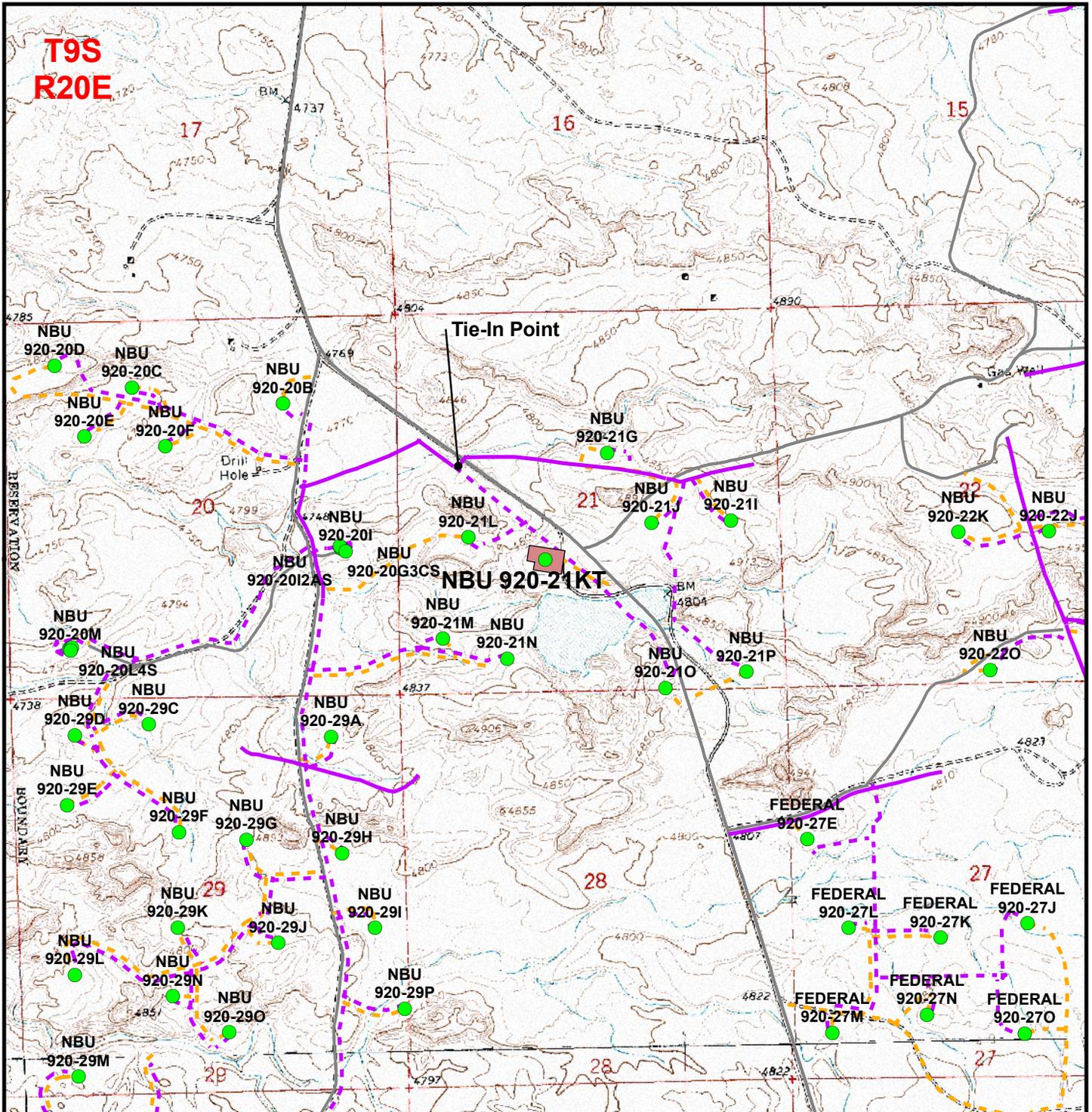
**Kerr-McGee Oil & Gas Onshore, LP**  
1099 18th Street, Denver, Colorado 80202

**NBU 920-21KT**  
Topo C  
1834' FSL, 2049' FWL  
NE¼ SW¼, Section 21, T9S, R20E  
S.L.B.&M., Uintah County, Utah

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



|                    |                   |           |        |
|--------------------|-------------------|-----------|--------|
| Scale: 1" = 2000ft | NAD83 USP Central | Sheet No: |        |
| Drawn: JELO        | Date: 10 Feb 2009 | 7         | 7 of 9 |
| Revised:           | Date:             |           |        |



**Legend**

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

Proposed Pipeline Length From Tie-In Point To Edge Of Pad: ±1,935ft  
 Proposed Pipeline Length Around Pad: ±660ft

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

**NBU 920-21KT**  
**Topo D**  
 1834' FSL, 2049' FWL  
 NE¼ SW¼, Section 21, T9S, R20E  
 S.L.B.&M., Uintah County, Utah

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

|                    |                   |           |
|--------------------|-------------------|-----------|
| Scale: 1" = 2000ft | NAD83 USP Central | Sheet No: |
| Drawn: JELO        | Date: 10 Feb 2009 | <b>8</b>  |
| Revised:           | Date:             |           |

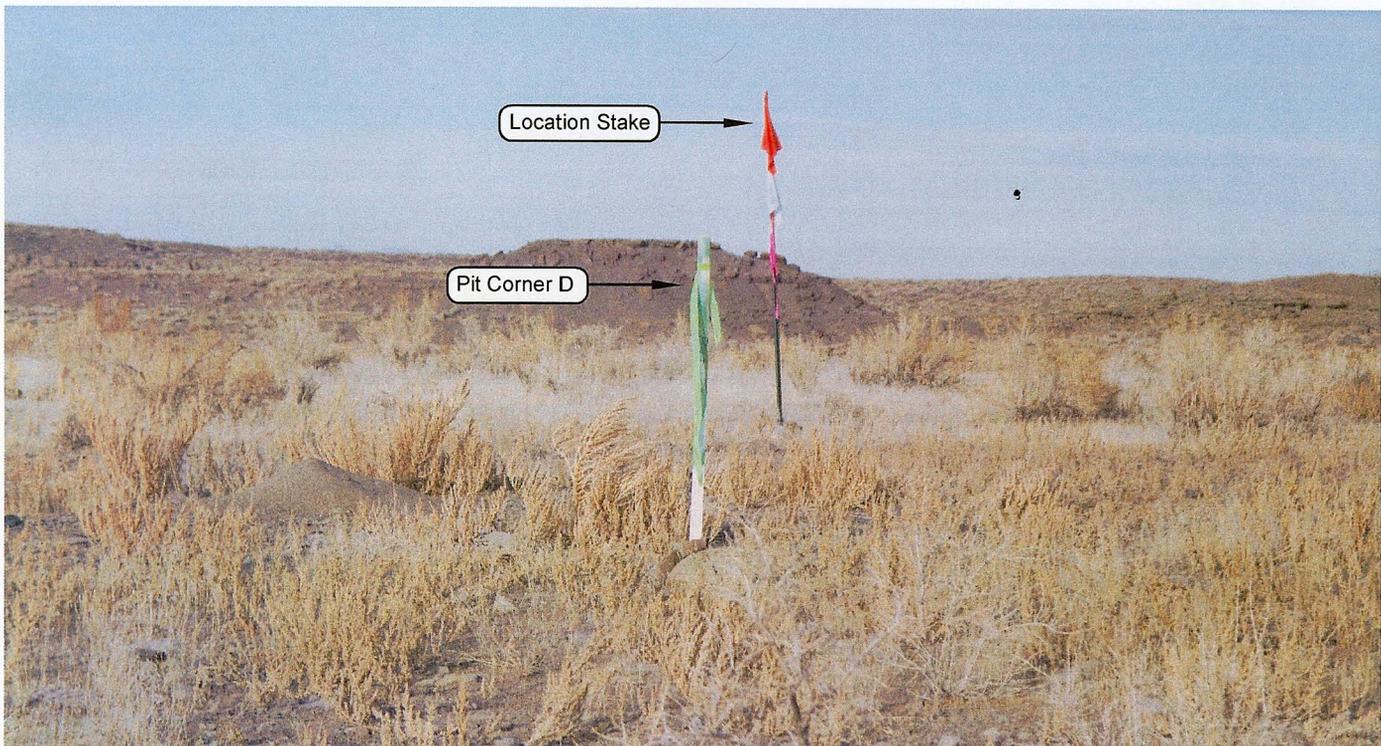


PHOTO VIEW: FROM PIT CORNER D TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY



PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: NORTHWESTERLY

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



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

NBU 920-21KT  
 1834' FSL, 2049' FWL  
 NE $\frac{1}{4}$  SW $\frac{1}{4}$  OF SECTION 21, T9S, R20E,  
 S.L.B.&M. UINTAH COUNTY, UTAH.

|   |                  |   |
|---|------------------|---|
| <b>LOCATION PHOTOS</b>                                  |                  | DATE TAKEN: 12-05-08                    |
|   |                  | DATE DRAWN: 01-20-09                    |
| TAKEN BY: D.J.S.  | DRAWN BY: K.K.O. | REVISED:                                |
| <b>Timberline</b><br>Engineering & Land Surveying, Inc. |                  | (435) 789-1365                          |
| 209 NORTH 300 WEST VERNAL, UTAH 84078                   |                  | <b>SHEET</b><br><b>4</b><br><b>OF 9</b> |

**Kerr-McGee Oil & Gas Onshore, LP**  
**NBU 920-21KT**  
**Section 21, T9S, R20E, S.L.B.&M.**

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 13.9 MILES TO THE JUNCTION OF STATE HIGHWAY 88. EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 16.8 MILES TO OURAY, UTAH. FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 5.5 MILES TO THE PROPOSED ACCESS ROAD. FOLLOW ROAD FLAGS IN A NORTHWESTERLY DIRECTION APPROXIMATELY 830 FEET TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 36.4 MILES IN A SOUTHERLY DIRECTION.

**NBU 920-21KT**

Surface: 1,834' FSL 2,049' FWL (NE/4SW/4)

Sec. 21 T9S R20E

Uintah, Utah

Mineral Lease: UTU 0144869

Surface Owner: Ute Indian Tribe

**ONSHORE ORDER NO. 1**

***MULTI-POINT SURFACE USE & OPERATIONS PLAN  
SUBMITTED WITH SITE-SPECIFIC INFORMATION***

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) and Bureau of Indian Affairs (BIA) documents. An NOS was submitted showing the surface location in NE/4 SW/4 of Section 21 T9S R20E.

This Surface Use Plan of Operations (SUPO) or 13-point plan provides the site-specific information for the above-referenced wells. This information is to be incorporated by reference into the Master Development Plan (MDP) for Kerr-McGee Oil & Gas Onshore LP (Kerr-McGee). The MDP is available upon request from the BIA-Ft Duchesne Office.

An on-site meeting is scheduled for September 1-3, 2009. Please contact Raleen White at 720-929-6666 for any questions.

**1. Existing Roads:**

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

**2. Planned Access Roads:**

*See MDP for additional details on road construction.*

Approximately  $\pm 830'$  ( $\pm 0.16$  miles) of new access road is proposed. Please refer to the attached Topo Map B. No pipelines will be crossed with the new construction.

*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 and are typically shown on the attached Exhibits and Topo maps.*

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

Please refer to Topo Map C.

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

*See MDP for additional details on Existing and Proposed Facilities.*

*The following guidelines will apply if the well is productive.*

**Approximately ±2,595' (±0.49 miles) of pipeline is proposed. Refer to Topo D for the existing pipeline.** Appropriate surface use agreements have been or will be obtained from the Ute Indian Tribe. Pipeline segments will be welded or zaplocked together on disturbed areas in or near the location, whenever possible, and dragged into place

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

*See MDP for additional details on Location and Type of Water Supply.*

Water for drilling purposes will be obtained from one of the following sources:

- Dalbo Inc.'s underground well located in Ouray, Utah, Sec. 32 T4S R3E, Water User Claim number 43-8496, application number 53617.
- Price Water Pumping Inc. Green River and White River, various sources, Water Right Number 49-1659, application number: a35745.

No water well is to be drilled on this lease.

6. **Source of Construction Materials:**

*See MDP for additional details on Source of Construction Materials.*

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

*See MDP for additional details on Methods of Handling Waste Materials.*

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:**

*See MDP for additional details on Ancillary Facilities.*

None are anticipated.

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

*See MDP for additional details on Well Site Layout.*

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

- Net wire (39-inch) 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.

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

*See MDP for additional details on Plans for Reclamation of the Surface.*

Kerr-McGee shall call the BIA for the seed mixture prior to starting interim and/or final reclamation actions.

**11. Surface/Mineral Ownership:**

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

Ute Indian Tribe  
PO Box 70  
Fort Duchesne, Utah 84026  
435-722-5141

The mineral ownership is listed below:

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

**12. Other Information:**

*See MDP for additional details on Other Information.*

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.

  
\_\_\_\_\_  
Kathy Schneebeck Dulnoan

August 6, 2009  
\_\_\_\_\_  
Date

'APIWellNo:43047506310000'

CLASS I REVIEW OF KERR-MCGEE OIL AND GAS  
ONSHORE LP'S 88 PROPOSED WELL LOCATIONS  
(T9S, R20E, SECS. 1, 14, 15, 20, 21, 22, 23, 27, 29, 32, 33, 34)  
UINTAH COUNTY, UTAH

By:

Jacki A. Montgomery

Prepared For:

Ute Indian Tribe  
Uintah and Ouray Agency

Prepared Under Contract With:

Kerr-McGee Oil and Gas Onshore LP  
1368 South 1200 East  
Vernal, Utah 84078

Prepared By:

Montgomery Archaeological Consultants, Inc.  
P.O. Box 219  
Moab, Utah 84532

MOAC Report No. 08-318

March 4, 2009

United States Department of Interior (FLPMA)  
Permit No. 08-UT-60122

# **Paleontological Assessment for Anadarko Petroleum Corp.**

NBU 920-21KT  
Ouray Quadrangle  
Uintah County, Utah

Prepared for  
**Anadarko Petroleum Corp.**  
and  
**Ute Tribe**  
**Uintah and Ouray Reservation**

Prepared by  
**SWCA Environmental Consultants**  
SWCA #UT09-14314-49



# Grasslands Consulting, Inc.

4800 Happy Canyon Road, Suite 110, Denver, CO 80237

(303) 759-5377 Office (303) 759-5324 Fax

## **SPECIAL STATUS PLANT AND WILDLIFE SPECIES REPORT**

**Operator:** Kerr-McGee Oil & Gas Onshore LP

**Wells:** NBU 920-21G, NBU 920-21I, NBU 920-21J, NBU 920-21KT, NBU 920-21L, NBU 920-21M, NBU 920-21N, NBU 920-21O, and NBU 920-21P.

**Pipelines:** Associated pipelines to proposed well pads

**Access Roads:** Associated access roads to proposed well pads

**Location:** Section 21, Township 9 South, Range 20 East; Uintah County, Utah

**Survey-Species:** Uinta Basin Hookless Cactus (*Sclerocactus wetlandicus*)

**Date:** July 8-9, 2009

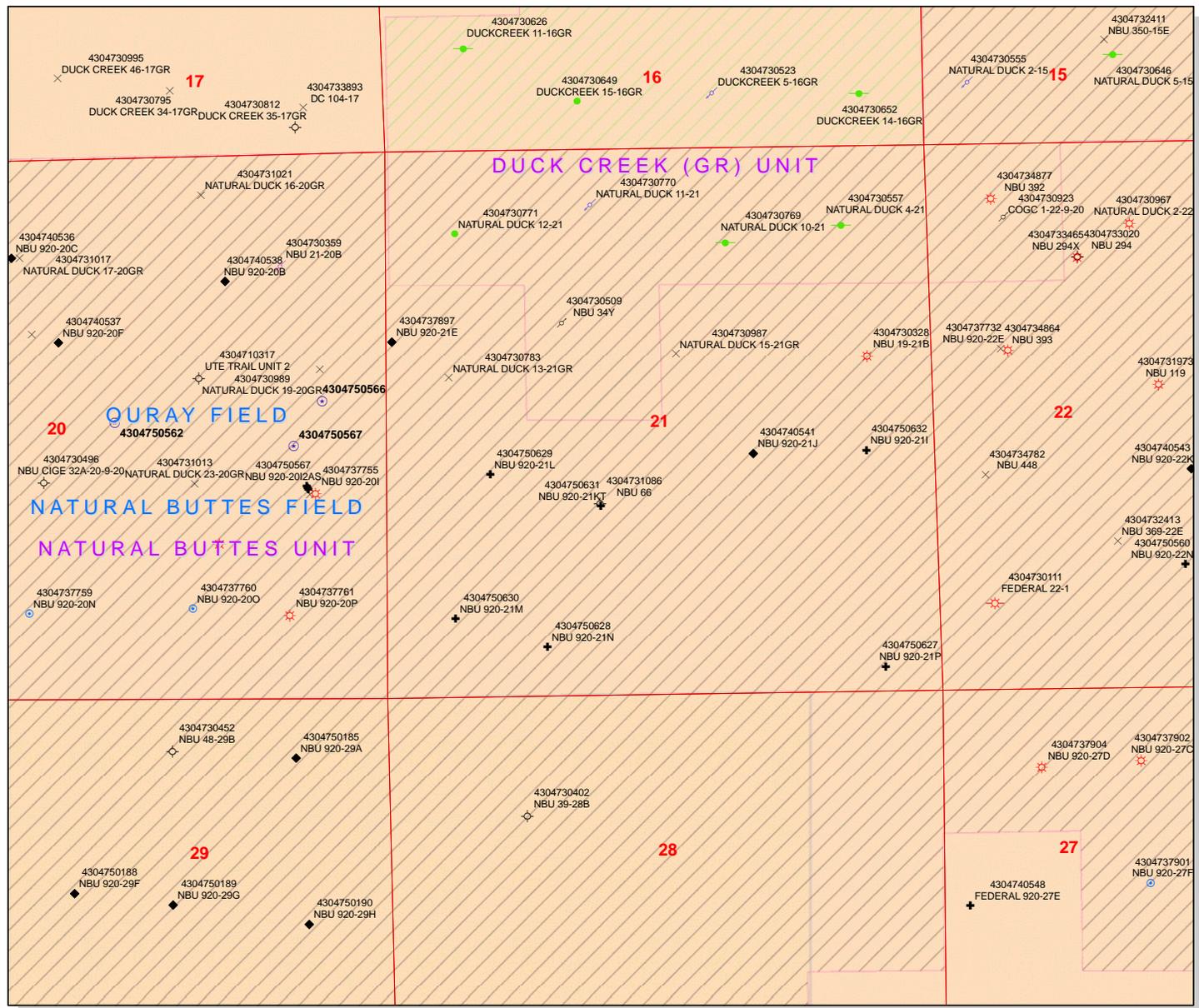
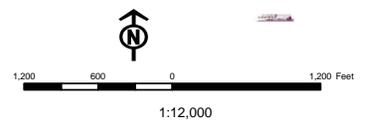
**Observer(s):** Grasslands Consulting, Inc. Biologists: Dan Hamilton, Matt Kelahan, and Jonathan Sexauer. Technicians: Chad Johnson and Daniel Ortiz.

**Weather:** Partly cloudy, 75-85°F, 0-5 mph winds with no precipitation.

**API Number: 4304750631**  
**Well Name: NBU 920-21KT**  
**Township 09.0 S Range 20.0 E Section 21**  
**Meridian: SLBM**  
 Operator: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Map Prepared:  
 Map Produced by Diana Mason

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



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, Utah 84145-0155

IN REPLY REFER TO:  
3160  
(UT-922)

August 14, 2009

Memorandum

To: Assistant District Manager Minerals, Vernal District  
From: Michael Coulthard, Petroleum Engineer  
Subject: 2009 Plan of Development Natural Buttes Unit  
Uintah County, Utah.

Pursuant to email between Diana Whitney, Division of Oil, Gas and Mining, and Mickey Coulthard, Utah State Office, Bureau of Land Management, the following wells are planned for calendar year 2009 within the Natural Buttes Unit, Uintah County, Utah.

| API #                            | WELL NAME       | LOCATION                               |
|----------------------------------|-----------------|--|
| (Proposed PZ WASATCH-MESA VERDE) |                 |  |
| 43-047-50631                     | NBU 920-21KT    | Sec 21 T09S R20E 1834 FSL 2049 FWL     |
| 43-047-50632                     | NBU 920-21I     | Sec 21 T09S R20E 2381 FSL 0645 FEL     |
| 43-047-50635                     | NBU 1022-10M1AS | Sec 10 T10S R22E 0173 FSL 1784 FWL     |
|                                  |                 | BHL Sec 10 T10S R22E 1310 FSL 1030 FWL |
| 43-047-50636                     | NBU 1022-10M1DS | Sec 10 T10S R22E 0167 FSL 1765 FWL     |
|                                  |                 | BHL Sec 10 T10S R22E 0800 FSL 1030 FWL |
| 43-047-50637                     | NBU 1022-10O2CS | Sec 10 T10S R22E 0180 FSL 1803 FWL     |
|                                  |                 | BHL Sec 10 T10S R22E 0915 FSL 2310 FEL |
| 43-047-50638                     | NBU 1022-10O3BS | Sec 10 T10S R22E 0187 FSL 1822 FWL     |
|                                  |                 | BHL Sec 10 T10S R22E 0405 FSL 2310 FEL |

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

/s/ Michael L. Coulthard

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

MCoulthard:mc:8-14-09

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

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**APD RECEIVED:** 8/7/2009

**API NO. ASSIGNED:** 43047506310000

**WELL NAME:** NBU 920-21KT

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

**PHONE NUMBER:** 720 929-6007

**CONTACT:** Kathy Schneebeck-Dulnoan

**PROPOSED LOCATION:** NESW 21 090S 200E

**Permit Tech Review:**

**SURFACE:** 1834 FSL 2049 FWL

**Engineering Review:**

**BOTTOM:** 1834 FSL 2049 FWL

**Geology Review:**

**COUNTY:** UINTAH

**LATITUDE:** 40.01852

**LONGITUDE:** -109.67302

**UTM SURF EASTINGS:** 613245.00

**NORTHINGS:** 4430446.00

**FIELD NAME:** NATURAL BUTTES

**LEASE TYPE:** 1 - Federal

**LEASE NUMBER:** UTU 0144869

**PROPOSED PRODUCING FORMATION(S):** WASATCH-MESA VERDE

**SURFACE OWNER:** 2 - Indian

**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:** NATURAL BUTTES
  - R649-3-2. General
  - R649-3-3. Exception
  - Drilling Unit  
**Board Cause No:** Cause 173-14  
**Effective Date:** 12/2/1999  
**Siting:** 460' fr u bdry & uncomm. tract
  - R649-3-11. Directional Drill
- 

**Comments:** Presite Completed

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



JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

## State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
*Executive Director*

Division of Oil, Gas and Mining

JOHN R. BAZA  
*Division Director*

### Permit To Drill

\*\*\*\*\*

**Well Name:** NBU 920-21KT  
**API Well Number:** 43047506310000  
**Lease Number:** UTU 0144869  
**Surface Owner:** INDIAN  
**Approval Date:** 8/19/2009

**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 173-14. 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. 173-14, 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.

**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:**

A handwritten signature in black ink, appearing to read "Gil Hunt", written over a faint, illegible stamp or background.

For Gil Hunt  
Associate Director, Oil & Gas

|   |  |
|---|--|
| <b>STATE OF UTAH</b><br>DEPARTMENT OF NATURAL RESOURCES<br>DIVISION OF OIL, GAS, AND MINING | <b>FORM 9</b><br><br><b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b><br>UTU 0144869 |
|---|--|

|  |  |
|--|--|
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br><br>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. | <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b><br>UTE TR<br><br><b>7. UNIT or CA AGREEMENT NAME:</b><br>NATURAL BUTTES |
|--|--|

|                                    |   |
|------------------------------------|---|
| <b>1. TYPE OF WELL</b><br>Gas Well | <b>8. WELL NAME and NUMBER:</b><br>NBU 920-21KT |
|------------------------------------|---|

|   |   |
|---|---|
| <b>2. NAME OF OPERATOR:</b><br>KERR-MCGEE OIL & GAS ONSHORE, L.P. | <b>9. API NUMBER:</b><br>43047506310000 |
|---|---|

|   |  |  |
|---|--|--|
| <b>3. ADDRESS OF OPERATOR:</b><br>P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779 | <b>PHONE NUMBER:</b><br>720 929-6007 Ext | <b>9. FIELD and POOL or WILDCAT:</b><br>NATURAL BUTTES |
|---|--|--|

|   |   |
|---|---|
| <b>4. LOCATION OF WELL</b><br><b>FOOTAGES AT SURFACE:</b><br>1834 FSL 2049 FWL<br><b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b><br>Qtr/Qtr: NESW Section: 21 Township: 09.0S Range: 20.0E Meridian: S | <b>COUNTY:</b><br>UINTAH<br><br><b>STATE:</b><br>UTAH |
|---|---|

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

| TYPE OF SUBMISSION  | TYPE OF ACTION  |   |  |
|---|---|---|--|
| <input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b><br>Approximate date work will start:<br>8/19/2010<br><br><input type="checkbox"/> <b>SUBSEQUENT REPORT</b><br>Date of Work Completion:<br><br><input type="checkbox"/> <b>SPUD REPORT</b><br>Date of Spud:<br><br><input type="checkbox"/> <b>DRILLING REPORT</b><br>Report Date: | <input type="checkbox"/> ACIDIZE<br><input type="checkbox"/> CHANGE TO PREVIOUS PLANS<br><input type="checkbox"/> CHANGE WELL STATUS<br><input type="checkbox"/> DEEPEN<br><input type="checkbox"/> OPERATOR CHANGE<br><input type="checkbox"/> PRODUCTION START OR RESUME<br><input type="checkbox"/> REPERFORATE CURRENT FORMATION<br><input type="checkbox"/> TUBING REPAIR<br><input type="checkbox"/> WATER SHUTOFF<br><input type="checkbox"/> WILDCAT WELL DETERMINATION | <input type="checkbox"/> ALTER CASING<br><input type="checkbox"/> CHANGE TUBING<br><input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS<br><input type="checkbox"/> FRACTURE TREAT<br><input type="checkbox"/> PLUG AND ABANDON<br><input type="checkbox"/> RECLAMATION OF WELL SITE<br><input type="checkbox"/> SIDETRACK TO REPAIR WELL<br><input type="checkbox"/> VENT OR FLARE<br><input type="checkbox"/> SI TA STATUS EXTENSION<br><input type="checkbox"/> OTHER | <input type="checkbox"/> CASING REPAIR<br><input type="checkbox"/> CHANGE WELL NAME<br><input type="checkbox"/> CONVERT WELL TYPE<br><input type="checkbox"/> NEW CONSTRUCTION<br><input type="checkbox"/> PLUG BACK<br><input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION<br><input type="checkbox"/> TEMPORARY ABANDON<br><input type="checkbox"/> WATER DISPOSAL<br><input checked="" type="checkbox"/> APD EXTENSION<br>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:** August 23, 2010  
**By:**

|  |                                     |                                    |
|--|-------------------------------------|------------------------------------|
| <b>NAME (PLEASE PRINT)</b><br>Danielle Piernot | <b>PHONE NUMBER</b><br>720 929-6156 | <b>TITLE</b><br>Regulatory Analyst |
| <b>SIGNATURE</b><br>N/A                        |                                     | <b>DATE</b><br>8/12/2010           |



**The Utah Division of Oil, Gas, and Mining**

- State of Utah  
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

**Request for Permit Extension Validation Well Number 43047506310000**

**API:** 43047506310000

**Well Name:** NBU 920-21KT

**Location:** 1834 FSL 2049 FWL QTR NESW SEC 21 TWP 090S RNG 200E MER S

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

**Date Original Permit Issued:** 8/19/2009

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

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

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

**Signature:** Danielle Piernot

**Date:** 8/12/2010

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

**Date:** August 23, 2010

**By:** 

| STATE OF UTAH<br>DEPARTMENT OF NATURAL RESOURCES<br>DIVISION OF OIL, GAS, AND MINING  |  | FORM 9  |
|---|--|---|
|   |  | <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b><br>UTU 0144869   |
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b>  |  | <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b><br>UTE TR  |
| 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.  |  | <b>7. UNIT or CA AGREEMENT NAME:</b><br>NATURAL BUTTES  |
| <b>1. TYPE OF WELL</b><br>Gas Well  |  | <b>8. WELL NAME and NUMBER:</b><br>NBU 920-21KT   |
| <b>2. NAME OF OPERATOR:</b><br>KERR-MCGEE OIL & GAS ONSHORE, L.P.   |  | <b>9. API NUMBER:</b><br>43047506310000   |
| <b>3. ADDRESS OF OPERATOR:</b><br>P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779   | <b>PHONE NUMBER:</b><br>720 929-6515 Ext   | <b>9. FIELD and POOL or WILDCAT:</b><br>NATURAL BUTTES  |
| <b>4. LOCATION OF WELL FOOTAGES AT SURFACE:</b><br>1834 FSL 2049 FWL<br><b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b><br>Qtr/Qtr: NESW Section: 21 Township: 09.0S Range: 20.0E Meridian: S   |  | <b>COUNTY:</b><br>UINTAH  |
|   |  | <b>STATE:</b><br>UTAH   |
| 11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA   |  |   |
| <b>TYPE OF SUBMISSION</b>   | <b>TYPE OF ACTION</b>  |   |
| <input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b><br>Approximate date work will start:<br>7/12/2011<br><br><input type="checkbox"/> <b>SUBSEQUENT REPORT</b><br>Date of Work Completion:<br><br><input type="checkbox"/> <b>SPUD REPORT</b><br>Date of Spud:<br><br><input type="checkbox"/> <b>DRILLING REPORT</b><br>Report Date: | <input type="checkbox"/> ACIDIZE<br><input type="checkbox"/> CHANGE TO PREVIOUS PLANS<br><input type="checkbox"/> CHANGE WELL STATUS<br><input type="checkbox"/> DEEPEN<br><input type="checkbox"/> OPERATOR CHANGE<br><input type="checkbox"/> PRODUCTION START OR RESUME<br><input type="checkbox"/> REPERFORATE CURRENT FORMATION<br><input type="checkbox"/> TUBING REPAIR<br><input type="checkbox"/> WATER SHUTOFF<br><input type="checkbox"/> WILDCAT WELL DETERMINATION<br><input type="checkbox"/> ALTER CASING<br><input type="checkbox"/> CHANGE TUBING<br><input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS<br><input type="checkbox"/> FRACTURE TREAT<br><input type="checkbox"/> PLUG AND ABANDON<br><input type="checkbox"/> RECLAMATION OF WELL SITE<br><input type="checkbox"/> SIDETRACK TO REPAIR WELL<br><input type="checkbox"/> VENT OR FLARE<br><input type="checkbox"/> SI TA STATUS EXTENSION<br><input type="checkbox"/> OTHER |   |
|   | <input type="checkbox"/> CASING REPAIR<br><input type="checkbox"/> CHANGE WELL NAME<br><input type="checkbox"/> CONVERT WELL TYPE<br><input type="checkbox"/> NEW CONSTRUCTION<br><input type="checkbox"/> PLUG BACK<br><input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION<br><input type="checkbox"/> TEMPORARY ABANDON<br><input type="checkbox"/> WATER DISPOSAL<br><input checked="" type="checkbox"/> APD EXTENSION<br>OTHER: <input style="width: 100px;" type="text"/>   |   |
| 12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.  |  |   |
| <p>Kerr-McGee Oil &amp; 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.</p>   |  |   |
|   |  | <p><b>Approved by the<br/>Utah Division of<br/>Oil, Gas and Mining</b></p> <p><b>Date:</b> <u>07/12/2011</u></p> <p><b>By:</b> <u></u></p> |
| <b>NAME (PLEASE PRINT)</b><br>Gina Becker   | <b>PHONE NUMBER</b><br>720 929-6086  | <b>TITLE</b><br>Regulatory Analyst II   |
| <b>SIGNATURE</b><br>N/A   |  | <b>DATE</b><br>7/12/2011  |



## 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 43047506310000

**API:** 43047506310000

**Well Name:** NBU 920-21KT

**Location:** 1834 FSL 2049 FWL QTR NESW SEC 21 TWP 090S RNG 200E MER S

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

**Date Original Permit Issued:** 8/19/2009

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

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

**Signature:** Gina Becker

**Date:** 7/12/2011

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



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

RECEIVED

AUG 07 2009  
Mc

FORM APPROVED  
OMB No. 1004-0136  
Expires July 31, 2010

APPLICATION FOR PERMIT TO DRILL OR REENTER

BLM

|  |  |  |  |   |
|--|--|--|--|---|
| 1a. Type of Work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER   |  | <b>CONFIDENTIAL</b>  |  | 5. Lease Serial No.<br>UTU0144869   |
| 1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input checked="" type="checkbox"/> Multiple Zone                           |  |  |  | 6. If Indian, Allottee or Tribe Name  |
| 2. Name of Operator<br>KERR MCGEE OIL & GAS ONSHORE  |  | Contact: KATHY SCHNEEBECK DULNOAN<br>Email: kathy.schneebeckdulnoan@anadarko.com |  | 7. If Unit or CA Agreement, Name and No.<br>UTU63047A                       |
| 3a. Address<br>1368 SOUTH 1200 EAST<br>VERNAL, UT 84078  |  | 3b. Phone No. (include area code)<br>Ph: 720-929-6007<br>Fx: 720-929-7007        |  | 8. Lease Name and Well No.<br>NBU 920-21KT                                  |
| 4. Location of Well (Report location clearly and in accordance with any State requirements. *)<br>At surface NESW 1834FSL 2049FWL 40.01856 N Lat, 109.67376 W Lon<br>At proposed prod. zone NESW 1834FSL 2049FWL 40.01856 N Lat, 109.67376 W Lon |  |  |  | 9. API Well No.<br>43 047 50631   |
| 14. Distance in miles and direction from nearest town or post office*<br>APPROXIMATELY 6 MILES SOUTHEAST OF OURAY, UT  |  |  |  | 10. Field and Pool, or Exploratory<br>NATURAL BUTTES                        |
| 15. Distance from proposed location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any)<br>APPROXIMATELY 645' TO LEASE LINE   |  | 16. No. of Acres in Lease<br>720.00  |  | 11. Sec., T., R., M., or Blk. and Survey or Area<br>Sec 21 T9S R20E Mer SLB |
| 18. Distance from proposed location to nearest well, drilling, completed, applied for, on this lease, ft.<br>APPROXIMATELY 1000'   |  | 19. Proposed Depth<br>10619 MD<br>10619 TVD                                      |  | 12. County or Parish<br>UINTAH  |
| 21. Elevations (Show whether DF, KB, RT, GL, etc.)<br>4830 GL  |  | 22. Approximate date work will start<br>09/14/2009                               |  | 13. State<br>UT   |
|  |  |  |  | 17. Spacing Unit dedicated to this well                                     |
|  |  |  |  | 20. BLM/BIA Bond No. on file<br>WYB000291                                   |
|  |  |  |  | 23. Estimated duration<br>60-90 DAYS  |

24. Attachments

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

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

|  |   |                    |
|--|---|--------------------|
| 25. Signature<br>(Electronic Submission) | Name (Printed/Typed)<br>KATHY SCHNEEBECK DULNOAN Ph: 720-929-6007 | Date<br>08/07/2009 |
|--|---|--------------------|

Title  
STAFF REGULATORY ANALYST

|                             |                                       |                     |
|-----------------------------|---------------------------------------|---------------------|
| Approved by (Signature)<br> | Name (Printed/Typed)<br>Jerry Kenczka | Date<br>MAR 08 2012 |
|-----------------------------|---------------------------------------|---------------------|

Title  
Assistant Field Manager  
Lands & Mineral Resources

Office  
VERNAL FIELD OFFICE

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

Conditions of approval, if any, are attached. **CONDITIONS OF APPROVAL ATTACHED**

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

Additional Operator Remarks (see next page)

Electronic Submission #72970 verified by the BLM Well Information System  
For KERR MCGEE OIL & GAS ONSHORE L, sent to the Vernal  
Committed to AFMSS for processing by GAIL JENKINS on 08/11/2009 (09GX15754AE)

NOTICE OF APPROVAL

RECEIVED

MAR 27 2012

\*\* BLM REVISED \*\*



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

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



**CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL**

|          |                              |            |                          |
|----------|------------------------------|------------|--------------------------|
| Company: | Kerr McGee Oil & Gas Onshore | Location:  | NESW, Sec. 21, T9S, R20E |
| Well No: | NBU 920-21KT                 | Lease No:  | UTU-0144869              |
| API No:  | 43-047-50631                 | Agreement: | Natural Buttes Unit      |

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**

|  |  |
|--|--|
| Construction Activity<br>(Notify Ute Tribe Energy & Minerals Dept.<br>and BLM Environmental Scientist)   | - The Ute Tribe Energy & Minerals Dept. and BLM Environmental Scientist shall be notified at least 48 hours in advance of any construction activity. The Ute Tribal office is open Monday through Thursday.                                      |
| Construction Completion<br>(Notify Ute Tribe Energy & Minerals Dept.<br>and BLM Environmental Scientist) | - Upon completion of the pertinent APD/ROW construction, notify the Ute Tribe Energy & Minerals Dept. for a Tribal Technician to verify the Affidavit of Completion. Notify the BLM Environmental Scientist prior to moving on the drilling rig. |
| Spud Notice<br>(Notify BLM Petroleum Engineer)   | - Twenty-Four (24) hours prior to spudding the well.   |
| Casing String & Cementing<br>(Notify BLM Supv. Petroleum Tech.)  | - Twenty-Four (24) hours prior to running casing and cementing all casing strings to: <a href="mailto:ut_vn_opreport@blm.gov">ut_vn_opreport@blm.gov</a> .   |
| BOP & Related Equipment Tests<br>(Notify BLM Supv. Petroleum Tech.)                                      | - Twenty-Four (24) hours prior to initiating pressure tests.   |
| First Production Notice<br>(Notify BLM Petroleum Engineer)   | - Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.   |

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

- 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<sub>x</sub> 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<sub>x</sub> per horsepower-hour.

**SITE SPECIFIC COAs:**

- Paint facilities “Shadow Gray.”
- Monitor location by a permitted archaeologist during the construction process.
- Bury existing pipelines on access road.
- Re-route drainage around well pad from south to northwest.
- Construct low-water crossings on access road.
- Install culvert on access road when leaving main Blue Feather road.
- In accordance with the guidelines specified in the Guidelines for Raptor Protection from Human and Land Use disturbances, conduct a raptor survey prior to construction operations if such activities will take place during raptor nesting season (January 1 through September 30). If active raptor nests are identified during the survey, operations shall be according to the seasonal restrictions detailed in the Uinta Basin-specific RMP guidelines and spatial offsets specified by the USFWS Utah Raptor Guidelines.
- Prior to construction operations, conduct a biological survey to determine the presence of Uinta Basin hookless cactus in accordance with guidelines specified in the USFWS Rare Plant Conservation Measures for Uintah Basin hookless cactus in consideration a 300-foot offset as specified in the GNB BO and BLM RMP ROD.

**BIA Standard Conditions of Approval**

- Soil erosion will be mitigated by reseeding all disturbed areas.
- The gathering pipelines will be constructed to lie on the surface. The surface pipelines will not be bladed or cleared of vegetation. Where pipelines are constructed parallel to roads they may be welded on the road and then lifted from the road onto the right-of-way. Where pipelines do not parallel roads but cross-country between sites, they shall be welded in place at well sites or on access roads and then pulled between stations with a suitable piece of equipment. Traffic will be restricted along these areas so that the pipeline right-of-way will not be used as an access road.
- An open drilling system shall be used, unless otherwise specified in 10.0 Additional Stipulations of this document and in the Application for Permit to Drill. A closed drilling system shall be used in all flood plain areas, and other highly sensitive areas, recommended by the Ute Tribe Technician, BIA, and other agencies involved.

- The reserve pit shall be lined with a synthetic leak proof liner. After the drilling operation is complete, excess fluids shall be removed from the reserve pit and either hauled to an approved disposal site or shall be used to drill other wells. When the fluids are removed the pit shall be backfilled a minimum of 3.0' below the soil surface elevation.
- A closed production system shall be used. This means all produced water and oil field fluid wastes shall be contained in leak proof tanks. These fluids shall be disposed of in either approved injection wells or disposal pits.
- Major low water crossings will be armored with pit run material to protect them from erosion.
- All personnel shall refrain from collecting any paleontological fossils and from disturbing any fossil resources in the area.
- If fossils are exposed or identified during construction, all construction must cease and immediate notification to the Energy and Minerals Department and the Cultural Rights Protection Officer.
- Before the site is abandoned the company will be required to restore the right-of-way to near its original state. The disturbed area will be reseeded with desirable perennial vegetation. If necessary, the Bureau of Indian Affairs or Bureau of Land Management will provide a suitable seed mixture.
- Noxious weeds will be controlled on all surface disturbances within the project area. If noxious weeds spread from the project area onto adjoining land, the company will also be responsible for their control.
- If project construction operations are scheduled to occur after December 31, 2009, KMG shall conduct annual raptor surveys in accordance with the guidelines specified in the Utah Field Office Guidelines for Raptor Protection from Human and Land Use Disturbances, 2002. If active raptor nest are indentified during a new survey, KMG shall conduct its operations according to the seasonal restrictions detailed in the Uinta basin-specific RMP guidelines and spatial offsets specified by the USFWS Utah Raptor Guidelines (See Appendix D).
- USFWS threatened and endangered plant and animal conservation measures will be followed, as appropriate to the species identified by the biological resource survey (See Appendix D).
- All personnel shall refrain from collecting artifacts and from disturbing any significant cultural resources in the area.
- If artifacts or any culturally sensitive materials are exposed or identified during construction, all construction must cease and immediate notification to the Energy and Minerals Department and the Cultural Rights Protection Officer.

***DOWNHOLE PROGRAM  
CONDITIONS OF APPROVAL (COAs)***

**SITE SPECIFIC DOWNHOLE COAs:**

- A copy of Kerr McGee's Standard Operating Practices (SOP version: dated 7/17/08 and approved 7/28/08) shall be on location.

**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.**

- 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.

## 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.
- For information regarding production reporting, contact the Office of Natural Resources Revenue (ONRR) at [www.ONRR.gov](http://www.ONRR.gov).
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
  - Operator name, address, and telephone number.
  - Well name and number.
  - Well location (¼¼, Sec., Twn, Rng, and P.M.).
  - Date well was placed in a producing status (date of first production for which royalty will be paid).
  - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
  - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
  - Unit agreement and/or participating area name and number, if applicable.
  - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

|  |  |
|--|--|
| <b>STATE OF UTAH</b><br>DEPARTMENT OF NATURAL RESOURCES<br>DIVISION OF OIL, GAS, AND MINING  | FORM 9<br><br><b>5.LEASE DESIGNATION AND SERIAL NUMBER:</b><br>UTU 0144869                                       |
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b><br><br>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. | <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b><br>UTE<br><br><b>7.UNIT or CA AGREEMENT NAME:</b><br>NATURAL BUTTES |
| <b>1. TYPE OF WELL</b><br>Gas Well   | <b>8. WELL NAME and NUMBER:</b><br>NBU 920-21KT  |
| <b>2. NAME OF OPERATOR:</b><br>KERR-MCGEE OIL & GAS ONSHORE, L.P.  | <b>9. API NUMBER:</b><br>43047506310000  |
| <b>3. ADDRESS OF OPERATOR:</b><br>P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779  | <b>PHONE NUMBER:</b><br>720 929-6514<br><br><b>9. FIELD and POOL or WILDCAT:</b><br>NATURAL BUTTES               |
| <b>4. LOCATION OF WELL</b><br><b>FOOTAGES AT SURFACE:</b><br>1834 FSL 2049 FWL<br><b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b><br>Qtr/Qtr: NESW Section: 21 Township: 09.0S Range: 20.0E Meridian: S  | <b>COUNTY:</b><br>UINTAH<br><br><b>STATE:</b><br>UTAH  |

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

| TYPE OF SUBMISSION  | TYPE OF ACTION   |   |   |
|---|--|---|---|
| <input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b><br>Approximate date work will start:<br>8/20/2012 | <input type="checkbox"/> ACIDIZE                       | <input type="checkbox"/> ALTER CASING                   | <input type="checkbox"/> CASING REPAIR                  |
| <input type="checkbox"/> <b>SUBSEQUENT REPORT</b><br>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"/> <b>SPUD REPORT</b><br>Date of Spud:  | <input type="checkbox"/> CHANGE WELL STATUS            | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE              |
| <input type="checkbox"/> <b>DRILLING REPORT</b><br>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:** August 28, 2012

**By:**

|  |                                     |                                    |
|--|-------------------------------------|------------------------------------|
| <b>NAME (PLEASE PRINT)</b><br>Danielle Piernot | <b>PHONE NUMBER</b><br>720 929-6156 | <b>TITLE</b><br>Regulatory Analyst |
| <b>SIGNATURE</b><br>N/A                        | <b>DATE</b><br>8/15/2012            |                                    |



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 43047506310000**

API: 43047506310000

Well Name: NBU 920-21KT

Location: 1834 FSL 2049 FWL QTR NESW SEC 21 TWP 090S RNG 200E MER S

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

Date Original Permit Issued: 8/19/2009

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

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

Signature: Danielle Piernot

Date: 8/15/2012

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

|  |  |
|--|--|
| <b>STATE OF UTAH</b><br>DEPARTMENT OF NATURAL RESOURCES<br>DIVISION OF OIL, GAS, AND MINING  | <b>FORM 9</b>  |
| <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b><br>UTU 0144869  |  |
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b>   |  |
| 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. |  |
| <b>1. TYPE OF WELL</b><br>Gas Well   | <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b><br>UTE    |
| <b>2. NAME OF OPERATOR:</b><br>KERR-MCGEE OIL & GAS ONSHORE, L.P.  | <b>7. UNIT or CA AGREEMENT NAME:</b><br>NATURAL BUTTES |
| <b>3. ADDRESS OF OPERATOR:</b><br>P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779  | <b>8. WELL NAME and NUMBER:</b><br>NBU 920-21KT        |
| <b>PHONE NUMBER:</b><br>720 929-6514   | <b>9. API NUMBER:</b><br>43047506310000                |
| <b>4. LOCATION OF WELL</b><br><b>FOOTAGES AT SURFACE:</b><br>1834 FSL 2049 FWL<br><b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b><br>Qtr/Qtr: NESW Section: 21 Township: 09.0S Range: 20.0E Meridian: S                                      | <b>9. FIELD and POOL or WILDCAT:</b><br>NATURAL BUTTES |
|  | <b>COUNTY:</b><br>UINTAH                               |
|  | <b>STATE:</b><br>UTAH                                  |

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

| TYPE OF SUBMISSION  | TYPE OF ACTION   |   |  |
|---|--|---|--|
| <input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b><br>Approximate date work will start:<br>8/19/2013 | <input type="checkbox"/> ACIDIZE                       | <input type="checkbox"/> ALTER CASING                   | <input type="checkbox"/> CASING REPAIR                   |
| <input type="checkbox"/> <b>SUBSEQUENT REPORT</b><br>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"/> <b>SPUD REPORT</b><br>Date of Spud:  | <input type="checkbox"/> CHANGE WELL STATUS            | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE               |
| <input type="checkbox"/> <b>DRILLING REPORT</b><br>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"/> <b>APD EXTENSION</b> |
|   | <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:** July 22, 2013

**By:**

|   |                                     |   |
|---|-------------------------------------|---|
| <b>NAME (PLEASE PRINT)</b><br>Teena Paulo | <b>PHONE NUMBER</b><br>720 929-6236 | <b>TITLE</b><br>Staff Regulatory Specialist |
| <b>SIGNATURE</b><br>N/A                   | <b>DATE</b><br>7/19/2013            |   |



**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 43047506310000**

API: 43047506310000

Well Name: NBU 920-21KT

Location: 1834 FSL 2049 FWL QTR NESW SEC 21 TWP 090S RNG 200E MER S

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

Date Original Permit Issued: 8/19/2009

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

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

Signature: Teena Paulo

Date: 7/19/2013

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

|  |  |
|--|--|
| <b>STATE OF UTAH</b><br>DEPARTMENT OF NATURAL RESOURCES<br>DIVISION OF OIL, GAS, AND MINING  | <b>FORM 9</b>  |
| <b>5. LEASE DESIGNATION AND SERIAL NUMBER:</b><br>UTU 0144869  |  |
| <b>SUNDRY NOTICES AND REPORTS ON WELLS</b>   |  |
| 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. |  |
| <b>6. IF INDIAN, ALLOTTEE OR TRIBE NAME:</b><br>UTE  | <b>7. UNIT or CA AGREEMENT NAME:</b><br>NATURAL BUTTES |
| <b>1. TYPE OF WELL</b><br>Gas Well   | <b>8. WELL NAME and NUMBER:</b><br>NBU 920-21KT        |
| <b>2. NAME OF OPERATOR:</b><br>KERR-MCGEE OIL & GAS ONSHORE, L.P.  | <b>9. API NUMBER:</b><br>43047506310000                |
| <b>3. ADDRESS OF OPERATOR:</b><br>P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779  | <b>PHONE NUMBER:</b><br>720 929-6100                   |
| <b>4. LOCATION OF WELL</b><br><b>FOOTAGES AT SURFACE:</b><br>1834 FSL 2049 FWL<br><b>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</b><br>Qtr/Qtr: NESW Section: 21 Township: 09.0S Range: 20.0E Meridian: S                                      | <b>9. FIELD and POOL or WILDCAT:</b><br>NATURAL BUTTES |
|  | <b>COUNTY:</b><br>Uintah                               |
|  | <b>STATE:</b><br>UTAH                                  |

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

| TYPE OF SUBMISSION  | TYPE OF ACTION   |   |   |
|---|--|---|---|
| <input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b><br>Approximate date work will start:<br>8/19/2014 | <input type="checkbox"/> ACIDIZE                       | <input type="checkbox"/> ALTER CASING                   | <input type="checkbox"/> CASING REPAIR                  |
| <input type="checkbox"/> <b>SUBSEQUENT REPORT</b><br>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"/> <b>SPUD REPORT</b><br>Date of Spud:  | <input type="checkbox"/> CHANGE WELL STATUS            | <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS | <input type="checkbox"/> CONVERT WELL TYPE              |
| <input type="checkbox"/> <b>DRILLING REPORT</b><br>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  
June 26, 2014**

**Date:** \_\_\_\_\_  
**By:** 

|   |                                     |   |
|---|-------------------------------------|---|
| <b>NAME (PLEASE PRINT)</b><br>Teena Paulo | <b>PHONE NUMBER</b><br>720 929-6236 | <b>TITLE</b><br>Staff Regulatory Specialist |
| <b>SIGNATURE</b><br>N/A                   | <b>DATE</b><br>6/20/2014            |   |



**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 43047506310000**

API: 43047506310000

Well Name: NBU 920-21KT

Location: 1834 FSL 2049 FWL QTR NESW SEC 21 TWP 090S RNG 200E MER S

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

Date Original Permit Issued: 8/19/2009

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

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

Signature: Teena Paulo

Date: 6/20/2014

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

# RECEIVED

FEB 04 2014

Form 3160-5  
(August 2007)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB NO. 1004-0135  
Expires: July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*

# BLM

|   |
|---|
| 5. Lease Serial No.<br>UTU0144869                         |
| 6. If Indian, Allottee or Tribe Name                      |
| 7. If Unit or CA/Agreement, Name and/or No.<br>891008900A |
| 8. Well Name and No.<br>NBU 920-21KT                      |
| 9. API Well No.<br>43-047-50631-00-X1                     |
| 10. Field and Pool, or Exploratory<br>NATURAL BUTTES      |
| 11. County or Parish, and State<br>UINTAH COUNTY, UT      |

**SUBMIT IN TRIPLICATE - Other Instructions on reverse side.**

|   |   |
|---|---|
| 1. Type of Well<br><input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other                    |   |
| 2. Name of Operator<br>KERR MCGEE OIL & GAS ONSHORE   | Contact: KAY E KELLY<br>Email: kay.kelly@anadarko.com |
| 3a. Address<br>1368 SOUTH 1200 EAST<br>VERNAL, UT 84078   | 3b. Phone No. (include area code)<br>Ph: 720-929-6582 |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)<br>Sec 21 T9S R20E NESW 1834FSL 2049FWL<br>40.018563 N Lat, 109.673758 W Lon |   |

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

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

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

Kerr-McGee 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.

RECEIVED  
JUL 21 2014  
DIV. OF OIL, GAS & MINING

|                        |
|------------------------|
| VERNAL FIELD OFFICE    |
| ENG. <u>MR 6/26/14</u> |
| GEOLOGIST _____        |
| E.S. _____             |
| PETROLEUM _____        |
| RECLAMATION _____      |

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

Electronic Submission #234538 verified by the BLM Well Information System  
For KERR MCGEE OIL & GAS ONSHORE L, sent to the Vernal  
Committed to AFMSS for processing by LESLIE BUHLER on 02/05/2014 (14LBB4299SE)

|   |                             |
|---|-----------------------------|
| Name (Printed/Typed) KAY E KELLY        | Title REGULATORY SPECIALIST |
| Signature _____ (Electronic Submission) | Date 02/04/2014             |

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

|   |  |                            |
|---|--|----------------------------|
| Approved By <u>[Signature]</u>  | Assistant Field Manager<br>Lands & Mineral Resources | JUN 19 2014                |
| Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. | Office   | <b>VERNAL FIELD OFFICE</b> |

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.

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

# UDOGM

# CONDITIONS OF APPROVAL

## Kerr McGee Oil & Gas

Notice of Intent

APD Extension

**Lease:** UTU-0144869  
**Well:** NBU 920-21KT  
**Location:** NESW Sec 21 T9S-R20E

An extension for the referenced APD is granted with the following conditions:

---

1. The APD extension shall expire on 3/8/16
2. No other extension shall be granted.

If you have any other questions concerning this matter, please contact Michael Riches of this office at (435) 781-4438



GARY R. HERBERT  
Governor

SPENCER J. COX  
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

August 27, 2015

Jennifer Thomas  
Kerr-McGee Oil & Gas Onshore, LP.  
1099 18th Street, Suite 600  
Denver, CO 80217

Re: APDs Rescinded for Kerr-McGee O&G Onshore, LP., Uintah County

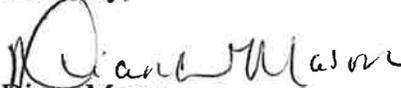
Dear Ms. Thomas:

Enclosed find the list of APDs that you asked 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 August 20, 2015.

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

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

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Vernal



43-047-50562 NBU 920-20G3CS  
43-047-50566 NBU 920-20H4CS  
43-047-50567 NBU 920-20I2AS  
43-047-50568 NBU 920-20L4CS  
43-047-50569 NBU 920-20M2AS  
43-047-50570 NBU 920-20M3AS  
43-047-50631 NBU 920-21KT  
43-047-50629 NBU 920-21L  
43-047-50630 NBU 920-21M



# 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>



**MAR 25 2016**

IN REPLY REFER TO:  
3160 (UTG011)

Andrew Lytle  
Kerr McGee Oil & gas Onshore LLC.  
P O Box 173779  
Denver, CO 80217

Dear Andy:

The referenced Applications for Permit to Drill (APD) have expired. 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 applications has expired. If you intend to drill at these locations in the future, a new Application for Permit to Drill must be submitted.

43-

| Lease       | Well       | Aliquot | Sec., T., R.     | Approved  | Expiration | Extension Exp.      |
|-------------|------------|---------|------------------|-----------|------------|---------------------|
| UTU-01567A  | 920-20L4CS | SWSW    | Sec. 20-T9S-R20E | 2/28/2012 | 2/28/2014  | 2/28/2016 047-50568 |
| UTU-0144869 | 920-20I2AS | NESE    | Sec. 20-T9S-R20E | 2/28/2012 | 2/28/2014  | 2/28/2016 047-50567 |
| UTU-0144869 | 920-20H4CS | NESE    | Sec. 20-T9S-R20E | 2/28/2012 | 2/28/2014  | 2/28/2016 047-50566 |
| UTU-0144869 | 920-20G3CS | NESE    | Sec. 20-T9S-R20E | 2/28/2012 | 2/28/2014  | 2/28/2016 047-50562 |
| UTU-0144869 | 920-21M    | SWSW    | Sec. 21-T9S-R20E | 3/8/2012  | 3/8/2014   | 3/8/2016 047-50630  |
| UTU-0144869 | 920-21L    | NWSW    | Sec. 21-T9S-R20E | 3/8/2012  | 3/8/2014   | 3/8/2016 047-50629  |
| UTU-0144869 | 920-21KT   | NESW    | Sec. 21-T9S-R20E | 3/8/2012  | 3/8/2014   | 3/8/2016 047-50631  |
| UTU-01567A  | 920-20M2AS | SWSW    | Sec. 20-T9S-R20E | 2/28/2012 | 2/28/2014  | 2/28/2016 047-50569 |
| UTU-01567A  | 920-20M3AS | SWSW    | Sec. 20-T9S-R20E | 2/28/2012 | 2/28/2014  | 2/28/2016 047-50570 |
| UTU-066185  | I-26-9-16  | SWSE    | Sec. 23-T9S-R15E | 1/6/2014  | 1/6/2016   | n/a 013-52437       |

This office requires a letter confirming that no surface disturbance has been made for these drill sites. Any surface disturbance associated with the approved location of these wells 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 Jeanne E. Newman at (435) 781-4488.

Sincerely,

Jerry Kenczka  
Assistant Field Manager  
Lands & Mineral Resources