

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

FORM 3
 AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL				1. WELL NAME and NUMBER Federal 920-27M		
2. TYPE OF WORK DRILL NEW WELL <input checked="" type="checkbox"/> REENTER P&A WELL <input type="checkbox"/> DEEPEN WELL <input type="checkbox"/>				3. FIELD OR WILDCAT NATURAL BUTTES		
4. TYPE OF WELL Gas Well Coalbed Methane Well: NO				5. UNIT or COMMUNITIZATION AGREEMENT NAME		
6. NAME OF OPERATOR KERR-MCGEE OIL & GAS ONSHORE, L.P.				7. OPERATOR PHONE 307-752-1169		
8. ADDRESS OF OPERATOR P.O. Box 173779, Denver, CO, 80217				9. OPERATOR E-MAIL Laura.Gianakos@anadarko.com		
10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE) UTU 0582		11. MINERAL OWNERSHIP FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>		12. SURFACE OWNERSHIP FEDERAL <input type="checkbox"/> INDIAN <input checked="" type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>		
13. NAME OF SURFACE OWNER (if box 12 = 'fee')				14. SURFACE OWNER PHONE (if box 12 = 'fee')		
15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')				16. SURFACE OWNER E-MAIL (if box 12 = 'fee')		
17. INDIAN ALLOTTEE OR TRIBE NAME (if box 12 = 'INDIAN') Ute Tribe		18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS YES <input checked="" type="checkbox"/> (Submit Commingling Application) NO <input type="checkbox"/>		19. SLANT VERTICAL <input checked="" type="checkbox"/> DIRECTIONAL <input type="checkbox"/> HORIZONTAL <input type="checkbox"/>		
20. LOCATION OF WELL	FOOTAGES	QTR-QTR	SECTION	TOWNSHIP	RANGE	MERIDIAN
LOCATION AT SURFACE	621 FSL 557 FWL	SWSW	27	9.0 S	20.0 E	S
Top of Uppermost Producing Zone	621 FSL 557 FWL	SWSW	27	9.0 S	20.0 E	S
At Total Depth	621 FSL 557 FWL	SWSW	27	9.0 S	20.0 E	S
21. COUNTY UINTAH		22. DISTANCE TO NEAREST LEASE LINE (Feet) 557		23. NUMBER OF ACRES IN DRILLING UNIT 1434		
		25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed) 1300		26. PROPOSED DEPTH MD: 10456 TVD: 10456		
27. ELEVATION - GROUND LEVEL 4822		28. BOND NUMBER WYB000291		29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE Permit #43-8496		

ATTACHMENTS

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

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

NAME Danielle Piernot	TITLE Regulatory Analyst	PHONE 720 929-6156
SIGNATURE	DATE 09/25/2009	EMAIL gnbregulatory@anadarko.com
API NUMBER ASSIGNED 43047507670000	APPROVAL  Permit Manager	

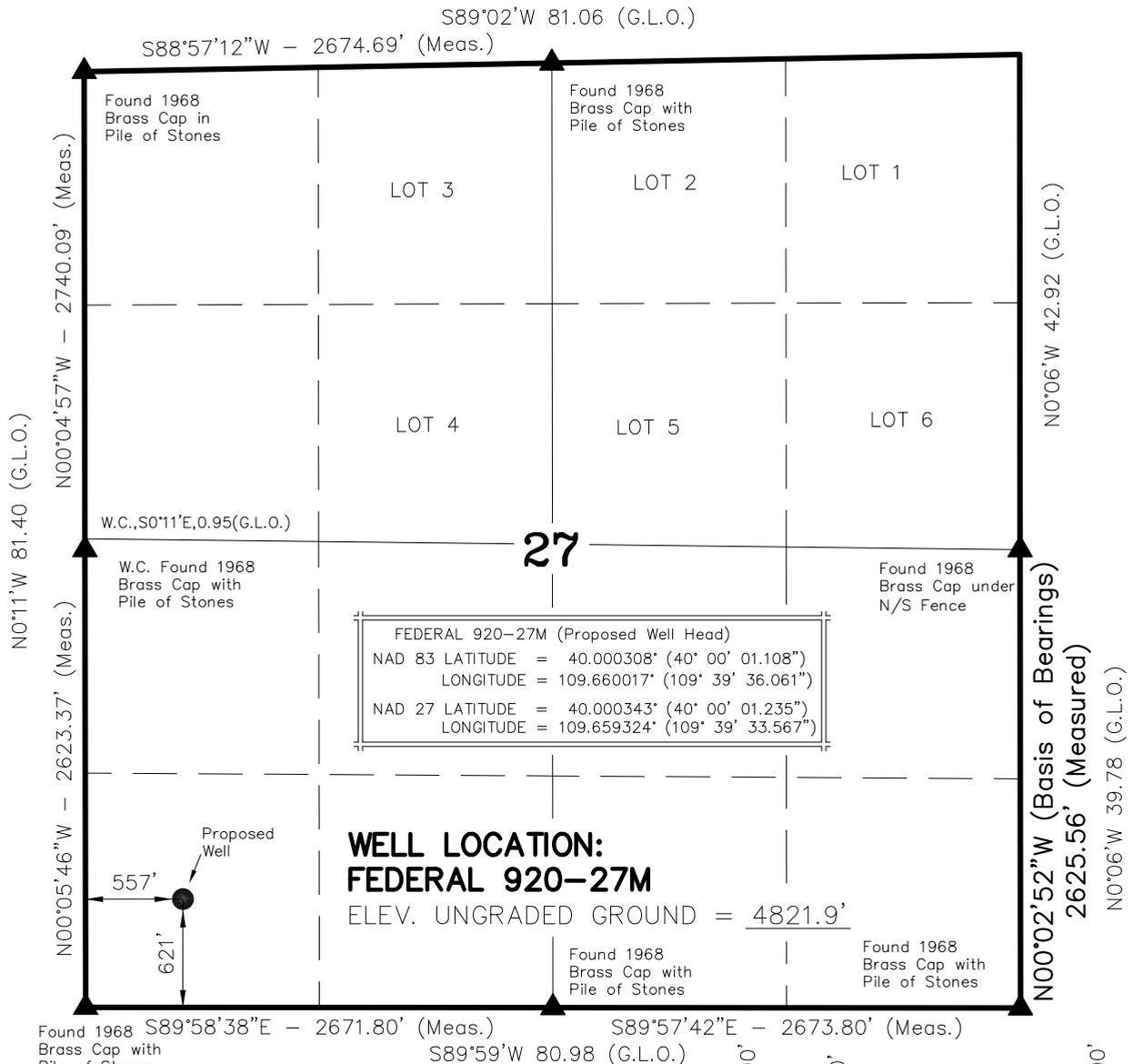
Proposed Hole, Casing, and Cement

String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	7.875	4.5	0	10456		
Pipe	Grade	Length	Weight			
	Grade HCP-110 LT&C	856	11.6			
	Grade I-80 Buttress	9600	11.6			

Proposed Hole, Casing, and Cement

String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	9.625	0	2525		
Pipe	Grade	Length	Weight			
	Grade J-55 LT&C	2525	36.0			

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

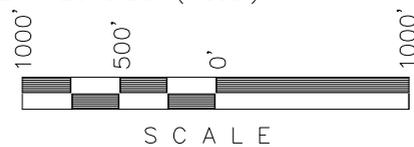


FEDERAL 920-27M (Proposed Well Head)
 NAD 83 LATITUDE = 40.000308° (40° 00' 01.108")
 LONGITUDE = 109.660017° (109° 39' 36.061")
 NAD 27 LATITUDE = 40.000343° (40° 00' 01.235")
 LONGITUDE = 109.659324° (109° 39' 33.567")

WELL LOCATION:
FEDERAL 920-27M
 ELEV. UNGRADED GROUND = 4821.9'

NOTES:

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

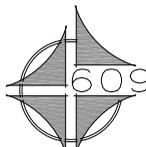


SURVEYOR'S CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF AURAL 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



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

FEDERAL 920-27M
 WELL PLAT
 621' FSL, 557' FWL
 SW ¼ SW ¼ OF SECTION 27, T9S, R20E,
 S.L.B.&M. UINTAH COUNTY, UTAH.

TIMBERLINE (435) 789-1365		SHEET 1 OF 9
ENGINEERING & LAND SURVEYING, INC. 209 NORTH 300 WEST - VERNAL, UTAH 84078		
DATE SURVEYED: 11-11-08	SURVEYED BY: D.J.S.	
DATE DRAWN: 11-19-08	DRAWN BY: E.M.S.	
SCALE: 1" = 1000'	Date Last Revised: 1-29-09	

Federal 920-27M

Surface: 621' FSL 557' FWL (SW/4SW/4)
Sec. 27 T9S R20E

Uintah, Utah
Mineral Lease: UTU 0582

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	1,611'	
Birds Nest	1,847'	Water
Mahogany	2,323'	Water
Wasatch	5,067'	Gas
Mesaverde	8,401'	Gas
MVU2	9,185'	Gas
MVL1	9,660'	Gas
TD	10,456'	

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 10,456' TD, approximately equals 6,514 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 4,214 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. Anticipated Starting Dates:

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

9. Variances:

Please refer to the attached Drilling Program.

Onshore Order #2 – Air Drilling Variance

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

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

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

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

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

Background

In a typical well, KMG utilizes an air rig for drilling the surface casing hole, an interval from the surface to surface casing depths, which varies in depth from 1,700 to 2,800 feet. The air rig drilling operation does not drill through productive or over pressured formations in KMG field, but does penetrate the Uinta and Green River Formations. The purpose of the air drilling operation is to overcome the severe loss circulation zone in the Green River known as the Bird's Nest while creating a stable hole for the surface casing. The surface casing hole is generally drilled to approximately 500 feet below the Bird's Nest.

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

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

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

Variance for BOPE Requirements

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

Variance for Mud Material Requirements

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

Variance for Special Drilling Operation (surface equipment placement) Requirements

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

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

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

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

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**

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 2525	36.00	J-55	LTC	0.81*	1.71	4.98
PRODUCTION	4-1/2"	0 to 9600	11.60	I-80	BTC	7,780	6,350	278,000
		9600 to 10456	11.60	HCP-110	LTC	1.80	1.04	2.82
						10,690	8,650	279,000
						2.47	1.30	34.54

*Burst on surface casing is controlled by fracture gradient as shoe with gas gradient above. D.F. = 2.21

- 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))
 (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 4,214 psi
- 2) MASP (Prod Casing) = Pore Pressure at TD - (0.22 psi/ft-partial evac gradient x 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 6,514 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 Premium cmt + 2% CaCl	380	0%	15.60	1.18
NOTE: If well will circulate water to surface, option 2 will be utilized						
SURFACE LEAD	2,025'	Prem cmt + 16% Gel + 10 pps gilsonite + 0.25 pps Flocele + 3% salt BWOC	230	35%	11.00	3.82
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	4,566'	Premium Lite II + 0.25 pps celloflake + 5 pps gilsonite + 10% gel ' + 1% Retarder	440	40%	11.00	3.38
TAIL	5,890'	50/50 Poz/G + 10% salt + 2% gel + 0.1% R-3	1440	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

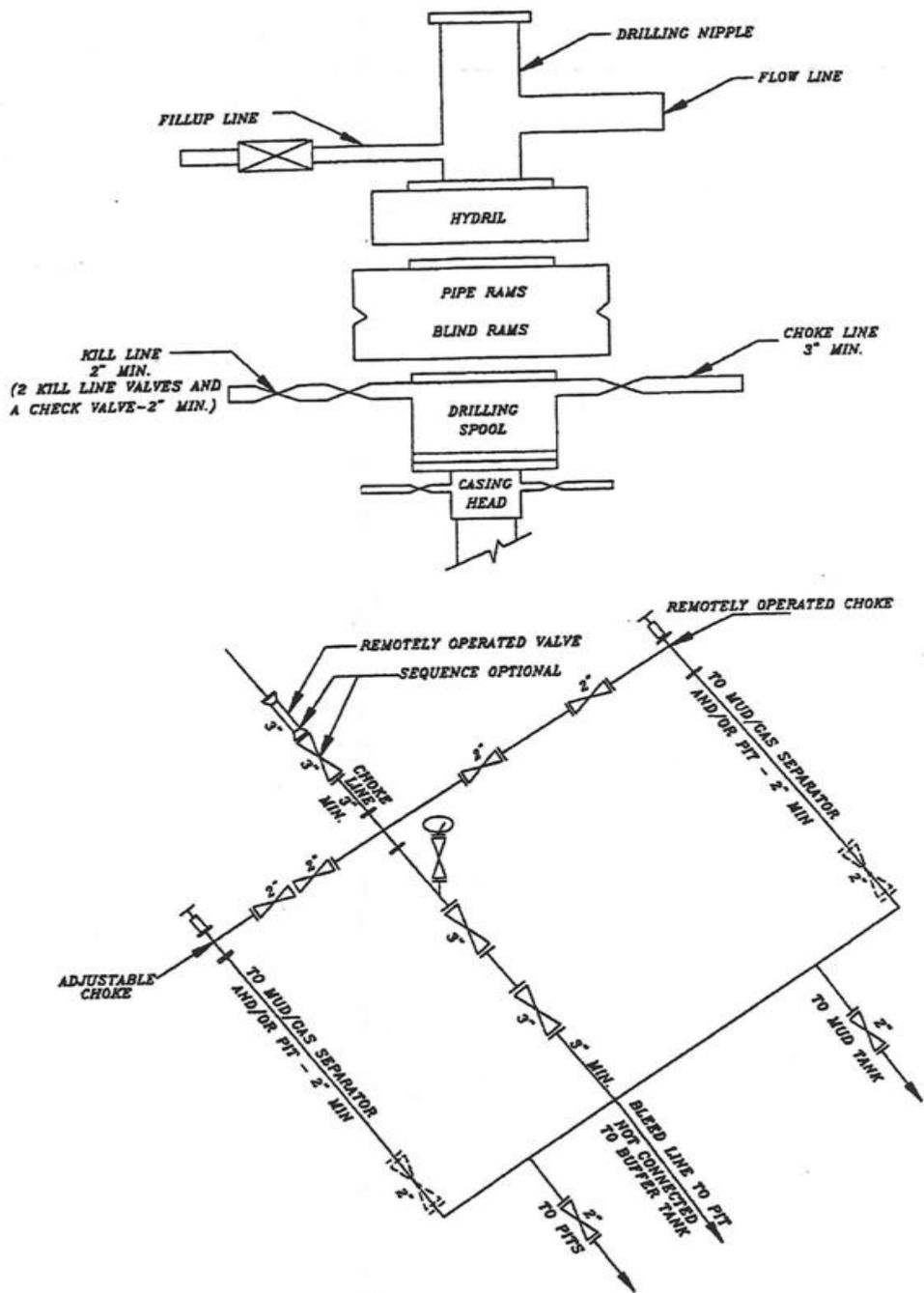
SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint for a total of 15 bow spring centralizers.

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.

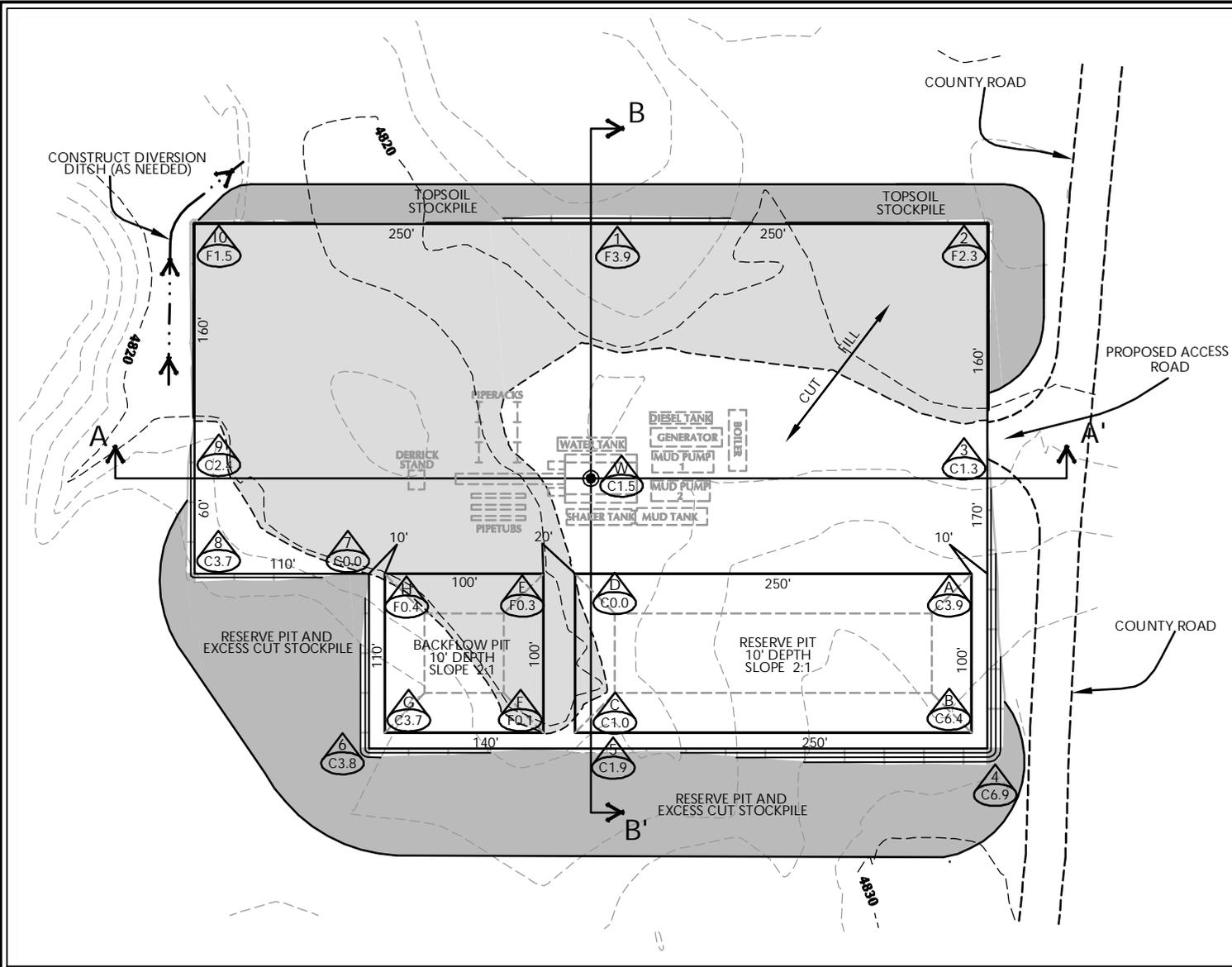
DRILLING ENGINEER: _____ DATE: _____
 John Huycke / Emile Goodwin
 DRILLING SUPERINTENDENT: _____ DATE: _____
 John Merkel / Lovel Young

EXHIBIT A Federal 920-27M



SCHMATIC DIAGRAM OF 5,000 PSI BOP STACK

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

WELL PAD FEDERAL 920-27M QUANTITIES

EXISTING GRADE @ LOC. STAKE = 4,821.9'
 FINISHED GRADE ELEVATION = 4,820.4'
 CUT SLOPES = 1.5:1
 FILL SLOPES = 1.5:1

TOTAL CUT FOR WELL PAD = 5,903 C.Y.
 TOTAL FILL FOR WELL PAD = 5,603 C.Y.
 TOPSOIL @ 6" DEPTH = 2,958 C.Y.
 EXCESS MATERIAL = 300 C.Y.
 TOTAL DISTURBANCE = 3.67 ACRES
 SHRINKAGE FACTOR = 1.10
 SWELL FACTOR = 1.00
 RESERVE PIT CAPACITY (2' OF FREEBOARD)
 +/- 25,880 BARRELS
 RESERVE PIT VOLUME
 +/- 7,185 CY
 BACKFLOW PIT CAPACITY (2' OF FREEBOARD)
 +/- 8,780 BARRELS
 BACKFLOW PIT VOLUME
 +/- 2,520 CY

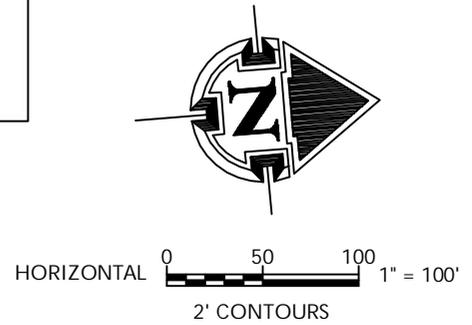
**KERR-MCGEE OIL & GAS
 ONSHORE L.P.**
 1099 18th Street - Denver, Colorado 80202



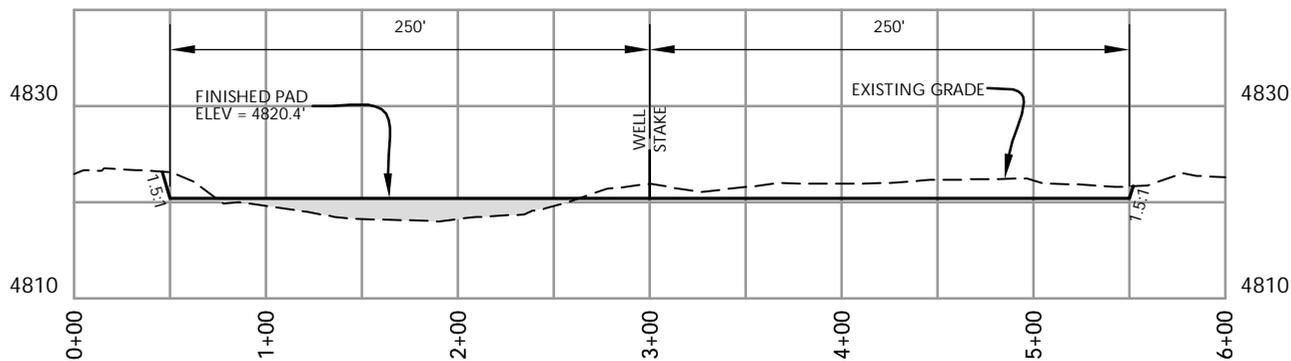
**FEDERAL 920-27M
 WELL PAD - LOCATION LAYOUT**
 621' FSL, 557' FWL
 SW1/4 SW1/4 SECTION 27, T9S, R20E,
 S.L.B.&M., UINTAH COUNTY, UTAH

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

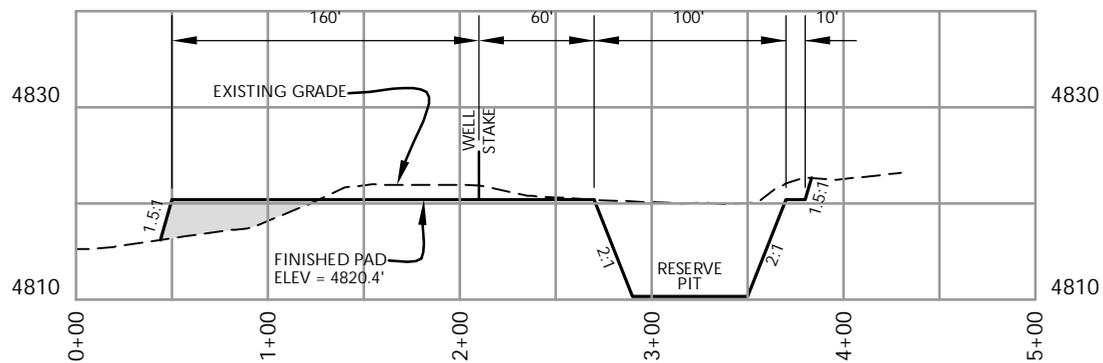
Scale: 1"=100'	Date: 1/19/09	SHEET NO:
REVISED:	BY DATE	2 2 OF 9



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



CROSS SECTION A-A'



CROSS SECTION B-B'

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

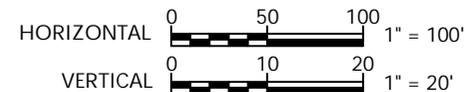
**KERR-MCGEE OIL & GAS
ONSHORE L.P.**
1099 18th Street - Denver, Colorado 80202



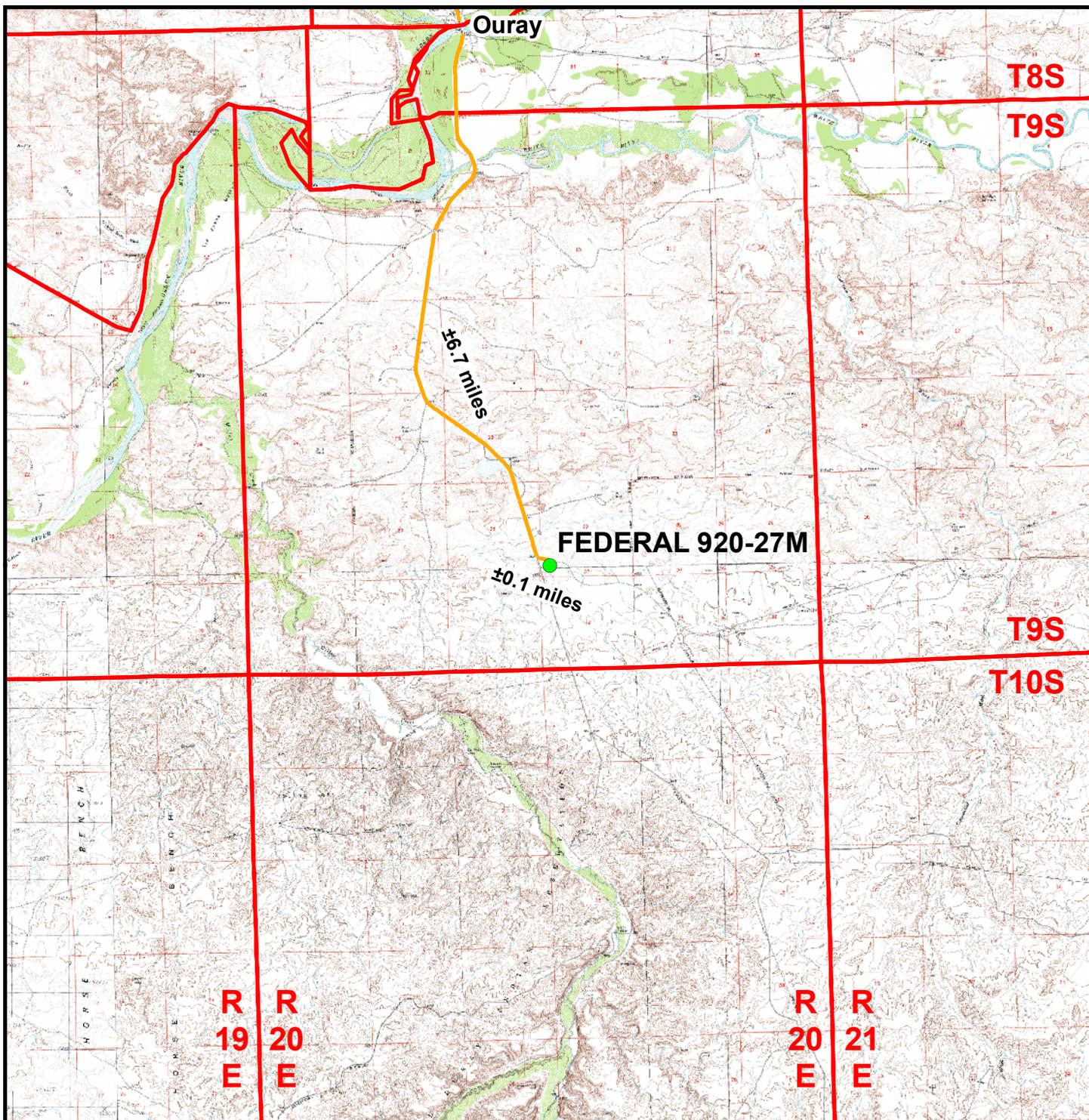
**FEDERAL 920-27M
WELL PAD - CROSS SECTIONS
621' FSL, 557' FWL
SW1/4 SW1/4 SECTION 27, T9S, R20E,
S.L.B.&M., UINTAH COUNTY, UTAH**

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REVISID:	BY DATE	3 3 OF 9



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



Legend

- Proposed FEDERAL 920-27M Well Location
- Access Route - Proposed

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

FEDERAL 920-27M
Topo A
 621' FSL, 557' FWL
 SW¼ SW¼, Section 27, T9S, R20E
 S.L.B.&M., Uintah County, Utah

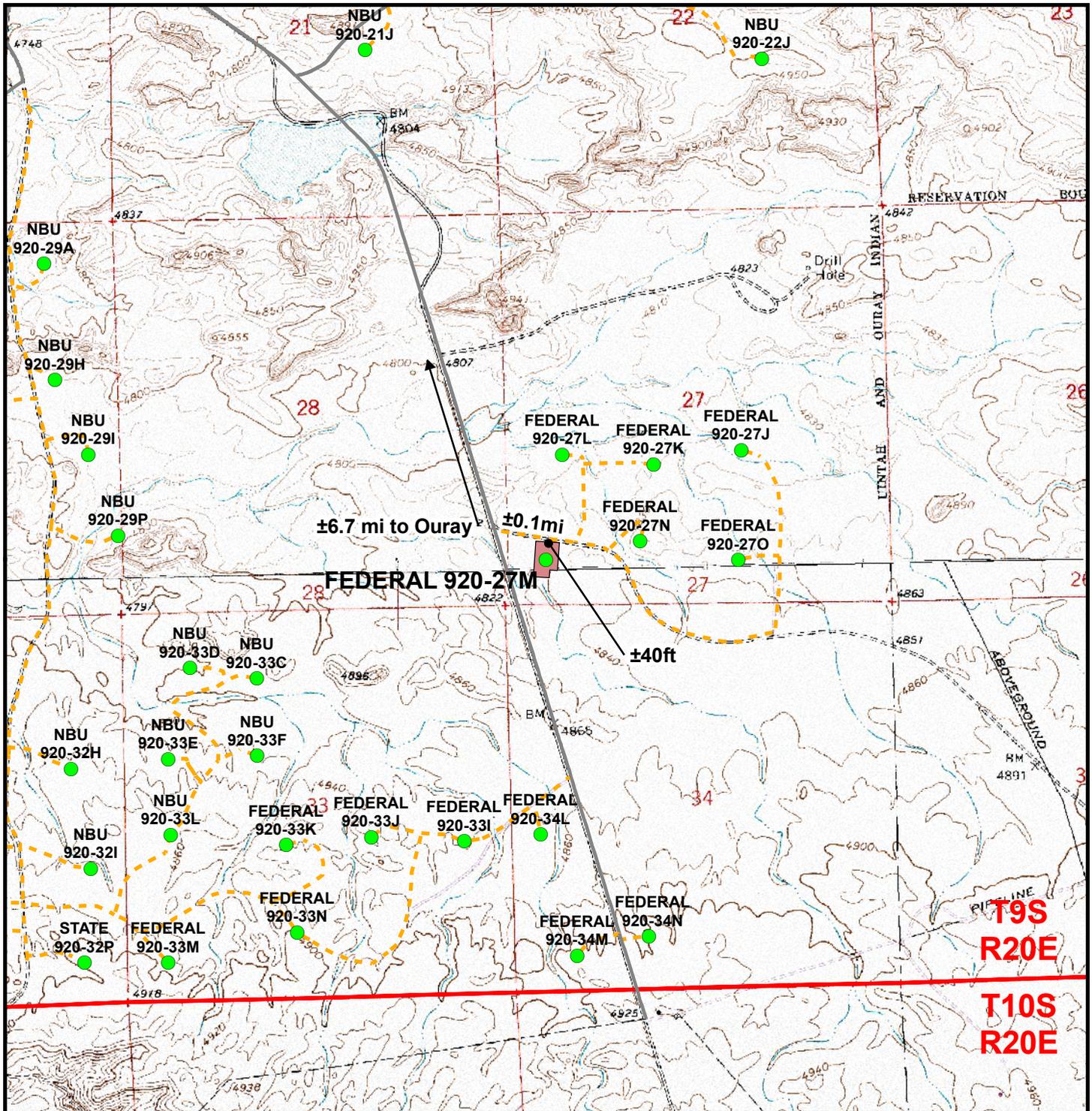


609
CONSULTING, LLC
 371 Coffeen Avenue
 Sheridan, WY 82801
 Phone (307) 674-0609
 Fax (307) 674-0182



Scale: 1:100,000	NAD83 USP Central
Drawn: JELO	Date: 5 Jan 2009
Revised:	Date:

Sheet No:
5
5 of 9



Legend

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

Total Proposed Road Length: ±40ft

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

FEDERAL 920-27M
Topo B
621' FSL, 557' FWL
SW¼ SW¼, Section 27, T9S, R20E
S.L.B.&M., Uintah County, Utah

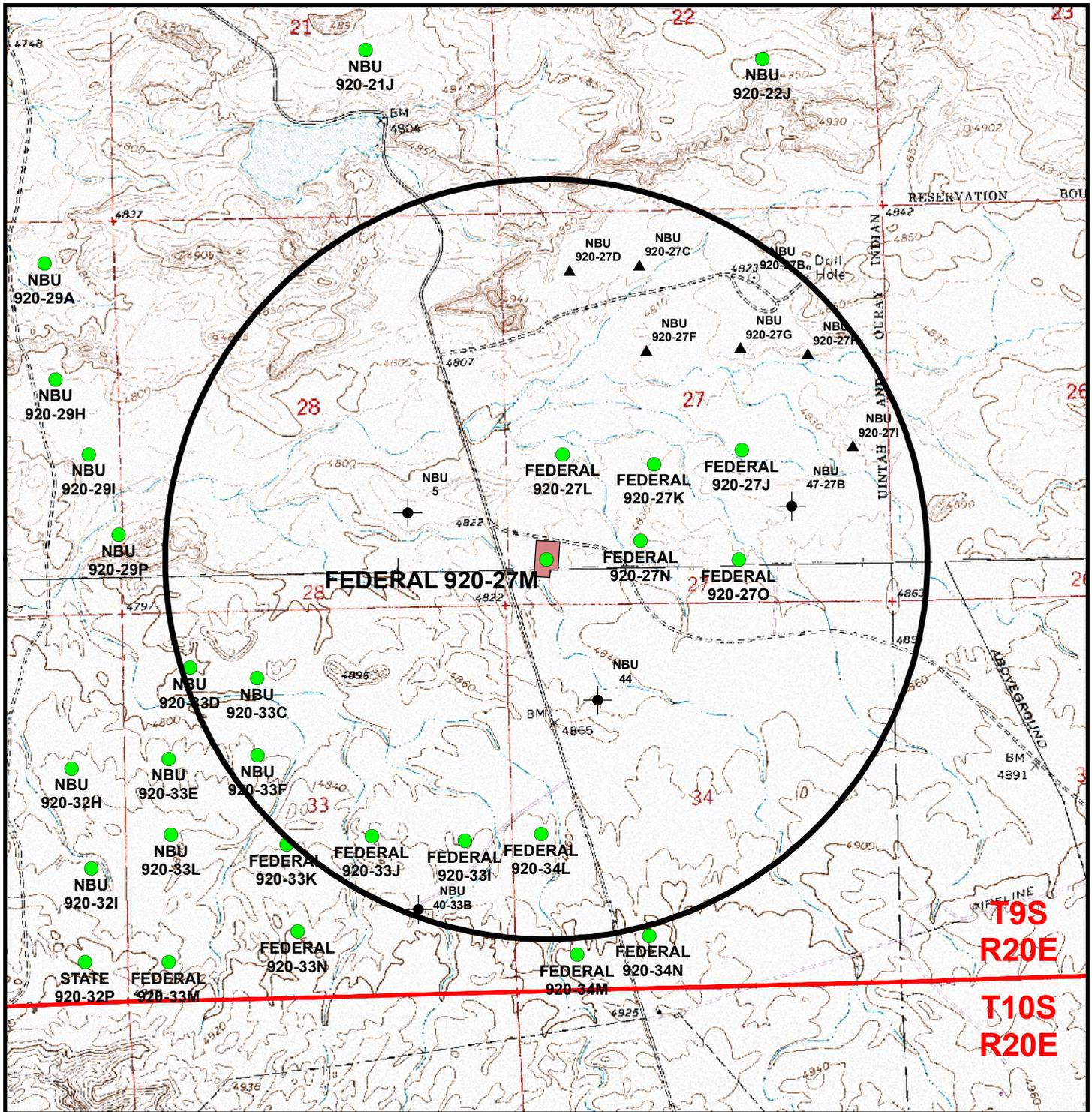


609
CONSULTING, LLC
371 Coffeen Avenue
Sheridan, WY 82801
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Fax (307) 674-0182



Scale: 1" = 2000ft	NAD83 USP Central	Sheet No:
Drawn: JELO	Date: 5 Jan 2009	6
Revised:	Date:	

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Legend

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

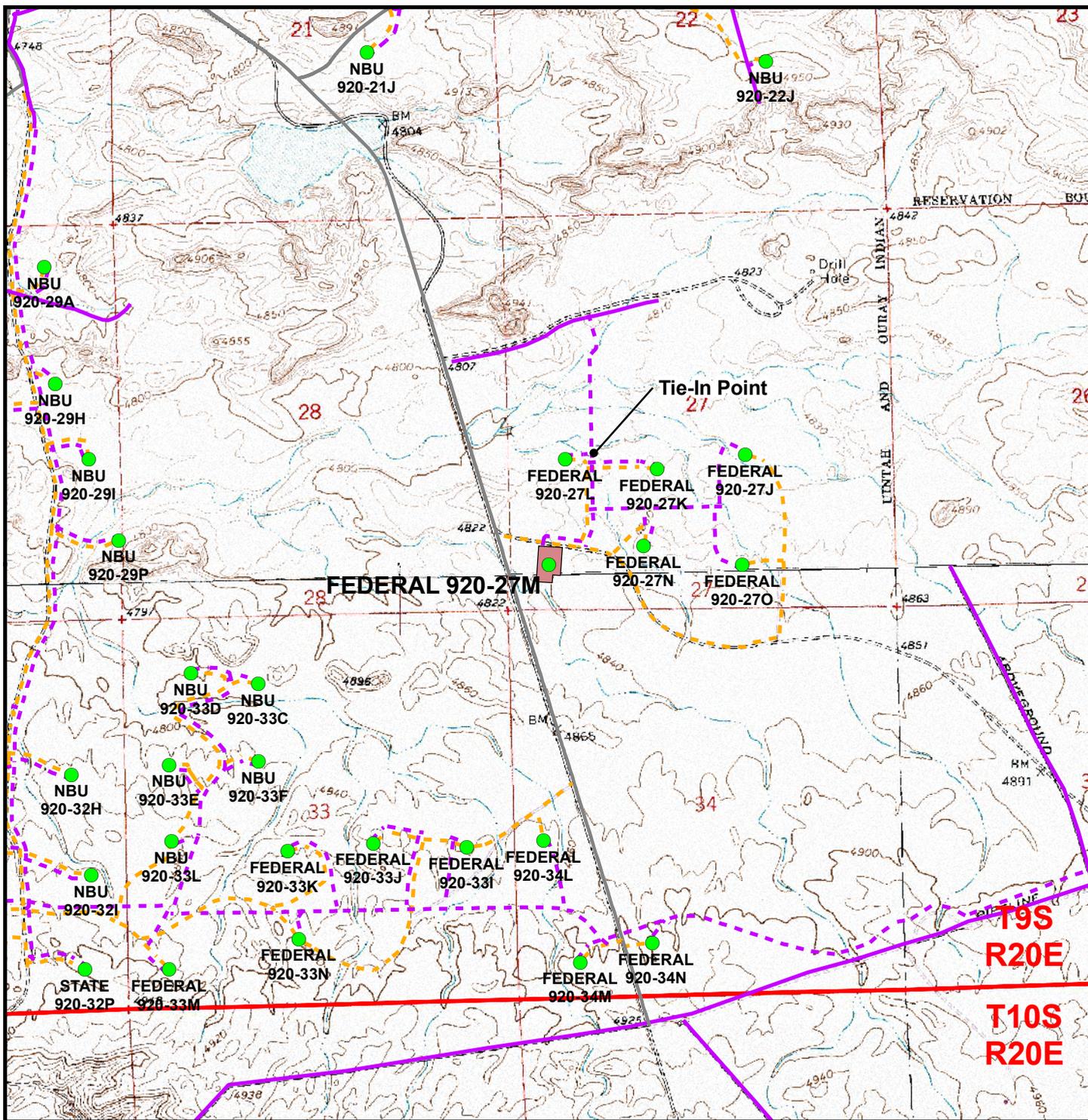
Kerr-McGee Oil & Gas Onshore, LP
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FEDERAL 920-27M
 Topo C
 621' FSL, 557' FWL
 SW¼ SW¼, Section 27, T9S, R20E
 S.L.B.&M., Uintah County, Utah

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Scale: 1" = 2000ft	NAD83 USP Central	Sheet No:	
Drawn: JELO	Date: 5 Jan 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: ±1,785ft
 Proposed Pipeline Length Around Pad: ±660ft

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

FEDERAL 920-27M
 Topo D
 621' FSL, 557' FWL
 SW¼ SW¼, Section 27, T9S, R20E
 S.L.B.&M., Uintah County, Utah



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Scale: 1" = 2000ft	NAD83 USP Central	Sheet No:
Drawn: JELO	Date: 5 Jan 2009	8
Revised:	Date:	8 of 9

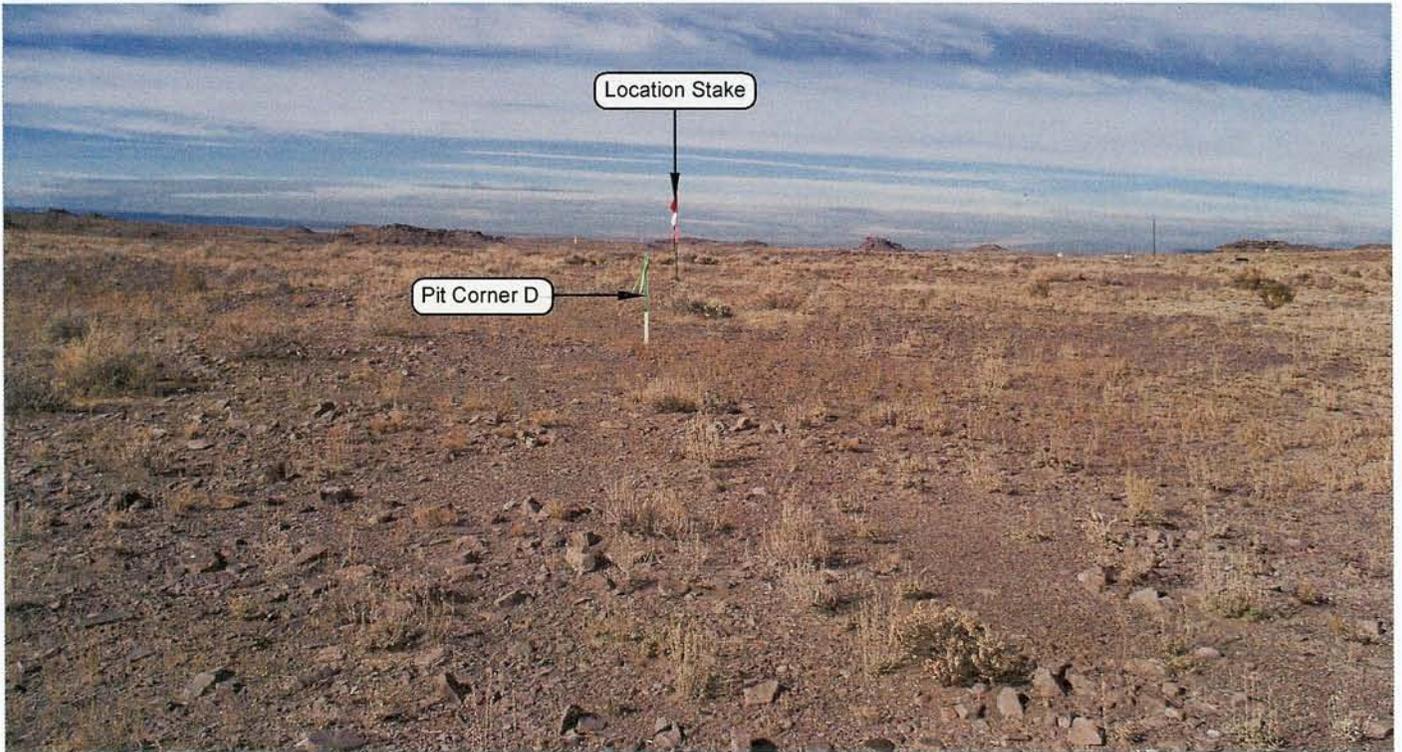


PHOTO VIEW: FROM PIT CORNER D TO LOCATION STAKE

CAMERA ANGLE: WESTERLY

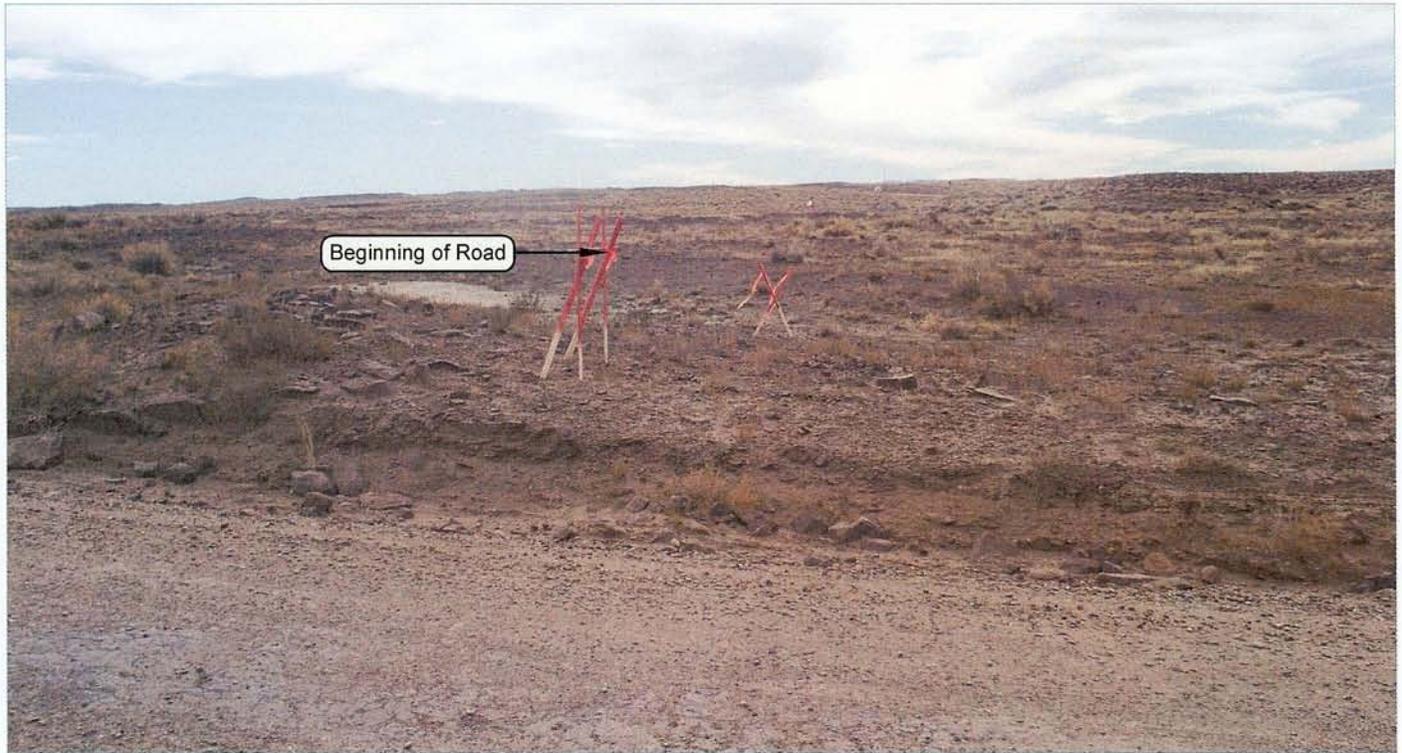


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: SOUTHERLY

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

FEDERAL 920-27M
 621' FSL, 557' FWL
 SW $\frac{1}{4}$ SW $\frac{1}{4}$ OF SECTION 27, T9S, R20E,
 S.L.B.&M. UTAH COUNTY, UTAH.

LOCATION PHOTOS

DATE TAKEN: 11-11-08

DATE DRAWN: 11-19-08

TAKEN BY: D.J.S.

DRAWN BY: E.M.S.

REVISED:

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

SHEET
4
 OF 9

Kerr-McGee Oil & Gas Onshore, LP
FEDERAL 920-27M
Section 27, 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 6.7 MILES TO THE INTERSECTION OF A CLASS D COUNTY ROAD. EXIT LEFT AND PROCEED IN A SOUTHEASTERLY DIRECTION ALONG THE CLASS D COUNTY ROAD APPROXIMATELY 0.1 MILES TO THE PROPOSED ACCESS ROAD. FOLLOW ROAD FLAGS IN A SOUTHERLY DIRECTION APPROXIMATELY 40 FEET TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 37.5 MILES IN A SOUTHERLY DIRECTION.

Federal 920-27M

Surface: 621' FSL 557' FWL (SW/4SW/4)
Sec. 27 T9S R20E

Uintah, Utah
Mineral Lease: UTU 0582

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 SW/4 SW/4 of Section 27 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 was held on August 26, 2009.

A. 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.

B. Planned Access Roads:

See MDP for additional details on road construction.

Approximately $\pm 40'$ (less than 0.1 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.

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

Please refer to Topo Map C.

D. 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 $\pm 2,445'$ (± 0.46 miles) of new pipeline is proposed for this well. Another $\pm 2,075'$ (± 0.39 miles) of new pipeline is proposed for concurrent use to the Federal 920-27L proposed well. Please refer to the attached Topo Map D for 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

E. 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.

F. Source of Construction Materials:

See MDP for additional details on Source of Construction Materials.

G. 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

H. Ancillary Facilities:

See MDP for additional details on Ancillary Facilities.

None are anticipated.

I. 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.

J. 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.

K. 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

L. Other Information:

See MDP for additional details on Other Information.

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

Kathy Schneebeck Dulnoan
Staff 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

September 25, 2009

Date

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.**

Federal 920-27M

Ouray Quadrangle

Uintah County, Utah

Prepared for

Anadarko Petroleum Corp.

and

Ute Tribe

Uintah and Ouray Reservation

Prepared by

SWCA Environmental Consultants

SWCA #UT09-14314-26



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

Report #: GCI #81

Operator: Kerr-McGee Oil & Gas Onshore LP

Wells: Federal 920-27E, Federal 920-27J, Federal 920-27K, Federal 920-27L, Federal 920-27M, Federal 920-27N, and Federal 920-27O.

Pipelines: Associated pipelines to proposed well pads

Access Roads: Associated access roads to proposed well pads

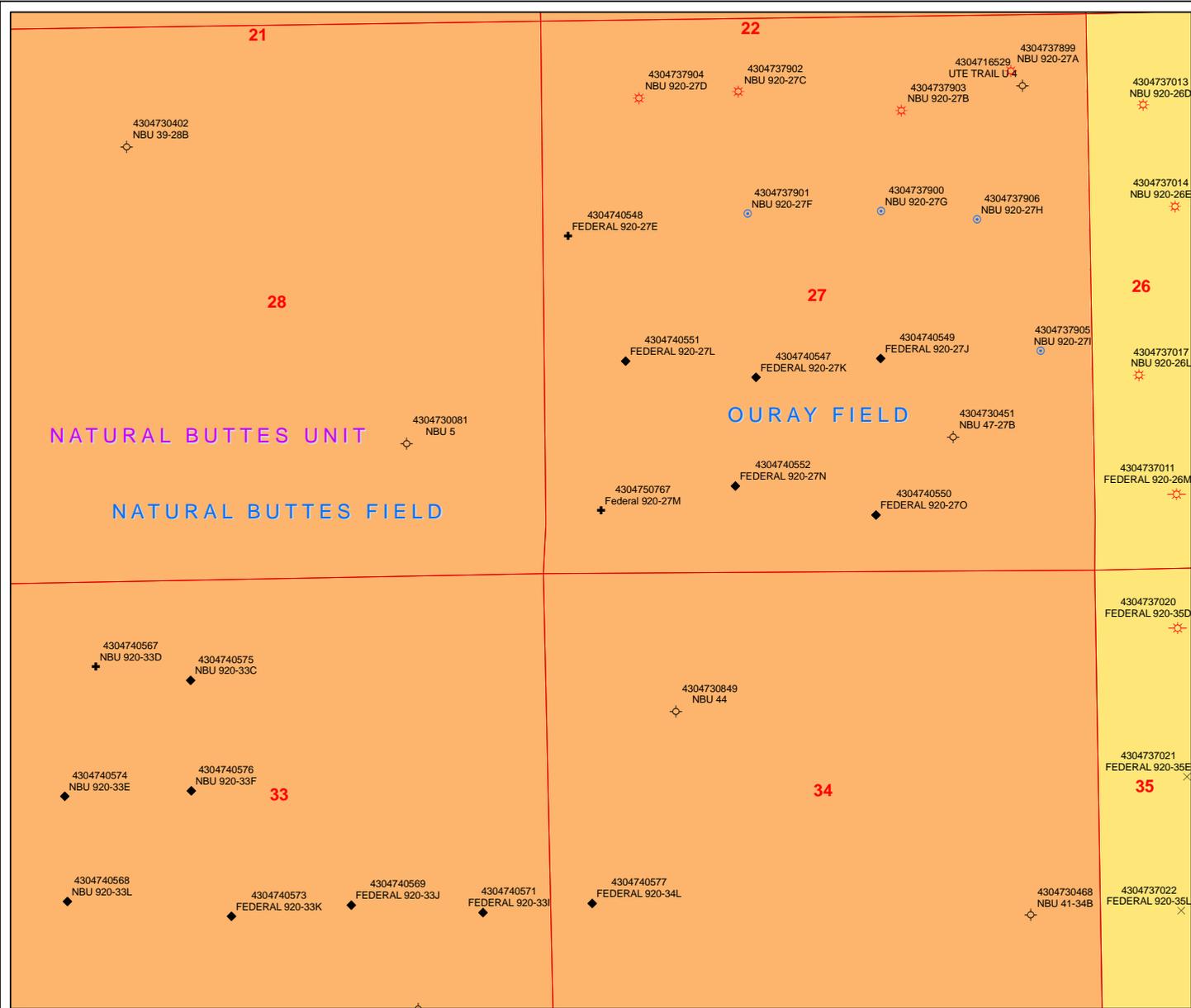
Location: Section 27, Township 9 South, Range 20 East; Uintah County, Utah

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

Date: July 26-27, 2009

Observers: Grasslands Consulting, Inc. Biologists: Dan Hamilton, Jay Slocum, and Jonathan Sexauer. Technicians: Chad Johnson and Daniel Ortiz.

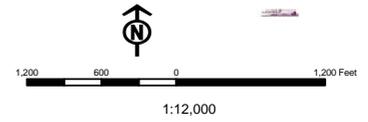
Weather: Partly cloudy, 80-90°F, 0-5 mph winds with no precipitation.



API Number: 4304750767
Well Name: Federal 920-27M
Township 09.0 S Range 20.0 E Section 27
Meridian: SLBM
 Operator: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Map Prepared:
 Map Produced by Diana Mason

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





APC 4304750767

Kerr-McGee Oil & Gas Onshore LP
PO Box 173779
DENVER, CO 80217-3779

January 19, 2010

Mr. Dustin Doucet
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116

Re: R649-3-22, Completion into Two or More Pools
Federal 920-27M
Section 27: SWSW, T9S-R20E
Uintah County, Utah

Dear Dustin,

In accordance with R649-3-22, Completion Into Two or More Pools, please be advised that EOG Resources, Inc. & the Bureau of Land Management have been notified of our intent to commingle the Wasatch & Mesaverde formations in the captioned well. Please find enclosed copies of the letters sent to EOG and the BLM together with a map showing the location of all wells on contiguous oil and gas leases or drilling units.

Please let me know if anything further is required in order to approve the sundry for the Federal 920-27M. Should you have any questions or if you need any further information, please do not hesitate to contact me at 720-929-6551.

Thank you for your attention to our request.

Sincerely,
KERR-McGEE OIL & GAS ONSHORE LP

A handwritten signature in black ink, appearing to read 'Lynn Padgett', written over the typed name.

Lynn Padgett
Staff Landman

enclosures

RECEIVED
JAN 25 2010
DIV. OF OIL, GAS & MINING



Kerr-McGee Oil & Gas Onshore LP
PO Box 173779
DENVER, CO 80217-3779

January 19, 2010

EOG Resources, Inc.
600 17th Street, Suite 1000N
Denver, CO 80202
Attn: Ms. Toni Lei Miller

CERTIFIED MAIL
Article # 70082810000065983250

Re: Notice of Commingling
Federal 920-27M
Section 27: SWSW, T9S-R20E
Uintah County, Utah

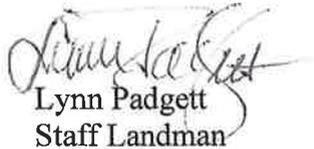
Dear Ms. Miller:

Kerr-McGee Oil & Gas Onshore LP (Kerr-McGee) has filed an application with the State of Utah Division of Oil, Gas and Mining requesting approval to commingle the Wasatch and Mesaverde formations in the above-referenced well.

Attached is a map showing the location of all wells on contiguous oil and gas leases or drilling units and an affidavit showing that this application has been provided to owners of all contiguous oil and gas leases or drilling units overlying the pool.

Should you have any questions or concerns, please contact the undersigned at 720-929-6551.

Sincerely,
KERR-McGEE OIL & GAS ONSHORE LP


Lynn Padgett
Staff Landman

enclosures

RECEIVED
JAN 25 2010
DIV. OF OIL, GAS & MINING

STATE OF UTAH)

) ss

COUNTY OF UINTAH)

AFFIDAVIT

Lynn Padgett, of lawful age, and being first duly sworn upon oath, deposes and says:

She is a Staff Landman for Kerr-McGee Oil & Gas Onshore LP, of Denver, Colorado. Kerr-McGee Oil & Gas Onshore LP is the operator of the following described well:

**Federal 920-27M
621' FSL, 557' FWL (SWSW)
SECTION 27, T9S- R20E
UINTAH COUNTY, UTAH**

Kerr-McGee Oil & Gas Onshore LP, EOG Resources, Inc., and the Bureau of Land Management are the only owners in the well and/or of all the contiguous oil and gas leases or drilling units overlying the pool.

On the 19th day of January, 2010, she placed in the United States mail, with postage prepaid, a copy of the attached Application for Commingling into two or more pools (formations) in one wellbore for the subject well.

Said envelope which contained these instruments was addressed to the Utah Division of Oil, Gas & Mining, Bureau of Land Management, and EOG Resources, Inc.

Further affiant saith not.



Lynn Padgett, Affiant

Subscribed and sworn before me this 19h day of January, 2010.

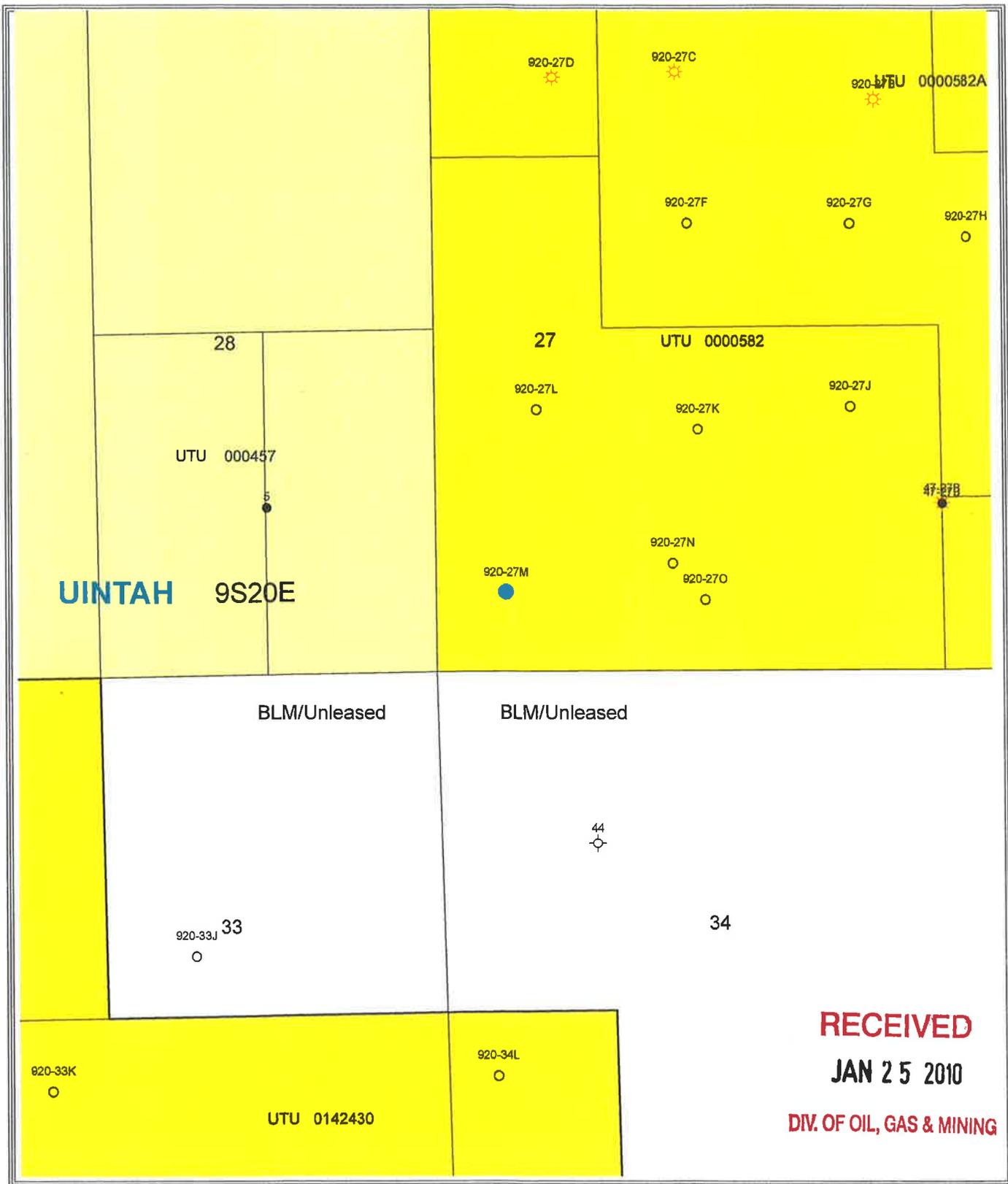


Notary Public

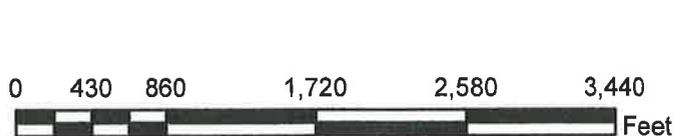
My Commission Expires:

Aug. 16, 2013





RECEIVED
JAN 25 2010
DIV. OF OIL, GAS & MINING



Commingling Application Uintah County, Utah FEDERAL 920-27M		
Author: Jodi D.	Map made in: ArcMap - ArcView	Date: January 15, 2010
Project is stored @ L:\SharedData\Denver\GNB	Scale: To Fit Page	File Name: Federal 920-27M
ArcGIS Data From SDE Warehouse 6-23-07		

WORKSHEET APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 9/25/2009

API NO. ASSIGNED: 43047507670000

WELL NAME: Federal 920-27M

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

PHONE NUMBER: 720 929-6156

CONTACT: Danielle Piernot

PROPOSED LOCATION: SWSW 27 090S 200E

Permit Tech Review:

SURFACE: 0621 FSL 0557 FWL

Engineering Review:

BOTTOM: 0621 FSL 0557 FWL

Geology Review:

COUNTY: UINTAH

LATITUDE: 40.00036

LONGITUDE: -109.65942

UTM SURF EASTINGS: 614436.00

NORTHINGS: 4428448.00

FIELD NAME: NATURAL BUTTES

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU 0582

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

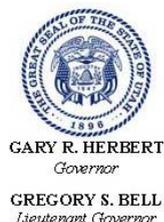
Commingle Approved

LOCATION AND SITING:

- R649-2-3.
- Unit:
- R649-3-2. General
- R649-3-3. Exception
- Drilling Unit
- Board Cause No: R649-3-2
- Effective Date:
- Siting:
- R649-3-11. Directional Drill

Comments: Presite Completed

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



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Permit To Drill

Well Name: Federal 920-27M
API Well Number: 43047507670000
Lease Number: UTU 0582
Surface Owner: INDIAN
Approval Date: 2/25/2010

Issued to:

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

Authority:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-2. 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:

Administrative approval for commingling the production from the Wasatch formation and the Mesaverde formation in this well is hereby granted. Appropriate information has been submitted to DOGM in accordance with R649-3-22. No written objections from owners were received by DOGM.

General:

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

Conditions of Approval:

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

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

This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated

therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

Notification Requirements:

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

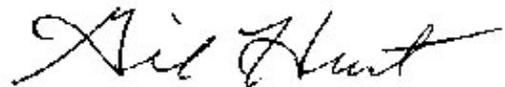
- Within 24 hours following the spudding of the well – contact Carol Daniels at 801-538-5284 (please leave a voicemail message if not available)
OR
submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <https://oilgas.ogm.utah.gov>

Reporting Requirements:

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

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

Approved By:



Gil Hunt
Associate Director, Oil & Gas



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

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



OCT 28 2010

IN REPLY REFER TO:
3160 (UTG011)

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

43 047 50767

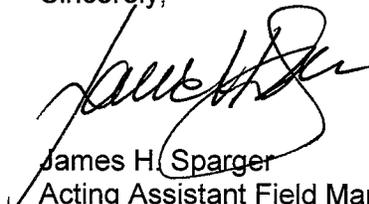
Re: Request to Return APD
Well No. Federal 920-27M
SWSW, Sec. 27, T9S, R20E
Uintah County, Utah
Lease No. UTU-0582

Dear Ms. Jacobson:

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

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

Sincerely,


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

Enclosures

cc: UDOGM

