

**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> Hatch 923-140	
<b>2. TYPE OF WORK</b> 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> NATURAL BUTTES	
<b>4. TYPE OF WELL</b> Gas Well Coalbed Methane Well: NO						<b>5. UNIT or COMMUNITIZATION AGREEMENT NAME</b>	
<b>6. NAME OF OPERATOR</b> KERR-MCGEE OIL & GAS ONSHORE, L.P.						<b>7. OPERATOR PHONE</b> 307-752-1169	
<b>8. ADDRESS OF OPERATOR</b> P.O. Box 173779, Denver, CO, 80217						<b>9. OPERATOR E-MAIL</b> Laura.Gianakos@anadarko.com	
<b>10. MINERAL LEASE NUMBER (FEDERAL, INDIAN, OR STATE)</b> UTU 01301			<b>11. MINERAL OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input type="checkbox"/> STATE <input type="checkbox"/> FEE <input type="checkbox"/>			<b>12. SURFACE OWNERSHIP</b> FEDERAL <input checked="" type="checkbox"/> INDIAN <input 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>			<b>18. INTEND TO COMMINGLE PRODUCTION FROM MULTIPLE FORMATIONS</b> YES <input checked="" type="checkbox"/> (Submit Commingling Application) NO <input type="checkbox"/>			<b>19. SLANT</b> 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>	858 FSL 2093 FEL	SWSE	14	9.0 S	23.0 E	S	
<b>Top of Uppermost Producing Zone</b>	858 FSL 2093 FEL	SWSE	14	9.0 S	23.0 E	S	
<b>At Total Depth</b>	858 FSL 2093 FEL	SWSE	14	9.0 S	23.0 E	S	
<b>21. COUNTY</b> UINTAH			<b>22. DISTANCE TO NEAREST LEASE LINE (Feet)</b> 858			<b>23. NUMBER OF ACRES IN DRILLING UNIT</b> 2520	
			<b>25. DISTANCE TO NEAREST WELL IN SAME POOL (Applied For Drilling or Completed)</b> 3500			<b>26. PROPOSED DEPTH</b> MD: 8360 TVD: 8360	
<b>27. ELEVATION - GROUND LEVEL</b> 5052			<b>28. BOND NUMBER</b> WYB000291			<b>29. SOURCE OF DRILLING WATER / WATER RIGHTS APPROVAL NUMBER IF APPLICABLE</b> Permit #43-8496	
<b>ATTACHMENTS</b>							
<b>VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES</b>							
<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			
<b>NAME</b> Danielle Piernot			<b>TITLE</b> Regulatory Analyst			<b>PHONE</b> 720 929-6156	
<b>SIGNATURE</b>			<b>DATE</b> 03/22/2010			<b>EMAIL</b> gnbregulatory@anadarko.com	
<b>API NUMBER ASSIGNED</b> 43047510310000			<b>APPROVAL</b>  Permit Manager				

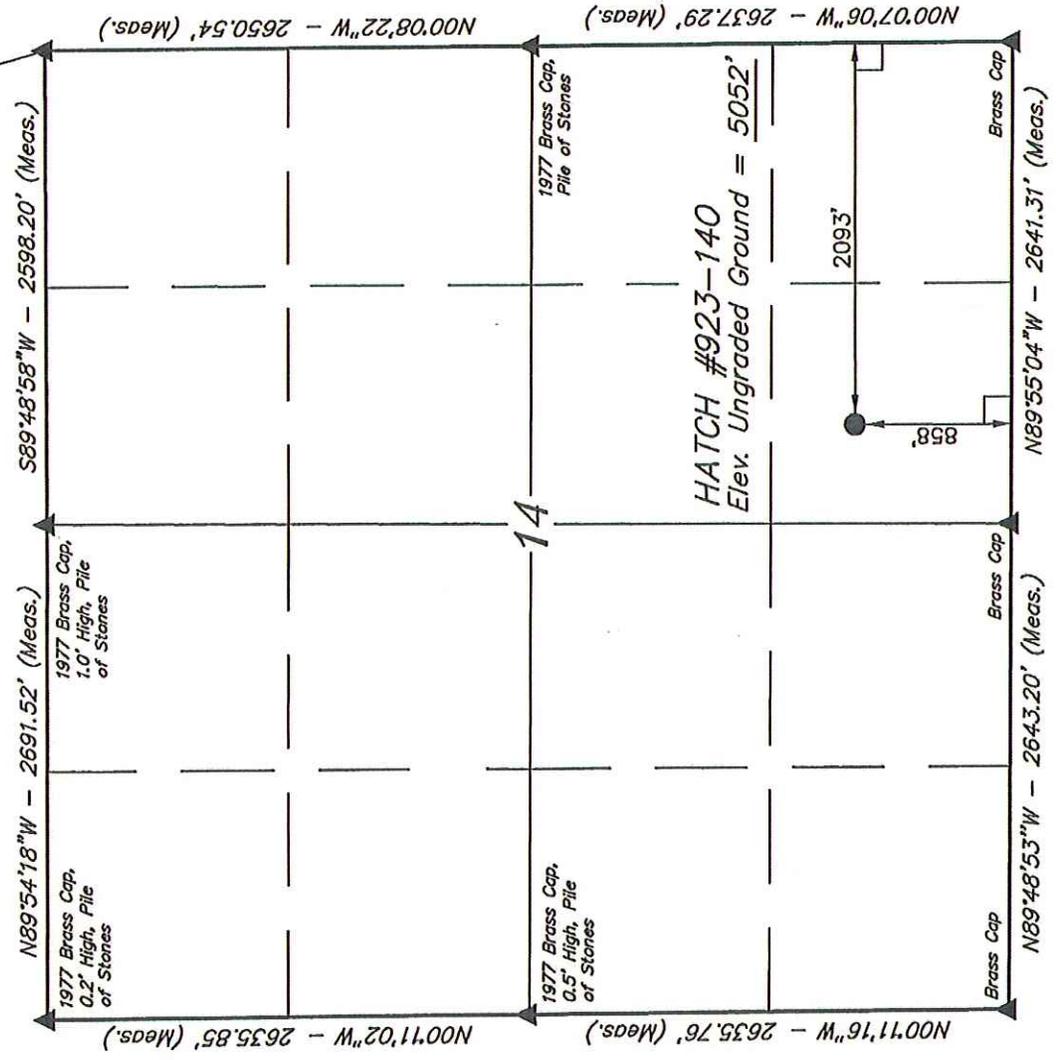
<b>Proposed Hole, Casing, and Cement</b>						
<b>String</b>	<b>Hole Size</b>	<b>Casing Size</b>	<b>Top (MD)</b>	<b>Bottom (MD)</b>		
Prod	7.875	4.5	0	8360		
<b>Pipe</b>	<b>Grade</b>	<b>Length</b>	<b>Weight</b>			
	Grade I-80 Buttress	8360	11.6			

<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	11	8.625	0	2250		
<b>Pipe</b>	<b>Grade</b>	<b>Length</b>	<b>Weight</b>			
	Grade I-80 LT&C	2250	28.0			

**T9S, R23E, S.L.B.&M.**

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

Well location, HATCH #923-140, located as shown in the SW 1/4 SE 1/4 of Section 14, T9S, R23E, S.L.B.&M. Uintah County, Utah.

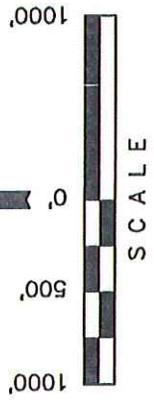


**BASIS OF ELEVATION**

BENCH MARK 58 EAM (1965) LOCATED IN THE NE 1/4 OF SECTION 30, T9S, R23E, S.L.B.&M. TAKEN FROM THE RED WASH SE. QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 5132 FEET.

**BASIS OF BEARINGS**

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



**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.  
 REGISTERED LAND SURVEYOR  
 REGISTRATION NO. 161319  
 STATE OF UTAH

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

SCALE 1" = 1000'	DATE SURVEYED: 11-20-07	DATE DRAWN: 12-13-07
PARTY J.R. Z.G. C.R.	REFERENCES G.L.O. PLAT	
WEATHER COOL	FILE Kerr-McGee Oil & Gas Onshore LP	

(NAD 83)  
 LATITUDE = 40°01'51.90" (40.031083)  
 LONGITUDE = 109°17'31.98" (109.292217)  
 (NAD 27)  
 LATITUDE = 40°01'52.02" (40.031117)  
 LONGITUDE = 109°17'29.54" (109.291539)

- LEGEND:**
- └─ = 90° SYMBOL
  - = PROPOSED WELL HEAD.
  - ▲ = SECTION CORNERS LOCATED.

**Hatch 923-140**

858' FSL 2,093' FEL (SW/4SE/4)

Sec. 14 T9S R23E

Uintah, Utah

Mineral Lease: UTU 01301

**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	1,543'	
Birds Nest	1,746'	Water
Mahogany	2,098'	Water
Wasatch	4,415'	Gas
Mesaverde	6,330'	Gas
MVU2	7,164'	Gas
MVL1	7,637'	Gas
TD	8,360'	

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

*Please refer to the attached Drilling Program.*

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

*Please refer to the attached Drilling Program.*

5. **Drilling Fluids Program:**

*Please refer to the attached Drilling Program.*

6. **Evaluation Program:**

*Please refer to the attached Drilling Program.*

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 8,630' TD, approximately equals 4,948 psi (calculated at 0.59 psi/foot).

Maximum anticipated surface pressure equals approximately 3,109 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 bloopie 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'				3,390	1,880	348,000
SURFACE	8-5/8"	0 to 2250	28.00	IJ-55	LTC	1.06	1.79	5.47
PRODUCTION	4-1/2"	0 to 8360	11.60	I-80	LTC	2.43	1.26	2.38

\*Burst on surface casing is controlled by fracture gradient as shoe with gas gradient above. D.F. = 2.39

1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point))

2) MASP (Prod Casing) = Pore Pressure at TD - (0.22 psi/ft-partial evac gradient x TD)  
 (Burst Assumptions: TD = 11.6 ppg) 0.22 psi/ft = gradient for partially evac wellbore  
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing\*Buoy.Fact. of water)  
**MASP 3,109 psi**

3) Maximum Anticipated Bottom Hole Pressure (MABHP) = Pore Pressure at TD  
 (Burst Assumptions: TD = 11.6 ppg) 0.59 psi/ft = bottomhole gradient  
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing\*Buoy.Fact. of water)  
**MABHP 4,948 psi**

**CEMENT PROGRAM**

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	180	60%	15.80	1.15
<b>Option 1</b>							
	TOP OUT CMT (6 jobs)	1200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	270	0%	15.80	1.15
SURFACE		<b>NOTE: If well will circulate water to surface, option 2 will be utilized</b>					
<b>Option 2</b>	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite +.25 pps Flocele + 3% salt BWO	140	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	150	35%	15.80	1.15
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.80	1.15
PRODUCTION	LEAD	3,910'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	320	40%	11.00	3.38
	TAIL	4,450'	50/50 Poz/G + 10% salt + 2% gel + 0.1% R-3	1,090	40%	14.30	1.31

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

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

**FLOAT EQUIPMENT & CENTRALIZERS**

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

**ADDITIONAL INFORMATION**

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

BOPE: 11" 5M with one annular and 2 rams. The BOPE will be installed before the production hole is drilled and tested to 5,000 psi (annular to 2,500 psi) prior to drilling out the surface casing shoe. Record on chart recorder and tour sheet. Function test rams on each trip.

Maintain safety valve and inside BOP on rig floor at all times. Most rigs have top drives; however, if used, the Kelly is to be equipped with upper and lower kelly valves.

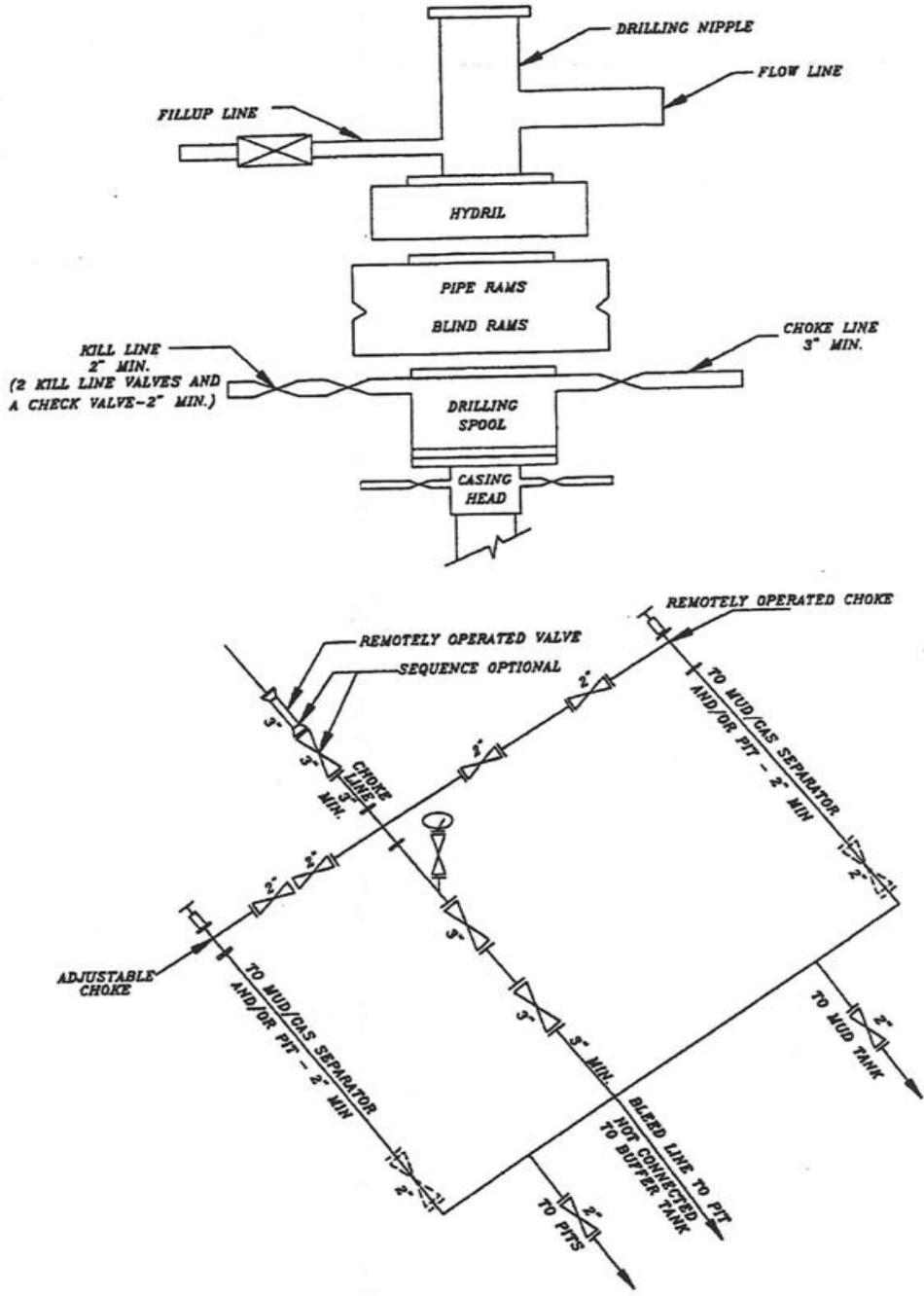
Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

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

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

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

### EXHIBIT A Hatch 923-140



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



Kerr-McGee Oil & Gas Onshore LP

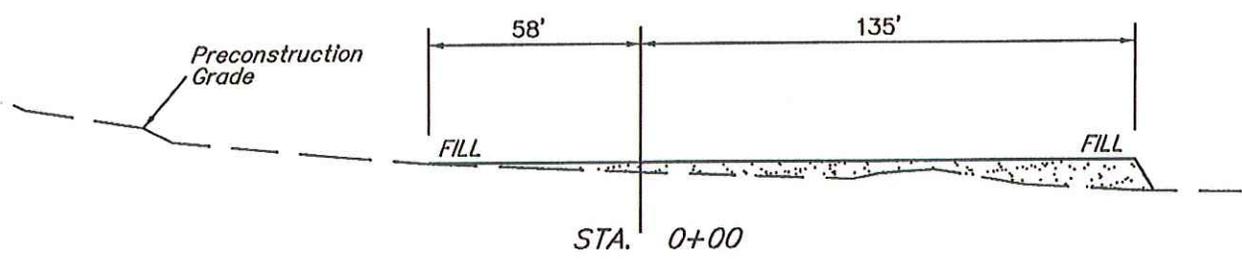
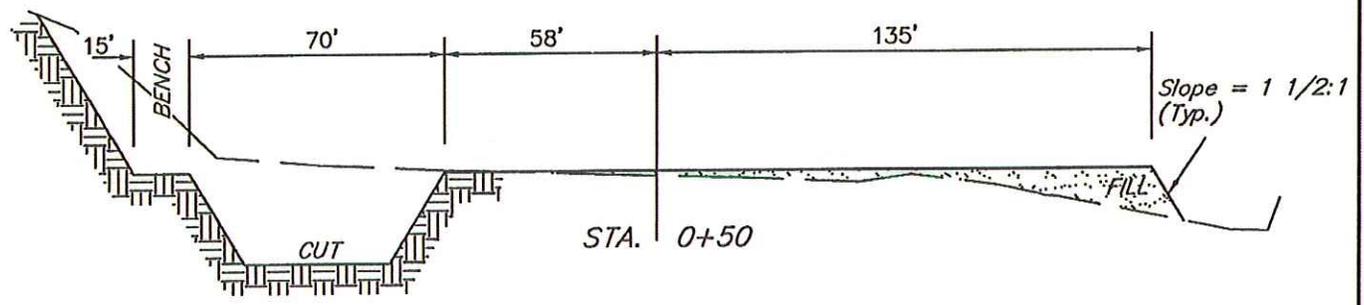
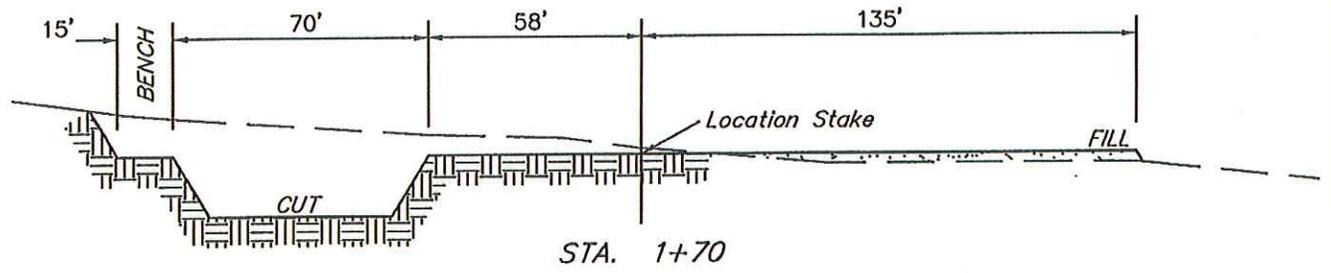
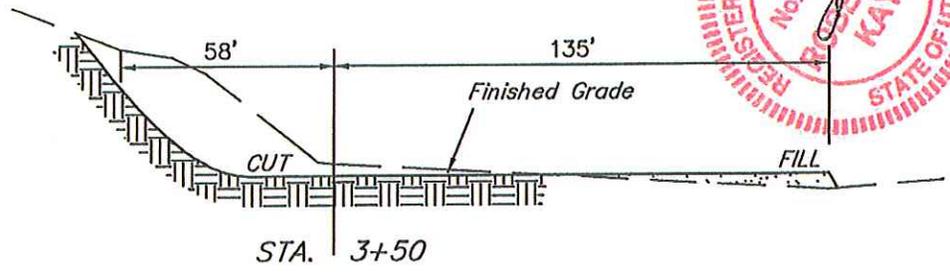
FIGURE #2

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

TYPICAL CROSS SECTIONS FOR  
HATCH #923-140  
SECTION 14, T9S, R23E, S.L.B.&M.  
858' FSL 2093' FEL



DATE: 12-13-07  
DRAWN BY: C.R.

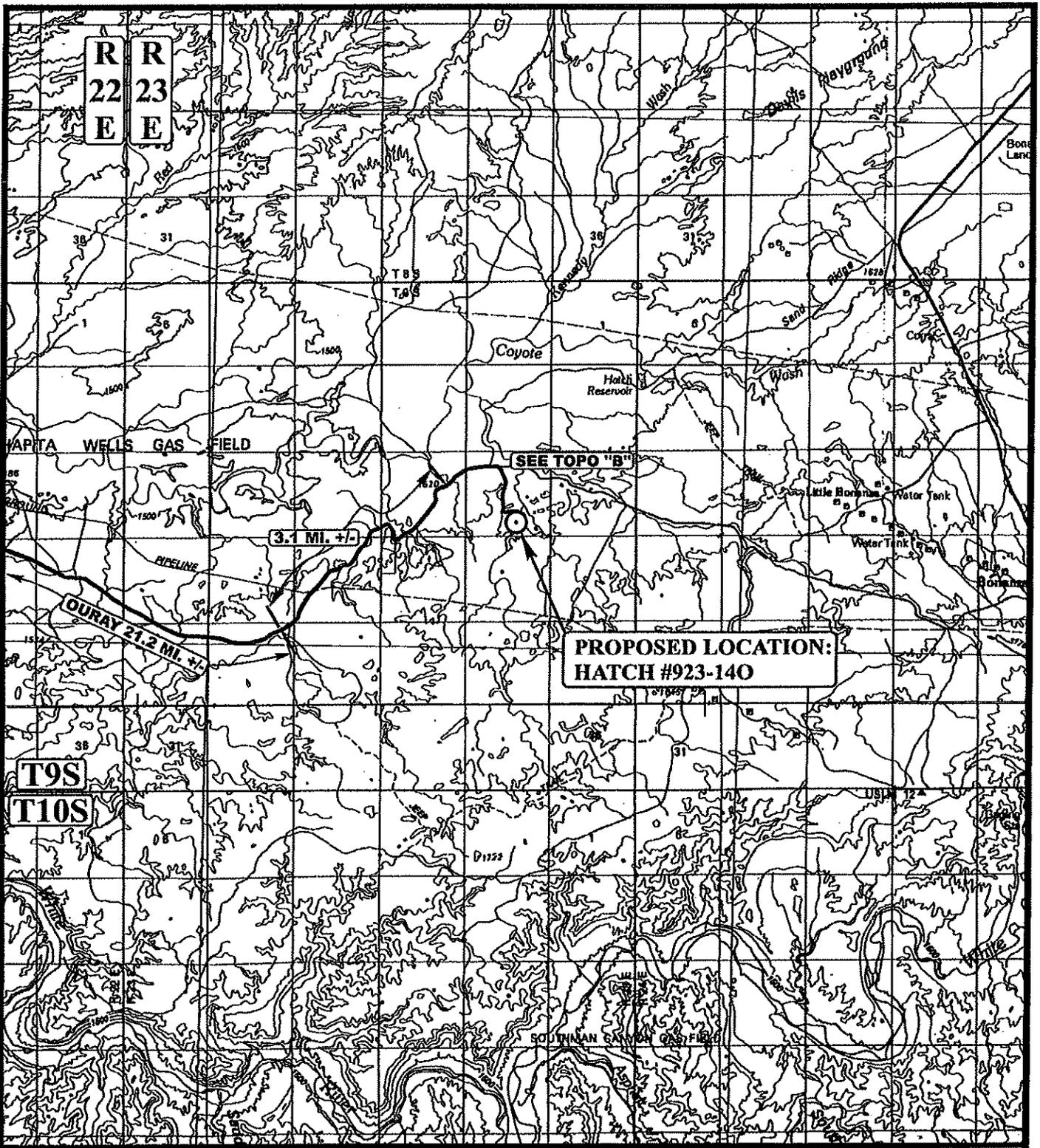


APPROXIMATE YARDAGES

CUT	
(6") Topsoil Stripping	= 1744 Cu. Yds.
Remaining Location	= 6085 Cu. Yds.
<b>TOTAL CUT</b>	<b>= 7829 CU.YDS.</b>
<b>FILL</b>	<b>= 3361 CU.YDS.</b>

EXCESS MATERIAL	= 4468 Cu. Yds.
Topsoil & Pit Backfill (1/2 Pit Vol.)	= 3134 Cu. Yds.
EXCESS UNBALANCE (After Interim Rehabilitation)	= 1334 Cu. Yds.

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



**LEGEND:**

○ PROPOSED LOCATION



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

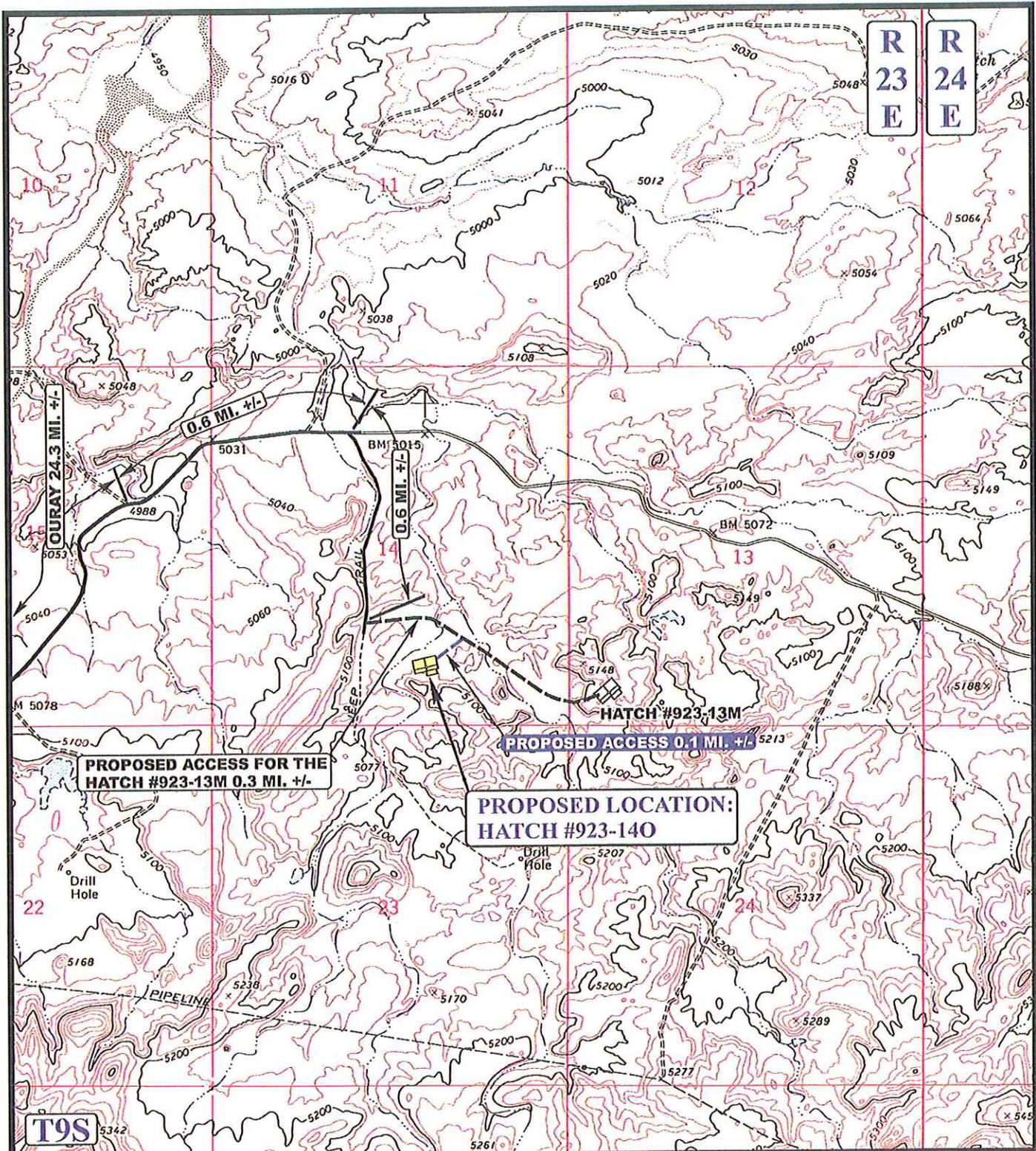
**HATCH #923-140**  
**SECTION 14, T9S, R23E, S.L.B.&M.**  
**858' FSL 2093' FEL**



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

**TOPOGRAPHIC** 11 27 07  
**MAP** MONTH DAY YEAR  
 SCALE: 1:100,000 DRAWN BY: C.C. REVISED: 00-00-00





**LEGEND:**

- EXISTING ROAD
- PROPOSED ACCESS ROAD



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

HATCH #923-140  
 SECTION 14, T9S, R23E, S.L.B.&M.  
 858' FSL 2093' FEL



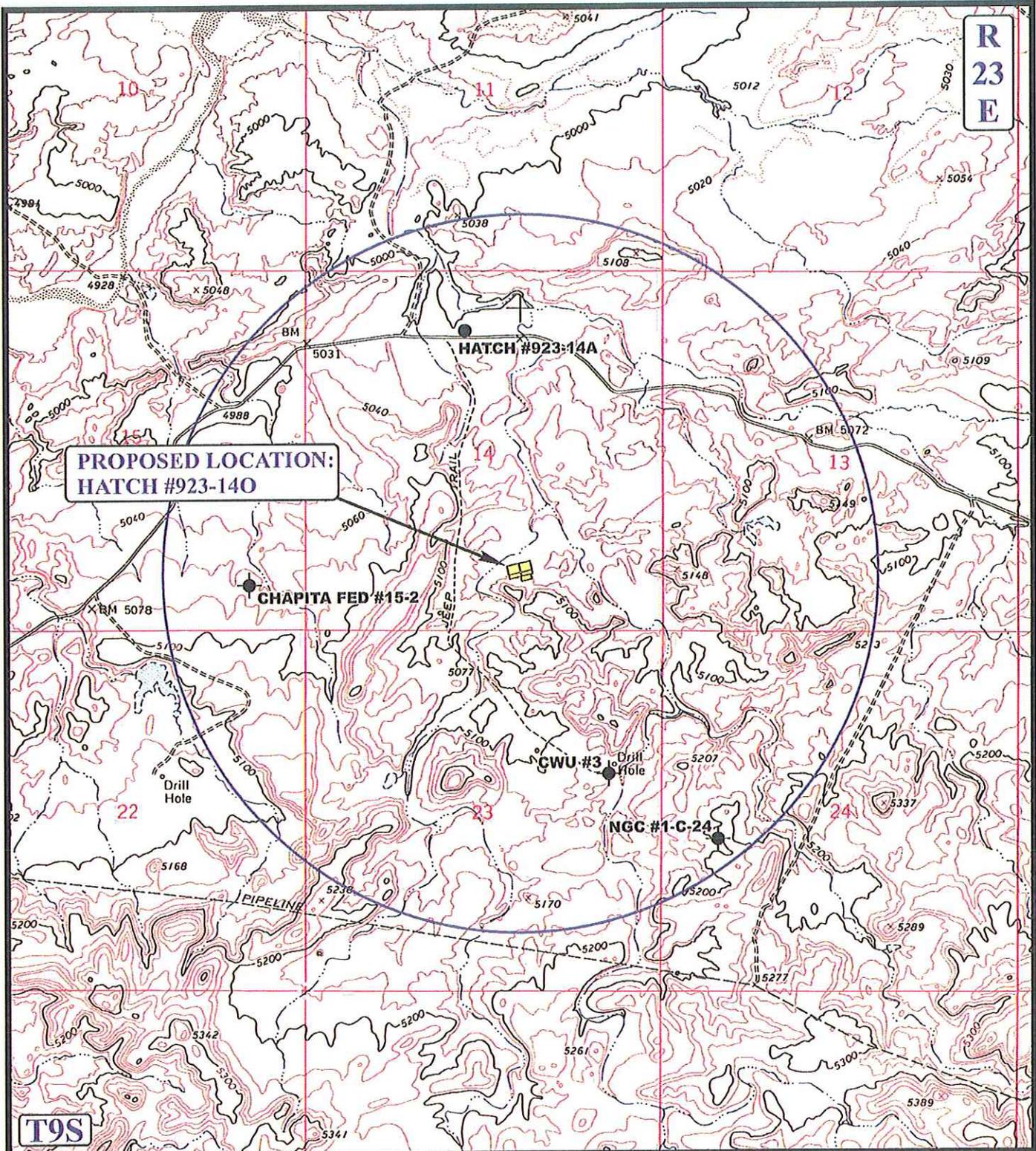
Utah Engineering & Land Surveying  
 85 South 200 East Vernal, Utah 84078  
 (435) 789-1017 \* FAX (435) 789-1813

**TOPOGRAPHIC**  
**MAP**

<b>11</b>	<b>27</b>	<b>07</b>
MONTH	DAY	YEAR

**B**  
 TOPO

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



**PROPOSED LOCATION:  
HATCH #923-140**

**R  
23  
E**

**T9S**

**LEGEND:**

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



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

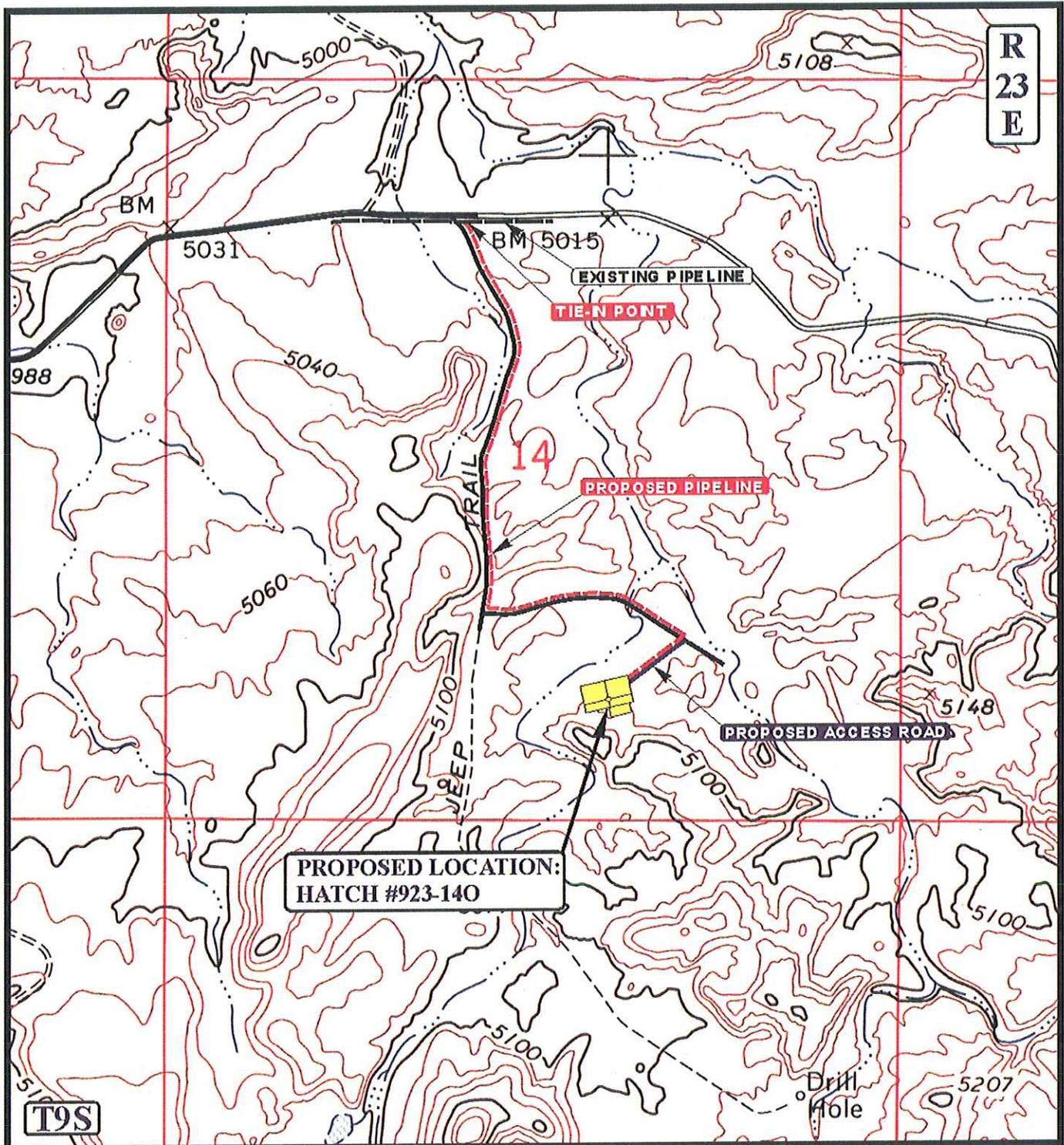
**HATCH #923-140  
SECTION 14, T9S, R23E, S.L.B.&M.  
858' FSL 2093' FEL**



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

**TOPOGRAPHIC MAP** 11 27 07  
MONTH DAY YEAR  
SCALE: 1" = 2000' DRAWN BY: C.C. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 4,843' +/-

**LEGEND:**

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



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

**HATCH #923-140**  
**SECTION 14, T9S, R23E, S.L.B.&M.**  
**858' FSL 2093' FEL**



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 85 South 200 East Vernal, Utah 84078  
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**TOPOGRAPHIC MAP** **11 27 07**  
 MONTH DAY YEAR  
 SCALE: 1" = 1000' DRAWN BY: C.C. REVISED: 06-05-08



# Kerr-McGee Oil & Gas Onshore LP

## HATCH #923-140

LOCATED IN UINTAH COUNTY, UTAH  
SECTION 14, T9S, R23E, S.L.B.&M.

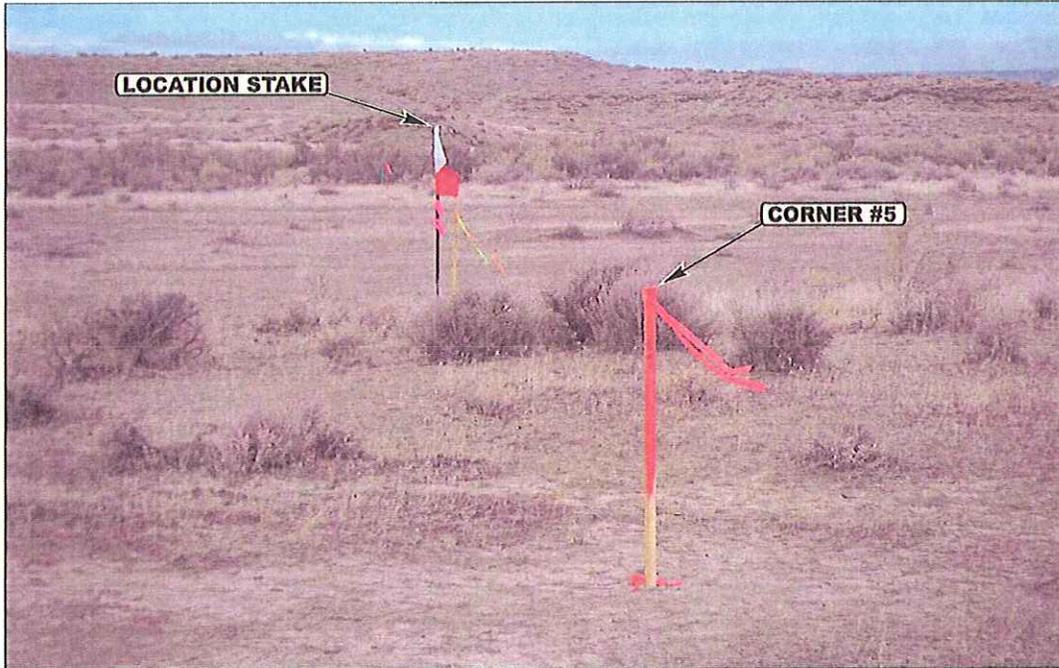


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHERLY

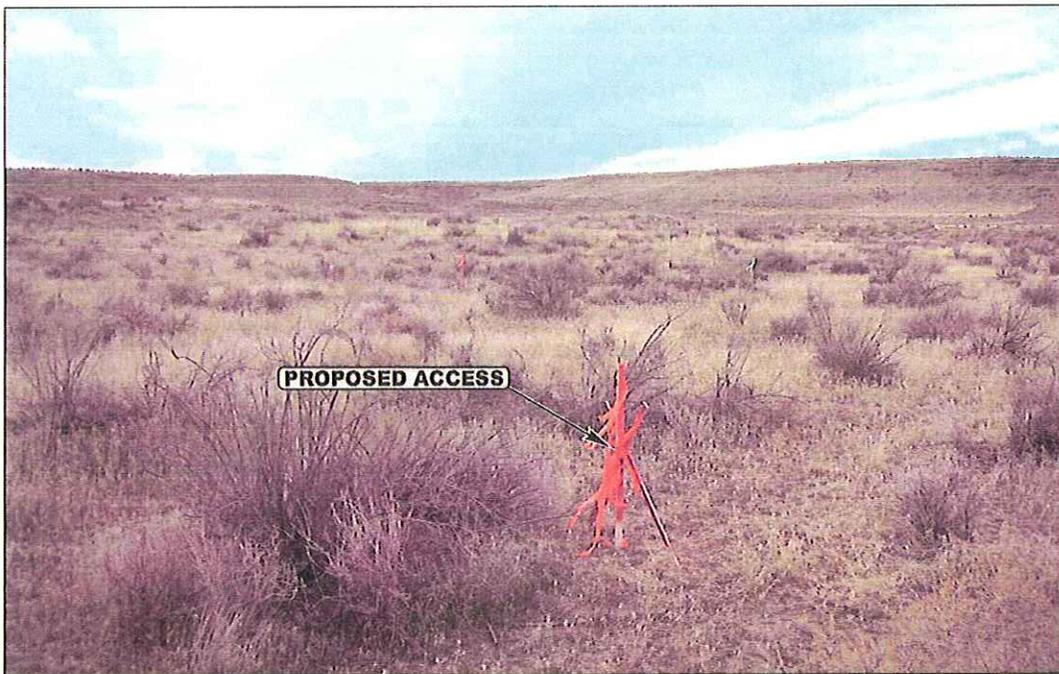


PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: SOUTHWESTERLY



- Since 1964 -

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

LOCATION PHOTOS

11 27 07  
MONTH DAY YEAR

PHOTO

TAKEN BY: J.R. | DRAWN BY: C.C. | REVISED: 00-00-00

**Kerr-McGee Oil & Gas Onshore LP**  
**HATCH #923-140**  
**PIPELINE ALIGNMENT**  
**LOCATED IN UINTAH COUNTY, UTAH**  
**SECTION 14, T9S, R23E, S.L.B.&M.**

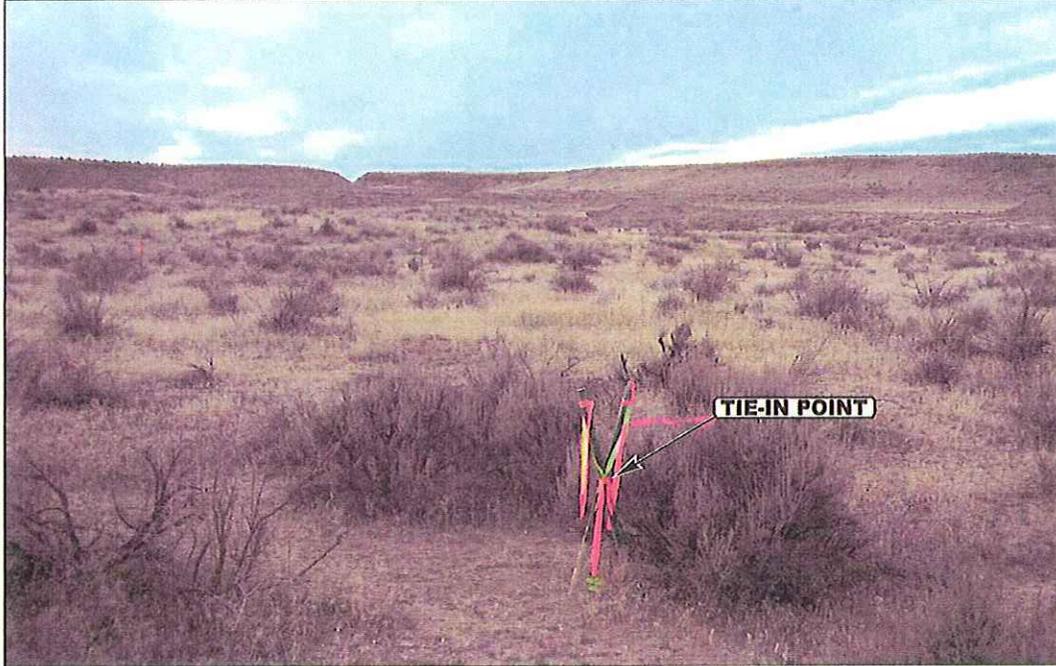


PHOTO: VIEW OF TIE-IN POINT

CAMERA ANGLE: SOUTHWESTERLY

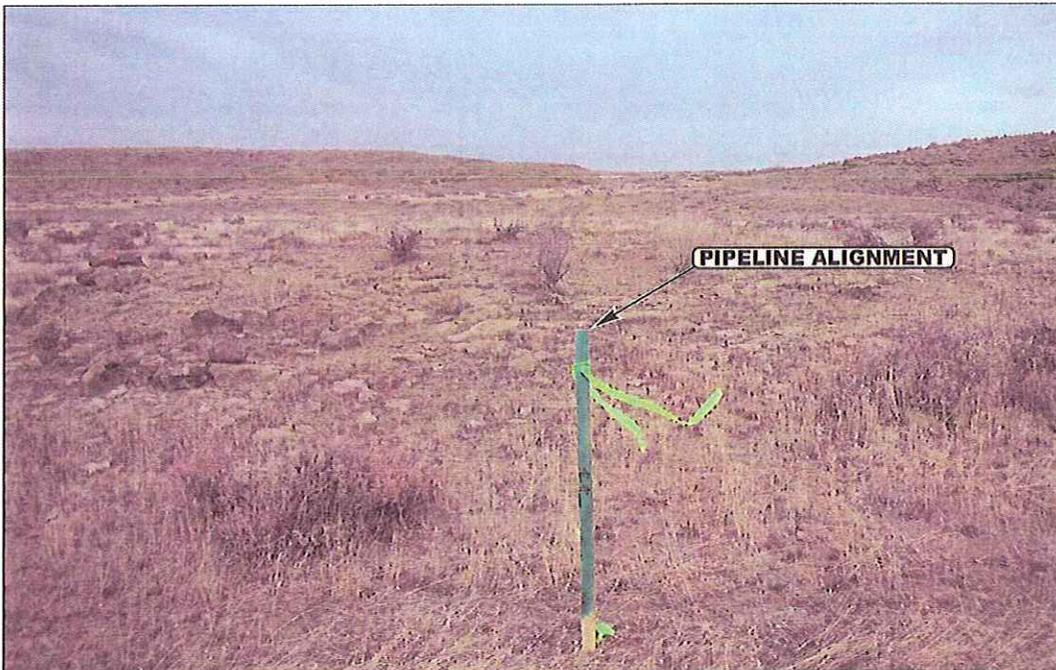


PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

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

<b>PIPELINE PHOTOS</b>	<b>11</b>	<b>27</b>	<b>07</b>	<b>PHOTO</b>
	MONTH	DAY	YEAR	
TAKEN BY: J.R.	DRAWN BY: C.C.		REVISED: 00-00-00	

Kerr-McGee Oil & Gas Onshore LP  
HATCH #923-140  
SECTION 14, T9S, R23E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 0.3 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 12.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 1.7 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 1.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN RIGHT AND PROCEED IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 0.5 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHEAST; TURN LEFT AND PROCEED IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 4.5 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN LEFT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 3.1 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY, THEN EASTERLY DIRECTION APPROXIMATELY 0.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY, THEN SOUTHEASTERLY, THEN SOUTHERLY DIRECTION APPROXIMATELY 0.6 MILES TO THE BEGINNING OF THE PROPOSED ACCESS FOR THE #923-13M TO THE EAST; FOLLOW ROAD FLAGS IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE SOUTHWEST; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.1 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 56.9 MILES.

**Hatch 923-140**

858' FSL 2,093' FEL (SW/4SE/4)  
Sec. 14 T9S R23E

Uintah, Utah

Mineral Lease: UTU 01301

Operator: Kerr-McGee Oil & Gas Onshore LP

**ONSHORE ORDER NO. 1**

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

An APD for this well was originally approved by UDOGM on June 17, 2008. The APD was rescinded on February 24, 2009. Kerr-McGee respectfully requests a new APD for this well location.

This Application for Permit to Drill (APD) is filed under the Notice of Staking (NOS) process as stated in Onshore Order No. 1 (OSO #1) and supporting Bureau of Land Management (BLM) documents. An NOS was submitted showing the surface location in SW/4 SE/4 of Section 14 T9S R23E.

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 BLM-Vernal Field Office.

An on-site meeting for this location was held on April 23, 2008.

**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  $\pm 0.1$  mile 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 4,843' ( $\pm 0.9$  miles) of 4" surface steel pipeline is proposed. The proposed pipeline will tie into an existing 8" pipeline. Please refer to Topo D for the existing pipeline. 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 the following sources:

49-2243	Target Trucking Inc.	Green River- Various points
49-2300	R.N. Industries	White River- Various points
49-2298	RNI Trucking	White River- Various points
49-2231	Nile Chapman	Green River- Various points
49-2299	R.N. Industries	Green River- Various points
49-2306	R.N. Industries	White River- Various points

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

No water well is to be drilled on this lease.

**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.*

- K. **Surface/Mineral Ownership:**  
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:**

Danielle Piernot  
Regulatory Analyst  
Kerr-McGee Oil & Gas Onshore LP  
PO Box 173779  
Denver, CO 80217-3779  
(720) 929-6156

Tommy Thompson  
General Manager, Drilling  
Kerr-McGee Oil & Gas Onshore LP  
PO Box 173779  
Denver, CO 80217-3779  
(720-929-6724

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

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

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

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

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

  
Danielle Piernot

March 22, 2010  
Date

'APIWellNo:43047510310000'

CULTURAL RESOURCE INVENTORY OF KERR-MCGEE  
OIL AND GAS ONSHORE LP'S NBU EIS BLOCK PARCELS  
T9S, R23E, SECTIONS 13, 14, AND 15  
UINTAH COUNTY, UTAH

By:

Jacki A. Montgomery

Prepared For:

Bureau of Land Management  
Vernal Field Office

Prepared Under Contract With:

Kerr-McGee Oil & 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. 07-324

October 19, 2007

United States Department of Interior (FLPMA)  
Permit No. 07-UT-60122

State of Utah Public Lands Policy  
Archaeological Survey Permit No. 117

State of Utah Antiquities Project (Survey)  
Permit No. U-07-MQ-1211b,p,s

IPC #08-19

## **Paleontological Reconnaissance Report**

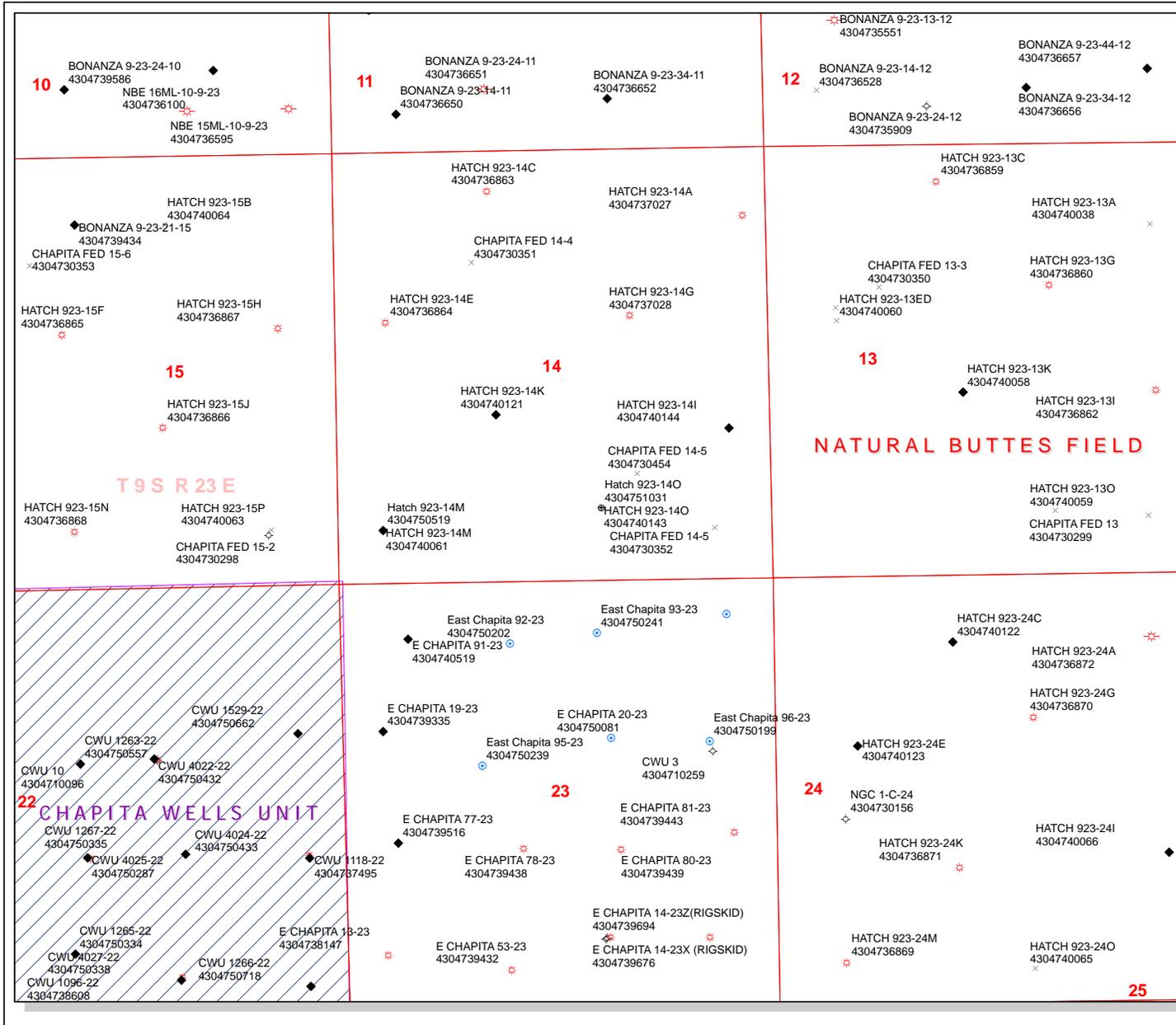
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**Survey of Kerr McGee's Proposed Well Pads, Access Roads, &  
Pipelines for "Hatch #923-13M, 14I & O"  
(Sec. 13 & 14, T 9 S, R 23 E)**

Red Wash SE  
Topographic Quadrangle  
Uintah County, Utah

April 22, 2008

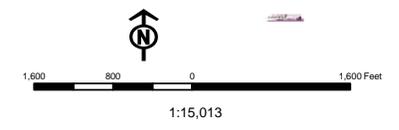
Prepared by Stephen D. Sandau  
Paleontologist for  
Intermountain Paleo-Consulting  
P. O. Box 1125  
Vernal, Utah 84078



**API Number: 4304751031**  
**Well Name: Hatch 923-14O**  
**Township 09.0 S Range 23.0 E Section 14**  
**Meridian: SLBM**  
 Operator: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Map Prepared:  
 Map Produced by Diana Mason

Units	Wells Query
STATUS	✕ - all other values
ACTIVE	◆ - APD - Approved Permit
EXPLORATORY	○ - DRL - Spudded (Drilling Commenced)
GAS STORAGE	○ - GIW - Gas Injection
NF PP OIL	★ - GS - Gas Storage
PI OIL	✕ - LA - Location Abandoned
PP GAS	⊕ - LOC - New Location
PP GEOTHERMAL	⊖ - OPS - Operation Suspended
PP OIL	⊖ - PA - Plugged Abandoned
SECONDARY	⊖ - PGW - Producing Gas Well
TERMINATED	● - POW - Producing Oil Well
Sections	⊖ - RET - Returned APD
Township	⊖ - SGW - Shut-in Gas Well
	⊖ - SOW - Shut-in Oil Well
	⊖ - TA - Temp. Abandoned
	○ - TW - Test Well
	⊖ - WDW - Water Disposal
	⊖ - WW - Water Injection Well
	● - WSW - Water Supply Well



**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

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**APD RECEIVED:** 3/22/2010

**API NO. ASSIGNED:** 43047510310000

**WELL NAME:** Hatch 923-140

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

**PHONE NUMBER:** 720 929-6156

**CONTACT:** Danielle Piernot

**PROPOSED LOCATION:** SWSE 14 090S 230E

**Permit Tech Review:**

**SURFACE:** 0858 FSL 2093 FEL

**Engineering Review:**

**BOTTOM:** 0858 FSL 2093 FEL

**Geology Review:**

**COUNTY:** UINTAH

**LATITUDE:** 40.03113

**LONGITUDE:** -109.29149

**UTM SURF EASTINGS:** 645779.00

**NORTHINGS:** 4432400.00

**FIELD NAME:** NATURAL BUTTES

**LEASE TYPE:** 1 - Federal

**LEASE NUMBER:** UTU 01301

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

**SURFACE OWNER:** 1 - Federal

**COALBED METHANE:** NO

---

**RECEIVED AND/OR REVIEWED:**

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

**Commingle Approved**

**LOCATION AND SITING:**

- R649-2-3.**
  - Unit:**
  - R649-3-2. General**
  - R649-3-3. Exception**
  - Drilling Unit**
  - Board Cause No:** Cause 179-15
  - Effective Date:** 7/17/2008
  - Siting:** 460' Fr Exterior Lease Boundary
  - R649-3-11. Directional Drill**
- 

**Comments:** Presite Completed

**Stipulations:** 3 - Commingle - ddoucet  
4 - Federal Approval - 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:** Hatch 923-140  
**API Well Number:** 43047510310000  
**Lease Number:** UTU 01301  
**Surface Owner:** FEDERAL  
**Approval Date:** 5/5/2010

**Issued to:**

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

**Authority:**

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of Cause 179-15. 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. 179-15, 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.

**Notification Requirements:**

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

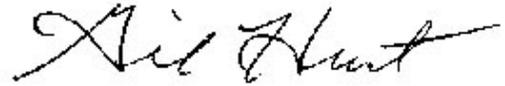
- Within 24 hours following the spudding of the well – contact Carol Daniels at 801-538-5284 (please leave a voicemail message if not available)  
OR  
submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <https://oilgas.ogm.utah.gov>

**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 that reads "Gil Hunt". The signature is written in a cursive, flowing style.

Gil Hunt  
Associate Director, Oil & Gas



GARY R. HERBERT  
Governor

GREGORY S. BELL  
Lieutenant Governor

# State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

April 12, 2011

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

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

Dear Ms. Jacobson:

Enclosed find the list of APDs that are being rescinded per your request to Kerr-McGee Oil & Gas Onshore, L.P. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective April 8, 2011.

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

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

Sincerely,

Diana Mason  
Environmental Scientist

cc: Well File  
Bureau of Land Management, Vernal  
SITLA, Ed Bonner



4304750031	NBU 676-25E	State Surface
4304750036	NBU 675-25E	State Surface
4304736569	NBU 1022-14N	
4304738003	NBU 922-33K-4	
4304750053	NBU 744-31E	State Surface and State Minerals
4304750062	NBU 750-32E	State Surface and State Minerals
4304751031	HATCH 923-14O	
4304740058	HATCH 923-13K	
4304739292	NBU 627-35E	
4304739302	NBU 604-35E	
4304740072	NBU 683-09E	
4304740074	NBU 432-09E	
4304740075	NBU 682-09E	
4304739306	NBU 603-35E	
4304740077	OURAY 821-35FD	



## 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>



August 23, 2012

IN REPLY REFER TO:  
3160 (UTG011)

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

43 047 51031

Re: Request to Return APD  
Well No. Hatch 923-140  
SWSE, Sec. 14, T9S, R23E  
Uintah County, Utah  
Lease No. UTU-01301

RECEIVED

AUG 27 2012

DIV. OF OIL, GAS & MINING

Dear Ms. Jacobson:

The Application for Permit to Drill (APD) for the above referenced well received in this office on June 13, 2008, is being returned unapproved per a request to this office in an email message from Danielle Piernot received on August 23, 2012. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

If you have any questions regarding APD processing, please contact Johnetta (Pete) Magee at (435) 781-4429.

Sincerely,

Jerry Kenczka  
Assistant Field Manager  
Lands & Mineral Resources

Enclosures

cc: UDOGM