



December 29, 2009

Department of Natural Resources  
Oil and Gas Conservation Commission  
The Chancery Building  
1120 Lincoln St., Suite 801  
Denver, CO 80203

Re: Request for Exception to Rule 318A.a  
Frederick State 1-36  
Township 2 North, Range 68 West  
Section 36: W/2NE/4  
Weld County, Colorado

Ladies/Gentlemen:

Kerr-McGee Oil & Gas Onshore LP ("KMG") respectfully requests the Director approve an exception to Rule 318A.a to allow the Frederick State 1-36 well to be drilled at the above referenced location. Rule 318A.a of the Colorado Oil and Gas Commission's Rules and Regulations requires wells to be drilled/completed in a square with sides four hundred (400) feet in length, the center of which is the center of any quarter/quarter section or in the center of any quarter section with the four sides being (800) feet in length. The well being permitted is an exception location at the request of the surface owner.

KMG has obtained written permission from the surface owner. Should you have any questions, please contact our office. Thank you for your consideration.

Very truly yours,

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

A handwritten signature in black ink, appearing to read 'Cheryl Light', written over a horizontal line.

Cheryl Light  
Senior Regulatory Analyst

:cl



November 30, 2009

Dacono Investment Company  
Mr. Jon Lee  
6825 E. Tennessee Avenue #235  
Denver, CO 80224

Re: Request for Exception to Rule 318A-a  
FREDERICK STATE 1-36: W/2W/2NE/4  
FREDERICK STATE 2-36: W/2W/2NE/4  
Township 2 North, Range 68 West  
Section 36: NE/4  
Weld County, Colorado

Dear Mr. Lee:

Kerr-McGee Oil & Gas Onshore LP ("KMG") plans to drill the above oil and gas wells from the above described surface location.

Rule 318A of the Colorado Oil and Gas Commission's Rules and Regulations requires the wells be drilled in a square with sides four hundred (400) feet in length, the center of which is the center of any quarter/quarter or a square with sides eight hundred (800) feet in length, the center of which is the center of any quarter section. Please waive this requirement below showing your approval of the new wells being drilled at the location referenced above. Should you have any questions, please contact our office. Thank you for your consideration.

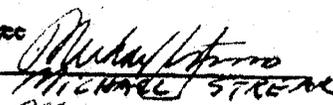
Very truly yours,

KERR MCGEE OIL & GAS ONSHORE LP

  
John Butera  
Landman

I/we waive Rule 318A and approve the above described location.

Mr. Jon Lee

By:   
MICHAEL STREM

Title: Manager

Date: 12/22/2009