



March 23, 2010

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
Request for Exception to Rule 318A.c
COTTONWOOD 11-33 COTTONWOOD 12-33 COTTONWOOD 13-33
COTTONWOOD 32-33 COTTONWOOD 33-33 COTTONWOOD 34-33
Township 2 North, Range 66 West
Section 33: NW/4SW/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 above-named wells 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 above-named wells are being permitted is an exception location at the request of the surface owner.

Under the Revised Rule 318A.c of the Colorado Oil and Gas Commission's Rules and Regulations, it requires any new twinning well to be located within 50 feet of an exiting well. The above-named wells are more than 50 feet from the nearest oil and gas well.

KMG has obtained written permission from the surface owner for both of these waivers. 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 cursive script that reads 'Cheryl Light'.

Cheryl Light
Senior Regulatory Analyst

:cl

SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT ("Agreement") is effective this 26th day of September, 2006, by and among ANADARKO E&P COMPANY LP ("Anadarko E&P"), formerly known as Union Pacific Resources Company, ANADARKO LAND CORP. ("Anadarko Land"), formerly known as Union Pacific Land Resources Corporation (together the "Anadarko Entities"), both with an address of Post Office Box 1330, Houston, Texas 77251-1330; KERR-McGEE OIL & GAS ONSHORE LP ("Kerr-McGee") with an address of 1999 Broadway, Suite 3700, Denver, Colorado 80202; K.P. KAUFFMAN COMPANY, INC. ("KPK") with an address of 1675 Broadway, Suite 2800, Denver, Colorado 80202 (the Anadarko Entities, Kerr-McGee and KPK are referred to hereinafter collectively as the "Oil Companies"); and FORT LUPTON NORTH PROPERTIES LLC ("Fort Lupton") with an address of c/o Mariano C DeCola, 790 Washington Street, Suite 1404, Denver, Colorado 80203; THE RANCH ESTATES ("Ranch") with an address of c/o John J. Vandemoer, 8791 Circle Drive, Westminster, Colorado 80031; AIMS I, LLC ("Aims") with an address of 5305 West 86th Avenue, Arvada, Colorado 80003; RENNOC CORPORATION ("Rennoc") with an address of 2 Osprey Circle, Thornton, Colorado 80241 and THERMO-FARMS ("Farms") with an address of 5501 Lowell Boulevard, Denver, Colorado 80221-7317 (Fort Lupton, Ranch, Aims, Rennoc and Farms are hereinafter referred to collectively as the "Surface Owners").

A. Surface Owners own the surface estate for approximately 308.154 acres located in Weld County, Colorado, generally in the S/2 and the SW/4NE/4 of Section 33, Township 2 North, Range 66 West, which is more specifically described in the attached Exhibit 1 and referred to hereinafter as the "Property."

B. For the portion of the Property in the SE/4 and the SW/4NE/4 of Section 33 ("Anadarko Mineral Property"), the Anadarko Entities together own all of the oil, gas and associated liquid hydrocarbons that underlie the Anadarko Mineral Property, and Anadarko Land owns the minerals exclusive of oil, gas and associated liquid hydrocarbons under the Anadarko Mineral Property.

C. Kerr-McGee owns certain oil and gas leasehold interests in the Anadarko Mineral Property that it derived through a predecessor company to Anadarko E&P and operates two producing oil and/or gas wells on the Anadarko Mineral Property, one in the NW/4SE/4 known as the Lupton North 10-33A and the other in the SE/4SE/4 known as the UPRR 42 Pan Am GU at True #1.

D. KPK owns certain oil and gas leasehold interests in the Anadarko Mineral Property that it derived through a predecessor company to Anadarko E&P and operates one producing oil and/or gas well on the Anadarko Mineral Property in the NE/4SE/4 known as the UPRR 42 Pan Am AP #1.



E. Kerr-McGee owns certain oil and gas leasehold interests in the SW/4 of Section 33 ("SW/4 Property") and operates one producing oil and/or gas well on the SW/4 Property in the center of the SW/4 known as the Mel Anderson Gas Unit #1.

F. The four oil and/or gas wells on the Property that are identified in Recitals C., D. and E. are referred to hereinafter individually or collectively as the "Existing Well" or "Existing Wells."

G. Current Colorado Oil and Gas Conservation Commission ("COGCC") rules and regulations allow the owners and/or lessees of the oil and gas for the Property to locate oil and/or gas wells in five drilling windows in a quarter section, one in approximately the center of each quarter quarter section in a 400 foot by 400 foot window and one in the center of the quarter section in an 800 foot by 800 foot window.

H. The parties enter into this Agreement to provide for the coexistence and joint development of the surface estate and the oil and gas estate for the Property and to delineate the process with which they will comply with respect to the development of the two estates.

I. This Agreement is limited to the compatible development of the surface estate and the oil and gas estate for the Property; it does not in any respect apply to the minerals other than the oil, gas and associated liquid hydrocarbons owned by Anadarko Land in the Anadarko Mineral Property or the coal owned by Anadarko Land in the SW/4 Property which are the subject of a separate agreement among Anadarko Land and Surface Owners.

NOW THEREFORE, in consideration of the covenants and mutual promises set forth in this Agreement, including in the recitals, the parties agree as follows:

1. Oil and Gas Operations Areas.

a. With respect to the oil and gas interests in the Property that each owns or acquires, the Oil Companies agree that they shall drill and/or operate oil and/or gas wells on the Property only within the ten locations identified on Exhibit 2, four of which are the locations for the Existing Wells and the other six of which are generally in the drilling windows in the centers of the SE/4SE/4; SW/4SE/4; NE/4SW/4; NW/4SW/4; SE/4SW/4 and the SW/4SW/4. Such reserved locations on the Property are hereinafter referred to collectively or individually, as the case may be, as the "Oil and Gas Operations Area" or the "Oil and Gas Operations Areas."

b. Operations and uses within the Oil and Gas Operations Areas include, but are not limited to, drilling, completion, and maintenance of wells and equipment, production operations, workovers, well recompletions and deepenings, fracturing, twinning, and drilling of replacement wells and the location of associated oil and gas production and drilling equipment and facilities.

c. The Oil and Gas Operations Areas in the NW/4SW/4 and the SE/4SW/4 shall include the areas that are generally in the shape of a circle with a radius of 150 feet with a fifty foot buffer on one side of the circle as reflected on Exhibit 2. The Oil and Gas Operations Areas



in the NE/4SE/4; center of the SE/4; NW/4SE/4; SE/4SE/4; SW/4SE/4; NE/4SW/4; center of the SW/4 and the SW/4SW/4 shall include the areas depicted on Exhibit 2.

d. The Oil Companies shall continue to have the right to drill one or more wells with attendant facilities within all Oil and Gas Operations Areas and to deepen, recomplate or twin any well that is drilled or has been drilled, as well as to drill directional and horizontal wells that produce from and drain the Property or lands other than the Property.

e. The Oil Companies shall also have the right to locate, build, repair and maintain tanks, separators, dehydrators, compressors and all other associated oil and gas drilling and production equipment and facilities within the Oil and Gas Operations Areas.

f. Surface Owners shall not plat surface property lines or install or construct fences, roadways, trees, bushes or any other permanent improvements within the Oil and Gas Operations Areas or the flowlines, consolidation line easements or pipeline easements identified herein, and, except as provided in section 12 with respect to temporary improvements, no temporary or permanent building or other structure or improvement shall be located by Surface Owners within the Oil and Gas Operations Areas or the flowlines, consolidation line easements and pipeline easements. The Oil and Gas Operations Areas shall be for the exclusive use of oil and gas operations and production and for the location of oil and gas wells and associated oil field drilling and production equipment.

2. Production Facility Locations.

a. The Oil Companies agree that they shall locate oil and gas drilling and production equipment and facilities, including tank batteries, only within the Oil and Gas Operations Areas and the three locations identified on Exhibit 2 as Production Facility Locations, which are generally: i) in the southwest corner of the NE/4; ii) near the center of the SW/4SW/4; and iii) in the corner of the SE/4SE/4 and hereinafter referred to collectively or individually, as the case may be, as the "Production Facility Location" or the "Production Facility Locations."

b. Each Production Facility Location shall include the area reflected on Exhibit 2.

c. The terms in section 1.f. above shall also apply to the Production Facility Locations.

3. Access to Oil and Gas Operations Areas.

a. Surface Owners understand and acknowledge that the Oil Companies shall continue to have the right to use the access routes that they are currently using for the Oil and Gas Operations Areas that include the Existing Wells until such time as Surface Owners construct the access roads that are identified on Exhibit 2 as access to such areas.

b. Access to the Oil and Gas Operations Areas where there are no Existing Wells and access to the Oil and Gas Operations Areas where there are Existing Wells shall be at the



locations identified on Exhibit 2 after such time as the particular access road has been constructed.

c. Access may be changed by mutual agreement of Surface Owners and the appropriate Oil Company or Oil Companies; provided however, all costs and expense of such relocations shall be borne by the party that requests them.

d. Surface Owners shall provide access routes to all Oil and Gas Operations Areas continuously and at all times. No party shall unreasonably interfere with the use by the other of an access road.

e. Prior to the construction of the permanent paved roads within the Property, Surface Owners shall have no obligation to pave or maintain the access routes that are used exclusively by the Oil Companies. At such time as Surface Owners construct the roads within all or pertinent portions of the Property, Surface Owners shall keep the portions of access roads jointly used by Surface Owners and the Oil Companies in good condition and repair until such roads are dedicated to a local jurisdiction; provided, however, if one of the Oil Companies causes damage to a portion of a road that is jointly used by the Oil Companies and Surface Owners and that was constructed to the specifications in section 3.f.(1), then the Oil Company or Oil Companies shall promptly repair any damage that is a direct result of their use of the road.

f. Construction and Width of Access Roads.

(1) Access roads or portions of access roads that are jointly used by the Oil Companies and Surface Owners shall be thirty (30) feet or more in width, and, when Surface Owners construct surface roads on the Property, Surface Owners shall construct or improve all paved or improved joint access roads so as to withstand the weight of oilfield equipment. Specifically, Surface Owners shall construct the roads so that they can be used to withstand the weight of 104,000 pounds and 26,000 pounds per axle.

(2) Access roads or portions of access roads that are used exclusively by the Oil Companies shall be generally thirty (30) feet or more in width, and the Oil Companies shall install and maintain such roads or portions of roads to those state and local standards that apply to oil and gas operations.

4. Pipelines, Flowlines and Pipeline Easements.

a. Flowlines and pipeline easements shall be at the locations identified on Exhibit 2.

b. Locations of pipelines, flowlines and such easements may be changed by mutual agreement of Surface Owners and the appropriate Oil Company or Oil Companies; provided, however, all costs and expenses of such relocations shall be borne by the party which requests the relocation. In the event that Surface Owners request the relocation of a pipeline or flowline, the applicable Oil Company shall provide Surface Owners with a written estimate of the relocation costs which Surface Owners shall thereafter promptly remit to the Oil Company. The

KERR-McGEE OIL & GAS ONSHORE
LP

By: _____
Name: _____
Its: _____

ANADARKO LAND CORP.

By: 
Name: James L. Newcomb
Its: Attorney-in-Fact

*GP
Mans
RAM*

FORT LUPTON NORTH PROPERTIES
LLC

By: _____
Name: _____
Title: _____

THE RANCH ESTATES

By: _____
Name: _____
Title: _____

AIMS I, LLC

By: _____
Name: _____
Title: _____

RENNOC CORPORATION

By: _____
Name: _____
Title: _____

THERMO-FARMS

By: _____
Name: _____
Title: _____



3455412 02/14/2007 01:45P Weld County, CO
13 of 36 R 181.00 D 0.00 Steve Moreno Clerk & Recorder

KERR-McGEE OIL & GAS ONSHORE
LP

By: _____
Name: Joseph H. Lorenzo *TDE*
Its: Attorney-in-Fact

ANADARKO LAND CORP.

By: _____
Name: _____
Its: _____

FORT LUPTON NORTH PROPERTIES
LLC

By: _____
Name: _____
Title: _____

THE RANCH ESTATES

By: _____
Name: _____
Title: _____

AIMS I, LLC

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Title: _____

RENNOC CORPORATION

By: _____
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Title: _____

THERMO-FARMS

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Name: _____
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KERR-McGEE OIL & GAS ONSHORE
LP

By: _____
Name: _____
Its: _____

ANADARKO LAND CORP.

By: _____
Name: _____
Its: _____

FORT LUPTON NORTH PROPERTIES
LLC

By: _____
Name: *Mariano Delatorre*
Title: *Manager*

THE RANCH ESTATES

By: _____
Name: _____
Title: _____

AIMS I, LLC

By: _____
Name: _____
Title: _____

RENNOC CORPORATION

By: _____
Name: _____
Title: _____

THERMO-FARMS

By: _____
Name: _____
Title: _____



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KERR-McGEE OIL & GAS ONSHORE
LP

By: _____
Name: _____
Its: _____

ANADARKO LAND CORP.

By: _____
Name: _____
Its: _____

FORT LUPTON NORTH PROPERTIES
LLC

By: _____
Name: _____
Title: _____

THE RANCH ESTATES

By: *John J. Vandenberg*
Name: JOHN J. VANDENBERG
Title: Managing General Partner

AIMS I, LLC

By: _____
Name: _____
Title: _____

RENNOC CORPORATION

By: _____
Name: _____
Title: _____

THERMO-FARMS

By: _____
Name: _____
Title: _____



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KERR-McGEE OIL & GAS ONSHORE
LP

By: _____
Name: _____
Its: _____

ANADARKO LAND CORP.

By: _____
Name: _____
Its: _____

FORT LUPTON NORTH PROPERTIES
LLC

By: _____
Name: _____
Title: _____

THE RANCH ESTATES

By: _____
Name: _____
Title: _____

AIMS I, LLC

By: *Joset Guettein*
Name: Joset Guettein
Title: Manager

RENNOC CORPORATION

By: _____
Name: _____
Title: _____

THERMO-FARMS

By: *Joset Guettein*
Name: Joset Guettein
Title: Manager



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17 of 36 R 181.00 D 0.00 Steve Moreno Clerk & Recorder

KERR-McGEE OIL & GAS ONSHORE
LP

By: _____
Name: _____
Its: _____

ANADARKO LAND CORP.

By: _____
Name: _____
Its: _____

FORT LUPTON NORTH PROPERTIES
LLC

By: _____
Name: _____
Title: _____

THE RANCH ESTATES

By: _____
Name: _____
Title: _____

AIMS I, LLC

By: _____
Name: _____
Title: _____

RENNOC CORPORATION

By: David C. Conner
Name: David C. Conner
Title: President

THERMO-FARMS

By: _____
Name: _____
Title: _____

