



December 29, 2010

CERTIFIED MAIL

Julius L. and Janet Palyo  
22009 CR 22  
Hudson, CO 80642

Re: Notice of Intent to Conduct Surface Operations (Facilities)  
PALYO 3-11 PALYO 21-11  
PALYO 22-11 PALYO 28-11  
Township 2N, Range 65W, Section 11: NENW  
Weld County, Colorado

CORRECTED DATE

Ladies and Gentlemen:

The Colorado Oil and Gas Conservation Commission ("COGCC") has adopted guidelines and procedures regarding oil and gas activities affecting the surface. These rules stipulate that an affected surface owner must be given advance notice in writing by an operator at least thirty (30) days prior to drilling an oil and gas well.

Kerr-McGee Oil and Gas OnShore LP ("KMG") intends to begin operations to drill the above captioned oil and gas well(s) upon approval of title, receipt of permits from the COGCC prior to November 30, 2011. As the surface owner, it is your responsibility to notify the tenant farmer, if applicable, of this proposed operation.

A site diagram of the proposed location of the well and any associated roads and production facilities is enclosed. Should you have any questions and/or concerns, please contact me at (303) 655-4350 or my cell at (970) 590-6249.

Very truly yours,  
**KERR-MCGEE OIL AND GAS ONSHORE LP**

David Bell  
Landman

I/we waive the 30 day notice referenced above and approve of the operations commencing upon KMG's receipt of the drilling permit.

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Enclosure