



December 16, 2010

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

Re: **20 Day Certification Letter - 318A-e**
PALYO 21-11
Township 2 North, Range 65 West, Section 11: NE/4NW/4
Unit Spacing: 02N-65W-11 W/2NE/4; E/2NW/4
Weld County, Colorado

Ladies/Gentlemen:

Kerr McGee Oil and Gas Onshore LP ("KMG") hereby certify to the Director that KMG owns one-hundred percent (100%) of the mineral rights in the proposed spacing unit. Therefore, KMG respectfully requests the Director to approve the boundary well.

If you have any questions or issues regarding this permit, please contact Cheryl Light at (720) 929-6461.

Very truly yours,

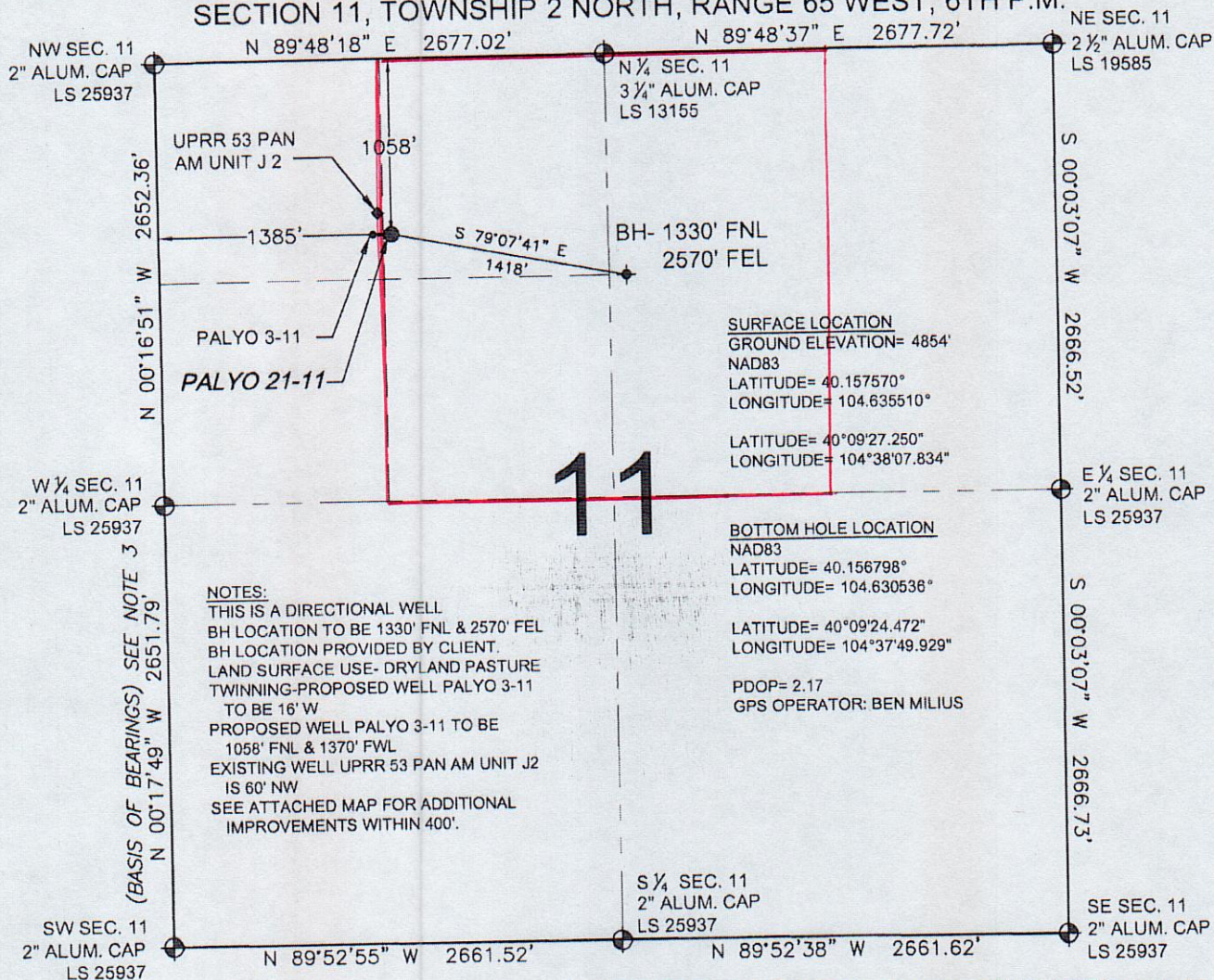
Kerr-McGee Oil and Gas Onshore LP

Rebecca Heim
Regulatory Analyst II

Enclosure

WELL LOCATION CERTIFICATE: PALYO 21-11

SECTION 11, TOWNSHIP 2 NORTH, RANGE 65 WEST, 6TH P.M.



NOTES:

THIS IS A DIRECTIONAL WELL.
BH LOCATION TO BE 1330' FNL & 2570' FEL
BH LOCATION PROVIDED BY CLIENT.
LAND SURFACE USE- DRYLAND PASTURE
TWINNING-PROPOSED WELL PALYO 3-11
TO BE 16' W
PROPOSED WELL PALYO 3-11 TO BE
1058' FNL & 1370' FWL
EXISTING WELL UPRR 53 PAN AM UNIT J2
IS 60' NW
SEE ATTACHED MAP FOR ADDITIONAL
IMPROVEMENTS WITHIN 400'.

BOTTOM HOLE LOCATION

NAD83
LATITUDE= 40.156798°
LONGITUDE= 104.630536°

LATITUDE= 40°09'24.472"
LONGITUDE= 104°37'49.929"

PDOP= 2.17
GPS OPERATOR: BEN MILIUS

LEGEND

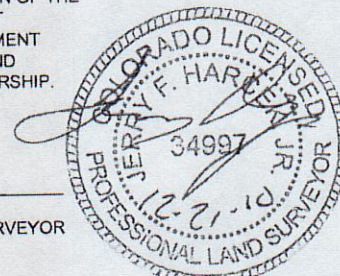
- = EXISTING MONUMENT ♦ = BOTTOM HOLE BH = BOTTOM HOLE
● = PROPOSED WELL ♦ = EXISTING WELL

NOTES:

1. THIS SURVEY WAS DONE BY GPS METHODS AND CONFORMS TO THE MINIMUM STANDARDS SET BY THE C.O.G.C.C., RULE NO. 215
2. ELEVATIONS SHOWN AT THE WELL HEAD, AS WELL AS HORIZONTAL CONTROL, ARE BASED ON GPS-RTK VALUES DERIVED FROM DOING 2-HOUR STATIC GPS SESSIONS AND REDUCTIONS USING O.P.U.S. SOLUTIONS.
VERTICAL = NAVD83; HORIZONTAL = NAD83/92
3. THE BEARINGS SHOWN HEREON ARE BASED ON GPS OBSERVATIONS BETWEEN THE MONUMENTS SHOWN HEREON AS FOUND ON THE FIELD DATE BELOW.
4. DISTANCES SHOWN ARE AT GROUND LEVEL, AS MEASURED IN THE FIELD, WITH TIES TO WELLS MEASURED AT A PERPENDICULAR TO SECTION LINES.

I, JERRY F. HARCEK JR., A LICENSED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO DO HEREBY CERTIFY TO KERR-MCGEE OIL & GAS ONSHORE LP, THAT THE SURVEY AND WELL LOCATION CERTIFICATE SHOWN HEREON WERE DONE BY ME OR UNDER MY DIRECT SUPERVISION AND THAT THE DRAWING SHOWN HEREON ACCURATELY DEPICTS THE PROPOSED LOCATION OF THE WELL PALYO 21-11. THIS CERTIFICATE DOES NOT REPRESENT A LAND SURVEY PLAT OR IMPROVEMENT SURVEY PLAT AS DEFINED BY C.R.S. 38-51-102 AND CANNOT BE RELIED UPON TO DETERMINE OWNERSHIP.

JERRY F. HARCEK JR., PLS 34997
COLORADO LICENSED PROFESSIONAL LAND SURVEYOR
FOR AND ON BEHALF OF P.F.S., LLC



PREPARED BY:



FIELD DATE:

07-29-10

WELL NAME:

PALYO 21-11

DRAWING DATE:

12-21-10

SURFACE LOCATION:

WELD COUNTY, COLORADO

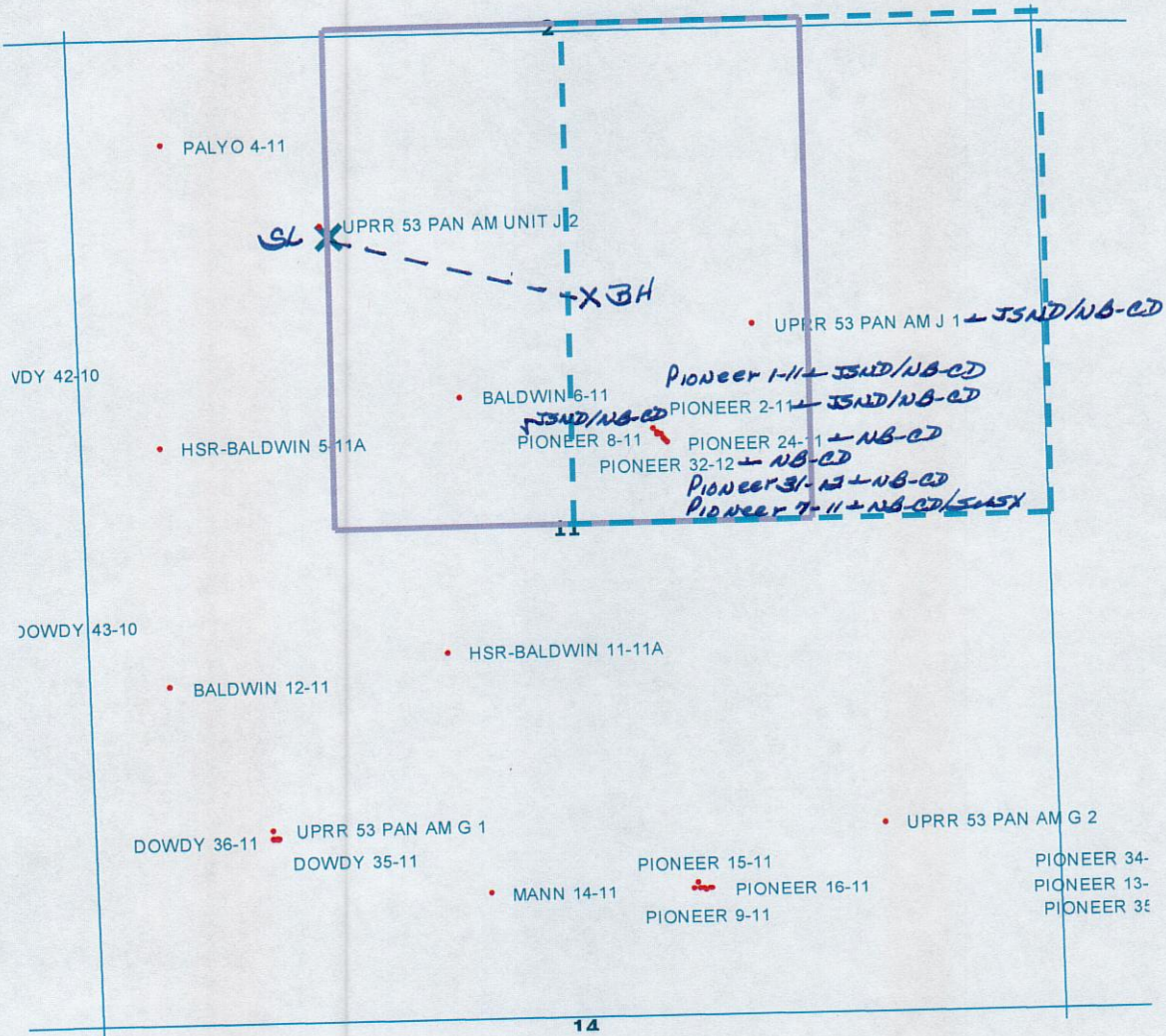
BY:

SMF

NE 1/4 NW 1/4, SEC. 11, T2N, R65W

NOTICE: ACCORDING TO COLORADO LAW YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVER SUCH DEFECT. IN NO EVENT MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS FROM THIS SAID DATE OF THIS CERTIFICATION SHOWN HEREON.

PALYO 21-11 NENW Sec. 11 T2N-R65W



LEGEND



Proposed 160 acre Spacing Unit (Solid line).



Bottom Hole Located NW/4NE/4, Sec. 11-T2N-R65W (Dashed line).

This 1/4 Section has less than 8 bottom hole wells producing from the Codell, Niobrara & J Sand Formations.