IMPORTANT: SOME DATA FIELDS HAVE BEEN MODIFIED.

| FORM 2 Rev 12/05 | State of Colorado Oil and Gas Conservation Commission 1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109 | | DE | ET | OE | ES | |

APPLICATION FOR PERMIT TO:

Document Number: 400129059

1. ☒ **Drill,** ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL

OIL ☐ GAS ☒ COALBED ☐ OTHER _____

SINGLE ZONE ☐ MULTIPLE ZONE ☒ COMMINGLE ZONE ☐

Refiling ☐
Sidetrack ☐

Plugging Bond Surety
20010124

3. Name of Operator: KERR-MCGEE OIL & GAS ONSHORE LP   4. COGCC Operator Number: 47120

5. Address: P O BOX 173779

City: DENVER   State: CO   Zip: 80217-3779

6. Contact Name: REBECCA HEIM   Phone: (720)929-6361   Fax: (720)929-7361

Email: rheim@anadarko.com

7. Well Name: NICHOLS   Well Number: 17-8

8. Unit Name (if appl): _____   Unit Number: _____

9. Proposed Total Measured Depth: 8088

WELL LOCATION INFORMATION

10. QtrQtr: NWNE   Sec: 8   Twp: 2N   Rng: 65W   Meridian: 6

Latitude: 40.159153   Longitude: -104.687676

Footage at Surface: 497 feet FNL (FNL/FSL)   2630 feet FEL (FEL/FWL)

11. Field Name: WATTENBERG   Field Number: 90750

12. Ground Elevation: 4876   13. County: WELD

14. GPS Data:

Date of Measurement: 08/26/2010 PDOP Reading: 1.9 Instrument Operator's Name: BEN MILIUS

15. If well is ☒ Directional ☐ Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: (FNL/FSL) 1200 FNL (FEL/FWL) 1140 FEL   Bottom Hole: (FNL/FSL) 1200 FNL (FEL/FWL) 1140 FEL

Sec: 8 Twp: 2N Rng: 65W   Sec: 8 Twp: 2N Rng: 65W

16. Is location in a high density area? (Rule 603b)? ☐ Yes ☒ No

17. Distance to the nearest building, public road, above ground utility or railroad: 436 ft

18. Distance to nearest property line: 497 ft 19. Distance to nearest well permitted/completed in the same formation: 904

20. LEASE, SPACING AND POOLING INFORMATION

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
J SAND	JSND	232	320	N/2
NIOBRARA-CODELL	NB-CD	407	160	NE/4
SUSSEX	SUSX		160	NE/4

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #: _____

22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

23. Is the Surface Owner also the Mineral Owner? ☒ Yes ☐ No Surface Surety ID#:

23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☐ Yes ☒ No

23b. If 23 is No ☒ Surface Owners Agreement Attached or ☐ $25,000 Blanket Surface Bon ☐ $2,000 Surface Bond ☐ $5,000 Surface Bond

24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):

PLEASE SEE ATTACHED LEASE

25. Distance to Nearest Mineral Lease Line: _____ 1200 ft _____   26. Total Acres in Lease: _____ 320 _____

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.

28. Will salt sections be encountered during drilling? ☐ Yes ☒ No

29. Will salt (>15,000 ppm TDS CL) or oil based muds be used during drilling? ☐ Yes ☒ No

30. If questions 28 or 29 are yes, is this location in a sensitive area (Rule 901.e)? ☐ Yes ☒ No

31. Mud disposal: ☒ Offsite ☐ Onsite   **If 28, 29, or 30 are "Yes" a pit permit may be required.**

Method: ☐ Land Farming ☒ Land Spreading ☐ Disposal Facility Other: _____

Note: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b). If air/gas drilling, notify local fire officials.

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
SURF	12+1/4	8+5/8	24	0	800	560	800	
1ST	7+7/8	4+1/2	11.6	0	8,088	200	8,088	

32. BOP Equipment Type: ☒ Annular Preventer ☐ Double Ram ☒ Rotating Head ☐ None

33. Comments   NO CONDUCTOR CASING WILL BE USED. Kerr Mcgee requests approval of a Rule 318Aa and Rule 318Ac exception location: Wellhead is to be located outside of a GWA drilling window and will be located more than 50' from an existing well location. Waiver attached.

34. Location ID: _____ 318070 _____

35. Is this application in a Comprehensive Drilling Plan ? ☐ Yes ☐ No

36. Is this application part of submitted Oil and Gas Location Assessment ? ☒ Yes ☐ No

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____   Print Name: REBECCA HEIM

Title: REGULATORY ANALYST II   Date: 2/14/2011   Email: DJRegulatory@anadarko.com

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: _David S. Neslin_   **Director of COGCC**   Date: 3/11/2011

API NUMBER
05 123 33119 00

Permit Number: _____   Expiration Date: 3/10/2013

CONDITIONS OF APPROVAL, IF ANY:

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

1) Provide 24 hour notice of MIRU to Jim Precup at 303-469-1902 or e-mail at james.precup@state.co.us
2) Comply with Rule 317.i and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.
3) Comply with Rule 321. Run and submit Directional Survey from TD to base of surface casing. Ensure that the wellbore complies with setback requirements in commission orders or rules prior to producing the well.

Attachment Check List

Att Doc Num	Name
2110775	SURFACE CASING CHECK
2530284	WELL LOCATION PLAT
400129059	FORM 2 SUBMITTED
400129070	PLAT
400129071	TOPO MAP
400129072	DEVIATED DRILLING PLAN
400129073	EXCEPTION LOC REQUEST
400129074	WAIVERS
400129075	30 DAY NOTICE LETTER
400129076	OIL & GAS LEASE
400133158	SURFACE AGRMT/SURETY

Total Attach: 11 Files

General Comments

User Group	Comment	Comment Date
Engineer	GS elev wrong on line 12 and plat. Should be appx 4885' see topo. Referred to permitting.	2/18/2011 10:24:24 AM

Total: 1 comment(s)

BMP

Type	Comment

Total: 0 comment(s)