

KERR-MCGEE OIL AND GAS ONSHORE LP

635 N. 7TH AVENUE, BRIGHTON, CO 80601

March 6, 2012

Julius & Janet Palyo
22009 WCR 22
Hudson, CO 80642

Re: Request for Exception to Rule 318A-a
Request for Exception to Rule 318A-c
PALYO 26N-11HZ, PALYO 13N-11HZ, PALYO 13C-11HZ
PALYO 35N-W11HZ, PALYO 35S-11HZ, PALYO 35N-E11HZ
PALYO 14N-11HZ
Township 2 North, Range 65 West Section 11
Weld County, Colorado

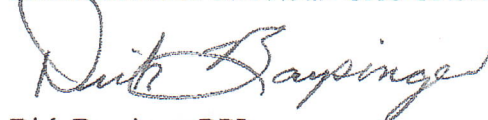
Dear Mr. & Mrs. Palyo:

Kerr-McGee Oil and Gas Onshore LP plans to drill the listed oil and gas wells from the above described surface locations.

Rule 318A of the Colorado Oil and Gas Commission's Rules and Regulations requires the well 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. Rule 318A of the Colorado Oil and Gas Commission's Rules and Regulations also requires any new twinned well be located 50' or less from an existing oil and gas well. We will drill the wells at the above described location, but we will need this waiver as this location is more than 50' from the existing well and falls outside the legal drilling window.

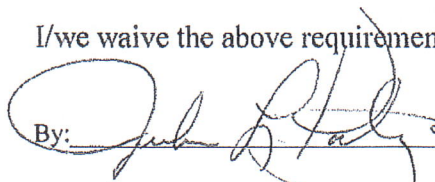
Please waive both of the above referenced requirements showing your approval by signing below. Should you have any questions, please contact our office. Thank you for your consideration.

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



Dirk Baysinger RPL
Registered Professional Landman

I/we waive the above requirement and approve the above described location.

By: 
By: 