



Kerr-McGee Oil & Gas Onshore LP

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March 7, 2012

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 & 318A-c
PALYO 13C-11HZ, PALYO 13N-11HZ,
PALYO 26N-11HZ, PALYO 35N-W11HZ
PALYO 35N-E11HZ, PALYO 14N-11HZ
PALYO 35S-11HZ
Township 2N North, Range 65 West
Section 11: NW/4NW/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 blue ink that reads 'Rebecca Heim'.

Rebecca Heim
Regulatory Analyst II