

FORM
2

Rev
08/13

State of Colorado

Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400483489

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received:

10/04/2013

TYPE OF WELL OIL GAS COALBED OTHER _____

Refilling

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Sidetrack

Well Name: Valley Farms Well Number: J8
Name of Operator: URSA OPERATING COMPANY LLC COGCC Operator Number: 10447
Address: 1050 17TH STREET #2400
City: DENVER State: CO Zip: 80265
Contact Name: Shauna Redican Phone: (720)508-8350 Fax: ()
Email: sredican@ursaresources.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20120125

WELL LOCATION INFORMATION

QtrQtr: NWNW Sec: 13 Twp: 6S Rng: 92W Meridian: 6

Latitude: 39.533757 Longitude: -107.620551

Footage at Surface: 220 feet FNL/FSL FNL 1291 feet FEL/FWL FWL

Field Name: KOKOPELLI Field Number: 47525

Ground Elevation: 5542 County: GARFIELD

GPS Data:

Date of Measurement: 07/18/2013 PDOP Reading: 2.4 Instrument Operator's Name: Scott E. Aibner

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

Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL
944 FNL 765 FWL 944 FNL 765 FWL
Sec: 13 Twp: 6S Rng: 92W Sec: 13 Twp: 6S Rng: 92W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The Surface Owner is: is the mineral owner beneath the location.

(check all that apply) is committed to an Oil and Gas Lease.

has signed the Oil and Gas Lease.

is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: Fee State Federal Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

The attached mineral lease map describes the lease beneath the surface / pad location of the subject well which will be produced.

Total Acres in Described Lease: 2356 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # _____

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 800 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 659 Feet

Building Unit: 659 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 851 Feet

Above Ground Utility: 842 Feet

Railroad: 5280 Feet

Property Line: 374 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).

- Enter 5280 for distance greater than 1 mile.

- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.

- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: Buffer Zone
 Exception Zone
 Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit

- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.

- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: 10/11/2013

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 253 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 765 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

The WFCM is the formation target for this well.

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
WILLIAMS FORK-ILES	WFILS	191-69	320	N2

DRILLING PROGRAM

Proposed Total Measured Depth: 7361 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 253 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: Annular Preventor Double Ram Rotating Head None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

If cuttings meet Table 910 they will be beneficially reused.

Beneficial reuse or land application plan submitted? No

Reuse Facility ID: _____ or Document Number: _____

CASING PROGRAM

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	24	16	55#	0	60	111	60	0
SURF	12+1/4	8+5/8	32#	0	1000	267	1000	0
1ST	7+7/8	4+1/2	11.6	0	7361	656	7361	

Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)

Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)

Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)

Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)

Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

Rule 318A.a. Exception Location (GWA Windows).

Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

OTHER LOCATION EXCEPTIONS

Check all that apply:

Rule 318.c. Exception Location from Rule or Spacing Order Number _____

Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments First String / Production will be > 500 feet about TOG. Please see attached plat for reference to cultural setbacks. Distance to nearest well completed in the same formation / permitted or existing well penetrating objective formation was measured to the proposed Valley Farms J7. There will not be additional surface disturbance at the pad location. Per COGCC request, Ursa has notified landowners of their plans to submit Form 2 APDs as a best management practice to ensure positive landowner relations. Please see attached Courtesy Well Permit Notification for reference to Rule 305.a.(2) Buffer Zone Notification.

This application is in a Comprehensive Drilling Plan _____ CDP #: _____

Location ID: 416703

Is this application being submitted with an Oil and Gas Location Assessment application? No

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

Signed: _____ Print Name: Shauna Redican

Title: Permit Representative Date: 10/4/2013 Email: sredican@ursaresources.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

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: *Matthew Lee* Director of COGCC Date: 1/25/2014

Expiration Date: 01/24/2016

API NUMBER
05 045 22319 00

Conditions Of Approval

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.

<u>COA Type</u>	<u>Description</u>
	Operator shall comply with Buffer Zone Move-In, Rig-Up Notice Policy dated 12-16-2013.
	As required by Rule 604.b., noise, odors, light, dust, and similar nuisance conditions shall be controlled to minimize disturbance to nearby residences during drilling, completion, and production operations.
	Open hole resistivity and gamma logs shall be run to describe the stratigraphy of the entire well bore and to adequately verify the setting depth of surface casing and aquifer coverage. On a multi-well pad, these open hole logs are only required on one of the first wells drilled on the pad and the Drilling Completion Report - Form 5 for every well on the pad shall identify which well was logged.
	<p>(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.</p> <p>(2) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE GARFIELD COUNTY RULISON-FIELD NOTICE TO OPERATORS IS REQUIRED.</p> <p>(3) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE MAMM CREEK FIELD NOTICE TO OPERATORS IS REQUIRED.</p> <p>(4) COMPLIANCE WITH THE NOTICE TO OPERATORS DRILLING WELLS IN THE BUZZARD, MAMM CREEK, AND RULISON FIELDS, GARFIELD COUNTY AND MESA COUNTY IS REQUIRED. (PROCEDURES AND SUBMITTAL REQUIREMENTS FOR COMPLIANCE WITH COGCC ORDERS NOS. 1-107, 139-56, 191-22, AND 369-2 (JULY 8, 2010)). SEE ATTACHED NOTICE.</p> <p>(5) CEMENT ON PRODUCTION CASING MUST BE A MINIMUM OF 200' ABOVE THE TOP OF THE MESA-VERDE FORMATION (OR 200' ABOVE THE OHIO CREEK FORMATION IF PRESENT). CEMENT TOP VERIFICATION BY CBL IS REQUIRED.</p>

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>

Applicable Policies and Notices to Operators

Mamm Creek Field Area Notice to Operators.
Piceance Rulison Field - Notice to Operators.
NW Colorado Notification Policy.
Bradenhead Pressure Reporting-Garfield County (Mamm Creek & Rulison Fields) Mesa County (Buzzard Field).
Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

Att Doc Num	Name
400483489	FORM 2 SUBMITTED
400484707	DIRECTIONAL DATA
400484709	WELL LOCATION PLAT
400486693	DEVIATED DRILLING PLAN
400488771	MINERAL LEASE MAP
400498433	OTHER

Total Attach: 6 Files

General Comments

User Group	Comment	Comment Date
Permit	OFF HOLD: Sundry Notice approved to resolve NOAV at this location.	1/24/2014 4:19:51 PM
Permit	This form has been placed ON HOLD until the violation identified in a recent field inspection of the location has been resolved.	10/23/2013 1:05:50 PM
Engineer	THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 255 FEET DEEP.	10/23/2013 12:30:33 PM
Permit	Operator made all corrections and attached correct map. This form has passed completeness.	10/22/2013 11:44:55 AM
Permit	Returned to draft. Operator needs to confirm lease map. Requested a comment that there will be no additional surface disturbance. Requested a comment that Notification to Building Unit Owner(s) in the Buffer Zone must be made after completeness is approved.	10/15/2013 11:28:10 AM

Total: 5 comment(s)