

**APPLICATION FOR PERMIT TO:**

**Drill**       Deepen       Re-enter       Recomplete and Operate

TYPE OF WELL	OIL <input type="checkbox"/>	GAS <input type="checkbox"/>	COALBED <input type="checkbox"/>	OTHER <input type="checkbox"/>	<u>INJECTION WELL</u>	Refiling <input type="checkbox"/>
ZONE TYPE	SINGLE ZONE <input checked="" type="checkbox"/>	MULTIPLE ZONES <input type="checkbox"/>	COMMINGLE ZONES <input type="checkbox"/>			Sidetrack <input type="checkbox"/>

Date Received:  
12/03/2014

Well Name: WATSON RANCH B      Well Number: 24AWI-17-07-95

Name of Operator: URSA OPERATING COMPANY LLC      COGCC Operator Number: 10447

Address: 1050 17TH STREET #2400

City: DENVER      State: CO      Zip: 80265

Contact Name: JENNIFER LIND      Phone: (720)508-8362      Fax: ( )

Email: JLIND@URSARESOURCES.COM

**RECLAMATION FINANCIAL ASSURANCE**  
Plugging and Abandonment Bond Surety ID: 20120125

**WELL LOCATION INFORMATION**

QtrQtr: SESW      Sec: 17      Twp: 7S      Rng: 95W      Meridian: 6

Latitude: 39.433335      Longitude: -108.023363

Footage at Surface: 1047 feet      FNL/FSL FSL 1978 feet      FEL/FWL FWL

Field Name: PARACHUTE      Field Number: 67350

Ground Elevation: 5574      County: GARFIELD

GPS Data:  
Date of Measurement: 10/02/2014      PDOP Reading: 1.2      Instrument Operator's Name: HOFFMANN

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 \_\_\_\_\_

Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_      Sec: \_\_\_\_\_ Twp: \_\_\_\_\_ Rng: \_\_\_\_\_

**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: No

The right to construct the Oil and Gas Location is granted by: Surface Use Agreement

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.)

LEASE INFORMATION IS NOT APPLICABLE AS THIS IS A PLANNED INJECTION WELL.

Total Acres in Described Lease: \_\_\_\_\_ 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: \_\_\_\_\_ Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 617 Feet

Building Unit: 730 Feet

High Occupancy Building Unit: 2526 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1036 Feet

Above Ground Utility: 1065 Feet

Railroad: 5280 Feet

Property Line: 273 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: 10/09/2014

## SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 5280 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1047 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): \_\_\_\_\_ Unit Number: \_\_\_\_\_

## SPACING & FORMATIONS COMMENTS

\_\_\_\_\_

## OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
ILES	ILES	440-57	240	Sec 17 SW, W/2SE

## DRILLING PROGRAM

Proposed Total Measured Depth: 7420 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 60 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S 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: Commercial Disposal

Other Disposal Description:

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	84	0	60	111	60	0
SURF	12+1/4	9+5/8	36	0	1700	267	1700	0
1ST	8+3/4	5+1/2	17	0	7420	649	7420	

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 440-58
- 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 This well is being proposed as an Injection well. Form 31 submittal will follow this APD submittal. First String / Production cement will be > 500 feet above TOG. Distance to nearest well completed in the same formation / permitted or existing well penetrating objective formation was measured to the proposed Watson Ranch B 24A-17-07-95.

Ursa requests the approval of a Rule 318.c. exception location – request letter attached.

Pre-application Notice / Buffer Zone Notice was sent to building unit owners within 1000' of the location on 10/9/14. Pre-application certification is attached to the associated Watson Ranch B Pad Form 2A (Doc #400725879).

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: \_\_\_\_\_

Is this application being submitted with an Oil and Gas Location Assessment application? \_\_\_\_\_ Yes \_\_\_\_\_

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

Signed: \_\_\_\_\_ Print Name: JENNIFER LIND \_\_\_\_\_

Title: REGULATORY ANALYST Date: 12/3/2014 Email: JLIND@URSARESOURCES.C \_\_\_\_\_

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: 1/27/2015

**API NUMBER**  
05 045 22801 00

Expiration Date: 01/26/2017

## 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>
	<p>1. For all new drill Underground Injection Control wells a suite of open-hole Resistivity/Gamma Ray and Density/Neutron logs is required from Surface Casing shoe to TD. A PDF, TIFF, or PDS visual image and a LAS or DILS file version of each log is required.</p> <p>2. For all new and converted Underground Injection Control wells a Cement Bond Log (CBL) is a required on the cased portions of the hole from the bottom of the casing to the top of the next shallower casing string for all casing strings other than the Surface Casing. Only a PDF, TIFF, or PDS visual image is required.</p> <p>3. Operator must provide all tops of formations encountered from surface to TD on the Form 5 when submitted.</p>
	<p>(1) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice.</p> <p>(2) Operator shall comply with the most current revision of the Garfield County Rulison Field Notice to Operators, with the following exception: All field notice requirements specified in that Notice to Operators are superseded by the requirements of the most current revision of the Northwest Colorado Notification Policy (see Condition of Approval #1). See attached notice.</p> <p>(3) Operator shall provide cement coverage from the production casing shoe to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify production casing cement coverage with a cement bond log.</p> <p>(4) Approval of this form does not authorize injection. Authorization to inject requires approval of Form 31 and Form 33.</p> <p>(5) Before stimulating the objective injection formation(s), collect water sample(s) and analyze for Total Dissolved Solids.</p> <p>(6) Prior approval of Form 4 is required for step rate and injectivity tests.</p>

## Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	Open hole resistivity log with gamma ray will be run on a well on this pad to describe the stratigraphy of the vertical section of the wellbore and to adequately verify the setting depth of the surface casing and aquifer coverage. The Drilling Completion Report - Form 5 for every well on the pad will identify which well was logged.

Total: 1 comment(s)

## Applicable Policies and Notices to Operators

Piceance Rulison Field - Notice to Operators.

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

## Attachment Check List

<b>Att Doc Num</b>	<b>Name</b>
2167950	SURFACE AGRMT/SURETY
400731442	FORM 2 SUBMITTED
400738110	EXCEPTION LOC REQUEST
400738297	WELL LOCATION PLAT

Total Attach: 4 Files

### General Comments

<b>User Group</b>	<b>Comment</b>	<b>Comment Date</b>
Permit	Final review complete.	1/27/2015 2:05:34 PM
Permit	Corrected objective formation spacing order from 440-57 to 440-58 & unit size from 480 to 240 per opr. Corrected spacing unit description from NW, W/2NE, SW, W/2SE to Sec 17 NW, W2NE as perr opr. Corrected drilling and waste disposal method from Beneficial Reuse to Commercial Disposal as per opr. Removed comment stating that if cuttings meet Table 910 they will be beneficially reused", as per opr. Ready to pass.	1/9/2015 9:31:20 AM
Permit	Attached new SUA and deleted old one.	1/7/2015 11:40:48 AM
Permit	Spacing order is for two 240 units in this section. Requested opr clarify why they've been combined. Distance to unit boundaries could change.	12/30/2014 2:22:59 PM
LGD	KHW Pass: Please note any location with greater than 5,000 barrels of total storage capacity (pits/tanks) would require a Garfield County land use change permit.	12/11/2014 4:59:23 PM
Engineer	Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 280 feet. The proposed surface casing setting depth is more than 50 feet below the base of the aquifer in which water wells are screened within one mile.  Evaluated existing offset oil and gas wells within 1,500 feet of this wellbore. No mitigation required.	12/10/2014 10:58:51 AM
Permit	Passed Completeness	12/4/2014 12:15:35 PM

Total: 7 comment(s)