

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.)

PLEASE SEE ATTACHED MINERAL LEASE MAP

Total Acres in Described Lease: 1947 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC66578

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 997 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 263 Feet

Above Ground Utility: 5280 Feet

Railroad: 5280 Feet

Property Line: 5280 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: _____

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 340 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary _____ 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.)
WILLIAMS FORK	WMFK	191-32		

DRILLING PROGRAM

Proposed Total Measured Depth: 9150 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 340 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: ONSITE Cuttings Disposal Method: Other

Other Disposal Description:

Please see Waste Management Plan attached to form 2A.

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	8+5/8	32	0	1100	232	1100	0
1ST	7+7/8	4+1/2	11.6	0	9150	682	9150	

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 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 permitted CSF 14C-09-07-91 (05-045-09358).

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

Location ID: 441229

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: JENNIFER LIND

Title: REGULATORY ANALYST Date: 12/19/2014 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: 4/3/2015

Expiration Date: 04/02/2017

API NUMBER
05 045 22831 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.

COA Type

Description

	<p>Pushed this form from ON HOLD to ACTIVE. Operator (Jennifer Lind) provided the following:</p> <p>Ursa has reviewed the logs for the zone in question (05-045-06273, CSF 1-10W, NESW 10-7S-91W, 1005' to 1185' measured depth) and has made the following observation:</p> <p>There are 2 small sand/siltstones present in this interval (1021-1042' and 1118-1139') both of which have density porosities of 10% or less and therefore are tight sand/siltstones with any fluid in them being bound. The bound water is likely both capillary bound, due to the low porosity, and clay bound, due to the clay and siltstone composition of the Wasatch Formation. The interval between the two sandstones is washed out and any resistivity spikes between the two sandstones are likely related to the resistivity of the mud in the washed out interval.</p> <p>The CSF I pad is located ~500' up-dip (based on Williams Fork structure) and 3500' laterally. The sand/siltstone interval in question may pinch-out or be behind surface casing at the CSF I pad.</p> <p>To address the COGCC's concern at the CSF I pad, the first well drilled on the pad will be open hole logged to the surface casing shoe. If a high resistivity sand/siltstone is encountered cement will be pumped on the production string into the surface casing shoe to ensure isolation of this zone.</p>
	<p>1)Operator shall comply with the most current revision of the Northwest Colorado 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 this 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 comply with the most current revision of the Mamm Creek Field Notice to Operators, with the following exception: all field notice requirements specified in this 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>4)Operator shall comply 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)).</p> <p>5)Operator shall provide cement coverage from the production casing shoe (4+1/2" FIRST STRING) 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>

Best Management Practices

No	BMP/COA Type	Description
1	Drilling/Completion Operations	Open hole resistivity log with gamma ray will be run on the first well drilled 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

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
400754283	FORM 2 SUBMITTED
400755423	DEVIATED DRILLING PLAN
400755424	WELL LOCATION PLAT
400755425	DIRECTIONAL DATA
400755430	MINERAL LEASE MAP

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Engineer	COGCC Engineering Staff contacted operator on 3/26/2015 to question potential isolation needs for a Wasatch Formation sandstone interval identified on an offset well's induction log (045-06273, CSF 1-10W, NESW 10-7S-91W, 1005' to 1185' measured depth). Correcting for ground surface elevation differences, the zone of concern may be below the planned surface casing setting depth of this proposed well. Pushed this form to ON HOLD, pending the operator's response.	3/27/2015 7:54:54 AM
Permit	Corrected the Open Hole logging BMP to include language that one of the first wells drilled on the pad will be logged, as per opr. Added location ID (2A has been approved) and removed relaed 2A doc. Final review complete.	3/17/2015 10:44:06 AM
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.	1/19/2015 2:25:11 PM
Permit	Removed Plugging Bond and notified opr. Corrected cuttings disposal method to onsite to match form 2A and notified opr. Removed unit acreage and unit description from spacing information as per opr. Removed distance to unit boundary (631') as there is no unit. Opr agreed. Ready to pass.	1/6/2015 12:47:07 PM
Engineer	Nearest well CSF 14C-09-07-91 (05-045-09358) is producing, not permitted. Evaluated existing offset oil and gas wells within 1,500 feet of this wellbore. Unchecked no offset wells within 1500 ft. No mitigation required. Offset water well check: There are no permitted water wells within 1 mile of this proposed surface hole location.	1/2/2015 9:56:09 AM
Permit	Passed completeness.	12/22/2014 2:21:22 PM

Total: 6 comment(s)