



1600 Broadway, Suite 2600
Denver, CO 80202

October 11, 2018

Colorado Oil & Gas Conservation Commission
The Chancery Building
1120 Lincoln Street, Suite 801
Denver, CO 80203

Attn: Julie Murphy, Director

RE: 502.b Variance Request to Rule 318.d.(3)

BR C-240 FED 31B-25-2-98

Township 2 South, Range 98 West (SESE), 6th P.M.

Sec 24: SHL 587' FSL 1249' FWL

Sec 25: BHL 392 FNL' 2040' FEL

Rio Blanco County, Colorado

Dear Director Murphy,

Ursa Operating Company LLC (Ursa) requests the Director's approval for a 502.b Variance Request to Rule 318.d(3) for the **BR C-240 FED 31B-25-2-98** proposed well located on the Boies Ranch C-240 Pad (Location ID: **335678**). The Form 2 document number associated with this well is **401702323**.

Rule 318.d.(3) states *"In a unit operation, approved by federal or state authorities, the rules herein set forth shall not apply except that no well in excess of two thousand five hundred (2,500) feet in depth shall be located less than six hundred (600) feet from the exterior or interior (if there be one) boundary of the unit area and no well less than two thousand five hundred (2,500) feet in depth below the surface shall be located less than two hundred (200) feet from the exterior or interior (if there be one) boundary of the unit area unless otherwise authorized by the order of the Commission after proper notice to owners outside the unit area."*

Ursa proposes to drill this well with a top of productive zone and bottom hole location of 392' FNL 2040' FEL in Section 25, Township 2 South, Range 98 West (SESE), 6th P.M. At this location, the north line of Section 25 is a boundary of a Federal Participating Area (MVRD PA C; COC 047676G). The planned distance from the north line of 392' is less than the 600-foot set back from a unit boundary as required by Rule 318.d.(3).

The adjacent section to the north, Section 24, Township 2 South, Range 98 West is subject to COGCC spacing order 527-19 which stipulates a setback of 100' from the south line of Section 24. The Boies C-240-O4 (API 103-11416) well is completed in this adjoining section at 252' FSL and 2106 FEL of Section 24. The planned completed interval location of the **BR C-240 FED 31B-25-2-98** well at less than 600' from the section line protects correlative rights with a reciprocal setback. Therefore, we request that the Director approve this 502.b Variance Request.



1600 Broadway, Suite 2600
Denver, CO 80202

Ursa has made efforts to obtain waivers from the mineral owner in Section 24, however, we have not been able to obtain signed waivers at this time. Should waivers be obtained, they will be provided to the Commission.

Thank you for your assistance in this matter.

Sincerely,

Ursa Operating Company LLC

Chris McRickard
Regulatory Manager