

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received: 07/19/2018

TYPE OF WELL OIL GAS COALBED OTHER _____

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refiling
Sidetrack

Well Name: BR C-240 Well Number: FED 31B-25-2-98

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

Address: 1600 BROADWAY ST STE 2600

City: DENVER State: CO Zip: 80202

Contact Name: Chris McRickard Phone: (720)508-8362 Fax: ()

Email: cmcrickard@ursaresources.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20120125

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 24 Twp: 2s Rng: 98w Meridian: 6

Latitude: 39.856125 Longitude: -108.338611

Footage at Surface: 587 Feet FNL/FSL FSL 1249 Feet FEL/FWL FEL

Field Name: SULPHUR CREEK Field Number: 80090

Ground Elevation: 6302 County: RIO BLANCO

GPS Data:
Date of Measurement: 02/21/2018 PDOP Reading: 1.3 Instrument Operator's Name: P. Hoffman

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

392 FNL 2040 FEL 392 FNL 2040 FEL

Sec: 25 Twp: 2s Rng: 98w Sec: 25 Twp: 2s Rng: 98w

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: applicant is owner

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.)

Sec. 25 T2S R98W: E2, SENW, E2SW; Sec. 36 T2S R98W: NE, W2SE (680 Acres)

Total Acres in Described Lease: 680 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # COC008588

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 392 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 3072 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 749 Feet

Above Ground Utility: 544 Feet

Railroad: 5280 Feet

Property Line: 587 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 proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 330 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 392 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Rio Blanco Expl Unit Number: COC047676X

SPACING & FORMATIONS COMMENTS

A spacing application has been submitted for Sec. 25 T2S 98W

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			

DRILLING PROGRAMProposed Total Measured Depth: 10880 Feet

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells:

Enter distance if less than or equal to 1,500 feet: _____ Feet No well belonging to another operator within 1,500 feetWill a closed-loop drilling system be used? YesIs 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? NoWill salt based (>15,000 ppm Cl) drilling fluids be used? NoWill oil based drilling fluids be used? NoBOP 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/reuseCuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

see comment on submit tab

Beneficial reuse or land application plan submitted? _____

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	18	47.4	0	60	87	60	0
SURF	13+1/2	9+5/8	36	0	3590	506	3590	0
1ST	8+3/4	4+1/2	11.6	0	10880	1308	10880	0
		9+5/8	Stage Tool		1979	592	1979	

 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 318.d (3)

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 -Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation is BR C-24O FED 31C-25-2-98 at 330'.

-Ursa beneficially reuses surface and production cuttings that pass COGCC Table 910-1 standards. Ursa collects multiple composite samples to evaluate cuttings. Cuttings that pass standards are beneficially reused either offsite or onsite during the interim reclamation phase. Proper approvals are received prior to reuse such as land owner authorization, COGCC via Form 4 or BLM sundry (federal surface only). Cuttings that do not meet Table 910-1 standards are either treated onsite or disposed of offsite at an approved solid waste facility.

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

Location ID: 335678

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: Chris McRickard

Title: Regulatory Manager Date: 7/19/2018 Email: cmcrickard@ursaresources.co

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:  Director of COGCC Date: 10/17/2018

Expiration Date: 10/16/2020

API NUMBER
05 103 12335 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>
	The moisture content of water/bentonite based mud (WBM) generated drill cuttings managed onsite shall be kept as low as practicable to prevent accumulation of liquids greater than de minimis amounts. After drilling and completion operations have been completed, any WBM drill cuttings that will remain on the well pad location (cuttings management area, the cut portion of the pad, cuttings trench, dry cuttings drilling pit, or used during interim reclamation), must meet the applicable standards of Table 910-1. After the drill cuttings have been amended (if necessary) they will either be placed on the well pad or taken offsite for beneficial reuse. Offsite disposal of cuttings to another oil and gas location or for any other beneficial reuse shall after approval of a Waste Management / Beneficial Reuse Plan (submitted via a Form 4 Sundry Notice) specifying disposal or reuse location and any additional waste characterization (if necessary).
	Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operations (dated January 5, 2017).
	1) Operator shall comply with the most current revision of the Northwest Notification Policy. 2) Operator shall provide cement coverage from the production casing shoe (4+1/2" FIRST STRING) to a minimum of 200' above all Mesaverde 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.

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	An existing well on the pad (Boies Ranch C-24O FED 32D-24-2-98, API# 05-103-12283) was logged with open-hole resistivity log with gamma-ray, from TD into the surface casing. All wells on the pad will have a cement bond log (CBL) with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The Form 5, Completion Report, for each well on the pad will list all logs run and have those logs attached. The Form 5 for a well without open-hole logs will state "No open-hole logs were run" and will clearly identify the type of log and the well (by API#) in which open-hole logs were run.

Total: 1 comment(s)

Applicable Policies and Notices to Operators

NW Colorado Notification Policy.
http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf
 Notice Concerning Operating Requirements for Wildlife Protection.
http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
2168329	EXCEPTION LOC REQUEST
401702323	FORM 2 SUBMITTED
401707175	DIRECTIONAL DATA
401707176	MINERAL LEASE MAP
401707177	DEVIATED DRILLING PLAN

Total Attach: 6 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	A 502.b variance request to Rule 318.d.(3) was approved by the Director for URSA Operating Company for the BR C-240 FED 31B-25-2-98 on Doc 401702323. The BHL of the well is less than the required setback but is offset by the planned completed interval of the BR C-240-04 (API 103-11416) in the adjoining section. URSA has signed waivers from the mineral owners. Final review complete.	10/17/2018
Permit	Attached Exception Location Request letter and checked box for 502.b variance to 318.d (3).	10/12/2018
Permit	In FA form was put on hold for correction to 317.p BMP and questions regarding the federal exploratory unit. Corrections to the BMP have been made and updated.	10/09/2018
Permit	Distance to unit boundary and from lease line corrected from 721' to 392'. BHL is not a legal location. Operator notified. BHL is no longer legal (less than 600' to unit boundary). Putting form on hold until spacing order has been approved.	09/26/2018
Permit	Hearing/Spacing application has been submitted. Corrected distance to unit boundary from 721' to 392' with operator concurrence. Added review task for OGLA due to waste management plan changes from last approved form 2A. Preliminary review complete.	08/31/2018
Engineer	Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information in addition to locally-available geophysical logs and hydrogeologic information was used to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 250 feet. Per operator, the surface casing shoe depth is designed to completely cover the Green River formation and loss circulation zones in the upper Wasatch. Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of the wellbores on this pad meet standards. No mitigation required.	08/28/2018
Permit	Form passes completeness.	08/06/2018

Total: 7 comment(s)