

FORM

2

Rev
08/16

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:

401704636

APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate

Date Received:

07/19/2018

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER _____Refilling ☒ZONE TYPE SINGLE ZONE ☐ MULTIPLE ZONES ☒ COMMINGLE ZONES ☒Sidetrack ☐

Well Name: BR C-240

Well Number: FED 32B-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: 39.856091

Longitude: -108.338476

Footage at Surface: 574 Feet FNL/FSL FSL 1211 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 FNL/FWL Bottom Hole: FNL/FSL FNL/FWL
 1710 FNL 1987 FEL 1710 FNL 1987 FEL
 Sec: 25 Twp: 2s Rng: 98w Sec: 25 Twp: 2s Rng: 98w

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ IndianThe 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: 735 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 3033 Feet

Building Unit: 5280 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 754 Feet

Above Ground Utility: 548 Feet

Railroad: 5280 Feet

Property Line: 574 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 795 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): Rio Blanco Expl Unit Number: COC 047676X

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-ILES	WFILS			

DRILLING PROGRAM

Proposed Total Measured Depth: 11343 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 feet

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:

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	3839	574	3839	0
1ST	8+3/4	4+1/2	11.6	0	11343	1347	11343	0
		9+5/8	Stage Tool		2013	602	2013	

☐ 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 -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 32A-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 11217 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

	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

No BMP/COA Type

Description

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.
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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

Att Doc Num

Name

401704636	FORM 2 SUBMITTED
401708122	MINERAL LEASE MAP
401708129	DEVIATED DRILLING PLAN
401708136	WELL LOCATION PLAT
401708140	DIRECTIONAL DATA

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
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. Final review complete.	10/09/2018
Permit	Docket 180900671 has been continued to the October hearing. Operator requests Form 2 be approved as submitted, subject to the Rio Blanco Federal Exploratory Unit. Removed Spacing & Formations Comment: "Spacing application has been submitted to COGCC." Final review complete.	09/26/2018
Permit	Hearing/Spacing application has been submitted for September Hearings; Docket 180900671. 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: 5 comment(s)