

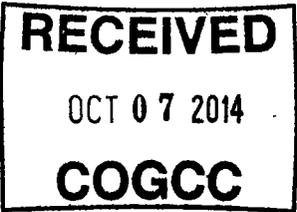


02235628

.06.14

511 DOCUMENTS

BEFORE THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO



IN THE MATTER OF THE PROMULGATION) CAUSE NO. 513
AND ESTABLISHMENT OF FIELD RULES TO)
GOVERN OPERATIONS FOR THE) DOCKET NO. 1410-UP-313
WILLIAMS FORK AND ILES FORMATIONS,)
KOKOPELLI FIELD, GARFIELD COUNTY,)
COLORADO)

REQUEST FOR RECOMMENDATION OF
APPROVAL OF APPLICATION WITHOUT A HEARING

Ursa Operating Company LLC ("Applicant"), by and through its undersigned attorneys, hereby requests pursuant to Rule 511.a. of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission for the Director to recommend approval of its August 28, 2014, and the supporting exhibits without a hearing.

Applicant requests that the above-captioned matter be approved based upon: (i) the merits of the Application, and (ii) Applicant's sworn written testimony verifying sufficient facts along with exhibits that adequately support the relief requested in the Application. To Applicant's information and belief, no protests were timely filed in this matter.

WHEREFORE, Applicant requests that its request for a recommendation for approval of its Application without a hearing be granted.

DATED this 6th day of October, 2014.

Respectfully submitted,

URSA OPERATING COMPANY LLC

By: 

Robert A. Willis
Jillian Fulcher
Beatty & Wozniak, P.C.
Attorneys for Applicant
216 16th Street, Suite 1100
Denver, Colorado 80202
(303) 407-4499

Ursa Operating Company, LLC

Cause No. 513
Docket No. 1410-UP-313

Land Testimony – Jarred D. McGhee
Cause No. 523; Docket No. 1410-UP-313
Pooling Application –Williams Fork and Iles Formations

October 2014 Colorado Oil and Gas Conservation Commission Hearing

My name is Jarred McGhee, and I am employed as a Landman for Ursa Operating Company LLC (“Ursa”). I received my Bachelor of Business Administration degree in Energy Commerce from Texas Tech University in 2010. I have experience as a Landman and have been with Ursa since March, 2011. I work directly with the properties that are the subject of today’s hearing.

In support of Ursa’s Application and my sworn testimony herein, I have prepared the following exhibits. This testimony and accompanying exhibits provide the supporting basis for approval of Ursa’s request for an order to pool all interests in an approximate 160-acre drilling and spacing unit established for the SW/4 of Section 12, Township 6 South, Range 92 West, 6th P.M. (“Application Lands”), for development and operation of the Williams Fork and Iles Formations, and to subject all nonconsenting interests to the cost recovery provisions of C.R.S. § 34-60-116(7) for the drilling of the initial permitted wells referenced below.

- Exhibit No. 1

Exhibit No. 1 is a map that shows the approximate location of the wells named below that have been (collectively “Subject Wells”) drilled or to be drilled on the Application Lands.

1. Valley Farms J1
2. Valley Farms J2
3. Valley Farms J3
4. Valley Farms J4
5. McLin A23A-12-06-92
6. McLin A23B-12-06-92
7. McLin A23C-12-06-92
8. McLin A23D-12-06-92
9. McLin A12A-12-06-92
10. McLin A13B-12-06-92

- Exhibit No. 2

Exhibit No. 2 is a list of all nonconsenting parties (unleased mineral interests and non-participating working interest owners) within the Application Lands.

- Exhibit No. 3

Exhibit No. 3 is an example of the offer letter sent, pursuant to Rule 530., to working interest owners regarding the construction of the Subject Wells on the Application Lands. This exhibit also contains the form letter sent to unleased owners. These letters advised working interest owners and/or unleased mineral interest owners of their right to participate in the proposed operations within the Application Lands, and/or sign a lease on reasonable terms, for the development of the Williams Fork Formation.

- Exhibit No. 4

Exhibit No. 4 are copies of the Authority for Expenditures (“AFEs”) for the Subject Wells.

The AFEs were sent by Ursa to the working and/or unleased mineral interest owners and is a fair and reasonable estimate of the costs of the drilling and completion operations of the Subject Wells.

- Exhibit No. 5

Exhibit No. 5 is a copy of the lease form which was sent to unleased mineral interest owners. The lease form is reasonable and customary for this area of Colorado.

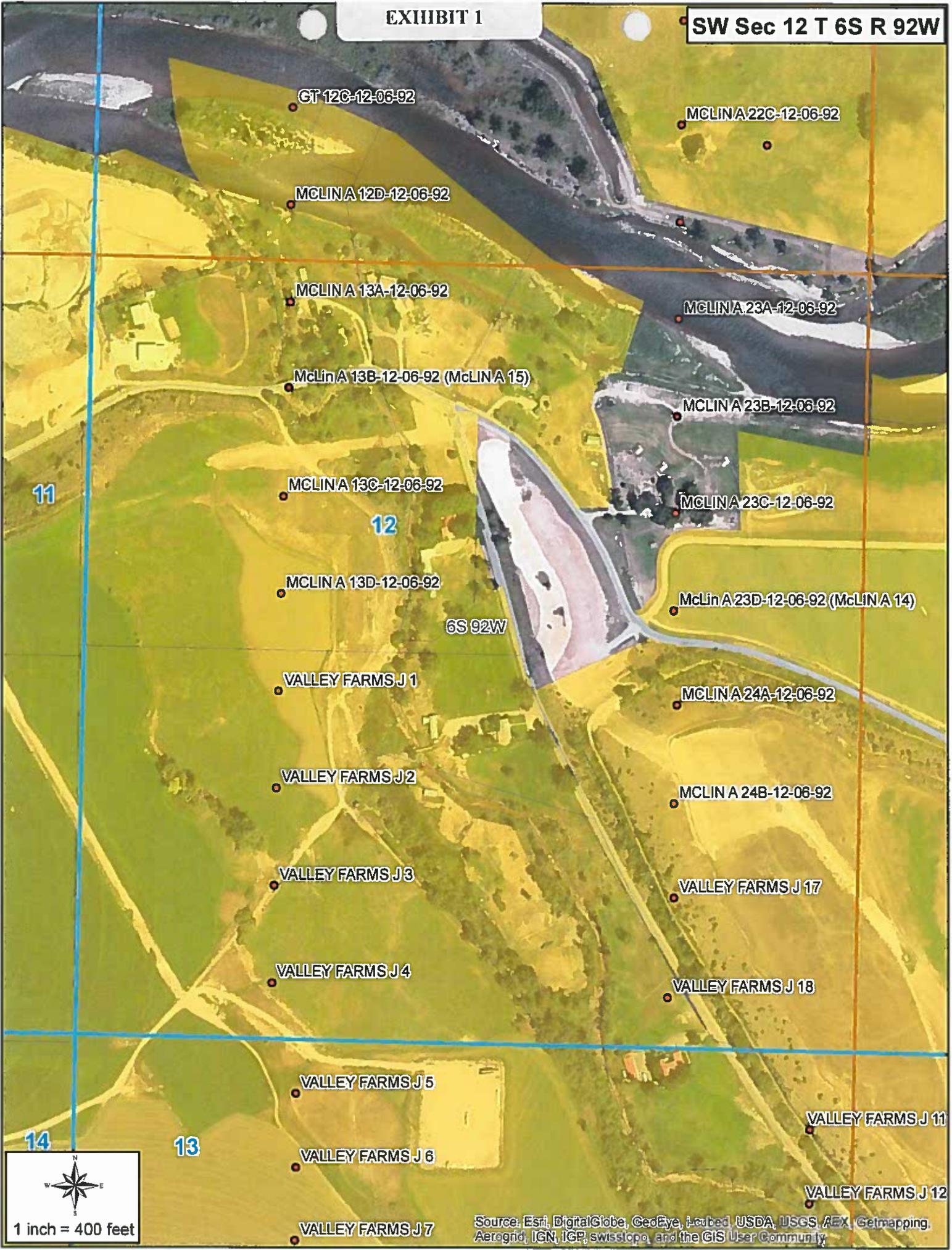
Summary of Testimony

Based upon examination of relevant contracts and records, all owners of an oil and gas interest in the tracts to be pooled (who could be located by Ursa) received timely notice of the Application. In addition, at least thirty (30) days will have elapsed prior to the hearing on this matter since the information required by Rule 530. was provided to those interested parties entitled to such offers to lease or to participate in the Subject Wells. To date, Ursa has been unable to obtain a lease or other agreement to participate in the Subject Wells from one or more parties, listed on Exhibit No. 2. Further, as of the date of this testimony, Ursa has not received any notice of objection or protest to the Application.

Accordingly, Ursa requests that its Application be approved without the necessity of a hearing, and that all nonconsenting parties be made subject to the cost recovery provisions of the statute as applicable.

EXHIBIT 1

SW Sec 12 T 6S R 92W



11

12

14

13

6S 92W



1 inch = 400 feet

Source: Esri, DigitalGlobe, GeoEye, Earthstar (USA), USGS, AeroGRID, IGN, IGP, swisstopo, and the GIS User Community

EXHIBIT 2

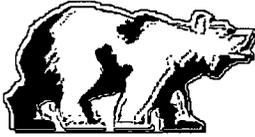
Nicholson Family Trust
29 Country Road 335
New Castle, CO 81647

Wells Fargo Bank, Land Transactions and Servicing Support
MAC X3802-03A
8480 Stagecoach Circle
Frederick, MD 21701

Jeffrey and Brenda Simonsen
2045 County Road 311
New Castle, CO 81647

Mary Gant
Address Unknown

Frederick Locke and Jeanne Mutillo-Long
1950 County Road 311
New Castle, CO 81647



Ursa Operating Company LLC

1050 17th St., Suite 2400, Denver, CO 80265

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

September 23, 2014

Jeffrey Simonsen
2045 County Road 311
New Castle, CO 81647

Re: Compulsory Pooling Order
SW/4 of Section 12, Township 6S, Range 92W, 6th P.M.
Garfield County, Colorado

Dear Mr. Simonsen:

Ursa Operating Company LLC is in the process of pooling a drilling and spacing unit comprised of a portion of the above-described lands for the drilling of the wells listed below to the Williams Fork Formation. Upon approval by the Colorado Oil and Gas Conservation Commission, your working interest in this drilling unit of approximately 160 acres will be force pooled into a unit. We are soliciting your participation in some or all of the wells to be drilled in this unit.

Your 2.321875% mineral interest in this unit is currently unleased. Please find the attached offer to lease and standard lease form. If you lease to us, you will be entitled to a proportionately reduced royalty free of the costs to drill and complete the wells. If you are willing to lease to us under the terms described in the attached lease offer, which are comparable to those prevailing in the area, please mark the appropriate line below and execute and return the lease to us.

You have the opportunity to participate in unit operations for the drilling of each well. This will require you to: (1) Elect to participate and enter into a Joint Operating Agreement ("JOA") with Ursa as the Operator; and (2) pay your proportionate share of the costs of drilling and operating the above wells, as provided in a JOA. The working interest owned by you equates to approximately 2.321875% in the unit. Please find the attached authorization for expenditures ("AFE") for each well. We request your election to participate or not to participate in your proportionate share by indicating and signing in the space provided below, and returning the letter to the undersigned. Once we have all working interest party elections, we will forward you an AAPL Form 1989 Operating Agreement to review and execute. On a going forward basis, you will be entitled to a share of production revenues, as well as being responsible for your share of lease operating expenses, as provided in the JOA. In addition, your participation in any subsequent drilling operations will be governed by the procedures provided in the JOA.

As you know drilling oil & gas wells, carry substantial risk as to whether the drilling and completion investments will be recovered. If you do not agree to participate as outlined above, Ursa is entitled to be compensated for its risk. Should you decline to participate or by failing to respond to this letter, your working interest will be subject to a non-consent penalty as provided under C.R.S. 34-60-116(7) until such time as your proportionate share of costs, plus penalties, are recovered. In the event cost, plus penalties are recovered, your interest in that specific well will revert to the percentage of your original ownership as stated above.

As we intend to commence the drilling of the initial well soon, time is of the essence and your prompt response is requested. Please make the desired selection and return one (1) executed original of this letter to the undersigned no later than thirty (30) days from receipt of this offer. If we do not receive your response by such date, you will be deemed to have elected to not participate in the drilling of the well or future unit operations.

In the alternative, if you are interested in selling your interest, do not hesitate to contact us.

If I can answer any questions, please do not hesitate to contact me at 720-508-8352 or by email at jmcghee@ursaresources.com.

Sincerely,

Jarred McGhee
Landman

_____ I will execute a Joint Operating Agreement and participate in the wells as indicated below, and upon receipt of an invoice agree to pay my proportionate share of the drilling and completion costs.

_____ 1. Valley Farms J1

_____ 2. Valley Farms J2

_____ 3. Valley Farms J3

_____ 4. Valley Farms J4

_____ 5. McLin A 23A-12-06-92

_____ 6. McLin A 23B-12-06-92

_____ 7. McLin A 23C-12-06-92

_____ 8. McLin A 23D-12-06-92

_____ 9. McLin A 12A-12-06-92

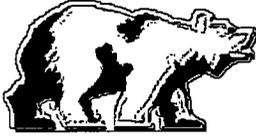
_____ 10. McLin A 13B-12-06-92

_____ I will lease our interest to Ursa.

_____ I will not participate in the unit operations.

Signed and agreed to this _____ day of _____, 2014.

By:



Ursa Operating Company LLC

1050 17th St., Suite 2400, Denver, CO 80265

September 23, 2014

Jeffrey Simonsen and Brenda Simonsen
2045 County Road 311
New Castle, CO 80265

Re: Township 6 South Range 92 West, Section 12
Tract in the SW/4
Garfield County, Colorado

To whom it may concern:

According to our records, you own 3.715 net mineral acres in the above referenced tract of land. Ursa Operating Company LLC ("Ursa") is interested in leasing your minerals. Per our conversations I have enclosed for your review and execution a copy of the lease you had previously signed with Antero with the one change we discussed. I struck the "Termination as to Horizons" paragraph (2.2.3) from this copy of the lease. Please sign, notarize, and return a copy of the Oil & Gas Lease in the envelope provided.

Upon receipt of the signed lease and Ursa Operating Company LLC will send you a bonus check in the amount of \$1,857.50. This bonus consideration is computed on the basis of \$500.00 per mineral acre and includes all delayed rentals in advance.

Please contact me should you wish to discuss this further at **720-508-8352**. You can also reach me via email at: jmcghee@ursaresources.com. Thank you for your attention to this matter and I look forward to speaking with you.

Respectfully,

Jarred McGhee
Landman



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80265
 Tel: 720-508-8350, Fax: 720-508-8368

EXHIBIT 4

AUTHORIZATION FOR EXPENDITURE

Lease/Well:	McLin A 12A-12-06-92	Section/T/R:	Section 12, T8S, R 91W	AFE Number:	
County/State:	Garfield County, CO	SHL:		AFE Date:	7/21/14
Field/Prospect:	Gravel Trend	BHL:		WI%:	75.79%
Objective:	Williams Fork			NRI%:	75.79%
Proposed TMD/TVD:					
<input checked="" type="checkbox"/> Drill & Complete-Dev		<input type="checkbox"/> Drill & Complete-Explor		<input type="checkbox"/> Cap Facility	
<input type="checkbox"/> Cap Workover/Recomplete		<input type="checkbox"/> Expense Workover		<input type="checkbox"/> Other	

Project Description: **Drill, complete, and equip a 7,163' MD "S" shaped Williams Fork well, including 8 stage Gen 3 frac stimulation completion**

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 153	FACILITY 155	TOTAL
21	Survey, Permits, Damages, Legal	\$13,770	\$0	\$0	\$13,770
22	Location, Pits, Roads	\$10,200	\$10,200	\$3,000	\$23,400
23	Mob/Demob Rig	\$48,463	\$0		\$48,463
24	Daywork-Rig	\$166,844	\$0		\$166,844
27	Completion/WO-Rig		\$48,960		\$48,960
28	Fuel, Power, & Water	\$52,673	\$2,550		\$55,223
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$77,979	\$0		\$77,979
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$85,560		\$85,560
33	Casing & Lay Down Crews	\$0	\$3,040		\$3,040
34	Cementing Services	\$26,000	\$67,000		\$93,000
36	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$14,994	\$1,500	\$6,000	\$22,494
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,610		\$5,610
41	Downhole Rentals	\$2,591	\$0		\$2,591
42	Surface Rentals	\$62,152	\$80,376	\$0	\$142,528
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellsite Geology	\$6,834			\$6,834
45	DST, FT, & Coring	\$0			\$0
46	Open Hole Logging	\$20,000			\$20,000
48	CH Log, Perf, & Electric Line		\$75,990		\$75,990
50	Tubular Inspection & Testing	\$7,500	\$0		\$7,500
53	Swab/Slickline & Well Test/Flwbck		\$119,340		\$119,340
54	CT, Snubbing, N2 Services		\$9,180		\$9,180
55	Stimulation-Frac & Acid		\$726,240		\$726,240
56	Contract Labor Services	\$19,380	\$10,200	\$10,000	\$39,580
57	Supervision & Consulting Services	\$15,953	\$19,890	\$6,000	\$41,843
58	Overhead Expenses	\$4,350	\$2,000		\$6,350
59	Plugging Costs	\$0	\$0		\$0
60	Well Control Insurance	\$3,361	\$0		\$3,361
62	Misc/Contingency	\$4,437	\$0		\$4,437
63	Fluid Disposal	\$30,000	\$57,434		\$87,434
64	Pipeline Interconnect/Hot Tap			\$0	\$0
TOTAL INTANGIBLE COSTS		\$652,690	\$1,326,070	\$25,000	\$2,002,760

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 152	N 154	FACILITY 156	TOTAL
66	Conductor Casing	\$5,200			\$5,200
67	Surface Casing	1000 feet @ \$/ft \$23.00	\$23,460		\$23,460
68	Intermediate Casing		\$0		\$0
69	Liner		\$0		\$0
70	Production Casing	7382 feet @ \$/ft \$13.85	\$101,963		\$101,963
71	Liner Hanger/Csg Accessories		\$3,000	\$5,000	\$8,000
72	Wellhead Equipment		\$7,000	\$20,000	\$27,000
74	Tubing	6000 feet @ \$/ft \$4.50	\$27,540		\$27,540
75	Rods		\$0		\$0
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$2,000		\$2,000
79	Misc Tangible Equipment		\$0	\$0	\$0
4	Safety System Equip			\$4,080	\$4,080
5	Electrical Service & Equip			\$0	\$0
9	Tanks	3 tanks @ \$/tank \$11,000		\$0	\$0
11	Connections, Fittings, & Supplies			\$10,200	\$10,200
12	SWD Pumps & Equipment			\$0	\$0
14	Separator & Treating Equipment			\$22,500	\$22,500
15	Metering Equip & LACT Unit			\$3,000	\$3,000
18	Pipelines/Flowlines	250 feet @ \$/ft \$12		\$3,000	\$3,000
21	Pumping Unit			\$0	\$0
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$38,660	\$156,503	\$42,780	\$237,943

TOTAL TANGIBLE & INTANGIBLE COSTS \$691,350 \$1,481,573 \$67,780 \$2,240,703

URSA APPROVAL:	NONOPERATOR APPROVAL
Prepared by _____	Company: _____ WI(%) _____
Date: 7/21/2014	Appr'd by _____
Approved by _____	Title: _____ Date: _____
Date: _____	() Desire to be covered by Ursa Resources Group well control insurance
	() Decline to be covered by Ursa Resources Group well control insurance

NOTE: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above.



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80265
 Tel: 720-508-8350, Fax: 720-508-8368

AUTHORIZATION FOR EXPENDITURE

Lease/Well: McLin A 23C-12-06-92 Section/T/R: Section 12, T6S, R 91W AFE Number: _____
 County/State: Garfield County, CO SHL: _____ AFE Date: 7/21/14
 Field/Prospect: Gravel Trend BHL: _____ WI%: 75.79%
 Objective: Williams Fork NRI%: 76.79%
 Proposed TMD/TVD: _____
 AFE Project Type: Drill & Complete-Dev Drill & Complete-Explor Cap Facility
 Cap Workover/Recomplete Expense Workover Other

Project Description: Drill, complete, and equip a 7,163' MD "S" shaped Williams Fork well, including 8 stage Gen 3 frac stimulation completion

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 153	FACILITY 155	TOTAL
21	Survey, Permits, Damages, Legal	\$13,770	\$0	\$0	\$13,770
22	Location, Pits, Roads	\$10,200	\$10,200	\$3,000	\$23,400
23	Mob/Demob Rig	\$46,463	\$0		\$46,463
24	Daywork-Rig	\$166,844	\$0		\$166,844
27	Completion/WO-Rig		\$48,960		\$48,960
28	Fuel, Power, & Water	\$52,673	\$2,550		\$55,223
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$77,979	\$0		\$77,979
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$88,230		\$88,230
33	Casing & Lay Down Crews	\$0	\$3,040		\$3,040
34	Cementing Services	\$26,000	\$67,000		\$93,000
36	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$14,994	\$1,500	\$6,000	\$22,494
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,610		\$5,610
41	Downhole Rentals	\$2,591	\$0		\$2,591
42	Surface Rentals	\$62,152	\$80,376	\$0	\$142,528
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellsite Geology	\$6,834			\$6,834
45	DST, FT, & Coning	\$0			\$0
46	Open Hole Logging	\$20,000			\$20,000
48	CH Log, Perf, & Electric Line		\$75,990		\$75,990
50	Tubular Inspection & Testing	\$7,500	\$0		\$7,500
53	Swab/Slickline & Well Test/Flwbc		\$119,340		\$119,340
54	CT, Snubbing, N2 Services		\$9,180		\$9,180
55	Stimulation-Frac & Acid		\$728,240		\$728,240
56	Contract Labor Services	\$19,380	\$10,200	\$10,000	\$39,580
57	Supervision & Consulting Services	\$15,953	\$21,547	\$6,000	\$43,500
58	Overhead Expenses	\$4,350	\$2,000		\$6,350
59	Plugging Costs	\$0	\$0		\$0
60	Well Control Insurance	\$3,361	\$0		\$3,361
62	Misc/Contingency	\$4,437	\$0		\$4,437
63	Fluid Disposal	\$30,000	\$57,434		\$87,434
64	Pipeline Interconnect/Hot Tap			\$0	\$0
TOTAL INTANGIBLE COSTS		\$652,690	\$1,329,397	\$25,000	\$2,007,087

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 152	N 154	FACILITY 156	TOTAL
66	Conductor Casing	\$5,200			\$5,200
67	Surface Casing	1000 feet @ \$/ft \$23.00	\$23,460		\$23,460
68	Intermediate Casing		\$0		\$0
69	Liner		\$0		\$0
70	Production Casing	7362 feet @ \$/ft \$13.85	\$101,963		\$101,963
71	Liner Hanger/Csg Accessories		\$3,000	\$5,000	\$8,000
72	Wellhead Equipment		\$7,000	\$20,000	\$27,000
74	Tubing	6000 feet @ \$/ft \$4.50	\$27,540		\$27,540
75	Rods		\$0		\$0
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$2,000		\$2,000
79	Misc Tangible Equipment		\$0		\$0
4	Safety System Equip			\$4,080	\$4,080
5	Electrical Service & Equip			\$0	\$0
9	Tanks	3 tanks @ \$/tank \$11,000		\$0	\$0
11	Connections, Fittings, & Supplies			\$10,200	\$10,200
12	SWD Pumps & Equipment			\$0	\$0
14	Separator & Treating Equipment			\$21,000	\$21,000
15	Metering Equip & LACT Unit			\$3,000	\$3,000
18	Pipelines/Flowlines	250 feet @ \$/ft \$12		\$3,000	\$3,000
21	Pumping Unit			\$0	\$0
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$38,680	\$156,503	\$41,280	\$236,443

TOTAL TANGIBLE & INTANGIBLE COSTS \$691,350 \$1,485,900 \$66,280 \$2,243,530

URSA APPROVAL.	NONOPERATOR APPROVAL
Prepared by _____	Company _____ W/(%) _____
Date <u>7/21/2014</u>	App'd by _____
Approved by _____	Title _____ Date: _____
Date _____	() Desire to be covered by Ursa Resources Group well control insurance
	() Decline to be covered by Ursa Resources Group well control insurance

NOTE: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above.



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80265
 Tel: 720-508-8350, Fax: 720-508-8368

AUTHORIZATION FOR EXPENDITURE

Lease/Well: McLin A 23B-12-06-92 Section/T/R: Section 12, T6S, R 91W AFE Number: _____
 County/State: Garfield County, CO SHL: _____ AFE Date: 7/21/14
 Field/Prospect: Gravel Trend BHL: _____ WI% 75.79%
 Objective: Williams Fork NRI% 69.88%
 Proposed TMD/TVD: _____
 AFE Project Type: Drill & Complete-Dev Drill & Complete-Explor Cap Facility
 Cap Workover/Recomplete Expense Workover Other

Project Description: Drill, complete, and equip a 7,163' MD "S" shaped Williams Fork well, including 8 stage Gen 3 frac stimulation completion

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 153	FACILITY 155	TOTAL
21	Survey, Permits, Damages, Legal	\$13,770	\$0	\$0	\$13,770
22	Location, Pits, Roads	\$10,200	\$10,200	\$3,000	\$23,400
23	Mob/Demob Rig	\$46,463	\$0		\$46,463
24	Daywork-Rig	\$166,844	\$0		\$166,844
27	Completion/WO-Rig		\$48,960		\$48,960
28	Fuel, Power, & Water	\$52,673	\$2,550		\$55,223
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$77,979	\$0		\$77,979
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$88,230		\$88,230
33	Casing & Lay Down Crews	\$0	\$3,040		\$3,040
34	Cementing Services	\$26,000	\$67,000		\$93,000
36	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$16,900	\$1,500	\$6,000	\$24,400
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,610		\$5,610
41	Downhole Rentals	\$2,591	\$0		\$2,591
42	Surface Rentals	\$64,871	\$80,376	\$0	\$145,247
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellsite Geology	\$6,900			\$6,900
45	DST, FT, & Coring	\$0			\$0
46	Open Hole Logging	\$20,000			\$20,000
48	CH Log, Perf, & Electric Line		\$75,990		\$75,990
50	Tubular Inspection & Testing	\$7,500	\$0		\$7,500
53	Swab/Slickline & Well Test/FIwbck		\$119,340		\$119,340
54	CT, Snubbing, N2 Services		\$9,180		\$9,180
55	Stimulation-Frac & Acid		\$726,240		\$726,240
56	Contract Labor Services	\$19,380	\$10,200	\$10,000	\$39,580
57	Supervision & Consulting Services	\$15,953	\$21,547	\$6,000	\$43,500
58	Overhead Expenses	\$4,350	\$2,000		\$6,350
59	Plugging Costs	\$0	\$0		\$0
60	Well Control Insurance	\$3,361	\$0		\$3,361
62	Misc/Contingency	\$4,437	\$0		\$4,437
63	Fluid Disposal	\$30,000	\$64,325		\$94,325
64	Pipeline Interconnect/Hot Tap			\$0	\$0
TOTAL INTANGIBLE COSTS		\$657,381	\$1,336,288	\$25,000	\$2,018,669

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 152	N 154	FACILITY 156	TOTAL
66	Conductor Casing	\$5,200			\$5,200
67	Surface Casing	1000 feet @ \$/ft \$23.00	\$23,460		\$23,460
68	Intermediate Casing		\$0		\$0
69	Liner		\$0		\$0
70	Production Casing	7362 feet @ \$/ft \$13.85	\$101,963		\$101,963
71	Liner Hanger/Csg Accessories		\$3,000	\$5,000	\$8,000
72	Wellhead Equipment		\$7,000	\$20,000	\$27,000
74	Tubing	6000 feet @ \$/ft \$4.50	\$27,540		\$27,540
75	Rods		\$0		\$0
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$2,000		\$2,000
79	Misc Tangible Equipment		\$0	\$0	\$0
4	Safety System Equip			\$4,130	\$4,130
5	Electrical Service & Equip			\$0	\$0
9	Tanks	3 tanks @ \$/tank \$11,000		\$0	\$0
11	Connections, Fittings, & Supplies			\$10,200	\$10,200
12	SWD Pumps & Equipment			\$0	\$0
14	Separator & Treating Equipment			\$23,000	\$23,000
15	Metering Equip & LACT Unit			\$3,000	\$3,000
18	Pipelines/Flowlines	250 feet @ \$/ft \$12		\$3,000	\$3,000
21	Pumping Unit			\$0	\$0
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$38,660	\$156,503	\$43,330	\$238,493

TOTAL TANGIBLE & INTANGIBLE COSTS \$696,041 \$1,492,791 \$68,330 \$2,257,162

URSA APPROVAL: Prepared by _____ Date <u>7/21/2014</u> Approved by _____ Date _____	NONOPERATOR APPROVAL Company: _____ WI(%) _____ Appr'd by _____ Title _____ Date _____ <input type="checkbox"/> Desire to be covered by Ursa Resources Group well control insurance <input type="checkbox"/> Decline to be covered by Ursa Resources Group well control insurance
--------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

NOTE: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above.



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80265
 Tel: 720-508-8350, Fax: 720-508-8368

AUTHORIZATION FOR EXPENDITURE

Lease/Well: McLin A 23A-12-06-92 Section/T/R: Section 12, T6S, R 91W AFE Number _____
 County/State: Garfield County, CO SHL: _____ AFE Date: 7/21/14
 Field/Prospect: Gravel Trend BHL: _____ WI%: 75.79%
 Objective: Williams Fork NRI%: 58.88%
 Proposed TMD/TVD: _____
 AFE Project Type: Drill & Complete-Dev Drill & Complete-Explor Cap Facility
 Cap Workover/Recomplete Expense Workover Other

Project Description: Drill, complete, and equip a 7,163' MD "S" shaped Williams Fork well, including 8 stage Gen 3 frac stimulation completion.

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 153	FACILITY 156	TOTAL
21	Survey, Permits, Damages, Legal	\$13,770	\$0	\$0	\$13,770
22	Location, Pits, Roads	\$10,200	\$10,200	\$3,000	\$23,400
23	Mob/Demob Rig	\$46,463	\$0		\$46,463
24	Daywork-Rig	\$166,844	\$0		\$166,844
27	Completion/WO-Rig		\$48,960		\$48,960
28	Fuel, Power, & Water	\$52,673	\$2,550		\$55,223
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$77,979	\$0		\$77,979
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$88,230		\$88,230
33	Casing & Lay Down Crews	\$0	\$3,040		\$3,040
34	Cementing Services	\$26,000	\$87,000		\$93,000
36	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$18,900	\$1,500	\$6,000	\$24,400
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,810		\$5,810
41	Downhole Rentals	\$2,591	\$0		\$2,591
42	Surface Rentals	\$84,871	\$80,376	\$0	\$145,247
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellsite Geology	\$6,900			\$6,900
45	DST, FT, & Coring	\$0			\$0
46	Open Hole Logging	\$20,000			\$20,000
48	CH Log, Perf, & Electric Line		\$75,990		\$75,990
50	Tubular Inspection & Testing	\$7,500	\$0		\$7,500
53	Swab/Slickline & Well Test/Fwbc		\$119,340		\$119,340
54	CT, Snubbing, N2 Services		\$9,180		\$9,180
55	Stimulation-Frac & Acid		\$728,240		\$728,240
56	Contract Labor Services	\$19,380	\$10,200	\$10,000	\$39,580
57	Supervision & Consulting Services	\$15,953	\$21,547	\$6,000	\$43,500
58	Overhead Expenses	\$4,350	\$2,000		\$6,350
59	Plugging Costs	\$0	\$0		\$0
60	Well Control Insurance	\$3,361	\$0		\$3,361
62	Misc/Contingency	\$4,437	\$0		\$4,437
63	Fluid Disposai	\$30,000	\$68,437		\$98,437
64	Pipeline Interconnect/Hot Tap			\$0	\$0
TOTAL INTANGIBLE COSTS		\$657,381	\$1,340,400	\$25,000	\$2,022,781

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 152	N 154	FACILITY 156	TOTAL
66	Conductor Casing	\$5,200			\$5,200
67	Surface Casing	1000 feet @ \$/ft \$23 00	\$23,460		\$23,460
68	Intermediate Casing		\$0		\$0
69	Liner		\$0		\$0
70	Production Casing	7362 feet @ \$/ft \$13 85	\$101,963		\$101,963
71	Liner Hanger/Csg Accessories		\$3,000	\$5,000	\$8,000
72	Wellhead Equipment		\$7,000	\$20,000	\$27,000
74	Tubing	6000 feet @ \$/ft \$4 50	\$27,540		\$27,540
75	Rods		\$0		\$0
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$2,000		\$2,000
79	Misc Tangible Equipment		\$0		\$0
4	Safety System Equip			\$4,130	\$4,130
5	Electrical Service & Equip			\$0	\$0
9	Tanks	3 tanks @ \$/tank \$11,000		\$0	\$0
11	Connections, Fittings, & Supplies			\$10,200	\$10,200
12	SWD Pumps & Equipment			\$0	\$0
14	Separator & Treating Equipment			\$23,000	\$23,000
15	Meteng Equip & LACT Unit			\$3,000	\$3,000
18	Pipelines/Flowlines	250 feet @ \$/ft \$12		\$3,000	\$3,000
21	Pumping Unit			\$0	\$0
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$38,660	\$156,503	\$43,330	\$238,493

TOTAL TANGIBLE & INTANGIBLE COSTS \$696,041 \$1,496,903 \$68,330 \$2,261,274

URSA APPROVAL:	NONOPERATOR APPROVAL
Prepared by _____	Company _____ WI(%) _____
Date <u>7/21/2014</u>	Appr'd by: _____
Approved by _____	Title _____ Date _____
Date _____	() Desire to be covered by Ursa Resources Group well control insurance
	() Decline to be covered by Ursa Resources Group well control insurance

NOTE: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80265
 Tel: 720-508-8350, Fax: 720-508-8368

AUTHORIZATION FOR EXPENDITURE

Lease/Well:	<u>Valley Farms J2</u>	Section/T/R:	<u>Section 13, T6S, R92W</u>	AFE Number	<u>13-404</u>
County/State:	<u>Garfield County, CO</u>	SHL	<u>202' FNL, 1313' FWL (Section 13)</u>	AFE Date:	<u>7/21/14</u>
Field/Prospect:	<u>Gravel Trend</u>	BHL:	<u>183' FSL, 1980' FWL (Section 12)</u>	WI%	<u>75.79%</u>
Objective:	<u>Williams Fork</u>			NR1%	<u>59.87%</u>
Proposed TMD/TVD:					
AFE Project Type:	<input checked="" type="checkbox"/> Drill & Complete-Dev	<input type="checkbox"/> Drill & Complete-Explor	<input type="checkbox"/> Cap Facility		
	<input type="checkbox"/> Cap Workover/Recomplete	<input type="checkbox"/> Expense Workover	<input type="checkbox"/> Other		

Project Description: Drill, complete, and equip a 7,163' MD "S" shaped Williams Fork well, including 8 stage Gen 3 frac stimulation completion

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 153	FACILITY 155	TOTAL
21	Survey, Permits, Damages, Legal	\$13,770	\$0	\$0	\$13,770
22	Location, Pits, Roads	\$10,200	\$10,200	\$3,000	\$23,400
23	Mob/Demob Rig	\$46,463	\$0		\$46,463
24	Daywork-Rig	\$146,844	\$0		\$146,844
27	Completion/WO-Rig		\$48,960		\$48,960
28	Fuel, Power, & Water	\$52,673	\$2,550		\$55,223
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$77,979	\$0		\$77,979
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$79,560		\$79,560
33	Casing & Lay Down Crews	\$0	\$2,040		\$2,040
34	Cementing Services	\$24,000	\$65,000		\$89,000
36	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$14,994	\$1,500	\$6,000	\$22,494
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,610		\$5,610
41	Downhole Rentals	\$2,591	\$0		\$2,591
42	Surface Rentals	\$52,167	\$80,376	\$0	\$132,543
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellsite Geology	\$6,834			\$6,834
45	DST, FT, & Coring	\$0			\$0
46	Open Hole Logging	\$20,000			\$20,000
48	CH Log, Perf, & Electric Line		\$75,990		\$75,990
50	Tubular Inspection & Testing	\$7,500	\$0		\$7,500
53	Swab/Stickline & Well Test/FIwbck		\$119,340		\$119,340
54	CT, Shubbing, N2 Services		\$9,180		\$9,180
55	Stimulation-Frac & Acid		\$726,240		\$726,240
56	Contract Labor Services	\$19,380	\$10,200	\$10,000	\$39,580
57	Supervision & Consulting Services	\$15,953	\$19,890	\$6,000	\$41,843
58	Overhead Expenses	\$4,350	\$2,000		\$6,350
59	Plugging Costs	\$0	\$0		\$0
60	Well Control Insurance	\$3,361	\$0		\$3,361
62	Misc/Contingency	\$4,437	\$0		\$4,437
63	Fluid Disposal	\$30,000	\$29,376		\$59,376
64	Pipeline Interconnect/Hot Tap			\$0	\$0
TOTAL INTANGIBLE COSTS		\$620,706	\$1,268,012	\$25,000	\$1,933,718

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 152	N 154	FACILITY 156	TOTAL
66	Conductor Casing	\$3,080			\$3,080
67	Surface Casing	1000 feet @ \$/ft \$23.00	\$23,460		\$23,460
68	Intermediate Casing		\$0		\$0
69	Liner		\$0		\$0
70	Production Casing	7362 feet @ \$/ft \$13.85	\$101,963		\$101,963
71	Liner Hanger/Csg Accessories		\$3,000	\$5,000	\$8,000
72	Wellhead Equipment		\$7,000	\$20,000	\$27,000
74	Tubing	6000 feet @ \$/ft \$4.50	\$27,540		\$27,540
75	Rods		\$0		\$0
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$2,000		\$2,000
79	Misc Tangible Equipment		\$0		\$0
4	Safety System Equip			\$4,080	\$4,080
5	Electrical Service & Equip			\$0	\$0
9	Tanks	3 tanks @ \$/tank \$11,000		\$0	\$0
11	Connections, Fittings, & Supplies			\$10,200	\$10,200
12	SWD Pumps & Equipment			\$0	\$0
14	Separator & Treating Equipment			\$22,500	\$22,500
15	Metering Equip & LACT Unit			\$3,000	\$3,000
18	Pipelines/Flowlines	250 feet @ \$/ft \$12		\$3,000	\$3,000
21	Pumping Unit			\$0	\$0
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$36,520	\$156,503	\$42,780	\$235,803

TOTAL TANGIBLE & INTANGIBLE COSTS \$657,226 \$1,444,515 \$67,780 \$2,169,521

URSA APPROVAL	NONOPERATOR APPROVAL
Prepared by _____	Company _____ WI(%) _____
Date <u>7/21/2014</u>	Appr'd by _____
Approved by _____	Title _____ Date _____
Date _____	() Desire to be covered by Ursa Resources Group well control insurance
	() Decline to be covered by Ursa Resources Group well control insurance

NOTE It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80265
 Tel: 720-508-8350, Fax: 720-508-8368

AUTHORIZATION FOR EXPENDITURE

Lease/Well: Valley Farms J1 Section/TIR: Section 13, T6S, R92W AFE Number: 13-401
 County/State: Garfield County, CO SHL: 202' FNL, 1313' FWL (Section 13) AFE Date: 7/21/14
 Field/Prospect: Gravel Trend BHL: 183' FSL, 1980' FWL (Section 12) WI%: 75.79%
 Objective: Williams Fork NRI%: 59.87%
 Proposed TMD/TVD _____
 AFE Project Type: Drill & Complete-Dev Drill & Complete-Explor Cap Facility
 Cap Workover/Recomplete Expense Workover Other

Project Description Drill, complete, and equip a 7,163' MD "S" shaped Williams Fork well, including 8 stage Gen 3 frac stimulation completion

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 153	FACILITY 155	TOTAL
21	Survey, Permits, Damages, Legal	\$13,770	\$0	\$0	\$13,770
22	Location, Pits, Roads	\$10,200	\$10,200	\$3,000	\$23,400
23	Mob/Demob Rig	\$46,463	\$0		\$46,463
24	Daywork-Rig	\$146,844	\$0		\$146,844
27	Completion/WO-Rig		\$48,960		\$48,960
28	Fuel, Power, & Water	\$52,673	\$2,550		\$55,223
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$77,979	\$0		\$77,979
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$79,560		\$79,560
33	Casing & Lay Down Crews	\$0	\$2,040		\$2,040
34	Cementing Services	\$24,000	\$65,000		\$89,000
38	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$14,894	\$1,500	\$6,000	\$22,494
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,610		\$5,610
41	Downhole Rentals	\$2,591	\$0		\$2,591
42	Surface Rentals	\$52,167	\$80,376	\$0	\$132,543
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellbore Geology	\$6,834			\$6,834
45	DST, FT, & Coring	\$0			\$0
46	Open Hole Logging	\$20,000			\$20,000
48	CH Log, Perf, & Electric Line		\$75,990		\$75,990
50	Tubular Inspection & Testing	\$7,500	\$0		\$7,500
53	Swab/Slickline & Well Test/Flwbck		\$119,340		\$119,340
54	CT, Snubbing, N2 Services		\$9,180		\$9,180
55	Stimulation-Frac & Acid		\$726,240		\$726,240
56	Contract Labor Services	\$19,380	\$10,200	\$10,000	\$39,580
57	Supervision & Consulting Services	\$15,953	\$19,890	\$6,000	\$41,843
58	Overhead Expenses	\$4,350	\$2,000		\$6,350
59	Plugging Costs	\$0	\$0		\$0
60	Well Control Insurance	\$3,361	\$0		\$3,361
62	Misc/Contingency	\$4,437	\$0		\$4,437
63	Fluid Disposal	\$35,000	\$34,376		\$69,376
64	Pipeline Interconnect/Hot Tap			\$0	\$0
TOTAL INTANGIBLE COSTS		\$625,706	\$1,293,012	\$25,000	\$1,933,718

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 152	N 154	FACILITY 156	TOTAL
66	Conductor Casing	\$3,060			\$3,060
67	Surface Casing 1000 feet @ \$/ft \$23 00	\$23,460			\$23,460
68	Intermediate Casing	\$0			\$0
69	Liner	\$0			\$0
70	Production Casing 7362 feet @ \$/ft \$13 85		\$101,953		\$101,953
71	Liner Hanger/Csg Accessories	\$3,000	\$5,000		\$8,000
72	Wellhead Equipment	\$7,000	\$20,000		\$27,000
74	Tubing 6000 feet @ \$/ft \$4 50		\$27,540		\$27,540
75	Rods		\$0		\$0
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$2,000		\$2,000
79	Misc Tangible Equipment	\$0	\$0		\$0
4	Safety System Equip			\$4,080	\$4,080
5	Electrical Service & Equip			\$0	\$0
9	Tanks 3 tanks @ \$/tank \$11,000			\$0	\$0
11	Connections, Fittings, & Supplies			\$10,200	\$10,200
12	SWD Pumps & Equipment			\$0	\$0
14	Separator & Treating Equipment			\$22,500	\$22,500
15	Metering Equip & LACT Unit			\$3,000	\$3,000
18	Pipelines/Flowlines 250 feet @ \$/ft \$12			\$3,000	\$3,000
21	Pumping Unit			\$0	\$0
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$36,520	\$156,503	\$42,780	\$235,803

TOTAL TANGIBLE & INTANGIBLE COSTS \$662,226 \$1,449,515 \$67,780 \$2,169,521

URSA APPROVAL		NONOPERATOR APPROVAL	
Prepared by _____	Date <u>7/21/2014</u>	Company _____	Wit(%) _____
Approved by _____	Date _____	Appr'd by _____	Title _____ Date _____
		<input type="checkbox"/> Desire to be covered by Ursa Resources Group well control insurance <input type="checkbox"/> Decline to be covered by Ursa Resources Group well control insurance	

NOTE It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80265
 Tel: 720-508-8350, Fax: 720-508-8368

AUTHORIZATION FOR EXPENDITURE

Lease/Well: Valley Farms J3
 County/State: Garfield County, CO
 Field/Prospect: Gravel Trend
 Objective: Williams Fork
 Proposed TMD/TVD: 7209' MD / 7044' TVD

Section/TTR: Section 13, T6S, R92W
 SHL: 190' FNL, 1313' FWL (Section 13)
 BHL: 513' FSL, 1980' FWL (Section 12)

AFE Number: 13-404

AFE Date: 7/21/14

W1% 100%
 NR1% 70%

AFE Project Type: Drill & Complete-Dev Drill & Complete-Explor Cap Facility
 Cap Workover/Recomplete Expense Workover Other

Project Description: Drill, complete, and equip a 7,209' MD "S" shaped Williams Fork well, including 8 stage Gen 3 frac stimulation completion

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 153	FACILITY 156	TOTAL
21	Survey, Permits, Damages, Legal	\$13,770	\$0	\$0	\$13,770
22	Location, Pits, Roads	\$10,200	\$10,200	\$3,000	\$23,400
23	Mob/Demob Rig	\$46,463	\$0		\$46,463
24	Daywork-Rig	\$140,318	\$0		\$140,318
27	Completion/WO-Rig		\$48,960		\$48,960
28	Fuel, Power, & Water	\$50,959	\$2,550		\$53,509
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$74,511	\$0		\$74,511
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$79,560		\$79,560
33	Casing & Lay Down Crews	\$0	\$2,040		\$2,040
34	Cementing Services	\$24,000	\$65,000		\$89,000
36	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$14,586	\$1,500	\$6,000	\$22,086
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,610		\$5,610
41	Downhole Rentals	\$2,509	\$0		\$2,509
42	Surface Rentals	\$49,685	\$80,378	\$0	\$130,061
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellsite Geology	\$6,428			\$6,428
45	DST, FT, & Coring	\$0			\$0
46	Open Hole Logging	\$0			\$0
48	CH Log, Perf, & Electric Line		\$75,990		\$75,990
50	Tubular Inspection & Testing	\$7,500	\$0		\$7,500
53	Swab/Slickline & Well Test/Fiwbok		\$119,340		\$119,340
54	CT, Snubbing, N2 Services		\$9,180		\$9,180
55	Stimulation-Frac & Acid		\$726,240		\$726,240
56	Contract Labor Services	\$19,380	\$10,200	\$10,000	\$39,580
57	Supervision & Consulting Services	\$15,259	\$19,890	\$6,000	\$41,149
58	Overhead Expenses	\$4,150	\$2,000		\$6,150
59	Plugging Costs	\$0	\$0		\$0
60	Well Control Insurance	\$3,382	\$0		\$3,382
62	Misc/Contingency	\$4,233	\$0		\$4,233
63	Fluid Disposal	\$30,000	\$29,378		\$59,378
64	Pipeline Interconnect/Hot Tap			\$0	\$0
TOTAL INTANGIBLE COSTS		\$584,540	\$1,288,012	\$25,000	\$1,897,552

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 152	N 154	FACILITY 156	TOTAL
66	Conductor Casing	\$3,060			\$3,060
67	Surface Casing	1000 feet @ \$/ft \$23.00	\$23,480		\$23,480
68	Intermediate Casing		\$0		\$0
69	Liner		\$0		\$0
70	Production Casing	7209 feet @ \$/ft \$13.85	\$101,842		\$101,842
71	Liner Hanger/Csg Accessories		\$3,000	\$5,000	\$8,000
72	Wellhead Equipment		\$7,000	\$20,000	\$27,000
74	Tubing	6000 feet @ \$/ft \$4.50	\$27,540		\$27,540
75	Rods		\$0		\$0
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$2,000		\$2,000
79	Misc Tangible Equipment		\$0	\$0	\$0
4	Safety System Equip			\$4,080	\$4,080
5	Electrical Service & Equip			\$0	\$0
9	Tanks	3 tanks @ \$/tank \$11,000		\$0	\$0
11	Connections, Fittings, & Supplies			\$10,200	\$10,200
12	SWD Pumps & Equipment			\$0	\$0
14	Separator & Treating Equipment			\$22,500	\$22,500
15	Metering Equip & LACT Unit			\$3,000	\$3,000
18	Pipelines/Flowlines	250 feet @ \$/ft \$12		\$3,000	\$3,000
21	Pumping Unit			\$0	\$0
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$36,520	\$156,382	\$42,780	\$235,682

TOTAL TANGIBLE & INTANGIBLE COSTS \$621,060 \$1,444,394 \$67,780 \$2,133,233

7/21/2014

URSA APPROVAL: Prepared by: <u>Hans Wychgram / Pake Younger</u> Date: <u>7/21/2014</u> Approved by: <u>[Signature]</u> Date: <u>7/21/14</u>	NONOPERATOR APPROVAL Company: _____ W1(%) _____ Appr'd by: _____ Title: _____ Date: _____ <input type="checkbox"/> Desire to be covered by Ursa Resources Group well control insurance <input type="checkbox"/> Decline to be covered by Ursa Resources Group well control insurance
----------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

NOTE: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80265
 Tel: 720-508-8350, Fax: 720-508-8368

AUTHORIZATION FOR EXPENDITURE

Lease/Well: Valley Farms J4
 County/State: Garfield County, CO
 Field/Prospect: Gravel Trend
 Objective: Williams Fork
 Proposed TMD/TVD: 7183' MD / 7060' TVD

Section/TR: Section 13, T8S, R92W
 SHL: 202' FNL, 1313' FWL (Section 13)
 BHL: 183' FSL, 1980' FWL (Section 12)

AFE Number: 13-405
 AFE Date: 7/21/14
 WI%: 100%
 NRI%: 90%



AFE Project Type: Drill & Complete-Dev Drill & Complete-Explor Cap Facility
 Cap Workover/Recomplete Expense Workover Other

Project Description: Drill, complete, and equip a 7,163' MD "S" shaped Williams Fork well, including 8 stage Gen 3 frac stimulation completion.

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 163	FACILITY 185	TOTAL
21	Survey, Permits, Damages, Legal	\$13,770	\$0	\$0	\$13,770
22	Location, Pits, Roads	\$10,200	\$10,200	\$3,000	\$23,400
23	Mob/Demob Rig	\$46,463	\$0		\$46,463
24	Daywork-Rig	\$146,844	\$0		\$146,844
27	Completion/WO-Rig		\$48,980		\$48,980
28	Fuel, Power, & Water	\$52,673	\$2,550		\$55,223
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$77,979	\$0		\$77,979
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$78,560		\$78,560
33	Casing & Lay Down Crews	\$0	\$2,040		\$2,040
34	Cementing Services	\$24,000	\$65,000		\$89,000
36	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$14,994	\$1,500	\$6,000	\$22,494
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,610		\$5,610
41	Downhole Rentals	\$2,591	\$0		\$2,591
42	Surface Rentals	\$52,167	\$80,376	\$0	\$132,543
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellsite Geology	\$6,834			\$6,834
45	DST, FT, & Coring	\$0			\$0
46	Open Hole Logging	\$20,000			\$20,000
48	CH Log, Perf, & Electric Line		\$75,990		\$75,990
50	Tubular Inspection & Testing	\$7,500	\$0		\$7,500
53	Swab/Slickline & Well Test/Fw/bck		\$119,340		\$119,340
54	CT, Snubbing, N2 Services		\$9,180		\$9,180
55	Stimulation-Frac & Acid		\$726,240		\$726,240
56	Contract Labor Services	\$19,380	\$10,200	\$10,000	\$39,580
57	Supervision & Consulting Services	\$15,953	\$19,890	\$6,000	\$41,843
58	Overhead Expenses	\$4,350	\$2,000		\$6,350
59	Plugging Costs	\$0	\$0		\$0
60	Well Control Insurance	\$3,361	\$0		\$3,361
62	Misc/Contingency	\$4,437	\$0		\$4,437
63	Fluid Disposal	\$30,000	\$29,376		\$59,376
64	Pipeline Interconnect/Hot Tap			\$0	\$0
TOTAL INTANGIBLE COSTS		\$620,706	\$1,288,012	\$26,000	\$1,933,718

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 162	N 164	FACILITY 156	TOTAL
66	Conductor Casing	\$3,060			\$3,060
67	Surface Casing 1000 feet @ \$/ft \$23.00	\$23,480			\$23,480
68	Intermediate Casing	\$0			\$0
69	Liner	\$0			\$0
70	Production Casing 7163 feet @ \$/ft \$13.85		\$101,192		\$101,192
71	Liner Hanger/Csg Accessories	\$3,000	\$5,000		\$8,000
72	Wellhead Equipment	\$7,000	\$20,000		\$27,000
74	Tubing 6000 feet @ \$/ft \$4.50		\$27,540		\$27,540
75	Rods		\$0		\$0
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$2,000		\$2,000
79	Misc Tangible Equipment	\$0	\$0		\$0
4	Safety System Equip			\$4,080	\$4,080
5	Electrical Service & Equip			\$0	\$0
9	Tanks 3 tanks @ \$/tank \$11,000			\$0	\$0
11	Connections, Fittings, & Supplies			\$10,200	\$10,200
12	SWD Pumps & Equipment			\$0	\$0
14	Separator & Treating Equipment			\$22,500	\$22,500
15	Metering Equip & LACT Unit			\$3,000	\$3,000
18	Pipelines/Flowlines 250 feet @ \$/ft \$12			\$3,000	\$3,000
21	Pumping Unit			\$0	\$0
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$36,520	\$156,732	\$42,780	\$235,032

TOTAL TANGIBLE & INTANGIBLE COSTS \$657,226 \$1,443,744 \$67,780 \$2,168,749

7/21/2014

URSA APPROVAL. Prepared by: <u>Hana Wyshgram / Pate Younger</u> Date: <u>7/21/2014</u> Approved by: <u>[Signature]</u> Date: <u>7/21/14</u>		NONOPERATOR APPROVAL. Company: _____ WI(%) _____ App'd by: _____ Title: _____ Date: _____ <input type="checkbox"/> Desire to be covered by Ursa Resources Group well control insurance <input type="checkbox"/> Decline to be covered by Ursa Resources Group well control insurance	
----------------------------------------------------------------------------------------------------------------------------------------------------------------	--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

NOTE: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above.



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80265
 Tel: 720-508-8350, Fax: 720-508-8368

AUTHORIZATION FOR EXPENDITURE

Lease/Well: McLin A 23D-12-05-92 Section/T/R: Section 12, T6S, R92W AFE Number: 13-486
 County/State: Garfield County, CO SHL: 933' FSL, 2242' FWL AFE Date: 6/23/14
 Field/Prospect: Gravel Trend BHL: 1503' FSL, 1980' FWL WI%: 75.79%
 Objective: Williams Fork NRI%: 69.87%
 Proposed TMD/TVD: 7142' MD / 7077' TVD

AFE Project Type: Drill & Complete-Dev Drill & Complete-Explor Cap Facility
 Cap Workover/Recomplete Expense Workover Other

Project Description: Drill, complete, and equip a 7,142' MD "S" shapped Williams Fork well, including 8 stage frac stimulation completion.

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 153	FACILITY 155	TOTAL
21	Survey, Permits, Damages, Legal	\$11,220	\$0	\$0	\$11,220
22	Location, PKs, Roads	\$24,327	\$10,200	\$3,000	\$37,527
23	Mob/Demob Rig	\$36,946	\$0		\$36,946
24	Daywork-Rig	\$137,746	\$0		\$137,746
27	Completion/WO-Rig		\$48,960		\$48,960
28	Fuel, Power, & Water	\$50,959	\$2,550		\$53,509
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$69,921	\$0		\$69,921
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$59,670		\$59,670
33	Casing & Lay Down Crews	\$0	\$0		\$0
34	Cementing Services	\$16,000	\$60,000		\$76,000
36	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$17,646	\$4,500	\$6,000	\$28,146
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,610		\$5,610
41	Downhole Rentals	\$2,509	\$0		\$2,509
42	Surface Rentals	\$49,685	\$87,006	\$0	\$136,691
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellsite Geology	\$6,426			\$6,426
45	DST, FT, & Coning	\$0			\$0
46	Open Hole Logging	\$0			\$0
48	CH Log, Perf, & Electric Line	\$0			\$0
50	Tubular Inspection & Testing		\$65,280		\$65,280
53	Swab/Slickline & Well Test/FWbck	\$7,500	\$0		\$7,500
54	CT, Snubbing, N2 Services		\$119,340		\$119,340
55	Stimulation-Frac & Acid		\$9,180		\$9,180
56	Contract Labor Services		\$620,670		\$620,670
57	Supervision & Consulting Services	\$19,380	\$10,200	\$10,000	\$39,580
58	Overhead Expenses	\$15,259	\$19,890	\$6,000	\$41,149
59	Plugging Costs	\$4,150	\$2,000		\$6,150
60	Well Control Insurance	\$0	\$0		\$0
62	Misc/Contingency	\$3,351	\$0		\$3,351
63	Fluid Disposal	\$4,233	\$0		\$4,233
64	Pipeline Interconnect/Hot Tap	\$30,000	\$33,048		\$63,048
TOTAL INTANGIBLE COSTS		\$574,486	\$1,158,104	\$25,000	\$1,757,572

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 152	N 154	FACILITY 156	TOTAL
66	Conductor Casing	\$3,060			\$3,060
67	Surface Casing	\$23,460			\$23,460
68	Intermediate Casing	\$0			\$0
69	Liner	\$0			\$0
70	Production Casing	\$0			\$0
71	Liner Hanger/Csg Accessories		\$100,895		\$100,895
72	Wellhead Equipment	\$3,000	\$5,000		\$8,000
74	Tubing	\$7,000	\$20,000		\$27,000
75	Rods		\$27,540		\$27,540
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$0		\$0
79	Misc Tangible Equipment		\$2,000		\$2,000
4	Safety System Equip	\$0	\$0		\$0
5	Electrical Service & Equip			\$4,080	\$4,080
9	Tanks			\$0	\$0
11	Connections, Fittings, & Supplies			\$0	\$0
12	SWD Pumps & Equipment			\$10,200	\$10,200
14	Separator & Treating Equipment			\$0	\$0
15	Metering Equip & LACT Unit			\$25,000	\$25,000
18	Pipelines/Flowlines			\$3,000	\$3,000
21	Pumping Unit			\$3,000	\$3,000
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$36,520	\$155,435	\$45,280	\$237,235

TOTAL TANGIBLE & INTANGIBLE COSTS \$610,988 \$1,313,539 \$70,280 \$1,994,807

URSA APPROVAL: *ML*
 Prepared by: Hans Wychgram / Pake Younger
 Date: 6/23/2014
 Approved by: *[Signature]*
 Date: 7/1/14

NONOPERATOR APPROVAL
 Company: _____ WI(%)
 App'd by: _____
 Title: _____ Date: _____
 Desire to be covered by Ursa Resources Group well control insurance
 Decline to be covered by Ursa Resources Group well control insurance

NOTE: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above

Handwritten notes:
 6/23/2014
 ML



Ursa Operating Company
 1050 17th Street, Suite 2400, Denver, CO 80263
 Tel: 720-508-8350, Fax: 720-508-8368

AUTHORIZATION FOR EXPENDITURE

Lease/Well:	McLin A 13B-12-06-92	Section/T/R:	Section 12, T6S, R92W	AFE Number:	14-180
County/State:	Garfield County, CO	SHL:	937' FSL, 2254' FWL	AFE Date:	6/23/14
Field/Project:	Gravel Trend	BHL:	2236' FSL, 660' FWL	WI%	75.79%
Objective:	Williams Fork			NR%	69.87%
Proposed TMD/TVD:	7762' MD / 7213' TVD				

AFE Project Types: Drill & Complete-Dev Drill & Complete-Explor Cap Facility
 Cap Workover/Recomplete Expense Workover Other

Project Description: **Drill, complete, and equip a 7,762' MD "S" shaped Williams Fork well, including 8 stage frac stimulation completion.**

SUB ACCT CODE	INTANGIBLE COSTS	DRILLING 151	N 163	FACILITY 165	TOTAL
21	Survey, Permits, Damages, Legal	\$11,220	\$0	\$0	\$11,220
22	Location, Pits, Roads	\$24,327	\$10,200	\$3,000	\$37,527
23	Mob/Demob Rig	\$36,946	\$0		\$36,946
24	Daywork-Rig	\$137,746	\$0		\$137,746
27	Completion/WO-Rig		\$48,980		\$48,980
28	Fuel, Power, & Water	\$50,959	\$2,550		\$53,509
29	Bits	\$31,000	\$0		\$31,000
30	Directional Drilling Services	\$69,921	\$0		\$69,921
31	Mud & Chemicals	\$35,700			\$35,700
32	Completion/WO Fluids		\$59,670		\$59,670
33	Casing & Lay Down Crews	\$0	\$0		\$0
34	Cementing Services	\$18,000	\$60,000		\$78,000
36	Communications	\$510	\$0		\$510
37	Transportation/Trucking	\$17,646	\$4,500	\$6,000	\$28,146
40	Vac Trk/Hot Oil/Pumping Services	\$0	\$5,610		\$5,610
41	Downhole Rentals	\$2,509	\$0		\$2,509
42	Surface Rentals	\$49,685	\$87,006	\$0	\$136,691
43	Fishing Tools & Services	\$0	\$0		\$0
44	Mud Logging & Wellsite Geology	\$6,426			\$6,426
45	DST, FT, & Coring	\$0			\$0
46	Open Hole Logging	\$0			\$0
48	CH Log, Perf, & Electric Line		\$65,280		\$65,280
50	Tubular Inspection & Testing	\$7,500	\$0		\$7,500
53	Swab/Slickline & Well Test/Fwback		\$119,340		\$119,340
54	CT, Snubbing, N2 Services		\$9,180		\$9,180
55	Stimulation-Frac & Acid		\$620,670		\$620,670
56	Contract Labor Services	\$19,380	\$10,200	\$10,000	\$39,580
57	Supervision & Consulting Services	\$15,259	\$19,890	\$6,000	\$41,149
58	Overhead Expenses	\$4,150	\$2,000		\$6,150
59	Plugging Costs	\$0	\$0		\$0
60	Well Control Insurance	\$3,642	\$0		\$3,642
62	Misc/Contingency	\$4,233	\$0		\$4,233
63	Fluid Disposal	\$30,000	\$33,048		\$63,048
64	Pipeline Interconnect/Hot Tap			\$0	\$0
TOTAL INTANGIBLE COSTS		\$574,759	\$1,158,104	\$25,000	\$1,757,863

SUB ACCT CODE	TANGIBLE COSTS	DRILLING 152	N 154	FACILITY 156	TOTAL
66	Conductor Casing	\$3,060			\$3,060
67	Surface Casing	\$23,460			\$23,460
68	Intermediate Casing	\$0			\$0
69	Liner	\$0			\$0
70	Production Casing		\$109,654		\$109,654
71	Liner Hanger/Csg Accessories	\$3,000	\$5,000		\$8,000
72	Wellhead Equipment	\$7,000	\$20,000		\$27,000
74	Tubing		\$27,540		\$27,540
75	Rods		\$0		\$0
76	Downhole Pump		\$0		\$0
77	Packers/Other Downhole Equip		\$2,000		\$2,000
79	Misc Tangible Equipment	\$0	\$0		\$0
4	Safety System Equip			\$4,080	\$4,080
5	Electrical Service & Equip			\$0	\$0
9	Tanks			\$0	\$0
11	Connections, Fittings, & Supplies			\$10,200	\$10,200
12	SWD Pumps & Equipment			\$0	\$0
14	Separator & Treating Equipment			\$25,000	\$25,000
15	Metering Equip & LACT Unit			\$3,000	\$3,000
18	Pipelines/Flowlines			\$3,000	\$3,000
21	Pumping Unit			\$0	\$0
23	Misc Facility Costs			\$0	\$0
TOTAL TANGIBLE COSTS		\$36,520	\$164,194	\$45,280	\$245,994

TOTAL TANGIBLE & INTANGIBLE COSTS \$611,279 \$1,322,298 \$70,280 \$2,003,857

URSA APPROVAL:		NONOPERATOR APPROVAL	
Prepared by	Hans Wychgram / Pake Younger	Company	WI(%)
Date	6/23/2014	App'd by	
Approved by	<i>[Signature]</i>	Title	Date
Date	7/1/14	<input type="checkbox"/> Desire to be covered by Ursa Resources Group well control insurance <input type="checkbox"/> Decline to be covered by Ursa Resources Group well control insurance	

NOTE: It is recognized that the amounts herein are estimates only and approval of this authorization constitutes your agreement to share in the actual costs incurred in conducting the operation specified, whether more or less than that herein set out, as to your working interest percentage shown above.

6/23/2014

EXHIBIT 5

OIL AND GAS LEASE

THIS OIL AND GAS LEASE AGREEMENT ("Lease"), dated and effective on September 20, 2014 by and between **JEFFREY S. SIMONSON and BRENDA S. SIMONSON**, whose address at 2045 County Road 311, New Castle, Colorado 81647 ("Lessor"), and **URSA PICEANCE LLC**, with an office at 1050 17th Street, Suite 2400, Denver, Colorado 80265 ("Lessee"),

WITNESSETH:

Lessor, in consideration of ten or more dollars, in hand paid, the royalties herein provided for and of the covenants and agreements herein contained, and strictly subject to the provisions hereinafter set forth, does, by this Lease does lease, and let unto Lessee, for the sole and exclusive purposes of investigating, exploring, prospecting, and drilling for and producing oil, hydrocarbon gas, casinghead gas, casinghead gasoline, condensate, and any other liquid and gaseous hydrocarbons (the words "Minerals" and "Mineral" being used herein to refer to such substances and no others, and to exclude all non-hydrocarbon gases, and any other non-hydrocarbon minerals, all of Lessor's right, title, and interest in and to the Minerals in or under the lands described on Exhibit "A" attached hereto and signed by Lessee and Lessor for identification ("Lease").

This Lease is subject to all encumbrances of record and to any and all public and private easements in, on, under, over and across such lands. Such lands contain approximately 3.715 gross acres.

All references to Sections or Paragraphs are to Sections or Paragraphs in this Lease except where otherwise specified, and the titles of such Sections or Paragraphs are for descriptive purposes only and have no legal import.

1. DEFINITIONS.

1.1 Definitions. Unless explicitly provided otherwise, the following terms shall have the meanings given herein for all purposes under this Lease.

1.1.1 "Commencement of Drilling or Reworking Operations" shall be deemed to be the date of spudding in a new well or the date of re-entry of an existing well for reworking purposes.

1.1.2 "Completion or Abandonment of Drilling or Reworking Operations" shall be deemed to be the date on which the drilling rig, completion rig, or reworking rig (whichever is the case) is released from the Permitted Location.

1.1.3 "Continuous Operations" shall be deemed to occur if not more than sixty (60) days elapse between the date of Completion or Abandonment of Drilling or Reworking Operations on one well at a Permitted Location and the date of Commencement of Drilling or Reworking Operations at another well at a Permitted Location. Such Continuous Operations shall be deemed to cease on the date such operations cease at one such well if within sixty (60) days thereafter such operations do not begin at another well at a Permitted Location.

1.1.4 "Land Unitized or Pooled with the Leased Premises" means land other than the Leased Premises which is included in any well unit established or permitted under the rules, regulations, or orders of a regulatory body of the State of Colorado or of the United States of America, which unit also includes a portion of the Leased Premises; and "Unit" means such a unit

1.1.5 "Leased Premises" means the subsurface mineral estate under the land described on Exhibit "A" with no right of surface use or occupancy which is attached hereto and incorporated herein, as is at the time subject to this Lease.

1.1.6 "Permitted Location" means a location on any of (i) the Leased Premises or (ii) land that is included in a Unit (as defined in Paragraph 1.1.4 above) which includes a portion of the Leased Premises.

1.1.7 "Primary Term" shall mean that period of time commencing with the effective date of this Lease as shown above and terminating three (3) years thereafter.

1.1.8 "Third Person" means any person, firm or corporation, not a subsidiary or affiliate of Lessee, with whom Lessee deals at arms' length and with whom Lessee has no processing contract involving production from the Leased Premises or other arrangement involving an exchange of production from the Leased Premises for other production, or a reciprocal allowance or discount on such production, or any reciprocal advantage, direct or indirect, resulting from any contract or arrangement. Any sale of production pursuant to any contract, arrangement, or other commitment existing as of the date of this Lease shall not be deemed a sale to a Third Person.

1.1.9 "Test Well" shall mean the first well drilled on the Leased Premises or on lands unitized with the Leased Premises.

1.1.10 "Well Tract" is a site on which a well producing or capable of producing one or more Minerals in paying quantities is located and a tract of land surrounding such well, which consists of the number of acres fixed by a spacing order for the production of hydrocarbons from such well by any state or federal regulatory body having jurisdiction to issue such order (or any lesser number of acres fixed by any subsequent amendment of such spacing order applicable to the field in question); or, if no spacing order has been issued, then the Well Tract shall consist of the number of acres consistent with the regulatory guidelines of any state or federal regulatory body having jurisdiction to issue a spacing order, or forty (40) acres, whichever is less. Furthermore, it is agreed and understood that at the expiration of the Primary Term or

the continuous drilling program, whichever is the later date, each producing unit shall be deemed to be a separate lease for all purposes

2. TERM.

2.1 Primary Term.

2.1.1 Primary Term. Subject to the other provisions herein contained, this Lease shall be in effect for and during the Primary Term and as long thereafter as (i) a Mineral or Minerals are produced in paying quantities from the Leased Premises or Lands Unitized therewith, or (ii) this Lease is maintained in force in any other manner provided for in this Lease. Lessee shall pay to Lessor the sum of \$500.00 per mineral acre for a total of \$1,857.50 upon the execution of this Lease.

2.1.2 Prosecution Of Operations. During the Primary Term of this Lease, Lessee shall commence drilling operations, and thereafter prosecute such operations with due diligence until such well (i) tests the formations down to the base of the Rollins formation); or (ii) encounters salt, igneous rock, heaving shale, abnormal pressure, mechanical difficulties or other conditions beyond the control of the Lessee which would render further drilling impracticable; or (iii) encounters a formation capable of producing oil or gas in commercial quantities. If Lessee commences reworking operations or operations for the drilling of another well, Lessee shall thereafter prosecute such operations with due diligence.

2.2 Continuation of Lease After Primary Term. If on or before the last day of the Primary Term Lessee commences operations for the drilling of the Test Well, the Lease may be continued after the Primary Term as follows:

2.2.1 Continuation as to Entire Leased Premises by Continuous Operations and Shut-in Extension. So long as Lessee commences Continuous Operations before the end of the Primary Term, the Lease shall continue in effect as to the entire Leased Premises after the Primary Term so long as Lessee conducts Continuous Operations.

2.2.2 Termination Except as to Well Tracts. After the expiration of the Primary Term and the cessation of any Continuous Operations under Paragraph 2.2.1, above, this Lease shall terminate as to all the Leased Premises located outside of a Well Tract as defined in Paragraph 1.1.10 on which the well is producing one or more Minerals in paying quantities.

~~2.2.3 Termination as to Horizons. After the expiration of the Primary Term and the cessation of any Continuous Operations under Paragraph 2.2.1, if there are one or more "Well Tracts," as defined in Paragraph 1.1.10, on which the well is producing one or more Minerals in paying quantities, this Lease shall terminate as to all horizons and formations located more than 400 feet beneath the stratigraphic equivalent of the base of the deepest productive zone of any well drilled on the Leased Premises.~~

2.3 Continuation of Lease on Well Tracts by Production. After the expiration of the Primary Term and the cessation of any Continuous Operations under Paragraph 2.2.1, this Lease shall continue in effect only: (i) as to the Leased Premises included in each Well Tract as defined in Paragraph 1.1.10 on which a well is producing one or more Minerals in paying quantities; and (ii) ~~as to those horizons and formations underlying the Leased Premises included in such Well Tract and located between the surface and one hundred (100) feet beneath the stratigraphic equivalent of the base of the deepest productive zone of any well drilled on the Leased Premises.~~ If thereafter the production of one or more Minerals in paying quantities from any Well Tract shall cease from any cause (including voluntary abandonment by Lessee), this Lease shall terminate as to the Leased Premises included in such Well Tract unless Lessee, within ninety (90) days after cessation of production, commences Reworking Operations for the drilling of a new well thereon; and if Lessee commences such reworking or drilling operations within such time, this Lease shall continue in effect as to the Leased Premises included in such Well Tract ~~(for the horizons and formations mentioned above)~~ during such operations; and if production of one or more Minerals in paying quantities is restored, this Lease shall continue in effect as to such Well Tract ~~(for the horizons and formations mentioned above)~~ for so long thereafter as production in paying quantities continues. In no event shall a producing well hold more than its producing unit or Well Tract.

2.4 Intentionally Left Blank.

2.5 Lease Continued by Operations or Production on Unit Lands. Lands covered by this Lease may not be pooled or unitized with any other lands without the express written consent of the Lessor.

2.6 Petition for Spacing. Lessee agrees to promptly petition the Colorado Oil and Gas Conservation Commission for well density of no more than twenty (20) acres and to prosecute said petition to decision in a prompt manner.

3 PROSECUTION OF DRILLING OPERATIONS. Upon the commencement of the drilling or reworking of any well under this Lease, Lessee shall be obligated to conduct such drilling or reworking with reasonable diligence and in accordance with good operating practices in the oil and gas producing industry in a bona fide and serious effort to produce one or more Minerals in paying quantities until such well is completed as a producer of a Mineral in paying quantities or until such well is abandoned as nonproductive at the conclusion of such serious and bona fide effort.

4. ROYALTIES.

4.1 Amount of Royalties. In consideration of the rights granted to Lessee in this Lease, Lessee covenants and agrees to pay Lessor for gas and oil of whatsoever nature or kind (with all of its constituents) produced and sold, or used in the manufacture of

projects or power, **18%** of the actual amount received by Lessee from the sale of the oil and gas or product produced, without deductions. Lessee will use its best efforts to dispose of all oil and gas or product produced at the best available regularly obtainable prices. In no event shall Lessor's royalty bear any deductions for any purpose.

4.2 Intentionally Left Blank.

4.2.1 Intentionally Left Blank.

4.2.2 Intentionally Left Blank.

4.2.3 Lessee's Warranty of No Prior Gas Commitments or Sale Contracts. Lessee:

(a) Represents and warrants that it has not heretofore entered into any contract for the sale or other disposition of gas which would commit or otherwise affect gas produced hereunder; and

(b) Shall not enter into any contract for the sale of or otherwise obligate the gas produced hereunder prior to discovery of production in paying quantities from the Leased Premises or for a term of more than three (3) years; and,

(c) Prior to entering into any contract for the sale of gas hereunder for a period of more than one (1) year, shall give Lessor sixty (60) days' written notice of the terms which Lessee proposes to accept, and during such sixty (60) day period Lessor may elect to take its royalty gas in kind pursuant to Paragraph 4.4. Should Lessor object to the terms of the proposed contract, Lessee agrees to meet with Lessor to endeavor in good faith to arrive at a mutually satisfactory solution. However, Lessor's consent thereto shall not be a condition of Lessee's right to enter into such a sales contract with respect to any gas that Lessor has not elected to take in kind or to purchase pursuant to its rights under Paragraphs 4.4. Promptly after the execution of any contract for the sale of gas hereunder, Lessee shall furnish Lessor with a full and complete copy of such executed contract.

4.3 Sale of Minerals and Payment of Royalties on Such Minerals. Except for royalties delivered in kind, Lessee will use its best efforts to dispose of all Minerals produced from the Leased Premises at the best available regularly obtainable prices. Payment of royalties (when not delivered in kind) shall be made monthly, on or before the last day of each month for the amounts accrued from sale or use of Minerals during the preceding month for oil and the second preceding month for gas.

4.4 Intentionally Left Blank.

4.5 Intentionally Left Blank.

4.6 Pro rata Reduction of Royalties on Production from Units, Including Land Outside Leased Premises. With respect to production from any Unit or Pool (as defined in Paragraph 1.1.4 and/or Paragraph 1.1.5, which includes land other than the Leased Premises), the Royalty and any other royalty payable under this Lease shall be computed only on the proportionate part of production from any such Unit or Pool that is allocated to the Leased Premises; and unless otherwise allocated by order of a regulatory body, the amount of production to be so allocated from each such Unit or Pool shall be that proportion of such total production that the surface area of the Leased Premises included in any such Unit or Pool bears to the total surface area of all the lands included in any such Unit or Pool.

4.7 Reduction in Royalty For Less Than Full Mineral Interest. If Lessor owns less than the full mineral interest estate in any lands included in the Leased Premises, then all royalties payable to Lessor under this Lease with respect to such lands shall be reduced to that proportion of such royalties which Lessor's mineral interest in such lands (with respect to the Minerals on which such royalties are payable) bears to the whole mineral interest therein.

4.8 Disbursement of Royalties. It is expressly understood and agreed by and between Lessor and Lessee that Lessee must disburse to Lessor its royalty from a particular well not later than 90 days after first sales from that well. Thereafter, Lessee must disburse each month to Lessor its royalty on production from the preceding month. If not paid when due, Lessor's royalty shall bear interest at the rate of 18% per annum from the due date until paid.

5. TAXES. Lessee shall pay all production, severance, and *ad valorem* taxes levied on Minerals covered hereby or any part thereof, or on the severance or production thereof, and all increases in taxes on the Leased Premises or any part thereof by reason of actual or assumed existence of, or the discovery of, a Mineral thereon or thereunder. Lessee may pay such taxes and deduct the part thereof chargeable to Lessor from amounts payable to Lessor hereunder, and shall furnish a statement of all taxes so paid and deducted at the time of payments to Lessor. Any and all taxes, license fees and other governmental charges assessed against the works, machinery, structures, and other things constructed or used by Lessee in connection with its operations hereunder shall be borne and paid by Lessee alone.

6. NOTICES; PAYMENT BY LESSEE. All notices to be given under this Lease to Lessor or Lessee shall be mailed, and Lessee shall make all payments due Lessor by check or draft of Lessee mailed to Lessor, at the appropriate address set forth hereafter, until a party wishing to change its address gives written notice of the change:

Lessee:

Ursa Piceance LLC
1050 17th Street, Suite 2400
Denver, Colorado 80265

Lessor:

Jeff and Brenda Simonson
2045 County Road 311,
New Castle, Colorado 81647

7. DEVELOPMENT OF PREMISES; OFFSET; LESSOR'S RIGHT TO PURCHASE ABANDONED WELL. Without modifying the provisions of Paragraph 2, and subject to the right of Lessee to release acreage voluntarily as provided in Paragraph 8:

7.1 Development of Premises. Lessee covenants and agrees:

7.1.1 When Mineral Discovered. If a Mineral or Minerals in paying quantities shall be discovered on land then subject to this Lease, to drill such additional wells and to conduct such drilling, deepening, and producing operations as a prudent lessee and/or operator would do under the same or similar circumstances, and the development and production of any one Mineral shall not relieve the Lessee of Lessee's obligation to develop and produce any other Minerals which can be produced from the Leased Premises in paying quantities; and

7.1.2 Operation Of Wells. At all times to operate such wells and all appurtenances in connection with good field practices in order that such wells will currently produce the best possible yield; currently to produce from the well or wells and run to the pipeline to which the well or wells may be connected, their maximum output of oil and/or gas, when so efficiently operated, but not to exceed the allowable output for such well or wells according to the current orders, rules, and regulations of the regulatory body or bodies, if any, having jurisdiction governing the drilling and operations of such well or wells; and

7.1.3 Operations On Leased Premises. To conduct all operations on the Leased Premises in a good and workmanlike manner and in accordance with the standard of the best practices in like operations; to utilize closed drilling systems for all operations under this Lease; to comply with all laws and governmental regulations relating to the drilling of wells, production of oil or gas operations in connection therewith, including without limitation laws relating to fire hazard, fire prevention, abandonment of wells, the plugging of abandoned holes and the pollution of surface and underground water supply; and to furnish Lessor written approval of any regulatory bodies with jurisdiction thereover relating to the abandonment of any such well. In addition to complying with laws and regulations pertaining to standards of care in drilling for and producing oil and gas, Lessee shall operate at all times as a prudent operator and avoid damage to the land and subsurface formations, including damage by pollution.

7.2 Offset Well. If any well should be completed on land adjacent to or near the Leased Premises or Land Unitized therewith (whether or not owned by Lessor) which is producing a Mineral in paying quantities, Lessee shall be obligated to drill on the Leased Premises such well or wells as a prudent operator, under the same or similar circumstances, would drill to protect the Leased Premises from drainage; provided, however, that Lessee shall not be obliged to offset any gas well as long as the same is shut-in and not producing; and that if Lessee does not wish to undertake the offset obligations hereunder, it may exercise its voluntary rights under Paragraph 8.

8. RELEASES. Lessee may at any time execute and deliver to Lessor and place of record a release or releases covering any portion or portions of the Leased Premises, and thereby surrender this Lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered except those arising from prior acts or omissions of Lessee. Whenever any portion of this Lease is no longer being maintained in force and effect by any applicable provision thereof, Lessee shall have a period of thirty (30) days therefrom in which to furnish to Lessor a recordable release of that portion of this Lease no longer so maintained. If the release is not so prepared and filed for record and upon written notice from Lessor, Lessee shall have an additional period of thirty (30) days from Lessee's receipt of said notice in which to furnish said release to Lessor or be charged \$1,000.00 per month

9. LIABILITY OF LESSEE.

9.1 Lessee Responsible For Operations. Lessee shall conduct all operations hereunder at its sole cost, risk, and expense and shall be and remain fully responsible for all such operations. Lessee assumes all risks and liability of any kind and nature incident to, occasioned by, or resulting in any manner, directly or indirectly, from Lessee's operations hereunder.

9.2 Indemnity. Lessee specifically agrees to prevent, protect, indemnify, defend, and hold harmless Lessor, its officers, agents and employees from every kind and character of liens, damages, losses, expenses, demands, claims and causes of action claimed by or arising in favor of any person, firm or corporation whatsoever, including without limitation Lessee, its officers, agents, employees and its contractors or subcontractors, or of their officers, agents or employees, on account of personal injuries, death claims Or damages to property or any persons arising from any course whatsoever (including but not limited to pollution of air, water, land, minerals, animal and botanical life and any other natural resource and the violation or claimed violation of any and all federal, state and local pollution control or other environmental laws now in effect or which may hereafter become effective) growing out of or incident to the operations conducted by Lessee or its contractors or subcontractors, or to the entrance of Lessee or its officers, agents or employees on the Leased Premises under color of this Lease, whether such injuries, death or damage result from or are claimed to have resulted from the sole or concurrent passive or active negligence of Lessor, its officers, agents or employees or the sole or concurrent passable or active negligence of Lessee, its officers, agents or employees or of Lessee's contractors or subcontractors, their officers, agents or employees. Lessee shall, at its sole expense, defend any suit or action brought against Lessor based on any such alleged injury, death or damage, and shall pay all damages, costs and expenses, including attorney's fees in connection therewith or in any manner resulting therefrom; but Lessor shall have the right to participate in such suit or action if it so elects. Such damages shall include all damages to or by livestock, and claims and demands with respect thereto, including all

damages as a result of fences, gates and gaps left open or insecurely closed, and shall include, but not be limited to, injuries or damages occasioned by the failure of or use or misuse of any and all kinds of equipment, whether owned or rented by Lessee or furnished by any contractor or subcontractor. In addition, Lessee agrees to keep the Leased Premises duly and fully free from and protected against liens of every character arising in connection with, or resulting from, such operations. Lessee shall co-insure Lessor for liability insurance for not less than \$10 million dollars. Nothing in this Section or in this Lease grants any right to Lessee to use the surface of the Leased Premises

10. ACCESS AND SURFACE USE. Nothing in this Section or in this Lease grants any right to Lessee to use the surface of the Leased Premises. With respect to any of the Leased Premises as to which Lessor owns no surface rights or interests, except such rights to surface use as are incident to Lessor's ownership of the mineral interest, Lessee agrees that any and all necessary arrangements and agreements for access to and use of the surface by Lessee in conducting its operations hereunder shall be made directly with the surface owner(s), including settlement with such owner(s) for any surface or other damages resulting from Lessee's operations. Lessee shall, at its sole expense, obtain rights to surface occupancy at necessary location(s) to perform its rights and obligations under this Lease.

11. INTENTIONALLY LEFT BLANK.

12. TITLE OF LESSOR.

12.1 No Title Warranties. This Lease is made and accepted without any covenant of title or warranty of any kind whatsoever and without recourse against the Lessor.

12.2 Abstracts And Curative. Lessor has no obligation to furnish any title opinion(s) or to purchase any base abstract(s) or supplemental abstract(s), nor shall Lessor be obligated to perform any curative work or to bear any part of the cost of acquisition of any documents or records necessary to cure title of the Leased Premises or any expense incurred in examining and curing title thereto.

12.3 Lessee's Records. Lessee agrees to furnish Lessor, at the address shown in Paragraph 6 above, copies of such records and documents (including but not limited to abstracts, supplemental abstracts, title opinions, surveys, and production reports) that Lessee may own or hereafter acquire, as may be required to determine the accuracy of: (i) division orders rendered to Lessor and (ii) all royalties paid or delivered to Lessor.

12.4 Liens. Lessee shall have the right to purchase, pay, or redeem any mortgage, tax or other lien on the Leased Premises and be subrogated to the rights of the holder thereof

13. CLEARANCE OF TITLE UPON TERMINATION OF LEASE. Upon the termination of this Lease as to any part or all of the Leased Premises, Lessee covenants to execute a release in written legal form, properly acknowledged and entitled to be recorded, discharging and releasing all right, title and interest of Lessee from any and all further claim under this Lease and removing any clouds cast by this Lease on the title to such lands. Such deed or release shall be executed and delivered to Lessor within sixty (60) days after the termination hereof as to all or part of the Leased Premises. If Lessee fails to execute and deliver such release within thirty (30) days after written demand by Lessor therefor, Lessor shall have the right to file suit to cancel this Lease as a cloud on the title to such lands and Lessee covenants and agrees to pay all costs of suit incident to such cancellation and all damages and expenses sustained by Lessor, including attorneys' fees, as a result of such failure. The obligations of Lessee under this Paragraph 13 shall be in addition to, and not in substitution for, any imposed by statute of the state in which the Leased Premises are located.

14. INSPECTION, RECORDS AND INFORMATION. Lessee agrees that:

14.1 Inspection Lessor and its employees and consultants ("Representatives") shall have the right, at Lessor's risk, at all reasonable times, to inspect any machinery, equipment, well or operation of Lessee upon the Leased Premises or Lands Unitized therewith.

~~**14.2 Reports upon request.** During the process of drilling any well provided for herein, including the Test Well (whether or not one is drilled on the Leased Premises) and all wells located on the Leased Premises or on Lands Unitized therewith, Lessee further agrees to furnish Lessor daily drilling progress reports and/or daily mud logger reports on a daily basis. The daily reports will include the following information: depth, operations, progress for the preceding twenty-four (24) hours, deviation and mud characteristics (for example, weight, viscosity, water loss, Ph., chlorides, solids, oil percentages). With respect to all such wells, Lessee agrees to furnish to Lessor copies of Application to Drill forms, Well Completion or Recompletion forms, and Plug and Abandon reports. Lessee further agrees to make a good faith effort to notify Lessor at least twenty-four (24) hours prior to conducting any testing, coring, logging or completion operations on a well located on the Lease Premises or Lands Unitized therewith. After completion of the drilling operations on the Test Well and any other well on the Leased Premises or on Lands unitized therewith, Lessee further agrees to furnish Lessor with copies of all records and reports obtained from or pertaining to such well or wells, including those items listed in Paragraphs 14.2.1 through 14.2.5. In addition, Lessee agrees to furnish to Lessor free of charge, all title opinions, in their entirety, and rendered by its attorney, the attorney for any purchaser of production hereunder, or furnished to Lessor by any party. All of the below mentioned data, statements, reports, logs and information, together with any cost statement and title documents required to be delivered to Lessor under this Lease, shall be mailed or delivered to Lessor at the address designated in Paragraph 6.~~

- ~~—14.2.2 Tests. Results of all tests, including drill stem tests, formation tests and/or core analysis~~
- ~~—14.2.3 Dip Meter Surveys. All dip meter surveys, including the lessee's interpretation thereof;~~
- ~~—14.2.4 Formation Identification. At Lessor's request, information showing Lessee's identification of all formations encountered on any electrical as determined by Lessee's geologist or paleontologist;~~
- ~~—14.2.5 Samples. At Lessor's request, cuts and samples taken from the mud or from coring;~~
- ~~—14.2.6 Confidentiality. Lessor agrees to maintain confidentially with respect to all such information produced hereunder.~~
- ~~—14.2.7 Assignments/Unit Information. In the event Lessee assigns its rights under this lease, Lessee shall furnish to Lessor a copy of such Assignments within 30 days of such Assignment. Lessee shall also furnish Lessor with recorded copies of Unit Agreements and/or Designations, and affecting the Leased Premises.~~

14.3 Examination of Other Matters. In addition, Lessee agrees:

14.3.1 Operation and Production Records. To keep and, at all reasonable times, make available to Lessor and its Representatives for examination and copying, full, complete and correct records showing operations on and production from the Leased Premises, including the gross production, the quantities saved, the quantities sold, the quantities used, sales prices for production sold, the quantities and values of all other production, all sales contracts and all other data proper for the settlement of accounts between the parties;

14.3.2 Exploration, Development and Production Records. To make available to Lessor and its Representatives for examination and copying all records, contracts, documents, books and any other papers in the possession or under the control of Lessee (except intra-company correspondence) reflecting the testing, exploration and/or development of and production from the Leased Premises;

14.3.3 Notice of Spacing Application. Should Lessee deem it necessary or desirable to apply to governmental authority for rules or orders governing the spacing of wells or the establishment of drilling or other Units affecting the Leased Premises, to notify Lessor, at least fifteen (15) days prior to the submission of such application, in writing, of its proposed plan setting forth in detail the purposes of such application or plan, the results to be achieved thereby and full and complete information with respect thereto, and thereafter to keep Lessor fully informed with respect to such plan, including without limitation any changes or modifications thereof; *provided, however,* that the inadvertent failure of Lessee to comply with the provisions of this Paragraph 14.3.3 shall not be considered grounds for termination of this Lease.

15. COMPLIANCE WITH LAWS AND REGULATIONS. Lessee shall comply with all valid laws, rules and regulations of the state regulatory body and all other governmental agencies having jurisdiction. Lessee agrees that Lessee shall not apply for any exception to the applicable spacing or density regulations without first giving written notice thereof to Lessor.

16. AMENDMENTS/MEMORANDUM OF LEASE. No change in, addition to, or modification or amendment of this Lease or any provision hereof, shall hereafter be made except by an agreement in writing signed by each of the parties hereto. To preserve the confidentiality of the terms and provisions hereof, Lessor and Lessee agree to withhold this Lease from record, however, this Lease will be identified in a Memorandum of Oil and Gas Lease that is being executed contemporaneously herewith and will be filed in the Garfield County records that shall expressly state that no surface rights are being granted by this Lease.

17. ATTORNEY FEES/GOVERNING LAW. Should this Lease become the subject of litigation between the Lessor and Lessee, the prevailing party shall be entitled to attorneys' fees and costs of suit actually incurred, including expert witness fees. This Lease shall be governed by the laws of Colorado and in the event of litigation pertaining to this Lease, the exclusive forum, venue, and place of jurisdiction shall be Colorado.

18. RESERVATION. Lessor reserves to itself and its successors and assigns all rights not specifically granted to Lessee in this Lease.

IN WITNESS WHEREOF, this lease is executed as of the date first above written.

LESSOR:

LESSEE: Ursa Piceance LLC

Jeffrey S. Simonson

Brenda S. Simonson

Don Simpson – Vice President of Business Development

STATE OF COLORADO)
)
COUNTY OF GARFIELD)

BEFORE ME, the undersigned Notary Public, on this day personally appeared **Jeffrey S. Simonsen and Brenda S. Simonsen**, are signed to the foregoing instrument and who are known to me, acknowledged before me on this day that, being informed of the contents of the instrument, they executed the same voluntarily.

Given under my hand and seal of office this _____ day of _____, 2014.

My Commission Expires: _____

Notary Public

STATE OF COLORADO)
)
COUNTY OF DENVER)

BEFORE ME, the undersigned Notary Public, on this day personally appeared **Don Simpson, as Vice President of Business Development of Ursa Piceance LLC**, known to me to be the person whose name is subscribed to the foregoing instrument and who acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein expressed.

Given under my hand and seal of office this ____ day of _____, 2014.

My Commission Expires: _____

Notary Public