

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

IN THE MATTER OF THE APPLICATION OF	)	
ULTRA RESOURCES, INC. FOR AN ORDER	)	
ESTABLISHING A 480-ACRE DRILLING AND	)	
SPACING UNIT AND ESTABLISHING WELL	)	
LOCATION RULES FOR THE NIOBRARA	)	Cause No. _____
FORMATION FOR THE N½ AND SE¼	)	Docket No. _____
SECTION 17, TOWNSHIP 14 SOUTH, RANGE	)	
64 WEST, 6TH P.M., EL PASO COUNTY,	)	
COLORADO		

APPLICATION

Ultra Resources Inc. ("Applicant"), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the "Commission") for an order establishing an exploratory 480-acre drilling and spacing unit and establishing existing well location rules applicable to the drilling and producing of wells from the Niobrara Formation covering certain described lands in El Paso County, Colorado and in support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.

2. Applicant owns the leasehold interest in the following lands (hereafter the "Application Lands"):

Township 14 South, Range 64 West, 6th P.M.  
Section 17: N½, SE¼

3. Pursuant to Commission Rule 318.a., a well to be drilled in excess of two thousand five hundred (2,500) feet in depth shall be located not less than six hundred (600) feet from any lease line, and shall be located not less than one thousand two hundred (1,200) feet from any other producible or drilling oil or gas well when drilling to the same source of supply, unless authorized by order of the Commission upon hearing. There are no specific Commission Orders applicable to the Niobrara Formation underlying the Application Lands.

4. The Niobrara Formation in this area is defined as the stratigraphic equivalent of the interval between 4,890' and 5,430' as found in the Lewis #1 Well , located in the NW/4SW/4 of Section 23, Township 14 South, Range 65 West. The Niobrara Formation is a common source of supply underlying the Application Lands.

5. To promote efficient drainage within the Niobrara Formation of the Application Lands, to protect correlative rights and to avoid waste, the Commission should establish an exploratory drilling and spacing unit of the approximately 480 acres consisting of the Application Lands.

6. That Niobrara Formation wells have been drilled, tested and completed wells upon lands with similar geologic characteristics to those of the Application Lands.

7. That the above-proposed exploratory 480-acre drilling and spacing unit will allow efficient drainage of the Niobrara Formation; will prevent waste; will not adversely affect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoirs. Applicant believes that an exploratory drilling and spacing unit of the size and shape specified above is not smaller than the maximum area that can be economically and efficiently drained by the wells proposed in Paragraph 8 in such drilling and spacing unit.

8. That the Applicant is requesting to drill and complete one (1) vertical pilot well and depending upon the results thereof, requests the option to drill and complete up to four (4) horizontal wells in the exploratory 480-acre drilling and spacing unit comprised of the Application Lands. The Applicant states that the one (1) vertical pilot well and each of the four (4) optional horizontal wells shall be drilled in the exploratory 480-acre drilling and spacing unit with treated interval of the wells and an ultimate bottomhole locations no closer than 600' from the boundaries of the drilling and spacing unit, unless an exception is authorized by the Director of the Commission. The Applicant further maintains that the proposed horizontal wells will have no adverse effect on correlative rights of adjacent owners. A plat is attached hereto for reference.

9. That the Applicant states that any well, vertical or horizontal, proposed to be drilled and completed to the Niobrara Formation shall be located anywhere on the surface within the exploratory 480-acre drilling and spacing unit.

10. That the Applicant further states that the requested wells can be developed in a manner consistent with protection of the environment, public health, safety and welfare.

11. That the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit A attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party within the next seven days as required by Rule 503.e.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this \_\_\_\_ day of February, 2012.

ULTRA RESOURCES INC.

By: \_\_\_\_\_

Jamie L. Jost  
Michael J. Wozniak  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16<sup>th</sup> Street, Suite 1100  
Denver, Colorado 80202

Applicant's Address:  
Ultra Resources Inc.  
ATTN: Mary Sharon Balakas  
304 Inverness Way South, Suite 295  
Englewood, CO 80112

VERIFICATION

STATE OF COLORADO                    )  
  ) ss.  
COUNTY OF DOUGLAS                )

Mary Sharon Balakas, Director of Land, with Ultra Resources, Inc., upon oath deposes and says that she has read the foregoing Application and that the statements contained therein are true to the best of her knowledge, information and belief.

ULTRA RESOURCES, INC.

\_\_\_\_\_  
Mary Sharon Balakas, Director of Land

Subscribed and sworn to before me this \_\_\_\_\_ day of February, 2012 by Mary Sharon Balakas, Director of Land, for Ultra Resources Inc.

Witness my hand and official seal.

My commission expires:\_\_\_\_\_

\_\_\_\_\_  
Notary Public

EXHIBIT A

INTERESTED PARTIES

Ultra Resources Inc.  
ATTN: Mary Sharon Balakas  
304 Inverness Way South, Suite 295  
Englewood, CO 80112

Kim Kaal  
Energy Liaison  
Colorado Division of Wildlife  
711 Independent Ave.  
Grand Junction, CO 81505

Kent Kuster  
Colorado Department of Public  
Health and Environment  
4300 Cherry Creek Drive South  
Denver, CO 80246-1530

Martin M. Hrebenar  
El Paso County, Development Services  
2880 International Circle, Suite 110  
Colorado Springs, CO 80910

Jeffrey H. Greene  
County Administrator  
El Paso County  
27 E. Vermijo Ave.  
Colorado Springs, CO 80903-2208

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**AFFIDAVIT OF MAILING**

STATE OF COLORADO	)	
	)ss.	
CITY AND COUNTY OF DENVER	)	

Jamie L. Jost, of lawful age, and being first duly sworn upon her oath, states and declares:

That she is the attorney for ULTRA RESOURCES, INC. and that on or before February \_\_, 2012, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

\_\_\_\_\_  
Jamie L. Jost

Subscribed and sworn to before me February \_\_, 2012.

Witness my hand and official seal.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public