

APPLICATION FOR PERMIT TO:

Drill

 Deepen

 Re-enter

 Recomplete and Operate

TYPE OF WELL OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> COALBED <input type="checkbox"/> OTHER _____	Refiling <input type="checkbox"/>
ZONE TYPE SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONES <input checked="" type="checkbox"/> COMMINGLE ZONES <input checked="" type="checkbox"/>	Sidetrack <input type="checkbox"/>

Date Received:
08/01/2013

Well Name: <u>McLin</u>	Well Number: <u>B21</u>
Name of Operator: <u>URSA OPERATING COMPANY LLC</u>	COGCC Operator Number: <u>10447</u>
Address: <u>1050 17TH STREET #2400</u>	
City: <u>DENVER</u>	State: <u>CO</u> Zip: <u>80265</u>
Contact Name: <u>Shauna Redican</u>	Phone: <u>(720)5088350</u> Fax: ()
Email: <u>sredican@ursaresources.com</u>	

RECLAMATION FINANCIAL ASSURANCE
 Plugging and Abandonment Bond Surety ID: 20120125

WELL LOCATION INFORMATION

QtrQtr: NENE Sec: 13 Twp: 6S Rng: 92W Meridian: 6

Latitude: 39.531054 Longitude: -107.608143

Footage at Surface: <u>1243</u> feet	FNL/FSL <u>FNL</u> <u>478</u> feet	FEL/FWL <u>FEL</u>
--------------------------------------	---------------------------------------	-----------------------

Field Name: Kokopelli Field Number: 47525

Ground Elevation: 5649 County: GARFIELD

GPS Data:
 Date of Measurement: 08/05/2010 PDOP Reading: 2.4 Instrument Operator's Name: Scott E Aibner

If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: <u>648</u> feet	FNL/FSL <u>FNL</u> <u>686</u> feet	FEL/FWL <u>FEL</u>
--	---------------------------------------	-----------------------

Sec: 18 Twp: 6S Rng: 91W Sec: 18 Twp: 6S Rng: 91W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The Surface Owner is: is the mineral owner beneath the location.
 (check all that apply) is committed to an Oil and Gas Lease.
 has signed the Oil and Gas Lease.
 is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: Fee State Federal Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: No

The right to construct the Oil and Gas Location is granted by: oil and gas lease

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

Please see attached mineral lease map and previously approved SUA for the McLin B Pad (Location ID# 417622)

Total Acres in Described Lease: 40 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # _____

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 138 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1185 Feet

Building Unit: 1388 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1576 Feet

Above Ground Utility: 1601 Feet

Railroad: 5280 Feet

Property Line: 1134 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).

- Enter 5280 for distance greater than 1 mile.

- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.

- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: Buffer Zone
 Exception Zone
 Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit

- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.

- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 245 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 648 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
WILLIAMS FORK-ILES	WFILS	513-6	161	NENW, L1-L3

DRILLING PROGRAM

Proposed Total Measured Depth: 7308 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 245 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? No

BOP Equipment Type: Annular Preventor Double Ram Rotating Head None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Recycle/reuse

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Beneficial reuse

Other Disposal Description:

If cuttings meet Table 910 they will be beneficially reused

Beneficial reuse or land application plan submitted?

Reuse Facility ID: or Document Number:

CASING PROGRAM

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	20	16	55#	0	60	50	60	0
SURF	12+1/4	8+5/8	24/32#	0	1000	267	1000	0
1ST	7+7/8	4+1/2	11.6#	0	7308	660	7308	

Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- Rule 318A.a. Exception Location (GWA Windows).
- Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number

OTHER LOCATION EXCEPTIONS

Check all that apply:

- Rule 318.c. Exception Location from Rule or Spacing Order Number
- Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments This Form 2 is associated with the McLin B Pad Form 2A (DOC# 400453604) and is the additional well to be permitted on location. First String/ Production will be > 500 Feet above TOG. Since this location is not located within a UMA or Buffer Zone, no pre-application notice is required. There is no building unit located within 1000' of the well. Please see attached plat for reference to cultural setbacks. Since this well is not within a Designated Setback Location, it is not subject to the Mitigation Measures outlined in Rule 604.c. The BMPs attached were approved with the McLin B Pad Form 2A. The offset well evaluation is not required since this well is not within the DJ Basin.

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

Location ID: 416722

Is this application being submitted with an Oil and Gas Location Assessment application? Yes

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Shauna Redican

Title: Permit Representative Date: 8/1/2013 Email: sredican@ursaresources.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved:  Director of COGCC Date: 9/7/2013

Expiration Date: 09/06/2015

API NUMBER 05 045 22156 00

Conditions Of Approval

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

COA Type

Description

	<p>(1) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE NORTHWEST COLORADO NOTIFICATION POLICY IS REQUIRED.</p> <p>(2) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE GARFIELD COUNTY RULISON-FIELD NOTICE TO OPERATORS IS REQUIRED.</p> <p>(3) COMPLIANCE WITH THE MOST CURRENT REVISION OF THE MAMM CREEK FIELD NOTICE TO OPERATORS IS REQUIRED.</p> <p>(4) COMPLIANCE WITH THE NOTICE TO OPERATORS DRILLING WELLS IN THE BUZZARD, MAMM CREEK, AND RULISON FIELDS, GARFIELD COUNTY AND MESA COUNTY IS REQUIRED. (PROCEDURES AND SUBMITTAL REQUIREMENTS FOR COMPLIANCE WITH COGCC ORDERS NOS. 1-107, 139-56, 191-22, AND 369-2 (JULY 8, 2010)). SEE ATTACHED NOTICE.</p>
--	---

Best Management Practices

No	BMP/COA Type	Description
1	Planning	<ul style="list-style-type: none"> • Directional drilling will be implemented to minimize habitat loss and habitat fragmentation • Remote monitoring using SCADA systems to reduce truck traffic, fugitive dust • Water pipeline infrastructure will be installed concurrently with the gas pipeline infrastructure where possible. • SPCC inspections will be conducted quarterly • Water used for well completions will be recycled as practicable • Baseline and post drilling/completion water well testing will be performed for permitted water wells within ½ mile of down-hole location • Annual planning meeting to be conducted with Rifle-Silt-New Castle Community
2	General Housekeeping	<p>Invasive Non-Native Vegetation Control:</p> <ul style="list-style-type: none"> • Weed management plan will be developed and implemented to monitor and control noxious and invasive weeds • Noxious weed control includes three treatments per year • Existing weed infestations will be mapped prior to the development of each pad, access road and pipeline when practicable • Reclamation/revegetation will be used as a weed management tool
3	Wildlife	<p>Mitigation Plan Best Management Practices:</p> <ul style="list-style-type: none"> • Closed loop (pitless) drilling system. • Participation in raptor and other birds (great blue heron) monitoring and surveying with protocol to be developed by CDOW and implemented by Antero when practicable. • Buried water and gas pipelines as means to reduce truck traffic. • Seasonal raptor RSOs for species not included in new COGCC rules will be considered where practicable. • Avoidance/seclusion area in the northeast corner of the CDP (Burning Mountain) unless lease expiration warrants development. • Restricted rig operation to less than 2 per section within the big game seclusion areas during the winter (to be determined in consultation with CDOW). • Maintaining a ¼ mile no surface occupancy buffer around active bald eagle nests. • New pad construction not to exceed 3 acres. • Pad density not to exceed 1 pad per 120 acres. • Bury all gas and water pipelines adjacent to roads whenever possible. • The mitigation opportunities/projects will be defined by the Mitigation Plan for each well pad. • The mitigation opportunities/projects will be determined cooperatively with the CDOW during the annual Antero Mitigation Plan Review. • CDOW Actions to Minimize Adverse Impacts to Wildlife Resources is attached to the March 22, 2010 Mitigation Plan
4	Storm Water/Erosion Control	<ul style="list-style-type: none"> • Facilities will be operated with a Water Quality Control Division (WQCD) stormwater construction permit. • Stormwater BMPs in accordance with the Stormwater Management Plan will be implemented in a manner that minimizes erosion, transport of sediment offsite, and site degradation. • Inspections will be conducted every two weeks or monthly and in accordance with WQCD General Permit to confirm that applicable BMPs are in place, maintained and functioning properly.
5	Material Handling and Spill Prevention	<p>Public Water System Protection:</p> <ul style="list-style-type: none"> • Facilities will be operated with a Water Quality Control Division (WQCD) stormwater construction permit. • Stormwater BMPs in accordance with the Stormwater Management Plan will be implemented in a manner that minimizes erosion, transport of sediment offsite, and site degradation. • Inspections will be conducted every two weeks or monthly and in accordance with WQCD General Permit to confirm that applicable BMPs are in place, maintained and functioning properly.

6	Drilling/Completion Operations	<ul style="list-style-type: none"> • No reserve, drill cuttings or frac/flowback pits will be constructed • Well pads will be constructed with perimeter berm on downslope area • Well pads, access roads will be graveled to reduce fugitive dust, sediment run-off • Above-ground facilities will be located to minimize visual effects (e.g. production tanks will be low profile tanks and painted to mitigate visual impacts.) • Combustor controls will be used to mitigate odors from production tanks • Well completions will utilize flowback completion technologies and/or flares to reduce odors from plug drillout, and venting of salable and non-salable gas • High level alarms will be installed on production tanks • Production tank containment area will be lined with plastic
---	--------------------------------	---

Total: 6 comment(s)

Applicable Policies and Notices to Operators

Mamm Creek Field Area Notice to Operators.
Piceance Rulison Field - Notice to Operators.
NW Colorado Notification Policy.
Bradenhead Pressure Reporting-Garfield County (Mamm Creek & Rulison Fields) Mesa County (Buzzard Field).
Notice Concerning Operating Requirements for Wildlife Protection.

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400462077	FORM 2 SUBMITTED
400462226	DEVIATED DRILLING PLAN
400462227	DIRECTIONAL DATA
400462257	MINERAL LEASE MAP
400465527	WELL LOCATION PLAT

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	No LGD or public comments. Final Review--passed.	9/3/2013 7:24:11 AM
LGD	pass, gdb	8/26/2013 11:43:37 AM
Permit	Corrected dist. to nearest wellbore on Drlg. Tab.	8/19/2013 12:38:44 PM
Engineer	THE PROPOSED SURFACE CASING IS MORE THAN 50' BELOW THE DEPTH OF THE DEEPEST WATER WELL WITHIN 1-MILE OF THE SURFACE LOCATION WHEN CORRECTED FOR ELEVATION DIFFERENCES. THE DEEPEST WATER WELL WITHIN 1-MILE IS 380 FEET DEEP.	8/19/2013 9:50:11 AM
Permit	This form has passed completeness.	8/12/2013 1:19:08 PM
Permit	Returned to draft: 1) Surface & Min. Tab: correct response to Minerals beneath O&G location. 2) Cultural Setback Tab: dist. to prop. line does not agree w/ 2A submitted. 3) Drilling & Waste Tab: enter value for dist. to nearest well. Correct Groundwater Sampling Rule. 4) Offset Wells Eval. Tab: just leave blank.	8/12/2013 7:24:46 AM
Permit	This form is returned to draft. This form was submitted for the first time on or after August 1, 2013 and must be completed in the new form with all the new requirements satisfied.	8/6/2013 11:25:12 AM

Total: 7 comment(s)