

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 note: this well bottom-holes in the 9 acre McPherson lease. The attached mineral lease map describes the lease beneath the surface / pad of the subject well. The 2356 acre lease shown on the lease map is part of the Spacing Order 191-90 which makes up the SW/4 of Section 12 (160 acre unit).

Total Acres in Described Lease: 2356 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: 40 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 633 Feet
Building Unit: 633 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 822 Feet
Above Ground Utility: 814 Feet
Railroad: 5280 Feet
Property Line: 345 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: 10/11/2013

SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 250 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 150 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

The WFCM is the target formation for this well.

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 | 191-90 | 160 | SW |

DRILLING PROGRAM

Proposed Total Measured Depth: 7182 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 250 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? No

Reuse Facility ID: or Document Number:

CASING PROGRAM

| Casing Type | Size of Hole | Size of Casing | Wt/Ft | Csg/Liner Top | Setting Depth | Sacks Cmt | Cmt Btm | Cmt Top |
|-------------|--------------|----------------|-------|---------------|---------------|-----------|---------|---------|
| CONDUCTOR | 24 | 16 | 55# | 0 | 60 | 111 | 60 | 0 |
| SURF | 12+1/4 | 8+5/8 | 32# | 0 | 1000 | 267 | 1000 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 7182 | 656 | 7182 | |

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 Re-file has been revised from the originally approved Form 2 APD. The SHL, BHL, casing and cement program, TD and distance to mineral lease line have been updated. There have been no changes to the mineral lease. First String / Production will be > 500 feet about TOG. Please see attached plat for reference to cultural setbacks. Distance to nearest well completed in the same formation / permitted or existing well penetrating objective formation was measured to the proposed Valley Farms J3. The distance to lease line was measured from the BHL to the northeast of the McPherson et al 9 acre lease. There will not be additional surface disturbance at the pad location. Per COGCC request, Ursa has notified landowners of their plans to submit Form 2 APD as a best management practice to ensure positive landowner relations. Please see attached Courtesy Well Permit Notification for reference to Rule 305.a.(2) Buffer Zone Notification.

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

Location ID: 416703

Is this application being submitted with an Oil and Gas Location Assessment application? No

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

Signed: _____ Print Name: Shauna Redican

Title: Permit Representative Date: 10/4/2013 Email: sredican@ursaresources.com

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: _____

Expiration Date: _____

| |
|-------------------|
| API NUMBER |
|-------------------|

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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 |
|----------|-------------|
| | |

Best Management Practices

| No BMP/COA Type | Description |
|-----------------|-------------|
| | |

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Attachment Check List

| Att Doc Num | Name |
|-------------|------------------------|
| 400484695 | DIRECTIONAL DATA |
| 400484696 | WELL LOCATION PLAT |
| 400486685 | DEVIATED DRILLING PLAN |
| 400498425 | OTHER |
| 400499627 | MINERAL LEASE MAP |

Total Attach: 5 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|---|---------------------------|
| Permit | Surface owner is mineral owner, is committed to an oil and gas lease and has signed an oil and gas lease boxes should all be checked. Minerals beneath this oil and gas location will be developed should be 'yes.' Right to construct is oil and gas lease. Valley Farms lease should be attached and acreage should be 2356. Operator needs date of notification to Building Unit owners, not notification date to COGCC. Operator added comment that there would be no additional surface disturbance | 10/21/2013 9:35:55 AM |
| Permit | Returned to draft. Mineral lease map does not match value of 9 acres in described lease. Surface owner should be mineral owner if committed to a lease. Right to construct cannot be oil and gas lease if minerals beneath the surface are not being developed. Requested a comment that there will be no additional surface disturbance. Requested a comment that Notification to Building Unit Owner(s) in the Buffer Zone must be made after completeness is approved. | 10/15/2013 10:52:37 AM |

Total: 2 comment(s)