

FORM  
2

Rev  
08/13

## State of Colorado

### Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203  
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

400731458

Date Received:

12/03/2014

#### APPLICATION FOR PERMIT TO:

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

TYPE OF WELL OIL ☐ GAS ☒ COALBED ☐ OTHER \_\_\_\_\_

Refilling ☒

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: WATSON RANCH B

Well Number: 24A-17-07-95

Name of Operator: URSA OPERATING COMPANY LLC

COGCC Operator Number: 10447

Address: 1050 17TH STREET #2400

City: DENVER State: CO Zip: 80265

Contact Name: JENNIFER LIND

Phone: (720)508-8362

Fax: ( )

Email: JLIND@URSARESOURCES.COM

#### RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20120125

#### WELL LOCATION INFORMATION

QtrQtr: SESW Sec: 17 Twp: 7S Rng: 95W Meridian: 6

Latitude: 39.433332

Longitude: -108.023540

Footage at Surface: 1046 feet FNL/FSL FSL 1928 feet FEL/FWL FWL

Field Name: PARACHUTE

Field Number: 67350

Ground Elevation: 5574

County: GARFIELD

GPS Data:

Date of Measurement: 10/02/2014 PDOP Reading: 1.2 Instrument Operator's Name: HOFFMANN

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

Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL

1082 FSL 1977 FWL 1082 FSL 1977 FWL  
Sec: 17 Twp: 7S Rng: 95W Sec: 17 Twp: 7S Rng: 95W

#### 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: Yes

The right to construct the Oil and Gas Location is granted by: Surface Use Agreement

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

Total Acres in Described Lease: 44 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: 245 Feet

## CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 618 Feet  
Building Unit: 733 Feet  
High Occupancy Building Unit: 2478 Feet  
Designated Outside Activity Area: 5280 Feet  
Public Road: 1036 Feet  
Above Ground Utility: 1065 Feet  
Railroad: 5280 Feet  
Property Line: 273 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: 10/09/2014

## SPACING and UNIT INFORMATION

Distance from Completed Portion of Wellbore to Nearest Wellbore Permitted or Completed in the same formation: 265 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 1082 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          | WMFK           | 440-57                  | 240                           | Sec 17 SW, W2/SE                     |

## DRILLING PROGRAM

Proposed Total Measured Depth: 6752 Feet

Distance to nearest permitted or existing wellbore penetrating objective formation: 265 Feet (Including plugged wells)

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S 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: Commercial Disposal

Other Disposal Description:

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             | 84    | 0             | 60            | 111       | 60      | 0       |
| SURF        | 12+1/4       | 8+5/8          | 32    | 0             | 1700          | 352       | 1700    | 0       |
| 1ST         | 7+7/8        | 4+1/2          | 11.6  | 0             | 6752          | 484       | 6752    |         |

☐ 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 440-58
- ☐ 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 | <p>This well was originally permitted from the Watson Ranch A Pad (Loc ID 413055) and is now being changed to be drilled from the Watson Ranch B pad location (2A Doc #400725879). The updated SHL, BHL and well name revisions (along with all required attachments) are provided with this refile APD. First String / Production cement will be &gt; 500 feet above TOG. Distance to nearest well completed in the same formation / permitted or existing well penetrating objective formation was measured to the existing BAT 23D-17-07-95.</p> <p>Ursa requests the approval of a Rule 318.c. exception location – request letter attached.</p> <p>Pre-application Notice / Buffer Zone Notice was sent to building unit owners within 1000' of the location on 10/9/14. Pre-application certification is attached to the associated Watson Ranch B Pad Form 2A (Doc #400725879).</p> |
|----------|--|

This application is in a Comprehensive Drilling Plan \_\_\_\_\_ CDP #: \_\_\_\_\_

Location ID: \_\_\_\_\_

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: JENNIFER LIND

Title: REGULATORY ANALYST Date: 12/3/2014 Email: JLIND@URSARESOURCES.C

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: 1/27/2015

Expiration Date: 01/26/2017

|                                      |
|--------------------------------------|
| <b>API NUMBER</b><br>05 045 19721 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) Operator shall comply with the most current revision of the Northwest Notification Policy. See attached notice.</p> <p>(2) Operator shall comply with the most current revision of the Garfield County Rulison Field Notice to Operators, with the following exception: All field notice requirements specified in that Notice to Operators are superseded by the requirements of the most current revision of the Northwest Colorado Notification Policy (see Condition of Approval #1). See attached notice.</p> <p>(3) Operator shall provide cement coverage from the production casing shoe to a minimum of 200' above all Mesa Verde Group (and Ohio Creek Formation, if present) oil, gas, and water-bearing sandstone and coalbed formations. Verify production casing cement coverage with a cement bond log.</p> |

## **Best Management Practices**

| <b>No</b> | <b><u>BMP/COA Type</u></b>     | <b><u>Description</u></b>   |
|-----------|--------------------------------|---|
| 1         | Drilling/Completion Operations | Open hole resistivity log with gamma ray will be run on a well on this pad to describe the stratigraphy of the vertical section of the wellbore and to adequately verify the setting depth of the surface casing and aquifer coverage. The Drilling Completion Report - Form 5 for every well on the pad will identify which well was logged. |

Total: 1 comment(s)

## **Applicable Policies and Notices to Operators**

Piceance Rulison Field - Notice to Operators.

NW Colorado Notification Policy.

Notice Concerning Operating Requirements for Wildlife Protection.

## **Attachment Check List**

| <b><u>Att Doc Num</u></b> | <b><u>Name</u></b>     |
|---------------------------|------------------------|
| 2167950                   | SURFACE AGRMT/SURETY   |
| 400731458                 | FORM 2 SUBMITTED       |
| 400738097                 | DEVIATED DRILLING PLAN |
| 400738098                 | WELL LOCATION PLAT     |
| 400738099                 | DIRECTIONAL DATA       |
| 400738100                 | EXCEPTION LOC REQUEST  |
| 400738101                 | LEASE MAP              |

Total Attach: 7 Files

## General Comments

| <u>User Group</u> | <u>Comment</u>  | <u>Comment Date</u>       |
|-------------------|---|---------------------------|
| Permit            | Final review complete.  | 1/27/2015<br>2:35:54 PM   |
| Permit            | Corrected objective formation spacing order from 440-58 to 440-57 & unit size from 480 to 240 per opr.<br>Corrected spacing unit description from NW, W/2NE, SW, W/2SE to Sec 17 NW, W2NE as per opr. Corrected drilling and waste disposal method from Beneficial Reuse to Commercial Disposal as per opr.<br>Removed comment stating that if cuttings meet Table 910 they will be beneficially reused", as per opr.<br>Ready to pass.   | 1/9/2015 9:24:59<br>AM    |
| Permit            | Attached new SUA and deleted old one.   | 1/7/2015<br>11:46:37 AM   |
| Permit            | Spacing order is for two 240 units in this section. Requested opr clarify why they've been combined. Distance to unit boundaries could change.<br>Requested new SUA.  | 12/30/2014<br>3:22:04 PM  |
| LGD               | KHW Pass: Please note any location with greater than 5,000 barrels of total storage capacity (pits/tanks) would require a Garfield County land use change permit.   | 12/11/2014<br>5:00:15 PM  |
| Engineer          | Offset water well check: COGCC evaluated offset water wells within one mile of this proposed well's surface hole location. This information was used in addition to locally-available geophysical logs and hydrogeologic information to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 280 feet. The proposed surface casing setting depth is more than 50 feet below the base of the aquifer in which water wells are screened within one mile.<br><br>Evaluated existing offset oil and gas wells within 1,500 feet of this wellbore. No mitigation required. | 12/10/2014<br>11:07:02 AM |
| Permit            | Passed Completeness   | 12/4/2014<br>12:31:24 PM  |

Total: 7 comment(s)