



Ursa Operating Company LLC

792 Buckhorn Drive Rifle, CO 81650 – 970-625-9922

July 5, 2017

Director Matt Lepore
Colorado Oil & Gas Conservation Commission
The Chancery Building
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

RE: COGCC Notice To Operators (NTO) Interim Reclamation Procedures for Delayed Operations for the Boies Ranch C-5F Location ID #335892 Township 3S, Range 98W, 6th P.M. Section 5: SENW Rio Blanco County, Colorado

Dear Director Lepore,

Please accept this letter as Ursa Operating Company, LLC's ("Ursa") formal request to delay reclamation for up to five (5) years from its obligation to comply with specific provisions of Rule 1003 – Interim Reclamation Well Sites and Associated Production Facilities.

This location is on Ursa's 5 year FDP schedule. Ursa wishes to keep the location in current state (not reclaimed) to allow for future development. The location is currently in compliance with regulations 1002.f., 1003.a. and 1003.f. Ursa will complete stormwater inspections and spray for noxious weeds on specified schedules per the regulations.

As part of this request, Ursa has obtained a surface owner letter (see Exhibit A) and completed a tolling agreement per the NTO dated January 5, 2017. Ursa has provided all the information and documentation in accordance with COGCC Operator Guidance on Rule 1001.c: Reclamation Variances and Waivers dated December 17, 2015 (the "Guidance Document"). The reclamation cost for this location is estimated to be \$16,000 for work to be completed by a third-party contractor.

Ursa has made a good faith effort to provide the necessary information and evidence requested in the Guidance Document for the Director to evaluate our request for waiving specified provisions of Rule 1003.

Ursa respectfully requests review and approval of this variance request from 1003 interim reclamation requirements.

Please do not hesitate to contact me at 970-329-4367 or dknudson@ursaresources.com with questions or comments regarding this variance request.

Sincerely,

Dwayne Knudson
Ursa Operating Company, LLC
Senior Environmental Specialist

Enclosures

- (1) Exhibit A: Surface Owner Letter
- (2) Exhibit B: Tolling Agreement
- (3) Exhibit C: Site Map
- (4) Exhibit D: Reclamation Cost Sheet

Cc: Denise Arthur, COGCC
Lou Colby, COGCC

Exhibit A

Surface Owner Letter



XTO Energy Inc.
810 Houston Street
Fort Worth, TX 76102-6298
(817) 870-2800
(817) 870-1671 Fax

April 20, 2017

ExxonMobil JOA Contract #1032813
Boies Ranch Fee
Rio Blanco County, Colorado

Mr. Dwayne Knudson
Senior Environmental Specialist
URSA Operating Company
792 Buckhorn Dr.
Rifle, CO 81650

Re: Boies Ranch Pad Locations
Rio Blanco County, Colorado

Dear Dwayne,

XTO Energy Inc. has been advised that the COGCC is making demand of URSA to complete an Interim Reclamation for Delayed Operations Variance for identified Boies Ranch locations. The Boies Ranch fee property is jointly owned by XTO and URSA (undivided 50% each) and is committed to a Joint Operating Agreement between the parties, with URSA nominated as Operator for the jointly owned fee property. The Boies Ranch locations and roads have been constructed on our jointly owned private surface and mineral fee property for the benefit of our joint operations.

As the surface manager of the jointly owned fee lands wherein the subject pads are located, XTO would prefer to leave the pads in place for future development opportunity. Economically, we would prefer to avoid the expense of reclaiming the pads for which we have already incurred a construction expense, and eliminate the need to incur construction costs again at such time as we determine it is economically prudent to drill the proposed wells. In addition, it should be noted that our current grazing Lessee has advised that the pads and associated roads are of value to him in his ranching and agricultural activities.

URSA, as operator under the referenced Joint Operating Agreement, currently has operations on the Boies Ranch pads and has a drilling schedule commencing on the fee property this year. Accordingly, we respectfully request that you work with the COGCC to mutually resolve any reclamation demands and attempt to obtain approval for a five (5) year variance for the existing Boies Ranch pads, including the execution of related agreements, to protect our interests on the ranch.

Thank you for your cooperation in this matter and please don't hesitate to call with any questions.

Very Truly Yours,



Paul L. Keffer
Division Landman
817-885-1131

Exhibit B

Tolling Agreement



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources

COGCC Operator Rule 1003 Tolling Agreement

Operator Name and No. ("Operator"): Ursa Operating Company 10447
Interim Reclamation Variance Request Doc. No.: 401303160
Date of Submission of Interim Reclamation Variance Request: 6-7-2017
Location Nos. Impacted by the Variance Request ("Impacted Locations"): 335892

This Agreement is offered by COGCC so that the Operator has an opportunity to come into compliance in accordance with its Interim Reclamation Variance Request.

If the Interim Reclamation Variance Request referenced above is approved ("Approved Variance"), COGCC agrees not to issue a Notice of Alleged Violation ("NOAV") for a violation of Rule 1003 at the Impacted Locations before the expiration of the Approved Variance. In exchange, the Operator agrees to the following:

The Oil and Gas Conservation Act's statute of limitations, §34-60-115, C.R.S., is tolled for any existing or potential claims related to interim reclamation at the Impacted Locations from the submission date of the approved Variance until the Operator successfully completes interim reclamation in accordance with Rule 1003 or until the expiration of the Approved Variance, whichever occurs first.

COGCC reserves the right to issue an NOAV for a violation of Rule 1003 if the Operator does not comply with the Approved Variance or its conditions of approval.

AGREED TO AND ACCEPTED:

COGCC
Date: _____

Signature

Print Signatory Name and Title

Operator
Date: 6-7-2017

Dwayne K. Hansen
Signature of Authorized Operator Representative

Dwayne K. Hansen Sr. Env. Specialist
Print Signatory Name and Title

Exhibit C

Site Map



Exhibit D

Reclamation Cost Sheet

COGCC VARIANCE REQUEST ADDITIONAL INFORMATION

Location Name	Location ID	Recontouring - CY material movement	Dirt work recontouring Costs	Soil amendments Costs	Seedbed prepartaion and seeding activity Cost	Seedbed stabilization (eg Mulch) Costs	Other erosion controls Costs	Weed control Min. two growing seasons Costs	Total interim reclamation Costs	Total disturbed acreage	Interim reclamation acreage delayed	Final Acreage for production activities
Diemoz A Pad	419380	2500	\$ 9,000	\$ 1,200	\$ 1,500	\$ 1,000	\$ 1,000	\$ 1,200	\$ 14,900	4.64	2	2.64
Three Siblings A Pad	419140	3000	\$ 10,500	\$ 1,350	\$ 2,075	\$ 1,575	\$ 1,300	\$ 1,200	\$ 18,000	3.3	2.8	0.5
Frei A Pad	417777	5428	\$ 19,000	\$ 2,000	\$ 1,000	\$ 3,000	\$ 2,000	\$ 1,000	\$ 28,000	4.53	3.53	1
Hangs A Pad	336023	1800	\$ 6,300	\$ 1,500	\$ 1,000	\$ 500	\$ 350	\$ 350	\$ 10,000	2.43	1.42	1.01
McLin A Pad	421223	2000	\$ 7,000	\$ 1,250	\$ 1,000	\$ 1,000	\$ 750	\$ 1,000	\$ 12,000	4	2	2
Valley Farms D Pad	335534	2000	\$ 7,000	\$ 1,000	\$ 1,000	\$ 1,750	\$ 500	\$ 500	\$ 11,750	2.5	1.2	1.3
Valley Farms I Pad	335553	3428	\$ 13,000	\$ 1,200	\$ 1,500	\$ 2,500	\$ 1,000	\$ 800	\$ 20,000	4.2	1.5	2.7
Valley Farms J Pad	416703	2850	\$ 9,975	\$ 1,200	\$ 1,700	\$ 1,725	\$ 1,200	\$ 1,200	\$ 17,000	3.3	2	1.3
Valley Farms L Pad	436713	1800	\$ 6,300	\$ 1,250	\$ 1,250	\$ 500	\$ 350	\$ 350	\$ 10,000	3.3	1.3	2
Valley Farms O Pad	436004	1800	\$ 6,300	\$ 1,250	\$ 1,250	\$ 500	\$ 350	\$ 350	\$ 10,000	4.1	2.1	2
Watson Ranch B Pad	440705	5428	\$ 19,000	\$ 2,000	\$ 1,000	\$ 2,000	\$ 2,000	\$ 1,000	\$ 27,000	8.89	2.5	6.39
B-19P	335891	2850	\$ 9,975	\$ 1,200	\$ 1,700	\$ 1,725	\$ 1,200	\$ 1,200	\$ 17,000	6.7	4.16	2.54
B-19N	311852	3000	\$ 10,500	\$ 1,350	\$ 2,075	\$ 1,500	\$ 1,375	\$ 1,200	\$ 18,000	6	3.39	2.61
A-29D	335629	2500	\$ 9,000	\$ 1,200	\$ 1,500	\$ 1,000	\$ 1,000	\$ 1,200	\$ 14,900	4.2	1.51	2.69
B-30H	336040	3400	\$ 11,900	\$ 1,200	\$ 1,500	\$ 1,000	\$ 1,000	\$ 1,000	\$ 17,600	3.5	1.92	1.58
C-23O	335605	3400	\$ 11,900	\$ 1,200	\$ 1,500	\$ 1,000	\$ 1,000	\$ 1,000	\$ 17,600	4.3	2.45	1.85
C-24M	335681	5400	\$ 18,900	\$ 1,200	\$ 1,700	\$ 1,200	\$ 1,000	\$ 1,000	\$ 25,000	6	3.35	2.65
C-27A	335628	3000	\$ 10,500	\$ 1,350	\$ 2,075	\$ 1,575	\$ 1,300	\$ 1,200	\$ 18,000	5.2	3.28	1.92
C-28P	335879	3500	\$ 12,250	\$ 1,200	\$ 2,350	\$ 1,575	\$ 1,200	\$ 1,000	\$ 19,575	4.8	2.9	1.9
C-5F	335892	2500	\$ 9,000	\$ 1,500	\$ 1,700	\$ 1,450	\$ 1,200	\$ 1,000	\$ 15,850	4.3	3.41	0.89
Boies C-27K	335975	3500	\$ 12,250	\$ 1,200	\$ 2,350	\$ 1,575	\$ 1,300	\$ 1,000	\$ 19,675	5	3.14	1.86
Boies C-32O	335951	2500	\$ 9,000	\$ 1,200	\$ 1,500	\$ 1,000	\$ 1,000	\$ 1,200	\$ 14,900	5.9	4.1	1.8