



Ursa Operating Company LLC

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

July 3, 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 Valley Farms O Location ID #436004 Township 6S, Range 92W, 6th P.M. Section 10: SESW Garfield 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 \$10,000 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



Robert J. Potts

President

rpotts@dixonwater.org

June 27, 2017

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

Re: Valley Farms D, I, J, L & O
Garfield County, Colorado

Dear Dwayne,

Dixon Water Foundation is aware that the COGCC is requesting that Ursa Operating Company LLC (Ursa) complete an Interim Reclamation for Delayed Operations Variance for above referenced Valley Farms Pad locations. As you know, the Valley Farms D, Valley Farms I, Valley Farms J, Valley Farms L & Valley Farms O Pads are privately owned by the Dixon Water Foundation and Managed by the undersigned. These well pad locations and access roads have been constructed on private surface in order to access fee minerals for the benefit of oil and gas exploration and development.

As the surface and minerals manager of the fee lands wherein the subject pads are located, I request that these pads be left in place for future development opportunity and not reduced in size. From an economic, cost and from a surface disturbance standpoint, we would prefer that Ursa continue to maintain these pads as they have responsibly in the past, thus lessening the need for The Dixon Water Foundation to incur additional costs.

We appreciate that Ursa, as operator, currently has existing production established on some of these Pads and look forward to additional wells being drilled when economically feasible. We understand that Ursa has development scheduled to commence within the next five (5) years. Accordingly, we respectfully request that Ursa seek a variance of the pads reclamation from the COGCC for the hereinabove reasons.

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

Regards,

The Dixon Water Foundation
President: Robert Potts
4528 County Road 398
Decatur, TX 76234
Surface Owner of Parcel #2179-114-00-114

Dixon Water Foundation

P.O. Box 177
Marfa, Texas 79843

www.dixonwater.org

4528 County Road 398
Decatur, Texas 76234

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.: 401306982

Date of Submission of Interim Reclamation Variance Request: 7-3-2017

Location Nos. Impacted by the Variance Request ("Impacted Locations"): 436004

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: _____

Operator

Date: 7-3-2017

Signature

Dwayne Knutson
Signature of Authorized Operator
Representative

Print Signatory Name and Title

Dwayne Knutson Sr. Env. Specialist
Print Signatory Name and Title

Exhibit C

Reclamation Map

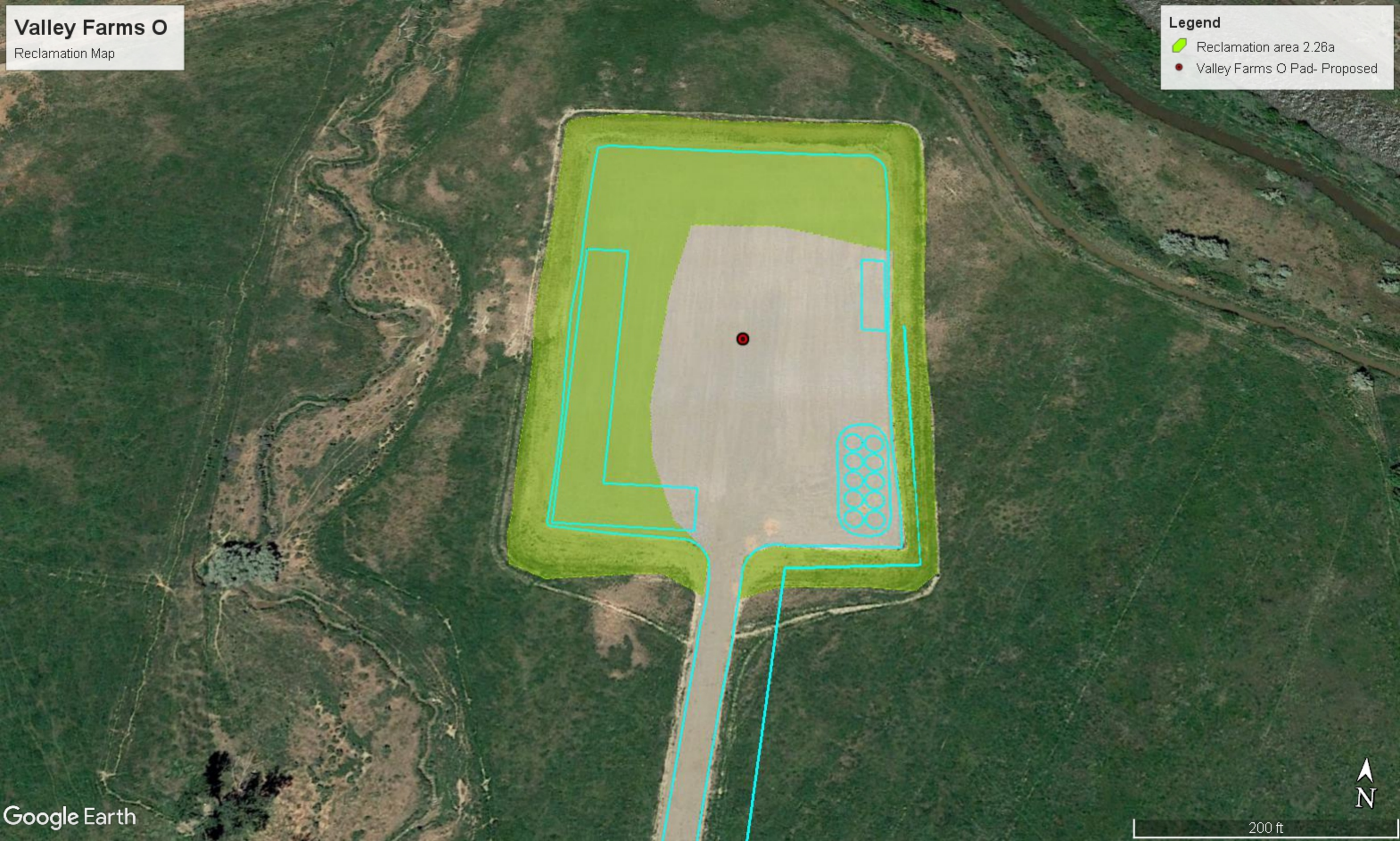


Exhibit D

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 | 2.9 | 1.3 |
| 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 | 1.48 | 1.82 |
| Valley Farms O Pad | 436004 | 1800 | \$ 6,300 | \$ 1,250 | \$ 1,250 | \$ 500 | \$ 350 | \$ 350 | \$ 10,000 | 4.1 | 2.26 | 1.84 |
| Watson Ranch B Pad | 440705 | 5428 | \$ 19,000 | \$ 2,000 | \$ 1,000 | \$ 2,000 | \$ 2,000 | \$ 1,000 | \$ 27,000 | 8.89 | 5.39 | 3.5 |
| 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 |