

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 checked="" type="checkbox"/>
ZONE TYPE SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONES <input type="checkbox"/> COMMINGLE ZONES <input type="checkbox"/>	Sidetrack <input type="checkbox"/>

Date Received:
09/29/2017

Well Name: VALLEY FARMS Well Number: I13

Name of Operator: URSA OPERATING COMPANY LLC COGCC Operator Number: 10447

Address: 1600 BROADWAY ST STE 2600

City: DENVER State: CO Zip: 80202

Contact Name: CARI MASCIOLI Phone: (970)284-3244 Fax: ()

Email: cmascioli@ursaresources.com

RECLAMATION FINANCIAL ASSURANCE
Plugging and Abandonment Bond Surety ID: 20120125

WELL LOCATION INFORMATION

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

Latitude: 39.526622 Longitude: -107.619155

Footage at Surface:	<u>2449</u> Feet	FNL/FSL	<u>1663</u> Feet	FEL/FWL
	FSL		FWL	

Field Name: KOKOPELLI Field Number: 47525

Ground Elevation: 5655 County: GARFIELD

GPS Data:
Date of Measurement: 07/18/2013 PDOP Reading: 2.4 Instrument Operator's Name: AIBNER

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
<u>1470</u>	FSL	<u>773</u>	<u>1470</u>	FSL	<u>773</u>
	FWL			FWL	
Sec: <u>13</u>	Twp: <u>6S</u>	Rng: <u>92W</u>	Sec: <u>13</u>	Twp: <u>6S</u>	Rng: <u>92W</u>

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: 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 WITH PREVIOUS APPROVALS.

Total Acres in Described Lease: 2355 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: 1470 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 1738 Feet

Building Unit: 1738 Feet

High Occupancy Building Unit: 5280 Feet

Designated Outside Activity Area: 5280 Feet

Public Road: 1834 Feet

Above Ground Utility: 1022 Feet

Railroad: 5280 Feet

Property Line: 212 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 proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 250 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 148 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	191-68	240	N2SW, SE - SEC. 13

DRILLING PROGRAM

Proposed Total Measured Depth: 7686 Feet

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator, including plugged wells:

Enter distance if less than or equal to 1,500 feet: 622 Feet No well belonging to another operator within 1,500 feet

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: Commercial Disposal

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	24	16	55	0	60	11	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	7686	644	7686	

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 being submitted as a refiled APD for the Valley Farms I13 well. No changes to the well are proposed at this time.

The Valley Farms I Pad is built.

Distance to nearest well completed in the same formation / permitted or existing well penetrating objective formation was measured to Ursa's proposed Valley Farms I9.

Distance to the nearest well completed in the same formation / permitted or existing well belonging to another operator was measured at 360' to Vanguard's Tharp 14D-13-692 (API # 05-045-18607).

This application is in a Comprehensive Drilling Plan No CDP #: _____

Location ID: 335553

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: CARI MASCIOLI

Title: REGULATORY ANALYST Date: 9/29/2017 Email: cmascioli@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: *Matthew Lee* Director of COGCC Date: 12/10/2017

Expiration Date: 12/09/2019

API NUMBER
05 045 18167 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.

<u>COA Type</u>	<u>Description</u>
	<p>The moisture content of water/bentonite based mud (WBM) generated drill cuttings managed onsite shall be kept as low as practicable to prevent accumulation of liquids greater than de minimis amounts. After drilling and completion operations have been completed, if any of the WBM drill cuttings will remain on the well pad location (cuttings management area, the cut portion of the pad, cuttings trench, dry cuttings drilling pit), they must be sampled and meet the applicable standards of Table 910-1. After the drill cuttings have been amended (if necessary) and placed on the well pad, sampling frequency of the drill cuttings (to be determined by the operator) shall be representative of the material left on location. Any proposed offsite disposal or beneficial reuse of cuttings to another oil and gas location shall not occur until approval of a Form 4 Sundry Notice specifying disposal or beneficial reuse location and cuttings material sampling and characterization methods. Remediated or amended cuttings shall not be made available as fill material to the general public.</p>
	<p>Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operations (dated January 5, 2017).</p>
	<p>1)Operator shall comply with the most current revision of the Northwest Notification Policy.</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).</p> <p>3)Operator shall comply with the most current revision of the Mamm Creek 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). Operator shall submit the primary cement job Cement Bond Log (CBL) with either the Form 4 Sundry Notice - Request to Complete or the Form 5 Drilling Completion Report.</p> <p>4)Operator shall comply with the Notice to Operators Drilling Wells in the Buzzard, Mamm Creek, and Rulison fields, Garfield County and Mesa County – Procedures and Submittal Requirements for Compliance with COGCC Order Nos. 1-107, 139-56, 191-22, and 369-2 (July 8, 2010).</p> <p>5)Operator shall provide cement coverage from the production casing shoe (4+1/2" FIRST STRING) to a minimum of 500' above the Lower Wasatch (as defined by COGCC in the report "Casing and Cement Standards for Geologic Isolation Piceance Basin Bradenhead Monitoring Area and Nearby Fields," dated April 18, 2016, COGCC Document No. 2056199, Appendix A Field Scout Cards and Annotated Type Logs) to provide isolation of all Mesaverde Group and underlying formations, if penetrated, the Ohio Creek Formation, and the lower portion of the Wasatch Formation. Verify production casing cement coverage with a cement bond log. This requirement shall supersede the top of cement requirements in the Mamm Creek Field Notice to Operators.</p>

Best Management Practices

No	<u>BMP/COA Type</u>	<u>Description</u>
1	Drilling/Completion Operations	One of the first wells drilled on the pad has been logged with an open-hole Resistivity Log and Gamma Ray Log from TD into the surface casing. (Valley Farms I1 API #05-045-19495) All wells on the pad will have a cement bond log with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The Form 5, Completion Report, for each well on the pad will list all logs run and have those logs attached. The Form 5 for a well without open-hole logs shall clearly state "No open-hole logs were run" and shall clearly identify the Valley Farms I1 (API #05-045-19495) as the well in which open hole logs were run.

Total: 1 comment(s)

Applicable Policies and Notices to Operators

Policy
Mamm Creek Field Area Notice to Operators. http://cogcc.state.co.us/documents/reg/Policies/Mamm%20Creek%20Drilling.pdf
Piceance Rulison Field - Notice to Operators. http://cogcc.state.co.us/documents/reg/Policies/NoticeToOp-20060623-2.pdf
NW Colorado Notification Policy. http://cogcc.state.co.us/documents/reg/Policies/nw_notification_procedures.pdf
Bradenhead Pressure Reporting-Garfield County (Mamm Creek & Rulison Fields) Mesa County (Buzzard Field). http://cogcc.state.co.us/documents/reg/Policies/NTO_07082010.pdf
Notice Concerning Operating Requirements for Wildlife Protection. http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401416263	FORM 2 SUBMITTED

Total Attach: 1 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Replaced logging BMP as sent by operator. Final review complete.	12/04/2017
Permit	Added review task for OGLA due to offsite waste management. Requested updated 317.p BMP reflecting usage of one of the producing wells on the pad. Requested to change the distance to the nearest well belonging to another operator from 360' to 622'.	11/07/2017
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 350 feet. Offset Well Evaluation: Offset wells within 1500 feet of the planned wellbores on this pad meet standards. No mitigation required. Removed Operator's comment that production casing cement will be >500 feet above TOG. See Condition of Approval #5 for cement coverage requirements. Operator to revise cement quantity accordingly.	10/17/2017
Permit	Passed completeness.	10/06/2017
Permit	Returned to draft for missing information on 10/3/2017.	10/03/2017

Total: 5 comment(s)