

FORM
2

Rev
08/16

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:

401454515

Date Received:

11/27/2017

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: HANGS A

Well Number: 13B-09-06-92

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: SWSE Sec: 9 Twp: 6S Rng: 92W Meridian: 6

Latitude: 39.536613

Longitude: -107.671342

Footage at Surface: 958 Feet FNL/FSL FSL 2465 Feet FEL/FWL FEL

Field Name: MAMM CREEK

Field Number: 52500

Ground Elevation: 5408

County: GARFIELD

GPS Data:

Date of Measurement: 12/30/2014 PDOP Reading: 1.2 Instrument Operator's Name: P. HOFFMAN

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

Footage at Top of Prod Zone: FNL/FSL FSL 2269 FSL 649 FWL 2269 FSL 649 FWL
Sec: 9 Twp: 6S Rng: 92W Sec: 9 Twp: 6S Rng: 92W

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: No

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.)

Lease map was submitted with previously approved APD.

Total Acres in Described Lease: 92 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: 372 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 201 Feet
Building Unit: 625 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 929 Feet
Above Ground Utility: 174 Feet
Railroad: 3739 Feet
Property Line: 185 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: 07/10/2015

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: 330 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 372 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 | 523-2 | 320 | SEC.9 S/2 |

DRILLING PROGRAM

Proposed Total Measured Depth: 8779 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: _____ 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:

Please see waste management plan attached to associated Form 2A.

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 | 75 | 0 | 60 | 111 | 60 | 0 |
| SURF | 12+1/4 | 8+5/8 | 32 | 0 | 1000 | 212 | 1000 | 0 |
| 1ST | 7+7/8 | 4+1/2 | 11.6 | 0 | 8779 | 621 | 8779 | |

☐ 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 603.a.(1)

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 Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation was measured to Urso's proposed Hangs A 13C-09-06-92.

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator was measured at 1792' to Antero Resources Piceance LLC's Hangs C3 (API #05-045-12342).

Pre-application notifications were sent to building unit owners within 1000' on 7/10/15. Certification was attached to the previously approved Form 2A.

Rule 603.a.(1) variance request letter was submitted with the previously approved Form 2, as this well falls within 200' of the nearest building and / or nearest above ground utility.

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

Location ID: 336023

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: 11/27/2017 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:  Director of COGCC Date: 1/29/2018

Expiration Date: 01/28/2020

API NUMBER

05 045 23027 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> |
|-----------------|---|
| | This Permit to Drill is approved subject to all the BMP's and COA's on the most recently approved Form 2A and any subsequently approved Form 4 for the Oil and Gas Location (Location ID # 336023). The most recently approved Form 2A and any subsequent Form 4's containing applicable COA's for this location shall be posted onsite during construction, drilling, and completions operations. |
| | Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operations (dated January 5, 2017). |
| | <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

| <u>No</u> | <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 open-hole Resistivity Log and Gamma Ray Log from TD into the surface casing and meets the 317.p logging requirement. 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 Hangs A2 (API #05-045-12337) 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/NT0_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> |
|---------------------------|--------------------|
| 2168299 | WAIVERS |
| 2168300 | WAIVERS |
| 401454515 | FORM 2 SUBMITTED |

Total Attach: 3 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|--------------------------|---|----------------------------|
| Permit | Changed 317.p BMP with operator concurrence. Attached waivers for 603.a(1) with operator concurrence. Final review complete. | 01/22/2018 |
| Permit | Two other wells on location are producing and have logs. BMP for 317.p needs to be rewritten. Waivers for 603.a.(1) are not attached to previously approved form 2. Requested to upload waivers. | 01/16/2018 |
| 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 was used to evaluate the adequacy of the operator's proposed surface casing setting depth. The deepest water well within one mile is 300 feet. Offset Well Evaluation: Existing offset oil and gas wells within 1,500 feet of this wellbore meet standards. No mitigation required. Removed Operator's comment that cement will be >500 feet above TOG. See Condition of Approval #5 for cement coverage requirements. | 12/11/2017 |
| LGD | pass | 12/06/2017 |
| Permit | Passed Completeness. | 12/04/2017 |

Total: 5 comment(s)