

BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF  
URSA OPERATING COMPANY LLC FOR AN  
EXPEDITED HEARING PURSUANT TO  
COLORADO OIL AND GAS  
CONSERVATION COMMISSION RULE  
303.c. RELATING TO SIXTEEN  
APPLICATIONS FOR PERMIT TO DRILL  
THE VALLEY FARMS J PAD WELLS IN  
SECTION 13, TOWNSHIP 6 SOUTH, RANGE  
92 WEST, 6<sup>TH</sup> P.M. AND NINE  
APPLICATIONS FOR PERMIT TO DRILL  
THE VALLEY FARMS I PAD WELLS IN  
SECTION 13, TOWNSHIP 6 SOUTH, RANGE  
92 WEST, 6<sup>TH</sup> P.M., GARFIELD COUNTY,  
COLORADO; AND FOR AN EXPEDITED  
HEARING PURSUANT TO COLORADO OIL  
AND GAS CONSERVATION COMMISSION  
RULE 522.c. RELATING TO AN OCTOBER  
28, 2013 NOTICE OF ALLEGED VIOLATION  
(#200388751) FOR THE VALLEY FARMS J  
PAD LOCATED IN SECTION 13, TOWNSHIP  
6 SOUTH, RANGE 92 WEST, 6<sup>TH</sup> P.M.  
KOKOPELLI FIELD, GARFIELD COUNTY,  
COLORADO.

CAUSE NO. \_\_\_\_\_

DOCKET NO. \_\_\_\_\_

**APPLICATION**

Ursa Operating Company LLC ("Ursa" or "Applicant"), by and through its attorneys, Jost & Shelton Energy Group, P.C., respectfully submits this application to the Colorado Oil and Gas Conservation Commission ("Commission") for an expedited hearing ("Expedited Hearing Application") pursuant to Commission Rule 303.c. relating to sixteen (16) Applications for Permit to Drill for the Valley Farms J Pad wells and nine (9) Applications for Permit to Drill for the Valley Farms I Pad wells, all of which are targeting the Williams Fork-Iles Formations and cover certain described lands in Garfield County, Colorado; and for an expedited hearing pursuant to Commission Rule 522.c. relating to an October 28, 2013 Notice of Alleged Violation #200388751 ("NOAV"). In support of its Application, Applicant states and alleges as follows:

**General Information**

1. Ursa is a limited liability company duly authorized to conduct business in the State of Colorado, and is a registered operator in good standing with the Commission.

2. Ursa holds leasehold interests in certain lands in Garfield County, Colorado, as set forth on Exhibit A attached hereto and incorporated by reference herein, and proposes to operate the Valley Farms I Pad Wells and the Valley Farms J Pad Wells subject to this Expedited Hearing Application, also as described on Exhibit A.

3. Ursa respects and understands the Commission's rules and regulations and also respects its working relationship with the Commission Staff. However, the unreasonable delay in obtaining the approval on twenty-five (25) total outstanding Applications for Permit to Drill, twenty-two (22) of which have passed the Commission's completeness check and three (3) of which were submitted more than three (3) months ago, as well as the unreasonable delay in reaching an anticipated resolution of the outstanding NOAV, requires Ursa to submit this Expedited Hearing Application.

4. It is Ursa's intention to work with the Commission Staff to resolve the outstanding NOAV prior to the January 27<sup>th</sup> and 28<sup>th</sup>, 2014 Commission hearing, but in order to preserve its rights under Commission Rules 303.c., 503.b., 507.b., 522.b. and 522.c. and to ensure that proper written notice and publication occurs twenty (20) days (January 7, 2014) and ten (10) days (January 17, 2014), respectively, prior to the January 27<sup>th</sup> and 28<sup>th</sup> hearing date, Ursa was required to submit this Expedited Hearing Application.

5. The delays and uncertainty caused by the Commission's failure to issue a determination on the twenty-five (25) Applications for Permit to Drill has significantly affected and harmed Ursa's development and operational plans for the Valley Farms J Pad Wells and the Valley Farms I Pad Wells, as well as Ursa's overall development plans for its assets located within the Battlement Mesa area.

**Rule 303.c. – Expedited Hearing Request  
for Valley Farms J Pad Wells and Valley Farms I Pad Wells**

6. Rule 303.c.(2) provides:

303.c. PROCESSING TIME FOR APPROVALS UNDER THIS SECTION.

...

(2) If the Director has not issued a decision on an Application for Permit-to-Drill, Form 2, or an Oil and Gas Location Assessment, Form 2A, within seventy-five (75) days of a determination that such application is complete, the operator may request a hearing before the Commission on the permit application. Such a hearing shall be expedited but will be held only after both the 20 days' notice and the newspaper notice are given as required by Section 34-60-108, C.R.S. However, the hearing can be held after the newspaper notice if all of the entities listed under Rule 503.b waive the 20-day notice requirement.

Commission Rule 303.c.(2).

7. Ursa filed nine (9) Valley Farms I Pad Applications for Permit to Drill on or about September 24, 2013. See Exhibit A.

8. Over seventy-five (75) days have passed since the filing date of the nine (9) Valley Farms I Pad Applications for Permit to Drill. See Exhibit A.

9. Over seventy-five (75) days have passed since the date the Commission determined that each of the nine (9) Applications for Permit to Drill was complete. See Exhibit A.

10. Ursa filed the sixteen (16) Valley Farms J Pad Applications for Permit to Drill on or about October 4, 2013. See Exhibit A.

11. Over seventy-five (75) days have passed since the filing date of the sixteen (16) Valley Farms J Pad Applications for Permit to Drill. See Exhibit A.

12. Over seventy-five (75) days have passed since the date the Commission determined that thirteen (13) of the Valley Farms J Pad Applications for Permit to Drill were complete. See Exhibit A. The Valley Farms J11, J12, and J13 are noted on the Commission website as "Active" within the completeness check category. Ursa, however, maintains that these three Valley Farms Applications for Permit to Drill were filed on October 4, 2013, with the other thirteen Valley Farms J Pad Wells, and should be considered as part of the hearing matter set on January 27<sup>th</sup> and 28<sup>th</sup> hearing docket.

13. Ursa submits a draft Notice of Hearing to the Commission with this Expedited Hearing Application and requests that the Commission Hearing Officer immediately issue such Notice of Hearing today, January 7, 2014, to Ursa for mailing to the interested parties listed on Exhibit B attached hereto and incorporated by reference herein.

14. Such Notice of Hearing must be sent to the interested parties no later than Tuesday, January 7, 2014. Ursa, the surface owner, and Garfield County can, however, all waive the 20-day notice requirement pursuant to Rule 303.c.(2) and Rule 503.b. Rule 503.b.(7) provides, in part:

(7) For purposes of seeking a hearing on approval of an Application for Permit-to-Drill, Form 2, or an Oil and Gas Location Assessment, Form 2A, under Rule 305.d.(2), any of the following may be the applicant:

A. The operator;

B. The surface owner, solely to raise alleged noncompliance with Commission rules or statute, or to allege potential adverse impacts to public

health, safety, and welfare, including the environment and wildlife resources, that are within the Commission's jurisdiction to remedy; and

C. The relevant local government, provided that the hearing shall be conducted in similar fashion as is specified in Rules 508.j, 508.k, and 508.l with respect to a public issues hearing. It shall be the burden of the local government to bring forward evidence sufficient for the Commission to make the preliminary findings specified in Rule 508.j at the outset of such hearing.

Commission Rule 503.b.

15. Ursa, as Operator, hereby waives the twenty (20) days notice requirement and asserts that it will immediately seek a waiver of the twenty (20) day notice requirement from the surface owner, as well as Garfield County.

16. Based on the foregoing and Ursa's right to an expedited hearing on the twenty-five (25) total Valley Farms J Pad and Valley Farms I Pad Applications for Permit to Drill, Ursa hereby requests that the Commission set this matter for hearing on the Commission's January 27<sup>th</sup> and 28<sup>th</sup> hearing docket.

**Rule 522.b. and c. – Expedited Hearing Request  
for Outstanding October 28, 2013 Notice of Alleged Violation**

17. On October 28, 2013, the Commission issued a Notice of Alleged Violation #200388751 ("NOAV") for the Valley Farms J Pad/Valley Farms J1 Location ID #416703 ("Valley Farms J Pad"). See Exhibit C attached hereto and incorporated by reference herein.

18. Ursa assumes that the Commission issued the NOAV pursuant to Rule 522 which provides, in part:

Rule 522. PROCEDURE TO BE FOLLOWED REGARDING ALLEGED VIOLATIONS

a. Notice of Alleged Violation.

...

(3) If the Director, on the Director's own initiative or based on a complaint, has reasonable cause to believe that a violation of the Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Director, has occurred, the Director shall cause the operator to voluntarily remedy the violation, or shall issue an NOAV to the operator. Reasonable cause requires, at least, physical evidence of the alleged violation, as verified by the Director.



Commission Rule 522.a.(3). Ursa attempted to remedy the alleged violation with the Commission Staff on numerous occasions, even prior to the issuance of the NOAV.

19. The NOAV is dated October 28, 2013. Ursa was contacted by the COGCC, and received an electronic copy of the NOAV, on October 29, 2013. Ursa received a hard copy of the NOAV on October 30, 2013.

20. Ursa contested the NOAV and responded to the NOAV on November 4, 2013 via a detailed written response. See Exhibit D attached hereto and incorporated by reference herein.

21. On November 12, 2013, Ursa and Commission Staff met and discussed the NOAV, the proposed abatement and corrective actions, and reached an agreement as to the next steps to resolving the NOAV. During this meeting, it was agreed that Ursa did not have to conduct the stated abatement and corrective actions set forth in the NOAV.

22. On December 6, 2013, Ursa and the Commission Staff met for a second time to discuss Ursa's operations, the outstanding Applications for Permit to Drill issues as set forth above, and the status of the resolution of the NOAV.

23. On December 6, 2013, Ursa was informed by the Commission Staff that the NOAV was still pending but the NOAV would not be placed on the December 16<sup>th</sup> or 17<sup>th</sup>, 2013 Commission docket, even though Ursa had formally requested such hearing in its November 4, 2013 written response to the NOAV.

24. In the November 4, 2013 written response, Ursa, pursuant to Rule 522.c., expressly requested that the Commission set the NOAV matter for hearing on the December 16<sup>th</sup> and 17<sup>th</sup>, 2013 Commission docket. See Exhibit C, pages 7 and 8.

25. Rule 522.c.(1) provides:

c. Order Finding Violation.

- (1) If the operator contests the NOAV, as to the existence of the violation, the appropriate corrective action and abatement schedule, or any proposed penalty, the Director *shall* make application to the Commission for an OFV and *shall* place the matter on the next available Commission docket, providing that at least twenty (20) days' notice of such application is provided to the operator.

Commission Rule 522.c.(1)(*emphasis added*).

26. Although required by Rule 522.c.(1), the Commission Staff did not set the NOAV matter for hearing as expressly requested in its November 4, 2013 written response.

27. Ursa acknowledges that the Commission Staff and Ursa are still in the process of confirming a resolution to the NOAV. Ursa has participated in several on-site meetings with the Commission Staff and discussions following the November 12, 2013 meeting and has been working consistently with the Commission staff in attempts to reach final resolution of the NOAV.

28. Notwithstanding the continual discussions between Ursa and the Commission Staff regarding the potential resolution of the NOAV, Ursa is required to make another formal request for a hearing on the NOAV matter at the January 27<sup>th</sup> and 28<sup>th</sup>, 2014 Commission hearing. Ursa is unable to allow the NOAV to continue to the March 17<sup>th</sup> and 18<sup>th</sup> hearing docket because it must be able to proceed with the development and operations of the Valley Farms J Pad Wells on the Valley Farms J Pad location.

29. Ursa confirms that, if prior to the January 27<sup>th</sup> and 28<sup>th</sup>, 2014 Commission hearing, Ursa and the Commission Staff reach a final resolution on the NOAV, then Ursa will withdraw its request for a hearing on the NOAV matter. Again, this Expedited Hearing Application is required in order to protect and preserve Ursa's right to a hearing on the NOAV matter under the applicable Commission rules.

30. Ursa certifies that the names and addresses of the interested parties according to the information and belief of the Applicant are set forth in Exhibit D attached hereto and made a part hereof, and the undersigned certifies that copies of this Application shall be served on each interested party immediately upon issuance of the Notice of Hearing by the Commission Hearing Officer.

WHEREFORE, Applicant respectfully requests the following:

- A. That the matters set forth in this Expedited Hearing Application be set for hearing at the January 27<sup>th</sup> and 28<sup>th</sup>, 2014 hearing as allowed by Rule 303.c., 503.d., and Rule 522.c.;
- B. That, in order to ensure full compliance with Rule 522.b., the Commission Staff continue to communicate and engage in discussions with Ursa regarding the almost complete resolution of the NOAV;
- C. That notice be given on January 7, 2014 and on or about January 17, 2014 as required by C.R.S. 34-60-108 and Commission Rules 503 and 507;
- D. That such twenty (20) day notice requirement shall be waived so long as Ursa provides evidence that it, the surface owner, and the local government have all expressly waived such notice and such evidence is provided to the Commission by Ursa;

- E. That the Commission Hearing Officer schedule an immediate pre-hearing conference on this Expedited Hearing Application pursuant to Rule 527; and
- F. That the Commission enter and order any further relief deemed necessary at the January 27<sup>th</sup> or 28<sup>th</sup> Commission hearing.

Dated this 7th day of January, 2014.

Respectfully submitted,

URSA OPERATING COMPANY LLC

By: 

Jamie L. Jost  
James P. Parrot  
Jost & Shelton Energy Group, P.C.  
1675 Larimer Street, Suite 420  
Denver, Colorado 80202  
(720) 379-1812 – Main  
(720) 379-1813 – Fax  
[jjost@jsenergygroup.com](mailto:jjost@jsenergygroup.com)  
[jparrot@jsenergygroup.com](mailto:jparrot@jsenergygroup.com)

Applicant's Address:  
Ursa Operating Company, LLC  
ATTN: Mr. Don Simpson  
1050 17<sup>th</sup> Street, Suite 2400  
Denver, Colorado 80265

VERIFICATION

STATE OF COLORADO                    )  
  ) ss.  
CITY AND COUNTY OF DENVER)

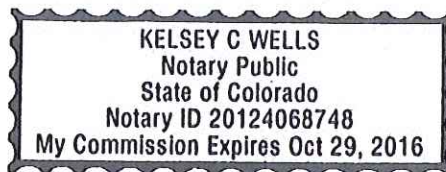
DANA JOHNSON, of lawful age, being first duly sworn upon oath, deposes and says that he is VP - OPERATIONS for Ursa Operating Company LLC and that he has read the foregoing Application for Expedited Hearing and that the matters therein contained are true to the best of his knowledge, information and belief.

  
Name: DANA JOHNSON  
Title: VP OPERATIONS - ROCKIES  
Ursa Operating Company LLC

Subscribed and sworn to before this 7<sup>th</sup> day of January, 2014.

Witness my hand and official seal.

[SEAL]



My commission expires: 10/29/2016



IN THE MATTER OF THE APPLICATION OF  
URSA OPERATING COMPANY LLC FOR AN  
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303.c. RELATING TO SIXTEEN  
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COLORADO; AND FOR AN EXPEDITED  
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6 SOUTH, RANGE 92 WEST, 6<sup>TH</sup> P.M.  
KOKOPELLI FIELD, GARFIELD COUNTY,  
COLORADO.

DOCKET NO. \_\_\_\_\_

STATE OF COLORADO )  
 )ss.  
CITY AND COUNTY OF DENVER )

That she is the attorney for Ursa Operating Company LLC that on January 7, 2014, she caused a copy of the attached Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed on Exhibit A to the Application.

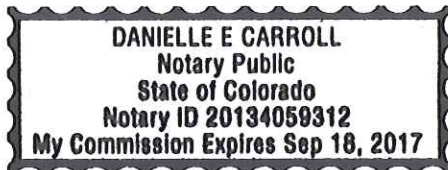
Jamie L. Jost

Subscribed and sworn to before me January 7, 2014.

Witness my hand and official seal.

My commission expires: 9/18/17.

  
Notary Public





# EXHIBIT A

## Legal Descriptions and Well/Well Pad Names

Well Name	Legal Description	API No. or Form 2 No.	Date Filed	Dated Completed
Valley Farms I3	NESW of Sec 13-T6S-R92W 6th PM	05-045-18167-00	9/24/13	9/25/13
Valley Farms I4	NESW of Sec 13-T6S-R92W 6th PM	05-045-18165-00	9/24/13	9/25/13
Valley Farms I8	NESW of Sec 13-T6S-R92W 6th PM	05-045-18169-00	9/24/13	9/25/13
Valley Farms I9	NESW of Sec 13-T6S-R92W 6th PM	05-045-18170-00	9/24/13	9/25/13
Valley Farms I14	NESW of Sec 13-T6S-R92W 6th PM	400481664	9/24/13	9/25/13
Valley Farms I15	NESW of Sec 13-T6S-R92W 6th PM	400480229	9/24/13	9/25/13
Valley Farms I16	NESW of Sec 13-T6S-R92W 6th PM	400480312	9/24/13	9/25/13
Valley Farms I17	NESW of Sec 13-T6S-R92W 6th PM	400480521	9/24/13	9/25/13
Valley Farms I18	NESW of Sec 13-T6S-R92W 6th PM	400480522	9/24/13	9/26/13
Valley Farms J1	NESW of Sec 13-T6S-R92W 6th PM	05-045-19392-00	10/4/13	10/22/13
Valley Farms J2	NESW of Sec 13-T6S-R92W 6th PM	05-045-19343-00	10/4/13	10/22/13
Valley Farms J3	NESW of Sec 13-T6S-R92W 6th PM	05-045-19393-00	10/4/13	10/22/13
Valley Farms J4	NESW of Sec 13-T6S-R92W 6th PM	05-045-19344-00	10/4/13	10/22/13
Valley Farms J5	NWNW of Sec 13-T6S-R92W 6th PM	400483486	10/4/13	10/22/13
Valley Farms J6	NWNW of Sec 13-T6S-R92W 6th PM	400483487	10/4/13	10/22/13
Valley Farms J7	NWNW of Sec 13-T6S-R92W 6th PM	400483488	10/4/13	10/22/13
Valley Farms J8	NWNW of Sec 13-T6S-R92W 6th PM	400483489	10/4/13	10/22/13
Valley Farms J9	NWNW of Sec 13-T6S-R92W 6th PM	400483217	10/4/13	10/22/13
Valley Farms J10	NWNW of Sec 13-T6S-R92W 6th PM	400483301	10/4/13	10/22/13
Valley Farms J11	NWNW of Sec 13-T6S-R92W 6th PM	400483303	10/4/13	*Active 10/23/13
Valley Farms J12	NWNW of Sec 13-T6S-R92W 6th PM	400483304	10/4/13	*Active 10/23/13
Valley Farms J13	NWNW of Sec 13-T6S-R92W 6th PM	400483306	10/4/13	*Active 10/23/13
Valley Farms J15	NWNW of Sec 13-T6S-R92W 6th PM	400483317	10/4/13	10/22/13
Valley Farms J16	NWNW of Sec 13-T6S-R92W 6th PM	400483318	10/4/13	10/22/13
Valley Farms J1 Well Pad	NWNW of Sec 13-T6S-R92W 6th PM	400039706	2/22/10	4/16/10

**Exhibit B**

**Interested Parties List**

Ursa Operating Company, LLC  
ATTN: Mr. Don Simpson  
1050 17<sup>th</sup> Street, Suite 2400  
Denver, Colorado 80265

The Dixon Water Foundation  
Attn: Mr. Robert Potts  
PO BOX 177  
Marfa, TX 79843

Kirby H. Wynn  
Garfield County  
0375 County Road 352, Bldg 2060  
Rifle, CO 81650-8412

Michael Warren  
Northwest Regional Office  
Energy Liaison - Colorado Parks and Wildlife  
711 Independent Avenue,  
Grand Junction, CO 81505 970-255-6180

Kent Kuster  
Colorado Department of Public Health and Environment  
4300 Cherry Creek Drive South  
Denver, CO 80246-1530



EXHIBIT C



DEPARTMENT OF NATURAL RESOURCES  
*John W. Hickenlooper, Governor*  
707 Wapiti Ct. Suite 204  
Rifle, CO 81650  
Phone: (970) 625-2497  
FAX: (970) 625-5882  
[www.colorado.gov/cogcc](http://www.colorado.gov/cogcc)

October 28, 2013

Mr. Rob Bleil  
Ursa operating company LLC 792 Buckhorn Dr  
Rifle, Colorado 81650

RE: Valley Farms J Pad /Valley Farms J1 Location ID # 416703

Dear Mr. Bleil:

Colorado Oil and Gas Conservation Commission (COGCC) Staff is issuing Notices of Alleged Violation (NOAV) dated October 28, 2013 for the above-referenced Location. COGCC contacted Ursa operating company LLC by phone regarding the issues on October 29, 2013.

When your corrective action is completed, fill out the "TO BE COMPLETED BY OPERATOR" section on the NOAV and return it to my attention.

Please let me know if you have any questions and thank you for your prompt attention to this matter.

Sincerely,

Shaun Kellerby  
North West Colorado Inspection Supervisor



State of Colorado  
Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 201, Denver, Colorado 80203 (303) 894-2100 Fax: (303) 894-2103



FOR COGCC USE ONLY

10/28/2013

200388751

\*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

OGCC Operator Number: 10447  
Name of Operator: Ursa Operating Company LLC  
Address: 602 SAWYER STREET #710  
City: HOUSTON State: TX Zip: 77007  
Company Representative: ROB BLEIL

Date Notice Issued:

10/28/2013

Well Name: Valloy Farms Well Number: J2 Facility Number: 416703  
Location (QtrQtr, Sec, Twp, Rng, Meridian): NWNW 13 6S 92W 6 County: GARFIELD  
API Number: Lease Number:

COGCC Representative: KELLERBY SHAUN Phone Number: 970 285-7235

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 10/18/2013

Approximate Time of Violation:

Description of Alleged Violation:

See attachment letter for additional information. The Colorado oil and gas conservation commission (COGCC) is issuing notice of alleged violation to Ursa Operating Company LLC, based on conditions found during field inspections conducted by COGCC staff. Observed conditions include storage of equipment not needed for lease operations, failure to complete reclamation on abandoned location, and soil stockpile with no protective BMPs in place.

Act, Order, Regulation, Permit Conditions Cited:

603.f., 1004.a., 1002.f.

Abatement or Corrective Action Required to be Performed by Operator:\*

See attachment letter for a full list of abatements or corrective actions and corrective action dates.

Abatement or Corrective Action to be Completed by (date): 01/30/2014

\* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:

Company Representative Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Company Comments: \_\_\_\_\_

\*\*\* THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED \*\*\*

WARNING

Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of this notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this notice, reported to the Colorado Oil and Gas Conservation Commission at the address shown above, and postmarked no later than the next business day after the prescribed time for abatement. Should abatement or corrective action fail to occur, the Director may make application to the Commission for an Order Finding Violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

The Director may propose a penalty as listed in the table below, but no greater than \$10,000 per violation. The proposed penalty amount will be limited to \$10,000 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recontamination or recontamination upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator self-reported promptly, effectively and gradually responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed. The Commission or other agencies with respect to the violation could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations, and orders. The Commission has final authority over the penalty amount assessed.

BASE FINE \$150.00 PER DAY PER VIOLATION. RULES 205, 207, 211, 212, 213, 214A, 216, 403, 405, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.

In accordance with Rule 611(a)(4), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: St. Wells Date: 10/28/2013 Time: 12:16PM  
Resolution Approved by: \_\_\_\_\_ Date: \_\_\_\_\_





DEPARTMENT OF NATURAL RESOURCES

John W. Hickenlooper, Governor  
1120 Lincoln St. Suite 801  
Denver, CO 80203  
Phone: (303) 894-2100  
FAX: (303) 894-2109  
[www.colorado.gov/cogcc](http://www.colorado.gov/cogcc)

October 28, 2013

Ursa operating company LLC, COGCC Operator Number # 10447  
Mr. Rob Bleil  
792 Buckhorn Drive  
Rifle, Colorado 81650

RE: Attachment Letter for Notice of Alleged Violation #200388751  
Valley Farms J Pad /Valley Farms J1 Location ID # 416703  
NWNW Section 13 Township 6 South Range 92 West Garfield County, Colorado

Dear Mr. Bleil,

The Colorado Oil and gas Conservation Commission (COGCC) is Issuing Notice of Alleged Violation #200388751 to Ursa operating company LLC based on conditions found during multiple field inspections conducted by COGCC Staff. On October 18, 2013, and June 13, 2013, Colorado Oil and Gas Conservation Commission (COGCC) Staff performed field inspections on the above referenced Facility, COGCC Field Inspection Document #'s 668100251, 670200860.

On September 13, 2013 COGCC staff conducted a inspection of location #416703. COGCC staff observed 50, 500 bbl horizontal portable tanks on location # 416703. Photo 1, Photo 2

On October 18, 2013 COGCC staff conducted an inspection of location #416703. COGCC staff observed that location has been built, and no evidence of wells being drilled was evident during inspection. Staff observed 50, 500bbl frac tanks manifolded together on location. Photo 3, Photo 4, Rule 603.f., States that all locations must be kept free of equipment vehicles and supplies not necessary for use on the lease. COGCC document, approved form 2A # 400039706, lists current and future land use as cropland. COGCC rule 1004.a. requires all reclamation to be completed within three months of final closure. Review of the COGCC database shows a form 2A document #400039706 that expired on April 15, 2013. No final reclamation activity was observed on location at the time of inspection. Staff observed a stockpile of soil stored on location. Photo 5. No storm water BMP's were observed to protect stockpiled soil as required by COGCC rule 1002.f.(2).

**Abatement or Corrective action and Corrective Action Dates**

- 1) Remove all equipment from abandon location within (10) days
- 2) Begin final reclamation of Location # 416703 within (30) days
- 3) Complete final reclamation within (90) days.

4) Return NOAV with corrective actions documented, and signed by the operator representative to NW Inspection supervisor Shaun Kellerby within (90) days.

The Colorado Oil and Gas Conservation Commission looks forward to working with Ursa Operating Company to bring this site into compliance. If you have any questions or comments please contact me at (970) 286-7235 or at Shaun.Kellerby@state.co.us

Sincerely,



Shaun Kellerby  
North West Colorado Field Inspection Supervisor  
Colorado Oil and Gas Conservation Commission

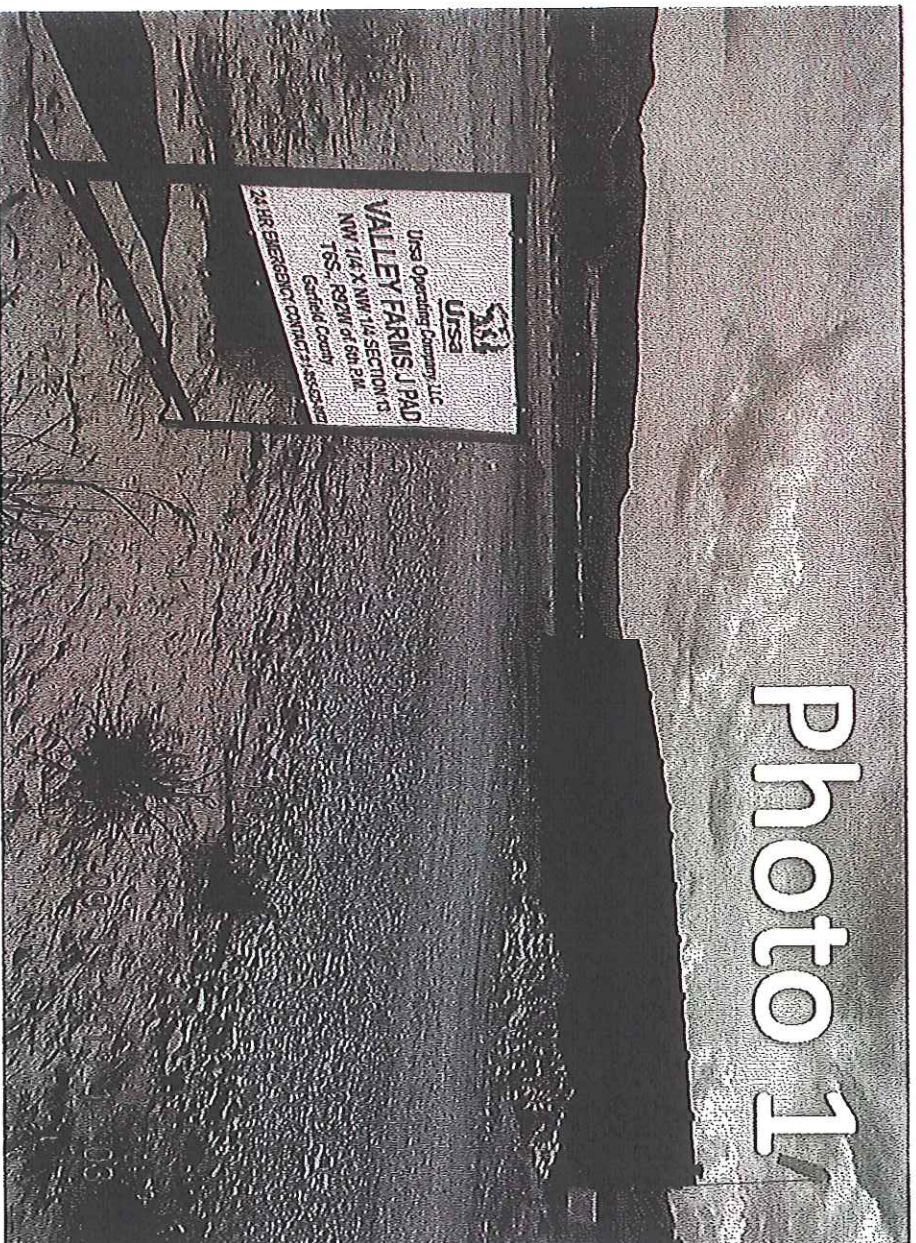
Cc: Craig Burger, COGCC NW Field Inspector  
Peter Gowen, COGCC Enforcement Officer  
Margaret Ash, COGCC Field Inspection Unit Manager

Attachments:

1. Notice of Alleged Violation # 200388751
2. Photographs 9/13/13, 10/18/13 Field Inspection

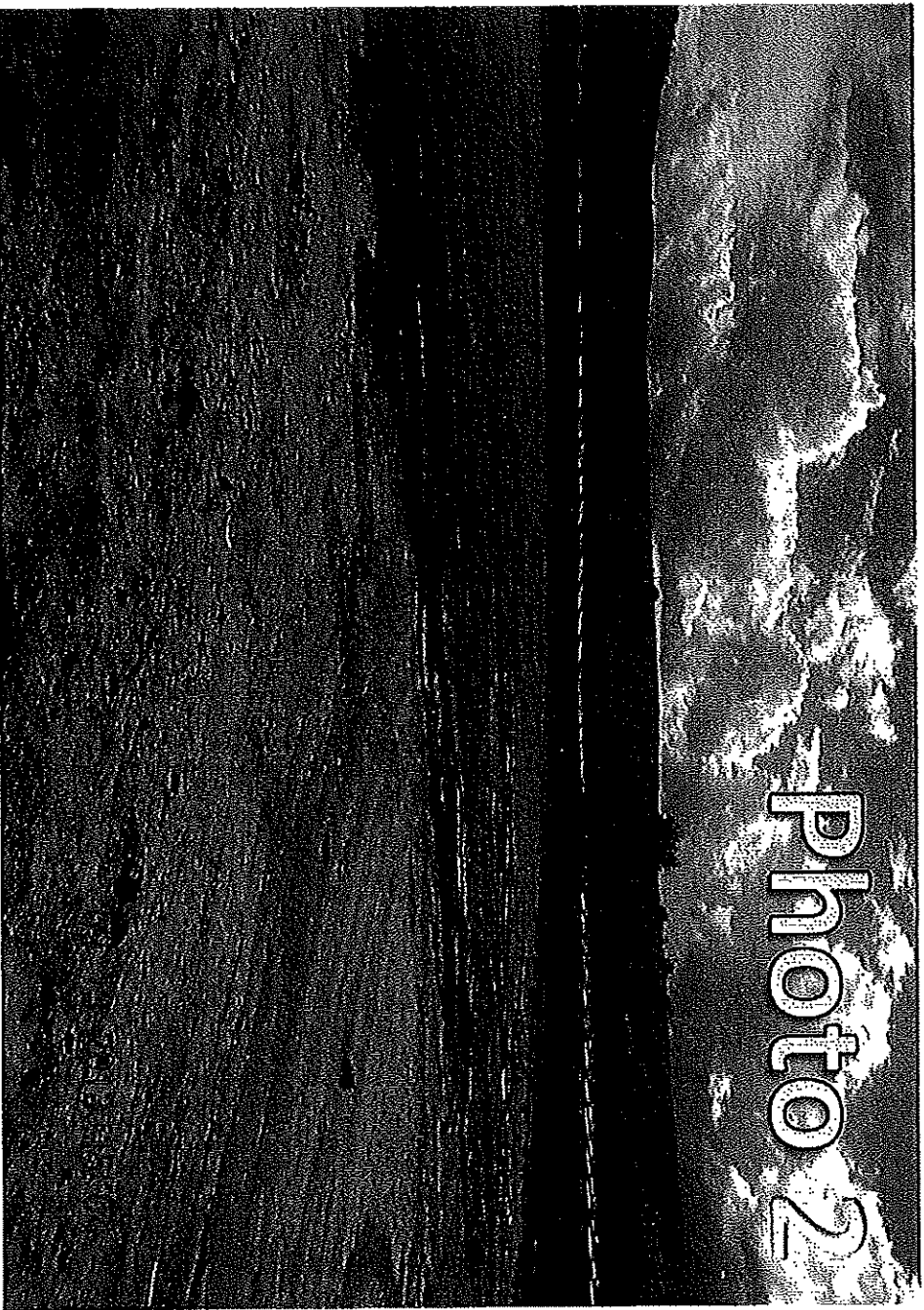


# Photo 1



## Ursa Operating Company Operator ID 10447

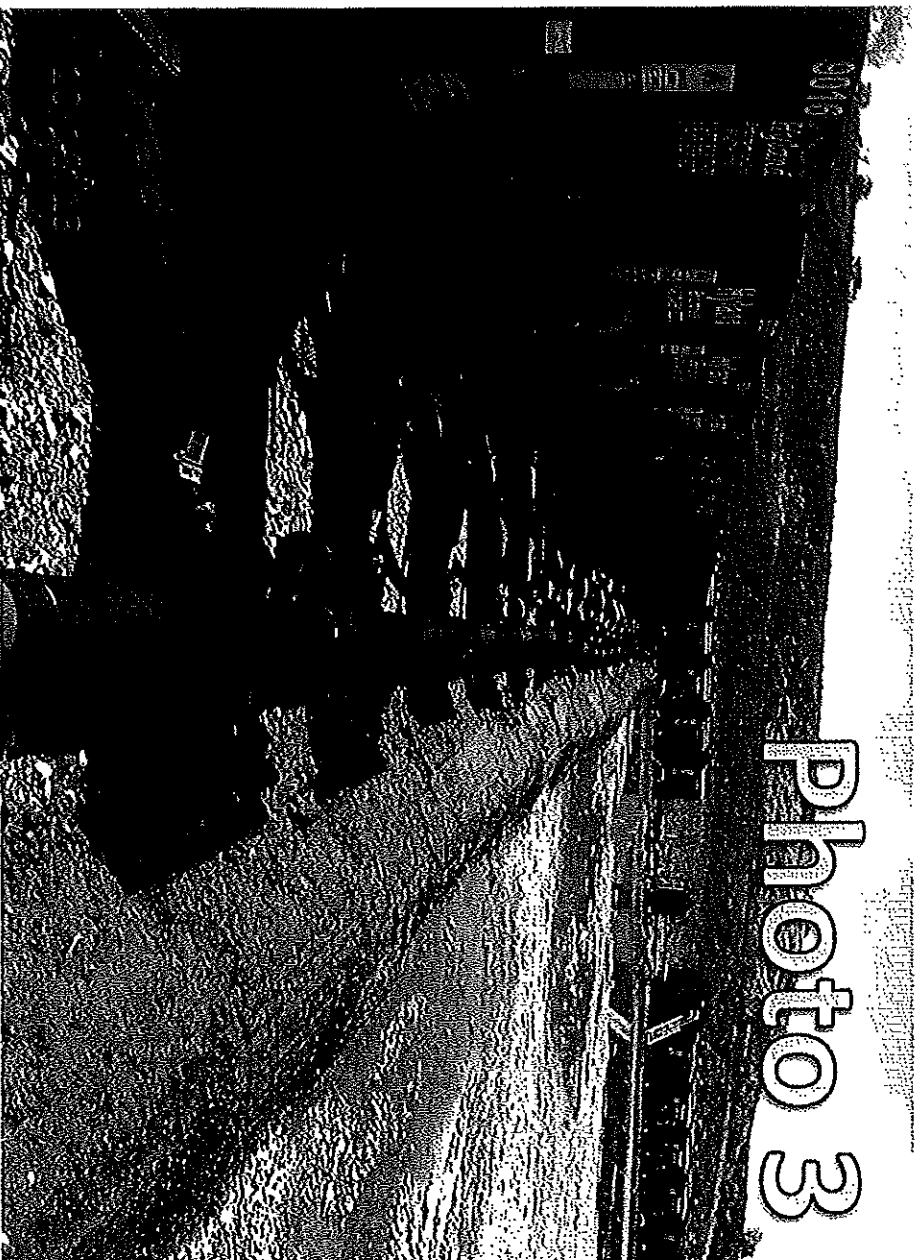
Entrance to Location # 416703. Tanks stored on location. Photo documented as part of Cogcc Inspection # 670200860 Inspection Date 9/13/13



**Ursa Operating Company Operator ID 10447**

Entrance to Location # 416703. 50 500bbl tanks stored on location.  
Photo documented as part of Cogcc Inspection # 670200860 Inspection  
date 9/13/13

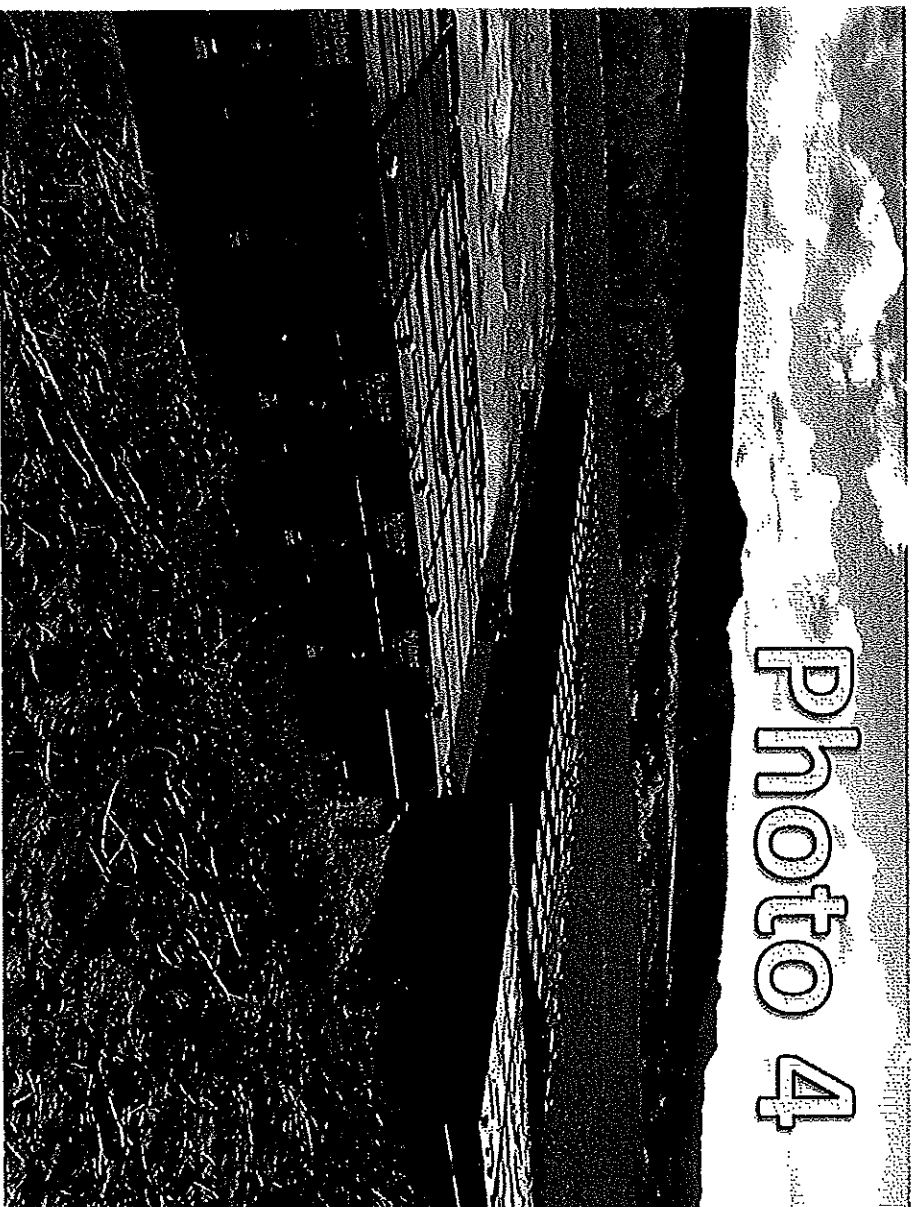
# Photo 3



## **Ursa Operating Company Operator ID 10447**

Entrance to Location # 416703. 50 500bbl tanks Manifolded together on location. Photo documented as part of Cogcc Inspection # 668100251  
Inspection date 10/18/13



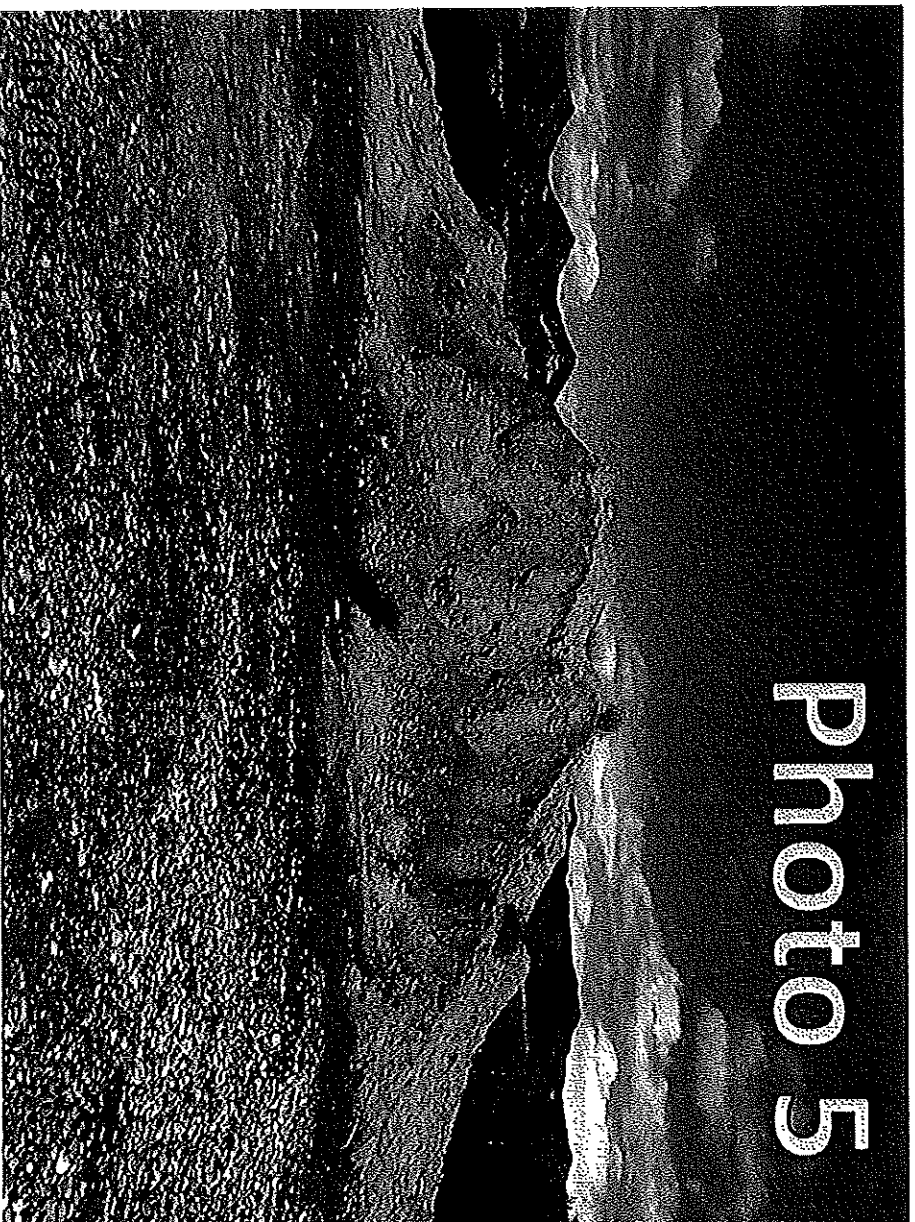


## **Ursa Operating Company Operator ID 10447**

Entrance to Location # 416703. 50 500bbl tanks Stored on location.

Photo documented as part of Cogcc Inspection # 668100251 Inspection  
date 10/18/13





**Ursa Operating Company Operator ID 10447**

Entrance to Location # 416703. Stockpiled soil with no protection. Photo documented as part of Cogcc Inspection # 668100251 Inspection date 10/18/13



1675 LARIMER STREET, SUITE 420  
DENVER, COLORADO 80202  
T. (720) 379-1812  
F. (720) 379-1813  
WWW.JSENERGYGROUP.COM

JAMIE L. JOST  
DIRECT: (720) 379-1816  
E-MAIL: JJOST@JSENERGYGROUP.COM

November 4, 2013

Colorado Oil and Gas Conservation Commission  
ATTN: Director Matthew Lepore & Field Inspections Manager Margaret Ash  
1120 Lincoln Street, Suite 801  
Denver, Colorado 80202

Re: Ursa Operating Company LLC  
Valley Farms J Pad/Valley Farms J1 Location ID #416703  
NOAV #200388751 – October 28, 2013

Dear Director Lepore and Ms. Ash,

Jost & Shelton Energy Group, P.C. has been retained by Ursa Operating Company LLC ("Ursa") to respond to the Colorado Oil and Gas Conservation Commission's October 28, 2013 Notice of Alleged Violation #200388751 ("NOAV") for the Valley Farms J Pad/Valley Farms J1 Location ID #416703 ("Valley Farms J Pad"). See Exhibit 1 attached hereto and incorporated by reference herein.

#### Overview of Ursa

Ursa is an exploration and production company that is focused on developing oil rich unconventional plays as well as the conventional oil and gas producing properties. As of January 2013, Ursa's Piceance Basin position consisted of approximately 260 producing wells, associated pipeline and equipment, and 60,000 net acres of leasehold. Ursa's position in the Piceance contains some of the most liquid rich gas in the basin with portions of Ursa's acreage having condensate yields as high as 25Bbl/Mmcft and NGL yields as high as 50+Bbl/Mmcft. The primary development target is the Williams Fork (Mesa Verde) reservoir, with the Mancos and Niobrara being secondary targets using enhanced completion design and horizontal development. Ursa understands the environmental and community concerns associated with development in this area and has committed to engaging with local stakeholders, local government and the residents. Ursa composes full field development plans for the Piceance Basin assets and such long term plans ensure proper stewardship of the resource and the environment. Ursa has worked



closely with the COGCC on its exploration and development plans in the Piceance Basin.

### Content of NOAV

The NOAV is dated October 28, 2013. Ursa was contacted by the COGCC, and received an electronic copy of the NOAV, on October 29, 2013. Ursa received a hard copy of the NOAV on October 30, 2013.

The NOAV provides that it was issued based on "observed conditions" that include "storage of equipment not needed for lease operations, failure to complete remediation on abandoned location, and soil stockpile with no protective BMP's in place." *Exhibit 1, page 2.* The NOAV cites Rules 603.f, 1004.a, and 1002.f. as the basis for the NOAV. The NOAV specifically states that Ursa must "see attachment letter for a full list of abatements or corrective actions and corrective action dates" and that the Abatement or Corrective Action is to be completed by January 30, 2014. *Id.*

The "attachment letter" to the NOAV provides that the Abatement or Corrective action and Corrective Action Dates are as follows:

- 1) Remove all equipment from abandoned location within (10) days
- 2) Begin final reclamation of Location #416703 within (30) days
- 3) Complete final reclamation within (90) days
- 4) Return NOAV with corrective actions documented, and signed by the operator representative to NW inspection supervisor Shaun Kellerby within (90) days.

The "attachment letter" also provides that on June 13, 2013 the COGCC staff Performed a field inspection. This is incorrect. The COGCC Staff performed field inspections on *September 13, 2013* and October 18, 2013.

### Overview of Valley Farms J Pad

Pursuant to Rule 303.b., Ursa's predecessor (Antero Resources) filed the Form 2A for the Valley Farms J Pad and the COGCC approved Valley Farm J Pad on April 16, 2010. Ursa's predecessor completed construction on the Valley Farms J Pad in May 2010. Ursa received the Valley Farms J Pad permit in its name on April 10, 2013. Pursuant to Rule 303.g.(2), Ursa's predecessor constructed the Valley Farms J Pad well within three (3) years of the Form 2A approval. The surface owner is supportive of Ursa's use of the location and does not have concerns about allowing the Valley Farms J Pad to remain as is in order to accommodate Ursa's 2014 drilling plans. The surface owner does not want reclamation to occur, only to have the surface impacted again for Ursa's future development.



Since the completion of the Valley Farms J Pad, Ursa has utilized the Valley Farms J Pad location for purposes relating to a lease, and has taken steps to survey and stake well sites on the Valley Farms J Pad. Pursuant to Rule 303.a., on October 4, 2013, Ursa filed 16 Applications for Permit to Drill for horizontal wells proposed to be located on the Valley Farms J Pad. Ursa also utilizes the Valley Farms J Pad for the temporary storage of horizontal portable tanks in order to minimize surface disturbance and damage and to avoid having to construct a new "temporary" storage area that would create additional surface damage. The horizontal portable tanks will be utilized by Ursa on the Valley Farms J Pad for horizontal well development as soon as the COGCC processes and approves the 16 Applications for Permit to Drill.

### **Ursa's Initial Response to NOAV**

1. **Location #416703, Valley Farms J Pad, Has Not Expired and is Compliant with COGCC Rule 303.g.(2)**

The entirety of the NOAV is premised on the improper allegation that the Valley Farms J Pad Form 2A, Location #416703, expired on April 15, 2013. This is incorrect as, in full compliance with Rule 303.g.(2), Ursa's predecessor completed construction of the location in May 2010, which is well within three years from the date of approval. Rule 303.g.(2) does not provide for any requirement that an oil and gas location expires if it is not used by a certain date after completion. *See Rule 303.g.(2) on Exhibit 3.* It is clear by the language of the rule that an approved oil and gas location only expires if construction operations have not occurred. Furthermore, there is no other Commission Rule that provides for the expiration of a Form 2A after construction has commenced within the three year period. The COGCC's classification of the Valley Farms J Pad, Location #416703 as expired contradicts the express language of the Commission's rules. In fact, until at least October 22, 2013, the COGCC database showed the Valley Farms J Pad Location # 416703 as "Active" and that the location is planned for drilling in 2014. As such, the NOAV should be rescinded as the Form 2A remains valid and effective.

2. **Removal of all equipment within 10 days**

As the initial and most pressing matter, Ursa respectfully requests that the COGCC issue an immediate stay on Ursa's alleged violation of Rule 603.f., and the corresponding first abatement or corrective action set forth in the NOAV, which is the requirement to "Remove all equipment from abandon location within (10) days." The NOAV was dated October 28, 2013. Ursa did not receive the hard copy of the NOAV until October 30, 2013. This makes the removal date either Thursday, November 7, 2013, or Saturday November 9, 2013. Not only would it be physically impossible to remove all of the portable tanks from the Valley Farms J Pad, but it is not required pursuant to the current COGCC Rule 303.g.(2) or Rule 1004.a.(2). The Valley Farms J Pad is an active location and is not "expired" as stated in the NOAV.



Ursa has continually demonstrated its intent to utilize the Valley Farms J Pad as part of its Piceance Basin development. On August 19, 2013, Ursa filed a Form 42 – Notice of Notification – that it would be utilizing the Valley Farms J Pad as a temporary tank farm for approximately 60 tanks from August 2013 through August 2014. Ursa did not receive any response from the COGCC on the Form 42 submittal. *See Exhibit 2 attached hereto and incorporated by reference herein.* Further, on October 1, 2013, in response to the COGCC's September 13, 2013 inspection notice, Ursa filed a Form 4 Sundry Notice to address the location of the horizontal portable tanks on the location. Ursa received no response from the COGCC on the Form 4 Sundry submittal.

Additionally, the immediate removal of the equipment, and the future re-location of the equipment on the Valley Farms J Pad once the 16 Applications for Permit to Drill are processed and approved, would result in a significant impact on the surface and physical waste of resources. The 16 Applications for Permit to Drill were filed on October 4, 2013 and are "on hold" at the COGCC due to the allegation that the Valley Farms J Pad Form 2A expired on April 15, 2013. The logical application of the abatement and corrective actions relating to the removal of equipment, as well as the alleged Rule 1004.a. violation, is that Ursa would (a) remove the equipment from the Valley Farms J Pad, (b) conduct "final" reclamation activities on the Valley Farms J Pad, and then (c) re-file a Form 2A for the Valley Farms J Pad, obtain approval on such Form 2A, as likely supported by the surface owner, and then re-construct the Valley Farms J Pad. These actions are illogical when Ursa is dedicated to utilizing the Valley Farms J Pad for 16 horizontal wells, as well as minimizing the impact to the surface, including cropland and access roads.

Not only is the 10 days unreasonable, but it also deprives Ursa of its opportunity to utilize Rule 522.b. to meet and try to resolve the NOAV with the COGCC staff. If Ursa cannot resolve this specific portion of the NOAV with the COGCC prior to the November 7, 2013 date, then Ursa respectfully requests a confirmation from the COGCC that the first abatement or corrective action item is stayed until Ursa is able to present its objection to the full Commission on December 16, 2013 COGCC hearing on this matter.

3. Begin final reclamation of Location #416703 within (30) days:

Ursa respectfully requests that the COGCC issue a stay on Ursa's alleged violation of Rule 1004.a., and the corresponding second abatement or corrective action set forth in the NOAV, which is the requirement to "begin final reclamation of Location #416703 within (30) days." The NOAV was dated October 28, 2013. Ursa did not receive the hard copy of the NOAV until October 30, 2013. This makes the final reclamation requirement begin on or about November 27, 2013, or November 29, 2013. As set forth above, final reclamation is not required pursuant to the current COGCC Rule 303.g.(2) or Rule 1004.a.(2). The Valley Farms J Pad is an active location and is not "expired" as stated in the NOAV.



Additionally, the requirement to initiate final reclamation on the Valley Farms J Pad is illogical since it is an active pad. To require Ursa to initiate final reclamation would result in a significant impact on the surface and physical waste of resources due to the future re-location of the equipment for the development of the 16 Applications for Permit to Drill once processed and approved. As set forth above, the 16 Applications for Permit to Drill were filed on October 4, 2013 and are "on hold" at the COGCC due to the allegation that the Valley Farms J Pad Form 2A expired on April 15, 2013.

Again, the logical application of the abatement and corrective actions relating to the removal of equipment, as well as the alleged Rule 1004.a. violation, is that Ursa would (a) remove the equipment from the Valley Farms J Pad, (b) conduct "final" reclamation activities on the Valley Farms J Pad, and then (c) re-file a Form 2A for the Valley Farms J Pad, obtain approval on such Form 2A, as likely supported by the surface owner, and then re-construct the Valley Farms J Pad. These actions are illogical when Ursa is dedicated to utilizing the Valley Farms J Pad for 16 horizontal wells, as well as minimizing the impact to the surface, including cropland and access roads.

If Ursa cannot resolve this specific portion of the NOAV with the COGCC prior to the November 27, 2013 date, then Ursa respectfully requests a confirmation from the COGCC that the second abatement or corrective action item is stayed until Ursa is able to present its objection to the full Commission on December 16, 2013 COGCC hearing on this matter.

4. Complete final reclamation within (90) days

As set forth above, the entirety of the NOAV is premised on the improper allegation that the Valley Farms J Pad Form 2A, Location #416703, expired on April 15, 2013. This is incorrect as, in full compliance with Rule 303.g.(2), Ursa's predecessor completed construction of the location in May 2010, which is well within three years from the date of approval. The COGCC's classification of the Valley Farms J Pad, Location #416703, as expired contradicts the Commission's rules. As such, Ursa should not have to comply with the third abatement or corrective action to "complete final reclamation within 90 days.

5. Return NOAV with corrective actions documented within (90) days

Ursa's position is clear. The Valley Farms J Pad Form 2A is active and, therefore, the NOAV is in violation of the COGCC rules and should be rescinded or dismissed. Based on the items addressed in this Response, Ursa maintains that the fourth abatement and corrective action is irrelevant and it should not have to comply with such action.

6. Alleged Rule 1002.f.(2) Violation

The NOAV references a soil stock pile that is allegedly not protected from degradation pursuant to Rule 1002.f.(2). Ursa has a site specific SPCC Plan and Waste Management Plan, and Storm Water Plan in place for the Valley Farms J Pad. Ursa also has site specific BMPs in place for the Valley Farms J Pad as required by Rule 1002.f.(2). The COGCC, or the appropriate state agency, has been informed and/or received copies of each of these plans. Ursa maintains that it is in compliance with Rule 1002.f.(2) as the BMPs governing the Valley Farms J Pad are utilized in Ursa's operations.

7. No Physical Evidence of Alleged Violation

Rule 522.a.(3) provides that an NOAV can be issued against an operator for reasonable cause, but such reasonable cause requires "at least, physical evidence of the alleged violation, as verified by the Director." *See Rule 522.a.(3) on Exhibit 3.* In this matter, Ursa is fully compliant with Rule 303.g.(2) and there is no other COGCC rule or policy that mandates the expiration of a Form 2A so long as construction has occurred within three years from the approval date. On that basis, there is no physical evidence of an alleged violation that could have been used to issue the NOAV on Rule 603.f. or Rule 1004.a.

8. Mitigating Factors

Ursa's actions in response to the September 13, 2013 Inspection Notice, October 18, 2013 inspection notice, and the NOAV, support the application of the following Mitigating Factors:

- A. Ursa has demonstrated prompt, effective and prudent responses to the inspection notices and the NOAV as Ursa has been in continual contact with the COGCC staff about the Valley Farms J Pad site and Form 2A;
- B. Ursa has continually cooperated with the COGCC Staff regarding the NOAV as Ursa has been in continual contact with the COGCC staff about the Valley Farms J Pad site and Form 2A;
- C. The causes of the alleged violation were outside of Ursa's reasonable control and responsibility as the basis for the NOAV is a result of the COGCC misapplying Rule 303.g.(2);
- D. Ursa made a good faith effort to comply with the applicable requirements of the COGCC as Ursa confirms that it has maintained compliance with Rule 303.g.(2) and the Valley Farms J Pad permit was "active";



- E. The cost of correcting the alleged violation reduces or eliminates any economic benefit to Ursa because, if Ursa is required to remove the equipment and reclaim the pad site, it will lose any economic benefit resulting from the development of future wells on the pad; and
- F. Ursa has demonstrated a history of compliance with the COGCC rules, regulations and orders prior to the receipt of the subject NOAV.

The COGCC should consider each and every one of these mitigating factors in this NOAV matter. Ursa has consistently tried to address these issues with COGCC Staff, including Mr. Shaun Kellerby, Ms. Jane Stanzyck, Ms. Margaret Ash, and Mr. Craig Burger. Ursa, however, has received minimal responses to its attempts to address the September and October inspection notice and has attempted to meet about the inspection notices only to have the meeting rescinded and an NOAV served.

Ursa reserves the right to modify or supplement these response items as future meetings or discussions with the COGCC and/or circumstances dictate.

#### Requests for Relief

Ursa's requests for relief are as follows:

1. That the COGCC rescind or dismiss the NOAV as Ursa is in full compliance with Rule 303.g.(2) and there is no basis for the NOAV;
2. If the NOAV is not rescinded or dismissed, that the COGCC stay the first abatement or corrective action item (Removal of equipment within 10 days) until Ursa is able to present its objection to the full Commission on December 16, 2013 COGCC hearing on this matter.
3. If the NOAV is not rescinded or dismissed, that the COGCC stay the second abatement or corrective action item (Begin final reclamation within 30 days) until Ursa is able to present its objection to the full Commission on December 16, 2013 COGCC hearing on this matter.
4. If the NOAV is not rescinded or dismissed, that the COGCC stay the third abatement or corrective action item (Complete final reclamation within 90 days) until Ursa is able to present its objection to the full Commission on December 16, 2013 COGCC hearing on this matter.
5. If the NOAV is not rescinded or dismissed, that the COGCC stay the fourth abatement or corrective action item (Return NOAV with corrective actions documented within 90 days) until Ursa is able to



present its objection to the full Commission on December 16, 2013 COGCC hearing on this matter.

6. That the COGCC withdraw the alleged violation of Rule 1002.f.(2).
7. That Director Lepore, Permit Manager Thom Kerr, Oil and Gas Locations Assessment Supervisor Greg Deranlau, Hearings Examiner Robert Frick, Inspections Manager Margaret Ash, North West Colorado Field Inspection Supervisor Shaun Kellerby, and Enforcement Officer Peter Gowan be available for an *immediate* meeting with Ursa and its counsel to discuss the NOAV, specifically the 10 day removal requirement, and the stated abatement or corrective actions; and
8. That the Hearings Examiner set this matter, and any other potential Notice of Alleged Violation that Mr. Kellerby intends to serve on Ursa, for hearing on December 16, 2013 pursuant to Rule 522.c.<sup>1</sup>

Ursa looks forward to meeting with the requested COGCC Staff to address the NOAV at its earliest convenience. Ursa works diligently to ensure that it has open and upfront communication with the COGCC Staff, both in the Denver office and Rifle office. Given the time limitations set forth in the NOAV, however, Ursa had no choice but request that counsel prepare this formal response to the COGCC Staff and ensure that an immediate meeting is scheduled.

Thank you in advance for your immediate attention to this Response to NOAV. Please contact me at your earliest convenience to schedule a meeting with Ursa.

Sincerely,



Jamie L. Jost  
Managing Shareholder

---

<sup>1</sup> Ursa has been informed by Mr. Kellerby that he is in the process of preparing additional Notices of Alleged Violations against Ursa. Without knowing the allegations, or the alleged basis of the future Notices of Alleged Violations, Ursa cannot respond other than to request a consolidated hearing in December 2013.

**Enclosures**

**cc via email only:** Thom Kerr - COGCC  
Greg Deranlau - COGCC  
Robert Frick - COGCC  
Shaun Kellerby - COGCC  
Peter Gowan - COGCC  
Rob Bleil – Ursa Operating Company LLC  
Dana Johnson – Ursa Operating Company LLC  
Don Simpson – Ursa Operating Company LLC



DEPARTMENT OF NATURAL RESOURCES

John W. Hickenlooper, Governor

707 Wapiti Ct. Suite 204

Rifle, CO 81650

Phone: (970) 625-2497

FAX: (970) 625-5882

www.colorado.gov/cogcc

## Exhibit 1

October 28, 2013

Mr. Rob Bleil  
Ursa operating company LLC 792 Buckhorn Dr  
Rifle, Colorado 81650

RE: Valley Farms J Pad /Valley Farms J1 Location ID # 416703

Dear Mr. Bleil:

Colorado Oil and Gas Conservation Commission (COGCC) Staff is issuing Notices of Alleged Violation (NOAV) dated October 28, 2013 for the above-referenced Location. COGCC contacted Ursa operating company LLC by phone regarding the issues on October 29, 2013.

When your corrective action is completed, fill out the "TO BE COMPLETED BY OPERATOR" section on the NOAV and return it to my attention.

Please let me know if you have any questions and thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Shaun Kellerby".

Shaun Kellerby  
North West Colorado Inspection Supervisor





State of Colorado  
Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 601, Denver, Colorado 80203 (303) 834-2100 Fax: (303) 834-2102



FOR OGCC USE ONLY

10/28/2013

200388751

\*\*\* NOTICE OF ALLEGED VIOLATION \*\*\*

OGCC Operator Number: 10447  
Name of Operator: URSA OPERATING COMPANY LLC  
Address: 602 SAWYER STREET #710  
City: HOUSTON State: TX Zip: 77007  
Company Representative: ROB BLEIL

Date Notice Issued:

10/28/2013

Well Name: Valley Farms Well Number: J2 Facility Number: 416703  
Location (Qtr, Sec, Twp, Rng, Meridian): NWNW 13 6S 92W 6 County: GARFIELD  
API Number: Lease Number:

COGCC Representative: KELLERBY SHAUN Phone Number: 970 285-7235

THE FOLLOWING ALLEGED VIOLATION WAS FOUND BY THE COGCC REPRESENTATIVE FOR THE SITE LISTED

Date of Alleged Violation: 10/18/2013

Approximate Time of Violation:

Description of Alleged Violation:

See attachment letter for additional information. The Colorado oil and gas conservation commission (COGCC) is issuing notice of alleged violation to Ursa Operating Company LLC, based on conditions found during field inspections conducted by COGCC staff. Observed conditions include storage of equipment not needed for lease operations, failure to complete reclamation on abandoned location, and soil stockpile with no protective BMPs in place.

Act, Order, Regulation, Permit Conditions Cited:  
603.f., 1004.a., 1002.f.

Abatement or Corrective Action Required to be Performed by Operator:

See attachment letter for a full list of abatements or corrective actions and corrective action dates.

Abatement or Corrective Action to be Completed by (date): 01/30/2014

\* Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

TO BE COMPLETED BY OPERATOR - When alleged violation is corrected, sign this notice and return to above address:

Company Representative Name: Title:  
Signature: Date:  
Company Comments:

\*\*\* THIS NOTICE CONSTITUTES A SEPARATE NOTICE OF ALLEGED VIOLATION FOR EACH VIOLATION LISTED \*\*\*

WARNING

Abatement and reporting time frames for Notices of Alleged Violation begin upon receipt of the notice or five days after the date it is mailed, whichever is earlier. Each violation must be abated within the prescribed time upon receipt of this notice, reported to the Colorado Oil and Gas Conservation Commission at the address above, and postmarked no later than the next business day after the prescribed time for abatement. If abatement or corrective action fails to occur, the Director may make application to the Commission for an order finding violation. Proper and timely abatement does not necessarily preclude the assessment of penalties and an Order Finding Violation.

PENALTY PROPOSED BY THE DIRECTOR PER RULE 523

The Director may propose a penalty as listed in the table below for each violation. The proposed penalty amount will be limited to \$10,000.00 per violation if the violation does not result in significant waste of oil and gas resources, damage to correlative rights, or a significant adverse impact on public health, safety, or welfare. Such proposed penalty amount may be increased if aggravating factors indicate the violation was intentional or reckless; had, or threatened to have, a significant negative impact on public health, safety, or welfare; resulted in significant waste of oil and gas resources; had a significant negative impact on correlative rights of other parties; resulted in, or threatened to result in, significant loss or damage to public or private property; involved recidivism or recidivism upon the part of the violator; involved intentional false reporting or record keeping; resulted in economic benefit to the violator. Such proposed penalty amount may be decreased if mitigating factors indicate the violator self-reported promptly, effectively and proactively responded to the violation; cooperated with the Commission or other agencies with respect to the violation; could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations and orders. The Commission has final authority over the penalty amount assessed.

the Commission or other agencies with respect to the violation could not reasonably control, or be responsible for, the cause of the violation; made a good faith effort to comply with applicable requirements prior to the Commission learning of the violation; had any economic benefit reduced or eliminated due to the cost of correcting the violation; has demonstrated a history of compliance with Commission rules, regulations, and orders. The Commission has final authority over the penalty amount assessed.

BASE FINE \$150.00 PER DAY PER VIOLATION: RULES 218, 205, 211, 212, 213, 214A, 215, 403, 405, 409, 404  
BASE FINE \$500.00 PER DAY PER VIOLATION: RULES 205, 209, 217, 224, 225, 226, 329, 318, 126A, 211, 222, 228, 229, 333, 331, 332, 601  
BASE FINE \$1250.00 PER DAY PER VIOLATION: RULES 605, 605A, 605B, 607  
BASE FINE \$1000.00 PER DAY PER VIOLATION: RULES 209, 301, 302, 305, 306, 316A, 317, 317A, 318, 319, 320, 323, 324, 325, 429, 432, 433, 434, 602, 603, 604, 709, 704, 705, 706, 707, 708, 709, 710, 802, 804, 805, 806, 807, 808, 809, 810, 811, 812, 1002, 1003, 1004, 1103, 1104, 1105, 1106, 1107

In accordance with Rule 513(a)(3), fines for violations for which no base fine is listed shall be determined by the Commission at its discretion.

Signature of COGCC Representative: *Sh. Kellerby* Date: 10/28/2013 Time: 12:16PM  
Resolution Approved by: Date:



DEPARTMENT OF NATURAL RESOURCES

John W. Hickenlooper, Governor  
1120 Lincoln St. Suite 801  
Denver, CO 80203  
Phone: (303) 894-2100  
FAX: (303) 894-2109  
[www.colorado.gov/cogcc](http://www.colorado.gov/cogcc)

October 28, 2013

Ursa operating company LLC, COGCC Operator Number # 10447  
Mr. Rob Bleil  
792 Buckhorn Drive  
Rifle, Colorado 81650

RE: Attachment Letter for Notice of Alleged Violation #200388751  
Valley Farms J Pad /Valley Farms J1 Location ID # 416703  
NWNW Section 13 Township 6 South Range 92 West Garfield County, Colorado

Dear Mr. Bleil,

The Colorado Oil and gas Conservation Commission (COGCC) is issuing Notice of Alleged Violation #200388751 to Ursa operating company LLC based on conditions found during multiple field inspections conducted by COGCC Staff. On October 18, 2013, and June 13, 2013, Colorado Oil and Gas Conservation Commission (COGCC) Staff performed field inspections on the above referenced Facility, COGCC Field Inspection Document #'s 668100251, 670200860.

On September 13, 2013 COGCC staff conducted a inspection of location #416703. COGCC staff observed 50, 500 bbl horizontal portable tanks on location # 416703. Photo 1, Photo 2

On October 18, 2013 COGCC staff conducted an inspection of location #416703. COGCC staff observed that location has been built, and no evidence of wells being drilled was evident during inspection. Staff observed 60, 500bbl frac tanks manifolded together on location. Photo 3, Photo 4, Rule 603.f., States that all locations must be kept free of equipment vehicles and supplies not necessary for use on the lease. COGCC document, approved form 2A # 400039706, lists current and future land use as cropland. COGCC rule 1004.a. requires all reclamation to be completed within three months of final closure. Review of the COGCC database shows a form 2A document #400039706 that expired on April 15, 2013. No final reclamation activity was observed on location at the time of inspection. Staff observed a stockpile of soil stored on location. Photo 5. No storm water BMP's were observed to protect stockpiled soil as required by COGCC rule 1002.f.(2).

**Abatement or Corrective action and Corrective Action Dates**

- 1) Remove all equipment from abandon location within (10) days
- 2) Begin final reclamation of Location # 416703 within (30) days
- 3) Complete final reclamation within (90) days.



4) Return NOAV with corrective actions documented, and signed by the operator representative to NW Inspection supervisor Shaun Kellerby within (90) days.

The Colorado Oil and Gas Conservation Commission looks forward to working with Ursa Operating Company to bring this site into compliance. If you have any questions or comments please contact me at (970) 286-7235 or at Shaun.Kellerby@state.co.us

Sincerely,



Shaun Kellerby  
North West Colorado Field Inspection Supervisor  
Colorado Oil and Gas Conservation Commission

Cc: Craig Burger, COGCC NW Field Inspector  
Peter Gowen, COGCC Enforcement Officer  
Margaret Ash, COGCC Field Inspection Unit Manager

Attachments:

1. Notice of Alleged Violation # 200388751
2. Photographs 9/13/13, 10/18/13 Field Inspection

Ursa Operating Company, LLC

**VALLEY FARMS LPAD**

NW 1/4 & NW 1/4, SECTION 15

T35S, R22W of 60 E.M.

Caddo County

Caddo Parish, Louisiana

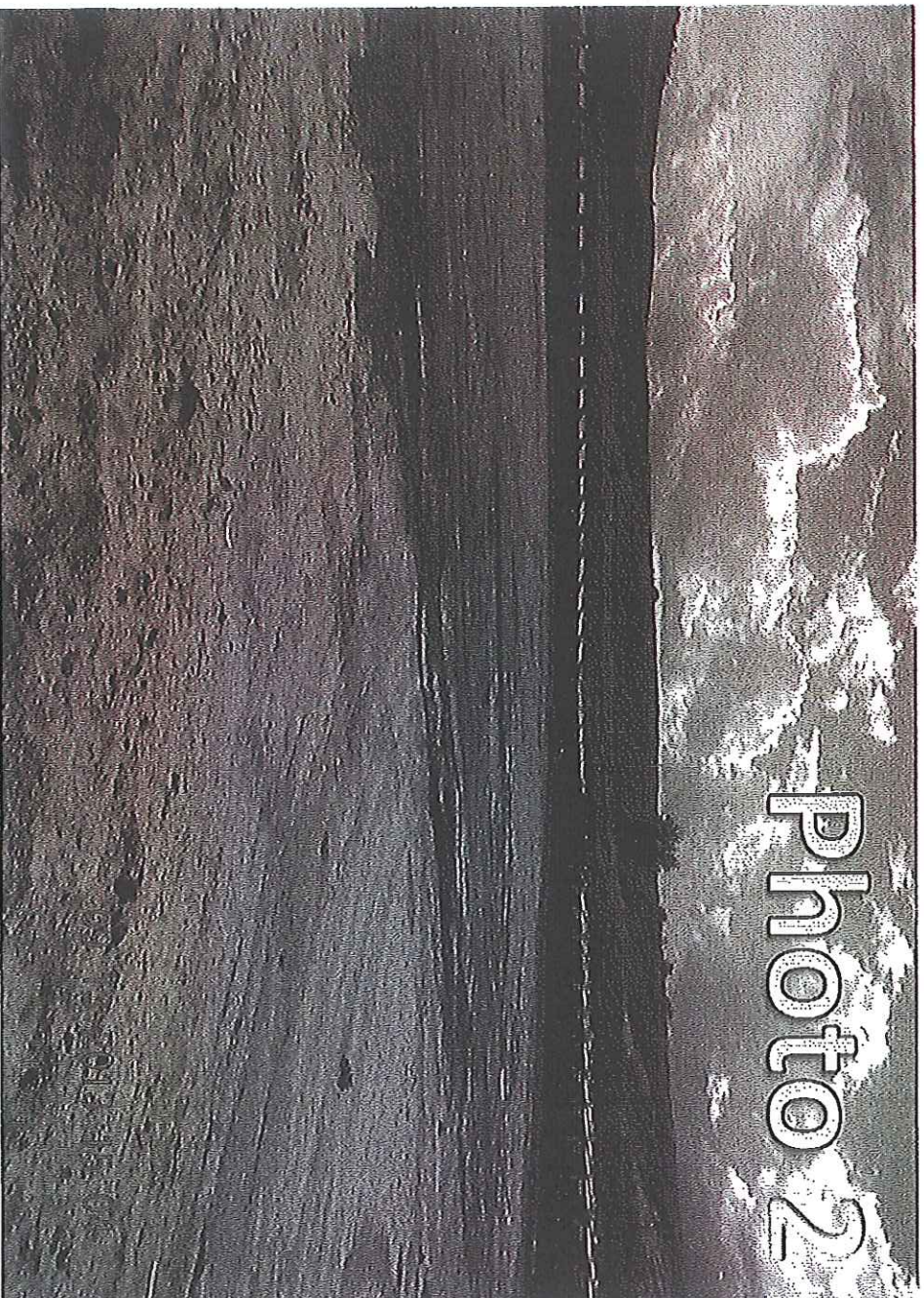
Ursa

# Photo 1

Entrance to Location # 416703. Tanks stored on location. Photo documented as part of Cogcc Inspection # 670200860 Inspection Date 9/13/13

9/13/13



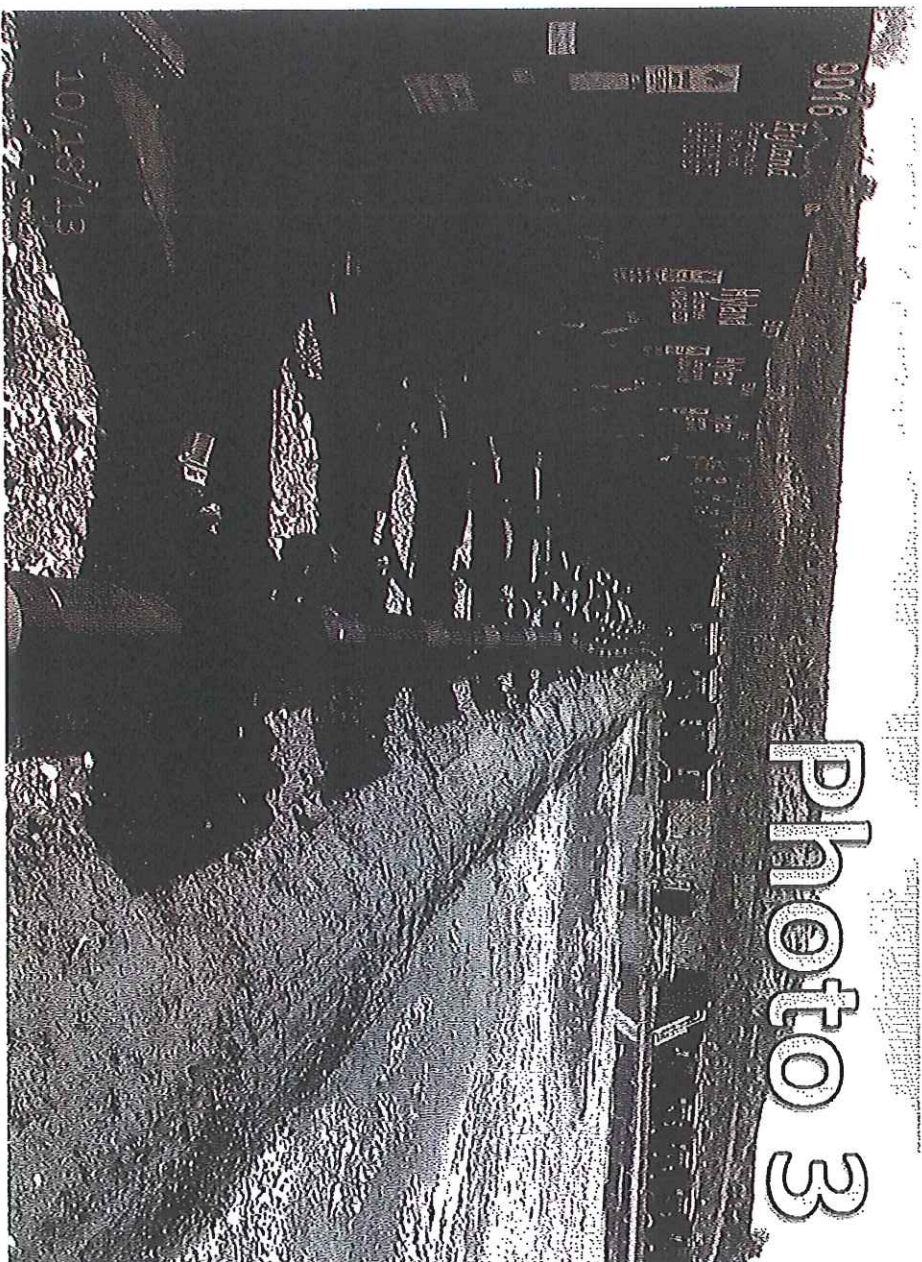


## **Ursa Operating Company Operator ID 10447**

Entrance to Location # 416703. 50 500bbl tanks stored on location.  
Photo documented as part of Cogcc Inspection # 670200860 Inspection  
date 9/13/13



# Photo 3

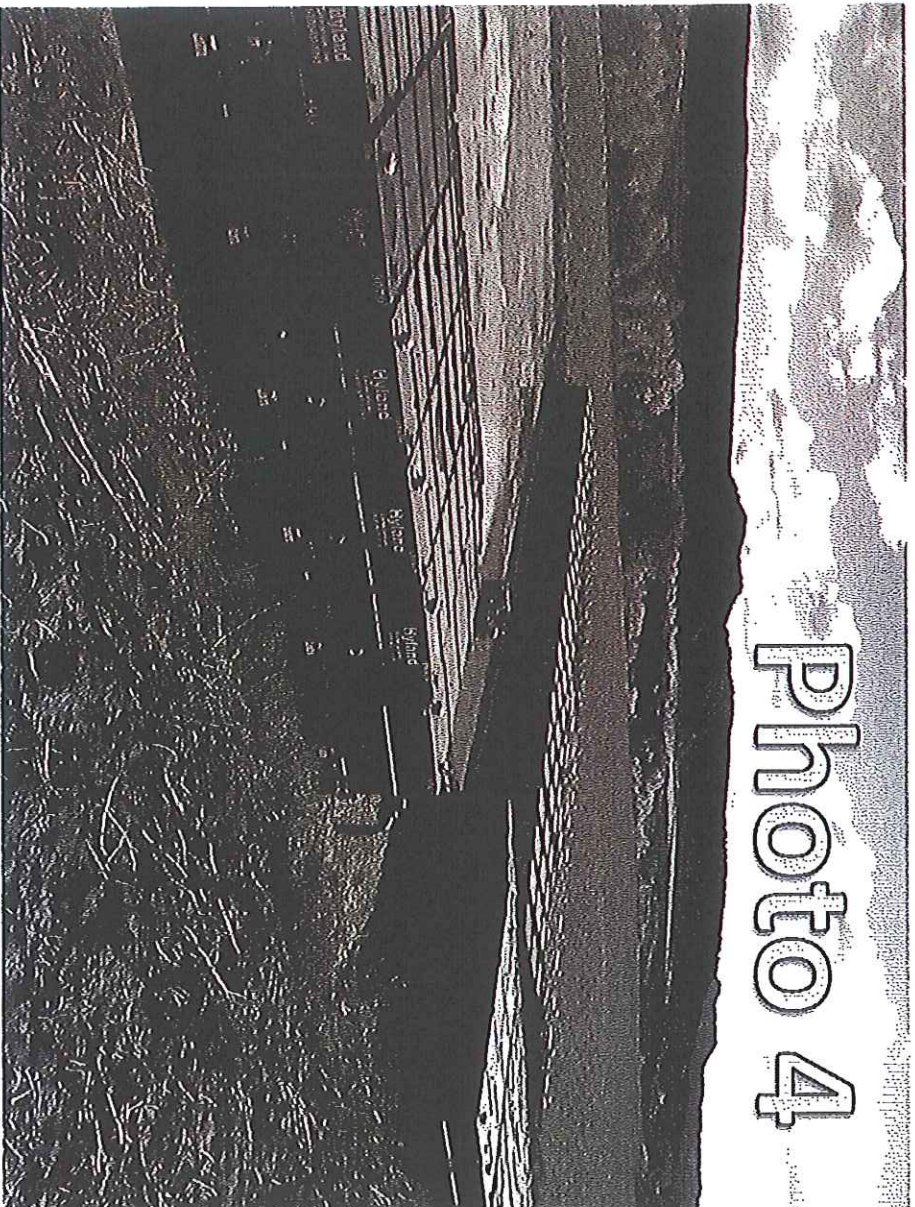


## Ursa Operating Company Operator ID 10447

Entrance to Location # 416703. 50 500bbl tanks Manifolded together on location. Photo documented as part of Cogcc Inspection # 668100251  
Inspection date 10/18/13



# Photo 4

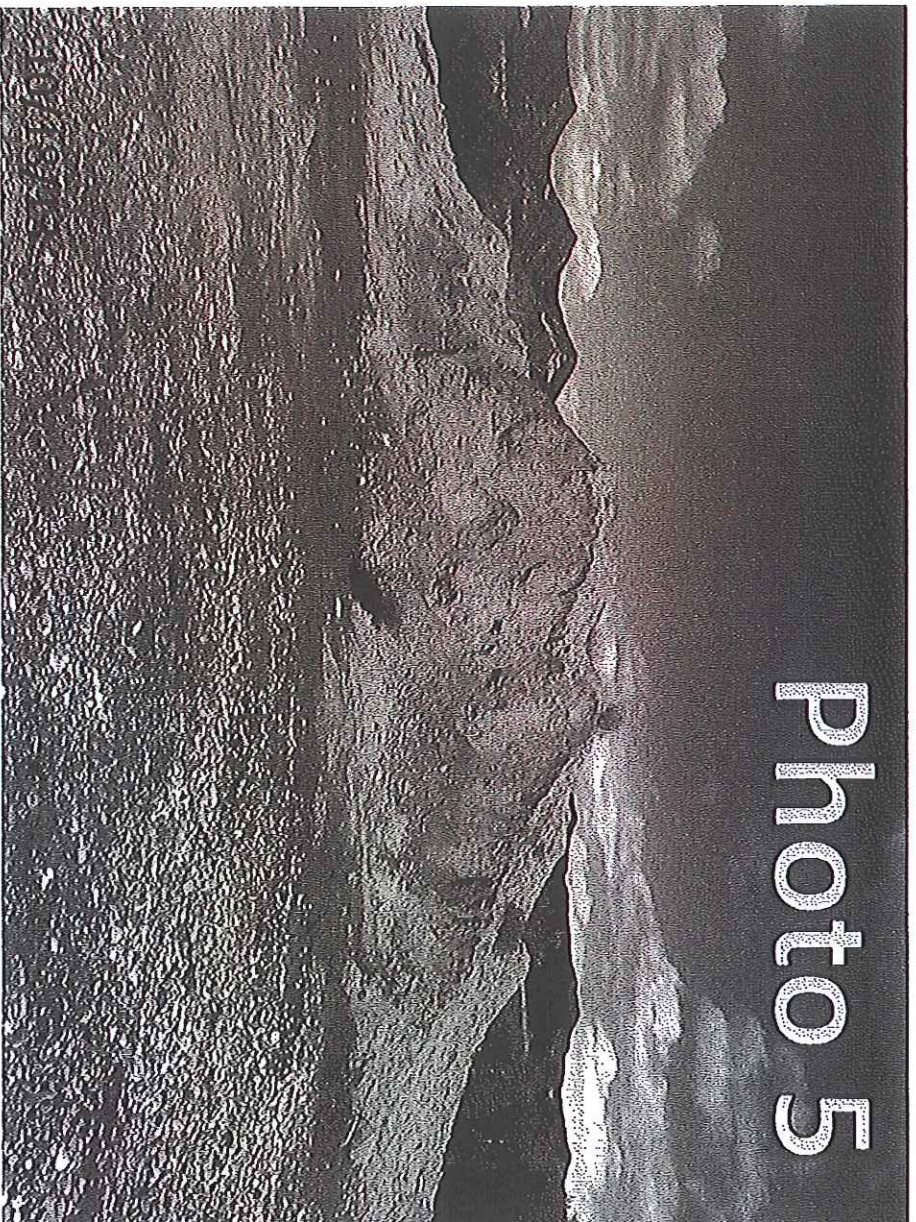


## **Ursa Operating Company Operator ID 10447**

Entrance to Location # 416703. 50 500bbl tanks Stored on location.  
Photo documented as part of Cogcc Inspection # 668100251 inspection  
date 10/18/13



# Photo 5



## **Ursa Operating Company Operator ID 10447**

Entrance to Location # 416703. Stockpiled soil with no protection. Photo documented as part of Cogcc Inspection # 668100251 Inspection date 10/18/13



Inspector Name: KELLERBY, SHAUN

**FORM  
INSP**Rev  
05/11**State of Colorado****Oil and Gas Conservation Commission**

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



DE ET OE ES

Inspection Date:

10/18/2013

Document Number:

668100251

Overall Inspection:

Violation

**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	416703	416703	KELLERBY, SHAUN	<input type="checkbox"/>	

**Operator Information:**

OGCC Operator Number:

Name of Operator: URSA OPERATING COMPANY LLCAddress: 602 SAWYER STREET #710City: HOUSTON State: TX Zip: 77007

- ☐ THIS IS A FOLLOW UP INSPECTION  
☒ FOLLOW UP INSPECTION REQUIRED  
☐ NO FOLLOW UP INSPECTION REQUIRED  
☐ INSPECTOR REQUESTS FORM 42 WHEN CORRECTIVE ACTIONS ARE COMPLETED

**Contact Information:**

Contact Name	Phone	Email	Comment
Bleil, Rob		rbleil@ursaresources.com	Environmental

**Compliance Summary:**QtrQtr: NWNW Sec: 13 Twp: 6S Range: 92W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Unsatisfactory	PA P/F/I	Pas/Fall (P/F)	Violation (Y/N)
06/12/2012	668100101	AC	IO	S			N

**Inspector Comment:**

Location has been built. No evidence of wells being drilled is evident. Operator is using pad as storage of frac tanks, or as a tank farm. Form 2a is expired, no reclamation activity was observed during inspection.

**Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
416726	WELL	AL	06/12/2013	LO	045-19343	Valley Farms J2	AL
416730	WELL	AL	06/12/2013	LO	045-19344	Valley Farms J4	AL
416879	WELL	AL	06/12/2013	LO	045-19392	Valley Farms J1	AL
416880	WELL	AL	06/21/2013	LO	045-19393	Valley Farms J3	AL

**Equipment:****Location Inventory**

Special Purpose Pits: _____	Drilling Pits: _____	Wells: <u>20</u>	Production Pits: _____
Condensate Tanks: <u>2</u>	Water Tanks: <u>4</u>	Separators: <u>5</u>	Electric Motors: _____
Gas or Diesel Motors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: <u>1</u>	Oil Pipeline: <u>1</u>	Water Pipeline: <u>1</u>
Gas Compressors: _____	VOC Combustor: <u>1</u>	Oil Tanks: _____	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: <u>1</u>	Flare: _____	Fuel Tanks: _____

**Location**

Inspector Name: KELLERBY, SHAUN

<b>Signs/Marker:</b>				
Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
OTHER	Satisfactory	Sign at public road, and entry to the location.		

Emergency Contact Number: (S/U) Satisfactory

Corrective Date:

Comment:

Corrective Action:

**Good Housekeeping:**

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
STORAGE OF SUPL	Violation	50 500bbl frac tanks with a manifold system and pump.	Remove all equipment not needed for the production of lease.	10/30/2013

**Spills:**

Type	Area	Volume	Corrective action	CA Date
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☐ Multiple Spills and Releases?

**Venting:**

Yes/No

Comment

**Flaring:**

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
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Inspector Name: KELLERBY, SHAUN

**Predrill**

Location ID: 416703

**Site Preparation:**

Lease Road Adeq.: \_\_\_\_\_

Pads: \_\_\_\_\_

Soil Stockpile: \_\_\_\_\_

S/U/V: \_\_\_\_\_

Corrective Action: \_\_\_\_\_

Date: \_\_\_\_\_ CDP Num.: \_\_\_\_\_

**Form 2A COAs:**

Group	User	Comment	Date
Agency	kubeczkod	Location is in a sensitive area because of proximity to surface water; therefore, operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations.	03/30/2010
Agency	kubeczkod	Operator must implement best management practices to contain any unintentional release of fluids.	03/30/2010
Agency	kubeczkod	Location may be in a sensitive area because of shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented.	03/30/2010

S/U/V: \_\_\_\_\_ Comment: \_\_\_\_\_

CA: \_\_\_\_\_ Date: \_\_\_\_\_

**Wildlife BMPs:**

S/U/V: \_\_\_\_\_ Comment: \_\_\_\_\_

CA: \_\_\_\_\_ Date: \_\_\_\_\_

**Stormwater:**

Comment: \_\_\_\_\_

**Staking:**

**On Site Inspection (305):**

**Surface Owner Contact Information:**

Name: \_\_\_\_\_ Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

**Operator Rep. Contact Information:**

Landman Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Date Onsite Request Received: \_\_\_\_\_ Date of Rule 306 Consultation: \_\_\_\_\_

Request LGD Attendance: \_\_\_\_\_

**LGD Contact Information:**

Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_ Agreed to Attend: \_\_\_\_\_

**Summary of Landowner Issues:**

**Summary of Operator Response to Landowner Issues:**

**Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:**

**Environmental**

**Spills/Releases:**

Type of Spill: \_\_\_\_\_ Description: \_\_\_\_\_ Estimated Spill Volume: \_\_\_\_\_

Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_

Inspector Name: KELLERBY, SHAUN

Reportable: \_\_\_\_\_ GPS: Lat \_\_\_\_\_ Long \_\_\_\_\_  
Proximity to Surface Water: \_\_\_\_\_ Depth to Ground Water: \_\_\_\_\_

Water Well: \_\_\_\_\_ Lat \_\_\_\_\_ Long \_\_\_\_\_  
DWR Receipt Num: \_\_\_\_\_ Owner Name: \_\_\_\_\_ GPS: \_\_\_\_\_

**Field Parameters:**

Sample Location: \_\_\_\_\_

Emission Control Burner (ECB): \_\_\_\_\_

Comment: \_\_\_\_\_

Pilot: \_\_\_\_\_ Wildlife Protection Devices (fired vessels): \_\_\_\_\_

**Reclamation - Storm Water - Pit**

**Interim Reclamation:**

Date Interim Reclamation Started: \_\_\_\_\_ Date Interim Reclamation Completed: \_\_\_\_\_

Land Use: HAY MEADOW, IRRIGATED

Comment: \_\_\_\_\_

1003a. Debris removed? \_\_\_\_\_ CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Waste Material Onsite? \_\_\_\_\_ CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Unused or unneeded equipment onsite? \_\_\_\_\_ CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Pit, cellars, rat holes and other bores closed? \_\_\_\_\_ CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Guy line anchors removed? \_\_\_\_\_ CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Guy line anchors marked? \_\_\_\_\_ CM \_\_\_\_\_  
CA \_\_\_\_\_ CA Date \_\_\_\_\_

1003b. Area no longer in use? \_\_\_\_\_ Production areas stabilized? \_\_\_\_\_

1003c. Compacted areas have been cross ripped? \_\_\_\_\_

1003d. Drilling pit closed? \_\_\_\_\_ Subsidence over on drill pit? \_\_\_\_\_

Cuttings management: \_\_\_\_\_

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? \_\_\_\_\_

Production areas have been stabilized? \_\_\_\_\_ Segregated soils have been replaced? \_\_\_\_\_

**RESTORATION AND REVEGETATION**

**Cropland**

Top soil replaced \_\_\_\_\_ Recontoured \_\_\_\_\_ Perennial forage re-established \_\_\_\_\_

**Non-Cropland**

Top soil replaced \_\_\_\_\_ Recontoured \_\_\_\_\_ 80% Revegetation \_\_\_\_\_



Inspector Name: KELLERBY, SHAUN

1003 f. Weeds Noxious weeds? \_\_\_\_\_

Comment: \_\_\_\_\_

Overall Interim Reclamation \_\_\_\_\_

**Final Reclamation/ Abandoned Location:**

Date Final Reclamation Started: \_\_\_\_\_

Date Final Reclamation Completed: \_\_\_\_\_

Final Land Use: HAY MEADOW, IRRIGATED \_\_\_\_\_

Reminder: \_\_\_\_\_

Comment: Form 2A Expiration 4/15/13. All wells associated with Location 416703 are Abandon Location status. Form 2A was approved on 4/16/10. Final reclamation has not begun on location.

Well plugged \_\_\_\_\_

Pit mouse/rat holes, cellars backfilled \_\_\_\_\_

Debris removed \_\_\_\_\_

No disturbance /Location never built \_\_\_\_\_

Access Roads Regraded \_\_\_\_\_ Fail \_\_\_\_\_

Contoured \_\_\_\_\_ Fail \_\_\_\_\_

Culverts removed \_\_\_\_\_

Gravel removed \_\_\_\_\_ Fail \_\_\_\_\_

Location and associated production facilities reclaimed \_\_\_\_\_

Locations, facilities, roads, recontoured \_\_\_\_\_ Fail \_\_\_\_\_

Compaction alleviation \_\_\_\_\_ Fail \_\_\_\_\_

Dust and erosion control \_\_\_\_\_ Fail \_\_\_\_\_

Non cropland: Revegetated 80% \_\_\_\_\_

Cropland: perennial forage \_\_\_\_\_

Weeds present \_\_\_\_\_ Fail \_\_\_\_\_

Subsidence \_\_\_\_\_

Comment: Complete Final reclamation of location as required by Cogco rule.

Corrective Action: \_\_\_\_\_

Date 01/20/2014

Overall Final Reclamation \_\_\_\_\_

Fail

Well Release on Active Location ☒

Multi-Well Location ☒

**Storm Water:**

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment

S/U/V: Violation

Corrective Date: 10/30/2013

Comment: stockpiled soil is not protected from degradation

CA: Protect stockpiled soil from degradation

Pits: ☒ NO SURFACE INDICATION OF PIT

Inspector Name: BURGER, CRAIG

FORM  
INSP  
Rev  
05/11State of Colorado  
Oil and Gas Conservation Commission

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



DE ET OE ES

Inspection Date:

09/13/2013

Document Number:

670200860

Overall Inspection:

Violation

## FIELD INSPECTION FORM

Location Identifier Facility ID Loc ID Inspector Name: On-Site Inspection ☐  
 416726 416703 BURGER, CRAIG 2A Doc Num: \_\_\_\_\_

## Operator Information:

OGCC Operator Number: 10079 Name of Operator: ANTERO RESOURCES PICEANCE LLC

Address: 1625 17TH ST STE 300

City: DENVER

State: CO

Zip: 80202

## Contact Information:

Contact Name	Phone	Email	Comment
Smith, Cody		csmith@ursaresources.com	
Bløll, Robert		rbløll@ursaresources.com	Regulatory & Environmental Manager
Kellerby, Shaun		Shaun.Kellerby@state.co.us	NW Field Supervisor

## Compliance Summary:

Qtr/Qtr: NWNW Sec: 13 Twp: 6S Range: 92W

## Inspector Comment:

Well pad constructed but no wells drilled. Permits expired April 2012. Reclamation has not been performed. Fifty 500 bbl horizontal portable tanks stored on location.

## Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	
416726	WELL	AL	06/12/2013	LO	045-19343	Valley Farms J2	X
416730	WELL	AL	06/12/2013	LO	045-19344	Valley Farms J4	X
416879	WELL	AL	06/12/2013	LO	045-19392	Valley Farms J1	X
416880	WELL	AL	06/21/2013	LO	045-19393	Valley Farms J3	X

## Equipment:

## Location Inventory

Special Purpose Pits: _____	Drilling Pits: _____	Wells: 20	Production Pits: _____
Condensate Tanks: 2	Water Tanks: 4	Separators: 5	Electric Motors: _____
Gas or Diesel Motors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: 1	Oil Pipeline: 1	Water Pipeline: 1
Gas Compressors: _____	VOC Combustor: 1	Oil Tanks: _____	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: 1	Flare: _____	Fuel Tanks: _____

## Location

## Signs/Marker:

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
TANK LABELS/PLACARDS	Satisfactory	Sign at location entrance states tanks are out of service and sanitized.		



Inspector Name: BURGER, CRAIG

Emergency Contact Number: (S/U/V) Satisfactory

Corrective Date: \_\_\_\_\_

Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_

**Good Housekeeping:**

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
STORAGE OF SUPL	Violation	Fifty 500 bbl horizontal portable tanks on location.	All locations shall be kept free of the following: equipment, vehicles, and supplies not necessary for use on that lease.	10/07/2013

**Spills:**

Type	Area	Volume	Corrective action	CA Date
------	------	--------	-------------------	---------

☒ Multiple Spills and Releases?

**Venting:**

Yes/No	Comment
--------	---------

**Flaring:**

Type	Satisfactory/Unsatisfactory	Comment	Corrective Action	CA Date
------	-----------------------------	---------	-------------------	---------



Inspector Name: BURGER, CRAIG

**Predrill**

Location ID: 416703

**Site Preparation:**

Lease Road Adeq.: \_\_\_\_\_

Pads: \_\_\_\_\_

Soil Stockpile: \_\_\_\_\_

Corrective Action: \_\_\_\_\_

Date: \_\_\_\_\_ CDP Num.: \_\_\_\_\_

**Form 2A COAs:**

Group	User	Comment	Date
Agency	kubeczkod	Operator must implement best management practices to contain any unintentional release of fluids.	03/30/2010
Agency	kubeczkod	Location is in a sensitive area because of proximity to surface water; therefore, operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations.	03/30/2010
Agency	kubeczkod	Location may be in a sensitive area because of shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented.	03/30/2010

**Comment:** \_\_\_\_\_

CA: \_\_\_\_\_

Date: \_\_\_\_\_

**Wildlife BMPs:**

**Comment:** \_\_\_\_\_

CA: \_\_\_\_\_

Date: \_\_\_\_\_

**Stormwater:**

Erosion BMPs	Present	Other BMPs	Present

Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_

Comments: Erosion BMPs: \_\_\_\_\_

Other BMPs: \_\_\_\_\_

**Comment:** \_\_\_\_\_

**Staking:**

**On Site Inspection (305):**

**Surface Owner Contact Information:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Cell Phone: \_\_\_\_\_

**Operator Rep. Contact Information:**

Landman Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Date Onsite Request Received: \_\_\_\_\_

Date of Rule 306 Consultation: \_\_\_\_\_

Request LGD Attendance: \_\_\_\_\_

**LGD Contact Information:**

Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Agreed to Attend: \_\_\_\_\_

**Summary of Landowner Issues:**

**Summary of Operator Response to Landowner Issues:**

**Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:**

**Facility**

Inspector Name: BURGER, CRAIG

Facility ID: 416726	Type: WELL	API Number: 045-19343	Status: AL	Insp. Status: AL
Facility ID: 416730	Type: WELL	API Number: 045-19344	Status: AL	Insp. Status: AL
Facility ID: 416879	Type: WELL	API Number: 045-19392	Status: AL	Insp. Status: AL
Facility ID: 416880	Type: WELL	API Number: 045-19393	Status: AL	Insp. Status: AL

### Environmental

#### Spills/Releases:

Type of Spill: \_\_\_\_\_ Description: \_\_\_\_\_ Estimated Spill Volume: \_\_\_\_\_  
Comment: \_\_\_\_\_  
Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_  
Reportable: \_\_\_\_\_ GPS: Lat \_\_\_\_\_ Long \_\_\_\_\_  
Proximity to Surface Water: \_\_\_\_\_ Depth to Ground Water: \_\_\_\_\_

#### Water Well:

Lat \_\_\_\_\_ Long \_\_\_\_\_  
DWR Receipt Num: \_\_\_\_\_ Owner Name: \_\_\_\_\_ GPS: \_\_\_\_\_

#### Field Parameters:

Sample Location: \_\_\_\_\_

Emission Control Burner (ECB): \_\_\_\_\_

Comment: \_\_\_\_\_  
Pilot: \_\_\_\_\_ Wildlife Protection Devices (fired vessels): \_\_\_\_\_

### Reclamation - Storm Water - Pit

#### Interim Reclamation:

Date Interim Reclamation Started: \_\_\_\_\_ Date Interim Reclamation Completed: \_\_\_\_\_

Land Use: HAY MEADOW, IRRIGATED

Comment: \_\_\_\_\_

1003a. Debris removed? \_\_\_\_\_ CM \_\_\_\_\_ CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Waste Material Onsite? \_\_\_\_\_ CM \_\_\_\_\_ CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Unused or unneeded equipment onsite? \_\_\_\_\_ CM \_\_\_\_\_ CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Pit, cellars, rat holes and other bores closed? \_\_\_\_\_ CM \_\_\_\_\_ CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Guy line anchors removed? \_\_\_\_\_ CM \_\_\_\_\_ CA \_\_\_\_\_ CA Date \_\_\_\_\_  
Guy line anchors marked? \_\_\_\_\_ CM \_\_\_\_\_ CA \_\_\_\_\_ CA Date \_\_\_\_\_



Inspector Name: BURGER, CRAIG

CA

CA Date

1003b. Area no longer in use? \_\_\_\_\_ Production areas stabilized? \_\_\_\_\_

1003c. Compacted areas have been cross ripped? \_\_\_\_\_

1003d. Drilling pit closed? \_\_\_\_\_ Subsidence over on drill pit? \_\_\_\_\_

Cuttings management: \_\_\_\_\_

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? \_\_\_\_\_

Production areas have been stabilized? \_\_\_\_\_

Segregated soils have been replaced? \_\_\_\_\_

# RESTORATION AND REVEGETATION

## Cropland

Top soil replaced \_\_\_\_\_

Recontoured \_\_\_\_\_

Perennial forage re-established \_\_\_\_\_

## Non-Cropland

Top soil replaced \_\_\_\_\_

Recontoured \_\_\_\_\_

80% Revegetation \_\_\_\_\_

1003 f. Weeds Noxious weeds? \_\_\_\_\_

Comment: \_\_\_\_\_

## Overall Interim Reclamation

### Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: \_\_\_\_\_

Date Final Reclamation Completed: \_\_\_\_\_

Final Land Use: HAY MEADOW, IRRIGATED

Reminder: \_\_\_\_\_

Comment: Permits expired April 2012. Location constructed but wells not drilled.

Well plugged \_\_\_\_\_

Pit mouse/rat holes, cellars backfilled \_\_\_\_\_

Debris removed \_\_\_\_\_

No disturbance /Location never built \_\_\_\_\_

Access Roads Regraded \_\_\_\_\_

Contoured \_\_\_\_\_

Culverts removed \_\_\_\_\_

Gravel removed \_\_\_\_\_

Location and associated production facilities reclaimed \_\_\_\_\_

Locations, facilities, roads, recontoured \_\_\_\_\_

Compaction alleviation \_\_\_\_\_ Dust and erosion control \_\_\_\_\_

Non cropland: Revegetated 80% \_\_\_\_\_

Cropland: perennial forage \_\_\_\_\_

Weeds present \_\_\_\_\_ Subsidence \_\_\_\_\_

Comment: \_\_\_\_\_

Corrective Action: Reclaim location or apply for permits to drill wells on the pad.

Date 10/07/2013

Overall Final Reclamation

Fail

Multi-Well Location

### Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
Gravel	Pass	Gravel	Pass			
Blankets	Pass					
Berms	Pass	Compaction	Pass			

S/U/V: Satisfactory

Corrective Date: \_\_\_\_\_

Comment: \_\_\_\_\_

CA: \_\_\_\_\_



Inspector Name: BURGER, CRAIG

**Attached Documents**

You can go to COGCC Images (<https://cogcc.state.co.us/weblink/>) and search by document number:

Document Num	Description	URL
670200867	Valley Farms J Pad 1	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3190310">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3190310</a>
670200868	Valley Farms J Pad 2	<a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3190311">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3190311</a>

FORM  
2A  
Rev  
04/01

State of Colorado  
Oil and Gas Conservation Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80205 Phone: (303) 894-2100 Fax: (303) 894-2109



DE ET OE ES

Document Number:

400039706

Oil and Gas Location Assessment

☒ New Location ☐ Amend Existing Location Location#: \_\_\_\_\_

Submit original plus one copy. This form is to be submitted to the COGCC prior to any ground disturbance activity associated with oil and gas development operations. This Assessment may be approved as a stand alone application or submitted as an informational report accompanying an Application for Permit-To-Drill, Form 2. Approval of this Assessment will allow for the construction of the below specified location; however, it does not supersede any land use rules applied by the local land use authority. This form may serve as notice to land owners and other interested parties, please see the COGCC web site at <http://colorado.gov/cogcc/> for all accompanying information pertinent to this Oil and Gas Location Assessment.

Location ID:

**416703**

Expiration Date:

**04/15/2013**

☒ This location assessment is included as part of a permit application.

1. CONSULTATION

- ☐ This location is included in a Comprehensive Drilling Plan. CDP # \_\_\_\_\_
- ☒ This location is in a sensitive wildlife habitat area.
- ☐ This location is in a wildlife restricted surface occupancy area.
- ☐ This location includes a Rule 306.d.(1)A.II. variance request.

2. Operator

Operator Number: 10079

Name: ANTERO RESOURCES PICEANCE CORPORATION

Address: 1625 17TH ST STE 300

City: DENVER State: CO Zip: 80202

3. Contact Information

Name: Hannah Knopping

Phone: (303) 357-6412

Fax: (303) 357-7315

email: hknopping@anteroresources.com

4. Location Identification:

Name: Valley Farms J Pad Number: Valley Farms J1

County: GARFIELD

Quarter: NWNW Section: 13 Township: 6S Range: 92W Meridian: 6 Ground Elevation: 5537

Define a single point as a location reference for the facility location. This point should be used as the point of measurement in the drawings to be submitted with this application. When the location is to be used as a well site then the point shall be a well location.

Footage at surface: 172 feet, from North or South section line: FNL and 1286 feet, from East or West section line: FWL

Latitude: 39.533887 Longitude: -107.620571 PDOP Reading: 1.4 Date of Measurement: 01/19/2010

5. Facilities (Indicate the number of each type of oil and gas facility planned on location):

Special Purpose Pits: <input type="text"/>	Drilling Pits: <input type="text"/>	Wells: <input type="text" value="20"/>	Production Pits: <input type="text"/>	Dehydrator Units: <input type="text"/>
Condensate Tanks: <input type="text" value="2"/>	Water Tanks: <input type="text" value="4"/>	Separators: <input type="text" value="5"/>	Electric Motors: <input type="text"/>	Multi-Well Pits: <input type="text"/>
Gas or Diesel Motors: <input type="text"/>	Cavity Pumps: <input type="text"/>	LACT Unit: <input type="text"/>	Pump Jacks: <input type="text"/>	Pigging Station: <input type="text" value="1"/>
Electric Generators: <input type="text"/>	Gas Pipeline: <input type="text" value="1"/>	Oil Pipeline: <input type="text" value="1"/>	Water Pipeline: <input type="text" value="1"/>	Flare: <input type="text"/>
Gas Compressors: <input type="text"/>	VOC Combustor: <input type="text" value="1"/>	Oil Tanks: <input type="text"/>	Fuel Tanks: <input type="text"/>	

Other: See Attached List of Facilities for details



**6. Construction:**

Date planned to commence construction: 05/01/2010 Size of disturbed area during construction in acres: 3.30  
Estimated date that interim reclamation will begin: 11/01/2010 Size of location after interim reclamation in acres: 2.00  
Estimated post-construction ground elevation: 5538 Will a closed loop system be used for drilling fluids: Yes ☒  
Will salt sections be encountered during drilling: Yes ☐ No ☒ Is H2S anticipated? Yes ☐ No ☒  
Will salt (>15,000 ppm TDS Cl) or oil based muds be used: Yes ☐ No ☒  
Mud disposal: Offsite ☒ Onsite ☐ Method: Land Farming ☐ Land Spreading ☐ Disposal Facility ☒  
Other: Garfield City landfill

**7. Surface Owner:**

Name: Dixon Water Foundation Phone: \_\_\_\_\_  
Address: c/o Robert Potts Fax: \_\_\_\_\_  
Address: 6060 N Central Expressway Email: \_\_\_\_\_  
City: Dallas State: TX Zip: 75206 Date of Rule 306 surface owner consultation: 02/17/2010  
Surface Owner: ☒ Fee ☐ State ☐ Federal ☐ Indian  
Mineral Owner: ☒ Fee ☐ State ☐ Federal ☐ Indian  
The surface owner is: ☒ the mineral owner ☒ committed to an oil and gas lease  
☒ is the executor of the oil and gas lease ☐ the applicant  
The right to construct the location is granted by: ☐ oil and gas lease ☒ Surface Use Agreement ☐ Right of Way  
☐ applicant is owner  
Surface damage assurance if no agreement is in place: ☐ \$2000 ☐ \$5000 ☐ Blanket Surety ID \_\_\_\_\_

**8. Reclamation Financial Assurance:**

☒ Well Surety ID: 20040071 ☐ Gas Facility Surety ID: \_\_\_\_\_ ☐ Waste Mgmt. Surety ID: \_\_\_\_\_

**9. Cultural:**

Is the location in a high density area (Rule 603.b.): Yes ☐ No ☒  
Distance, in feet, to nearest building: 675, public road: 800, above ground utilit: 630  
railroad: 4691, property line: 348

**10. Current Land Use (Check all that apply):**

Crop Land: ☒ Irrigated ☐ Dry land ☐ Improved Pasture ☒ Hay Meadow ☐ CRP  
Non-Crop Land: ☐ Rangeland ☐ Timber ☐ Recreational ☐ Other (describe): \_\_\_\_\_  
Subdivided: ☐ Industrial ☐ Commercial ☐ Residential

**11. Future Land Use (Check all that apply):**

Crop Land: ☒ Irrigated ☐ Dry land ☐ Improved Pasture ☒ Hay Meadow ☐ CRP  
Non-Crop Land: ☐ Rangeland ☐ Timber ☐ Recreational ☐ Other (describe): \_\_\_\_\_  
Subdivided: ☐ Industrial ☐ Commercial ☐ Residential

**12. Soils:**

List all soil map units that occur within the proposed location. Attach the National Resource Conservation Service (NRCS) report showing the "Map Unit Description" report listing the soil typical vertical profile. This data is to be used when segregating topsoil.



The required information can be obtained from the NRCS web site at <http://soildatamart.nrcs.usda.gov/> or from the COGCC web site GIS Online map page found at <http://colorado.gov/cogcc>. Instructions are provided within the COGCC web site help section.

NRCS Map Unit Name: 55: Potts Loam, 3 to 6 percent slopes

NRCS Map Unit Name: \_\_\_\_\_

NRCS Map Unit Name: \_\_\_\_\_

### 13. Plant Community:

Complete this section only if any portion of the disturbed area of the location's current land use is on non-crop land.

Are noxious weeds present: Yes ☐ No ☐

Plant species from: ☐ NRCS or, ☐ field observation Date of observation: \_\_\_\_\_

List individual species: \_\_\_\_\_

Check all plant communities that exist in the disturbed area.

- ☐ Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye)  
☐ Native Grassland (Bluestern, Grama, Wheatgrass, Buffalograss, Fescue, Oatgrass, Brome)  
☐ Shrub Land (Mahogany, Oak, Sage, Serviceberry, Chokecherry)  
☐ Plains Riparian (Cottonwood, Willow, Aspen, Maple, Poplar, Russian Olive, Tamarisk)  
☐ Mountain Riparian (Cottonwood, Willow, Blue Spruce)  
☐ Forest Land (Spruce, Fir, Ponderosa Pine, Lodgepole Pine, Juniper, Pinyon, Aspen)  
☐ Wetlands Aquatic (Bullrush, Sedge, Cattail, Arrowhead)  
☐ Alpine (above timberline)  
☐ Other (describe): \_\_\_\_\_

### 14. Water Resources:

Rule 901.e. may require a sensitive area determination be performed. If this determination is performed the data is to be submitted with the Form 2A.

Is this a sensitive area: ☐ No ☒ Yes Was a Rule 901.e. Sensitive Areas Determination performed: ☒ No ☐ Yes

Distance (in feet) to nearest surface water: 349, water well: 1650, depth to ground water: 6

Is the location in a riparian area: ☒ No ☐ Yes Was an Army Corps of Engineers Section 404 permit filed ☒ No ☐ Yes

Is the location within a Rule 317B Surface Water Suppl Area buffer zone:

☐ No ☐ 0-300 ft. zone ☒ 301-500 ft. zone ☐ 501-2640 ft. zone

If the location is within a Rule 317B Surface Water Supply Area buffer have all public water supply systems within 15 miles been notified: ☐ No ☒ Yes

### 15. Comments:

Since this location is in a SWH area, Antero contacted CDOW prior to submittal of this application to consult with them concerning best management practices. We have implemented the BMP's that they suggested in our attached "Proposed BMP's". The depth to ground water was determined by using static water level data of 2nd nearest water well (Permit#268594). We have attached a riparian map which shows that our proposed well pad is not located in a riparian area.

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.

Signed: \_\_\_\_\_ Date: 02/22/2010 Email: hknopping@anteroresources.com

Print Name: Hannah Knopping Title: Permit Representative



Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

*David S. Neslin*

COGCC Approved: \_\_\_\_\_

Director of COGCC

Date: 4/16/2010

**CONDITIONS OF APPROVAL, IF ANY:**

All representations, stipulations and conditions of approval stated in this Form 2A for this location shall constitute representations, stipulations and conditions of approval for any and all subsequent operations on the location unless this Form 2A is modified by Sundry Notice, Form 4 or an Amended Form 2A.

Operator must implement best management practices to contain any unintentional release of fluids.

Location is in a sensitive area because of proximity to surface water; therefore, operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations.

Location may be in a sensitive area because of shallow groundwater; therefore either a lined drilling pit or closed loop system must be implemented.

**Attachment Check List**

Att Doc Num	Name	Doc Description
2033006	CORRESPONDENCE	LF@2442235 2033006
2033008	CORRESPONDENCE	LF@2442236 2033008
2033009	CORRESPONDENCE	LF@2442237 2033009
400039726	LOCATION PICTURES	LF@2431088 400039726
400039727	LOCATION DRAWING	LF@2431089 400039727
400039729	HYDROLOGY MAP	LF@2431090 400039729
400039730	ACCESS ROAD MAP	LF@2431091 400039730
400039731	NRCS MAP UNIT DESC	LF@2431398 400039731
400039732	CONST. LAYOUT DRAWINGS	LF@2431092 400039732
400040142	MULTI-WELL PLAN	LF@2431399 400040142
400040229	EQUIPMENT LIST	LF@2431400 400040229
400042231	PROPOSED BMPs	LF@2431094 400042231
400042233	ECOLOGIC RESOURCE SURVEY	LF@2431401 400042233
400042253	317B NOTIFICATION	LF@2431098 400042253
400042265	FORM 2A SUBMITTED	LF@2431099 400042265

Total Attach: 15 Files



FORM  
42  
Rev  
03/12

State of Colorado  
Oil and Gas Conservation Commission  
1120 Lincoln Street, Suite 801, Denver, Colorado 80203 Phone: (303) 894-2100 Fax: (303) 894-2109



OGCC RECEPTION

Receive Date:

08/19/2013

Document Number:

400466775

NOTICE OF NOTIFICATION

Entity Information

OGCC Operator Number: 10447 Contact Person: Pake Younger  
Company Name: URSA OPERATING COMPANY LLC Phone: (970) 329-4385  
Address: 1050 17TH STREET #2400 Fax: ( )  
City: DENVER State: CO Zip: 80265 Email: pyounger@ursaresources.com  
API #: 05 - 045 - Facility ID: Location ID: 416703  
Facility Name: Valley Farms J Pad Valley Farms J1  
Sec: 13 Twp: 6S Range: 92W QtrQtr: NWNW Lat: 39.533887 Long: -107.620571

OTHER - AS SPECIFIED BY PERMIT CONDITION add (2/2A)

Describe Permit Condition: Temp Tank Farm (See attached) 60 Tanks on location from Aug 2013 until Aug 2014

Date: 08/19/2013 Time: 12:00 (HH:MM)

This form must be signed by an authorized agent of the entity making assertion.

I certify under penalty of perjury that this report has been examined by me and to the best of my knowledge is true, correct and complete.

Print Name: Shauna Redican Email: sredican@ursaresources.com  
Signature: Shauna Redican Title: sredican@ursaresources.co Date: 08/19/2013

Exhibit 2



## *Rockies Operations*

### TEMPORARY TANK FARM

#### Best Management Practices / Operating Plan:

- Perform inspection of all poly lines and valves prior to putting into service, and/or at shift change.
- Visually verify integrity of berm
- Ensure all tank hatches are closed, unless physically monitoring tank(s) being filled.
- Ensure all equipment is free from leaks, and is in proper working order prior to being put into service.
- Maintain record of all JSA's, and pre operational inspections.
- Verify emergency spill kit is readily available.
- When system is not in use, closes valves to isolate all tanks.
- Make sure all poly hook ups are properly supported to prevent damage to welds.
- Ensure all tanks are properly labeled.
- Ensure location is free of trash and debris at all times.

#### Emergency Contacts:

- IN CASE OF EMERGENCY, CALL 911
- URSAL 24/7 EMERGENCY NOTIFICATION: 1-855-625-9922

#### Ursa Contacts:

- Luke Greiger: 970-985-2332
- Ralph Tolle: 307-350-5501
- Matt Honeycutt: 970-812-2198
- Pake Younger: 970-260-2423



Temporary tank batteries (tank farms) refer to multiple tanks at a centralized location for the purposes of storing E&P wastes generated from;

- Frac Operations
  - Treated Water or Fresh Water
- Recompletions
- Temporary Storage of Produced Water/Condensate
- Staging of liquids prior to transport through pipelines or via motor carrier
- Removal of liquids from an evaporation pond during maintenance

### Staging Tanks

All tanks must be decontaminated, free of all solids, and vapor free prior to arrival on the location for placed into service.

Wastes generated from the decontamination of tanks consist of the following;

- Rinsate

Definition: Water, containing low concentrations of contaminants, resulting from the cleaning or decontaminating tanks.

- Disposal Options

- Disposal to the Wasatch Bench E&P Facility – With approval From Ursa facility personnel.
- Disposal via injections wells with approval from Ursa management.
- Disposal to a liquids disposal facility (see Appendix J).
- Solidify material on-site in containment cell and profile for disposal as a solid waste to a permitted and approved solid waste disposal facility.

- Storage Options

- Within original container/tank, until approval at the desired disposal facility has been granted.
- Within a lined bermed containment cell if solidification methods are applied.
- Within a liquids handling truck.
  - NOTE: Waste cannot be off-loaded to any other facility, for the purposes of staging waste while pending approval without proper notification and documentation.

- Tank Bottom Solids

Solids accumulated on the bottom of the tank from materials settling during operations.

➤ Disposal Options

- Profile waste to an approved and permitted solid waste disposal facility (see Appendix J).
- On-site treatment within a landfarm treatment cell with approval from Ursa management and COGCC via Sundry Notice Form 4 and written approval from the landowner.
- Landfarm treatment on an adjacent pad/location with the approval from Ursa management and COGCC via Sundry Notice Form 4 and written approval from the landowner.

➤ Storage Options

- Within an earthen bermed containment cell. If solids contain more than 30% moisture, then lining of the containment cell may be necessary.
- Within the original container until approval is provided by the desired disposal facility.
- Within the transporting truck.
  - NOTE: Waste cannot be off loaded at any other location except for the desired disposal facility. If waste is placed within a truck, waste must remain in the truck until it off loaded at the accepting disposal facility.

**Operations**

The steps outlined below are to be followed on every location containing a temporary tank farm during operational periods.

- Onsite personnel will be present during operations when tank valves are open.
- All tanks will be in a bermed area in accordance with EPA SPCC and COGCC 6004 regulations.
- Tank will be labeled based on their intended use.
- Tanks will be maintained to eliminate odors.
- 

Any additional wastes generated from the construction of temporary tank farms can be handled on a case by case basis. For additional information for wastes generated on a case by case basis, contact Rob Bleil at 970-625-9929.



**Exhibit 3**  
**COGCC Rules**

**COGCC Rules Allegedly Violated**

The following COGCC rules are referenced in the NOAV. The alleged violations are noted in **bold** for efficiency and ease of review.

Rule 603.f.: Statewide equipment, weeds, waste, and trash requirements. **All locations, including wells and surface production facilities, shall be kept free of the following: equipment, vehicles, and supplies not necessary for use on that lease; weeds; rubbish, and other waste material.** The burning or burial of such material on the premises shall be performed in accordance with applicable local, state, or federal solid waste disposal regulations and in accordance with the 900-Series Rules. In addition, material may be burned or buried on the premises only with the prior written consent of the Surface Owner.

Rule 1004.a.: Well sites and associated production facilities. Upon the plugging and abandonment of a well, all pits, mouse and rat holes and cellars shall be backfilled. All debris, abandoned gathering line risers, and flowline risers, and surface equipment shall be removed within three (3) months of plugging a well. All access roads to plugged and abandoned wells and associated production facilities shall be closed, graded and recontoured. Culverts and any other obstructions that were part of the access road(s) shall be removed. Well locations, access roads, and associated facilities shall be reclaimed. As applicable, compaction alleviation, restoration, and revegetation of well sites, associated production facilities, and access roads shall be performed to the same standards as established for interim reclamation under Rule 1003. All other equipment, supplies, weeds, rubbish, and other waste material shall be removed. The burning or burial of such material on the premises shall be performed in accordance with applicable local, state, or federal solid waste disposal regulations and in accordance with the 900-Series Rules. In addition, the material may be burned or buried on the premises only with the prior written consent of the surface owner. **All such reclamation work shall be completed within three (3) months on crop land and twelve (12) months on non-crop land after plugging a well or final closure of associated production facilities.** The Director may grant an extension where unusual circumstances are encountered, but every reasonable effort

shall be made to complete reclamation before the next local growing season.

1002.f.(2):

Stormwater Management.

**(2) Oil and gas operators shall implement and maintain Best Management Practices (BMPs) at all oil and gas locations to control stormwater runoff in a manner that minimizes erosion, transport of sediment offsite, and site degradation.** BMPs shall be maintained until the facility is abandoned and final reclamation is achieved pursuant to Rule 1004. Operators shall employ BMPs, as necessary to comply with this rule, at all oil and gas locations, including, but not limited to, well pads, soil stock piles, access roads, tank batteries, compressor stations, and pipeline rights of way. BMPs shall be selected based on site-specific conditions, such as slope, vegetation cover, and proximity to water bodies, and may include maintaining in-place some or all of the BMPs installed during the construction phase of the facility. Where applicable based on site-specific conditions, operators shall implement BMPs in accordance with good engineering practices, including measures such as:

- A. Covering materials and activities and stormwater diversion to minimize contact of precipitation and stormwater runoff with materials, wastes, equipment, and activities with potential to result in discharges causing pollution of surface waters.
- B. Materials handling and spill prevention procedures and practices implemented for material handling and spill prevention of materials used, stored, or disposed of that could result in discharges causing pollution of surface waters.
- C. Erosion controls designed to minimize erosion from unpaved areas, including operational well pads, road surfaces and associated culverts, stream crossings, and cut/fill slopes.
- D. Self-inspection, maintenance, and good housekeeping procedures and schedules to facilitate identification of conditions that could cause breakdowns or failures of BMPs. These procedures shall include measures for maintaining clean, orderly operations and facilities and shall address cleaning and maintenance schedules and waste disposal practices. In conducting inspections and maintenance relative to stormwater runoff, operators shall consider seasonal factors, such as winter snow cover and spring runoff from snowmelt, to ensure site



conditions and controls are adequate and in place to effectively manage stormwater.

- E. Spill response procedures for responding to and cleaning up spills. The necessary equipment for spill cleanup shall be readily available to personnel. Spill Prevention, Control, and Countermeasure plans incorporated by reference must be identified in the Post-Construction Stormwater Management Program specified in Rule 1002.f.(3).
- F. Vehicle tracking control practices to control potential sediment discharges from operational roads, well pads, and other unpaved surfaces. Practices could include road and pad design and maintenance to minimize rutting and tracking, controlling site access, street sweeping or scraping, tracking pads, wash racks, education, or other sediment controls.

#### **Other COGCC Rules Applicable to Ursa's Response**

Rule 303.g.(2): Oil and Gas Location Assessments, Form 2A. **If construction operations are not commenced on an approved Oil and Gas Location within three (3) years after the date of the approval, then the approval shall become null and void. The Director shall not approve extensions to Oil and Gas Location Assessments, Form 2A.**

Rule 522.a.(3): Notice of Alleged Violation.  
If the Director, on the Director's own initiative or based on a complaint, has reasonable cause to believe that a violation of the Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Director, has occurred, the Director shall cause the operator to voluntarily remedy the violation, or shall issue an NOAV to the operator. **Reasonable cause requires, at least, physical evidence of the alleged violation, as verified by the Director.**

Rule 522.b. Resolution of a Notice of Alleged Violation.

- (1) **Informal procedures to resolve issues raised by an NOAV with the Director are encouraged. Such procedures may include, but are not limited to, meetings, phone conferences and the exchange of information. If, as a result of such procedures, the Director determines that no violation has occurred, the Director shall revoke the NOAV in writing and shall**

provide a copy of the written notification to the complainant, if any.

- (2) NOAVs may be resolved by written agreement of the operator and the Director as to the appropriate corrective action and abatement schedule, a copy of which shall be provided by the Director to the complainant, if any. Such agreements do not require Commission approval and shall not be placed on the Commission docket, except at the request of the operator.

Rule 522.c.

Order Finding Violation.

- (1) If the operator contests the NOAV, as to the existence of the violation, the appropriate corrective action and abatement schedule, or any proposed penalty, the Director shall make application to the Commission for an OFV and shall place the matter on the next available Commission docket, providing that at least twenty (20) days' notice of such application is provided to the operator.