

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

IN THE MATTER OF THE APPLICATION OF URSA)
OPERATING COMPANY LLC TO DESIGNATE AN) CAUSE NO. 440
APPROXIMATE 320-ACRE DRILLING AND)
SPACING UNIT, WITH TEN-ACRE WELL DENSITY,) DOCKET NO. *To be assigned*
FOR THE S½ OF SECTION 7, TOWNSHIP 7 SOUTH,)
RANGE 95 WEST, 6TH P.M., WILLIAMS FORK AND)
ILES FORMATIONS, PARACHUTE FIELD,)
GARFIELD COUNTY)

APPLICATION

COMES NOW, Ursa Operating Company LLC (“Ursa” or “Applicant”), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order to designate an approximate 320-acre drilling and spacing unit for the S½ of Section 7, Township 7 South, Range 95 West, 6th P.M., and authorize the equivalent of one well per 10 acres well density for the proposed unit, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations of the Mesaverde group. In support of its Application, Applicant states and alleges as follows:

1. Applicant is a corporation duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.
2. Applicant owns substantial leasehold interests in the below-listed lands:

Township 7 South, Range 95 West, 6th P.M.
Section 7: S½

These lands are hereinafter referred to as the “Application Lands.” A map depicting the acreage comprising the Application Lands is attached hereto and marked as Exhibit A.

3. On April 19, 1990, the Commission issued Order No. 440-12 which, among other things, established 320-acre drilling and spacing units for certain lands, including the Application Lands, for the production of gas and associated hydrocarbons from the Mesaverde Formation, with the designation as either E½ and W½ standup units or N½ and S½ laydown units at the discretion of the operator of the first well permitted, with the permitted well to be located on the established unit no closer than 600 feet from the unit boundaries and no closer than 1,200 feet from any well producing or producible from the same Mesaverde Formation.

4. On June 1, 2010, the Commission entered Order No. 440-61 which, among other things, established an approximate 320-acre laydown drilling and spacing unit for the N½ of Section 7, Township 7 South, Range 95 West, 6th P.M., and approved the equivalent of one well per 10 acres well density, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations.

5. Applicant hereby designates the Application Lands as an approximate 320-acre drilling and spacing unit, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations of the Mesaverde group.

6. Applicant requests the Commission approve the equivalent of one (1) well per 10 acres well density for the Application Lands, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations, as necessary to economically and efficiently recover resources, while minimizing surface impacts, creating efficiencies for drilling and production, increasing the ultimate recovery of the reserves, preventing waste, and protecting correlative rights.

7. Further, Applicant states that, for any permitted well to be drilled under this Application, the bottomhole location should be located anywhere upon the Application Lands but no closer than 100 feet from the unit boundaries, without exception being granted by the Director. It is furthermore requested that in cases where the lands abut or corner lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill 10-acre density Williams Fork Formation and Iles Formation wells, the permitted well should be located downhole no closer than 200 feet from the unit boundaries, without exception being granted by the Director.

8. In accordance with standard surface location restrictions applied to 10-acre well density units in the area, Applicant agrees to limit its well pads to no more than one per 40 acres.

9. The designation of the proposed unit and the authorization of 10-acre bottomhole well density will facilitate the maximum efficient recovery of oil, gas and associated hydrocarbons from the Williams Fork and Iles Formations underlying the Application Lands.

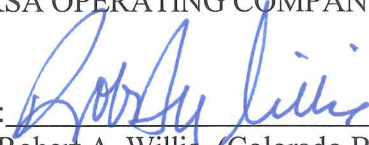
10. In order to promote efficient drainage of the Williams Fork and Iles Formations, to prevent waste, and to protect correlative rights, the Commission should authorize the drilling of one well per 10 acres equivalent well density for the approximate 320-acre drilling and spacing unit hereby designated for the Application Lands. The specified size and configuration of the designated unit are consistent with the maximum area that can be economically and efficiently drained by the proposed well density.

WHEREFORE, Applicant requests that this matter be set for hearing at the next available opportunity, notice be given as required by law, and that upon such hearing, the Commission enter its order consistent with this Application. Applicant agrees to be bound by the oral order of the Commission in this regard.

DATED this 27th day of February, 2014.

Respectfully submitted,

URSA OPERATING COMPANY LLC

By: 
Robert A. Willis (Colorado Bar No. 26308)
Beatty & Wozniak, P.C.
216 Sixteenth Street, Suite 1100
Denver, CO 80202
(303) 407-4499

Address of Applicant:

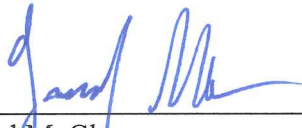
Jarred McGhee
Ursa Operating Company LLC
1050 17th St., Suite 2400
Denver, CO 80265

VERIFICATION

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

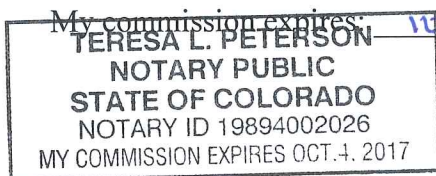
Jarred McGhee, Landman for Ursa Operating Company LLC, upon oath deposes and says that he has read the foregoing Application and that the statements contained therein are true to the best of his knowledge, information and belief.

URSA OPERATING COMPANY LLC


Jarred McGhee

Subscribed and sworn to before me this 26th day of February, 2014, by Jarred McGhee, Landman for Ursa Operating Company LLC.

Witness my hand and official seal.




Notary Public

Exhibit A



GIS; 2/21/2014 Path: C:\Users\jarred\Documents\S2_Section7_7-95.mxd



1050 17th Street Suite 2400
Denver, CO 80265
(720) 508-8350

Garfield County, Colorado

S/2 Section 7 T7S-R95W

10 acre Spacing Application Lands

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DRILLING AND SPACING UNIT, WITH TEN-) DOCKET NO. *To be assigned*
ACRE WELL DENSITY, FOR THE S½ OF)
SECTION 7, TOWNSHIP 7 SOUTH, RANGE 95)
WEST, 6TH P.M., WILLIAMS FORK AND ILES)
FORMATIONS, PARACHUTE FIELD,)
GARFIELD COUNTY)

SUPPLEMENTAL AFFIDAVIT OF MAILING

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

Robert A. Willis, of lawful age, and being first duly sworn upon his oath, states and declares:

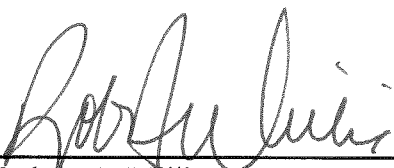
That he is the attorney for Ursa Operating Company, LLC, and that on or before March 10, 2014 he caused a copy of the above-captioned Application to be deposited in the United States Mail, postage prepaid, addressed to the parties listed below:

Edward Koch, Jr.
900 Wetherbee Circle
Sherwood, AR 72120

Mildred Carroll
5174 County Road 237
Rifle, CO 81650

Ed and Sally Baker
P.O. Box 284
Parachute, CO 81635

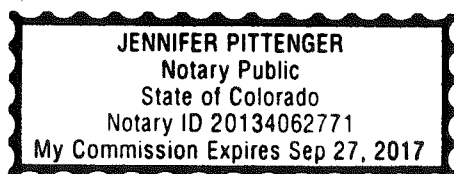
Jann Ertl
1159 Quail Road
Longmont, CO 80501



Robert A. Willis

Subscribed and sworn to before me March 10, 2014.

Witness my hand and official seal.





Notary Public