

**BEFORE THE OIL & GAS CONSERVATION COMMISSION
OF THE STATE OF COLORADO**

IN THE MATTER OF AN APPLICATION BY URSA
OPERATING COMPANY LLC FOR AN ORDER
POOLING ALL INTERESTS IN AN APPROXIMATE 480-
ACRE DRILLING AND SPACING UNIT
CONCURRENTLY PROPOSED FOR SECTION 24,
TOWNSHIP 2 SOUTH, RANGE 98 WEST, 6TH P.M.,
FOR THE DEVELOPMENT AND OPERATION OF THE
WILLIAMS FORK AND ILES FORMATION (INCLUDING
THE SEGO FORMATION), PARACHUTE FIELD, RIO
BLANCO COUNTY, COLORADO

CAUSE NO. 527

DOCKET NO.

APPLICATION

Ursa Operating Company LLC, Operator No. 10447, ("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 pooling all interests in an approximate 480-acre drilling and spacing unit ("DSU") concurrently proposed for the Application Lands, as defined below, and authorizing cost recovery pursuant to C.R.S. 34-60-116(7) for the development and operation of the Williams Fork and Iles Formations (including the Sego Formation) ("Target Formations"). In support of its Application, Applicant states and alleges as follows:

1. Applicant is a limited liability company duly authorized to conduct business in the State of Colorado, and has registered as an operator with the Commission.
2. Applicant is an owner in the below-listed lands:

Township 2 South, Range 98 West, 6th P.M.
Section 24: S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$

480 acres, more or less, Rio Blanco County, Colorado

These lands are hereinafter referred to as the "Application Lands" and depicted in **Exhibit A** attached hereto.

3. On March 20, 2006 (corrected February 9, 2017), the Commission entered Order No. 527-1, which, among other things, allowed additional wells to be drilled on the S $\frac{1}{2}$ S $\frac{1}{2}$ of Section 24, Township 2 South, Range 98 West, 6th P.M., and other lands, the equivalent of one well per 10 acres, with the permitted well to be located no closer than 100 feet from the boundary of the lands, for the production of gas and associated hydrocarbons from the Williams Fork Formation.
4. On August 28, 2007, the Commission entered Order No. 527-4, which, among other things, established 100 foot setbacks from the outside boundary for S $\frac{1}{2}$ S $\frac{1}{2}$ of

Section 24, Township 2 South, Range 98 West, 6th P.M, and allowed one (1) well per 10 acres for the lands, for the production of gas and associated hydrocarbons from the Iles and Sego Formations.

5. On January 27, 2014, the Commission entered Order No. 527-12, which, among other things, allowed the equivalent of one well per 10 acres well density for the N½ of Section 24, Township 2 South, Range 98 West, 6th P.M., and other lands, for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formations, with the bottomhole location of any permitted well located anywhere on the Application Lands but no closer than 100 feet from the lease or unit boundaries; however, in cases where the lands abut or corner lands for which the Commission has not at the time of permit application granted the right to drill 10-acre density Williams Fork Formation and Iles Formation wells, the permitted well shall be located downhole no closer than 200 feet from the lease or unit boundaries, without exception being granted by the Director.

6. On March 20, 2017, the Commission entered Order No. 527-19, which, among other things, allowed the equivalent of one well per 10 acres well density for all of Section 24, Township 2 South, Range 98 West, 6th P.M., for the production of gas and associated hydrocarbons from the Williams Fork and Iles Formation (including the Sego Formation), with such wells to be drilled either vertically or directionally from no more than one pad located on a given quarter-quarter section; however, in cases where the lands abut or corner lands for which the Commission has not at the time of permit application granted the right to drill 10-acre density Williams Fork Formation and Iles Formation wells, the permitted well shall be located downhole no closer than 200 feet from the lease or unit boundaries, without exception being granted by the Director.

7. Applicant filed concurrently herewith an Application for an order establishing an approximate 480-acre DSU covering the Application Lands, and authorizing the equivalent of one well per 10 acres well density within the proposed DSU. Applicant intends to drill up to 48 wells in the Subject Lands ("Subject Wells") upon approval of the aforementioned spacing application, but has not yet filed any permits for the Subject Wells within the proposed DSU.

8. Applicant requests that in order for Applicant to obtain cost recovery under Section 34-60-116(7), C.R.S., for any of the Subject Wells, Applicant will file a notarized certification to the Commission in this Docket Number that it has complied with Rule 530 for any such Subject Well and that the proposed well was spudded no later than six (6) months after the expiration of the 35-day notice period and will be completed with due diligence. The certification will identify all parties that received the Rule 530 information for the well, include a copy of the Rule 530 information provided, identify the parties to which cost recovery applies, be filed within 10 days after the later of spudding the well or the expiration of the 35-day notice period, and certify that a copy of the notarized certification was served, by sending it first class U.S. Mail, on all non-consenting parties for which Applicant seeks cost recovery. If a proposed well is not spudded prior to or within six (6) months after expiration of the thirty-five (35) day notice period and completed with due diligence, then Applicant will resubmit the written notice proposing such well to all parties in accordance with Rule 530 as if no prior proposal had been

made, and the parties will have a new 35-day period within which to lease or elect to participate in such well.

9. Applicant further requests that other than as set forth above, no further certification or application needs to be submitted to or approved by to the Commission to impose the cost recovery provisions of §34-60-116(7), C.R.S. as to any nonconsenting owners for any of the Subject Wells.

10. Applicant requests that as to any of the Subject Wells, the cost recovery provisions of §34-60-116(7), C.R.S. shall apply to such well effective as of the earlier of the date of this Application, or the date the costs specified in §34-60-116(7)(b), C.R.S. are first incurred for the drilling of such well.

11. The granting of this Application is in accord with the Oil and Gas Conservation Act, found at §§34-60-101, *et seq.*, C.R.S., and the Commission rules.

12. Applicant requests that relief granted under this Application should be effective on oral order by the Commission, and agrees to being bound by said oral order.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with the proposals and requests set forth above, and enter such other findings and orders as the Commission may deem proper or advisable in the premises.

DATED this 31 day of August, 2017.

Respectfully submitted,

URSA OPERATING COMPANY LLC

By: Jobediah J. Rittenhouse

James Parrot

Jillian Fulcher

Jobediah J. Rittenhouse

Beatty & Wozniak, P.C.

Attorneys for Applicant

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Address of Applicant

N. Arthur Bollen

Ursa Operating Company LLC

1050 17th St., Suite 2400

Denver, CO 80265

VERIFICATION

STATE OF COLORADO

)

) ss.

CITY AND COUNTY OF DENVER

)

N. Arthur Bollen, Land Manager 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

N. Arthur Bollen

Subscribed and sworn to before me this 31ST day of AUGUST 2017, by
N. Arthur Bollen, Land Manager for Ursa Operating Company LLC.

Witness my hand and official seal.

Notary Public

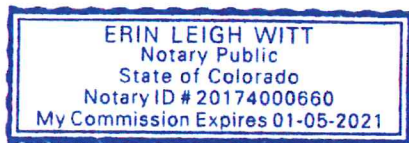
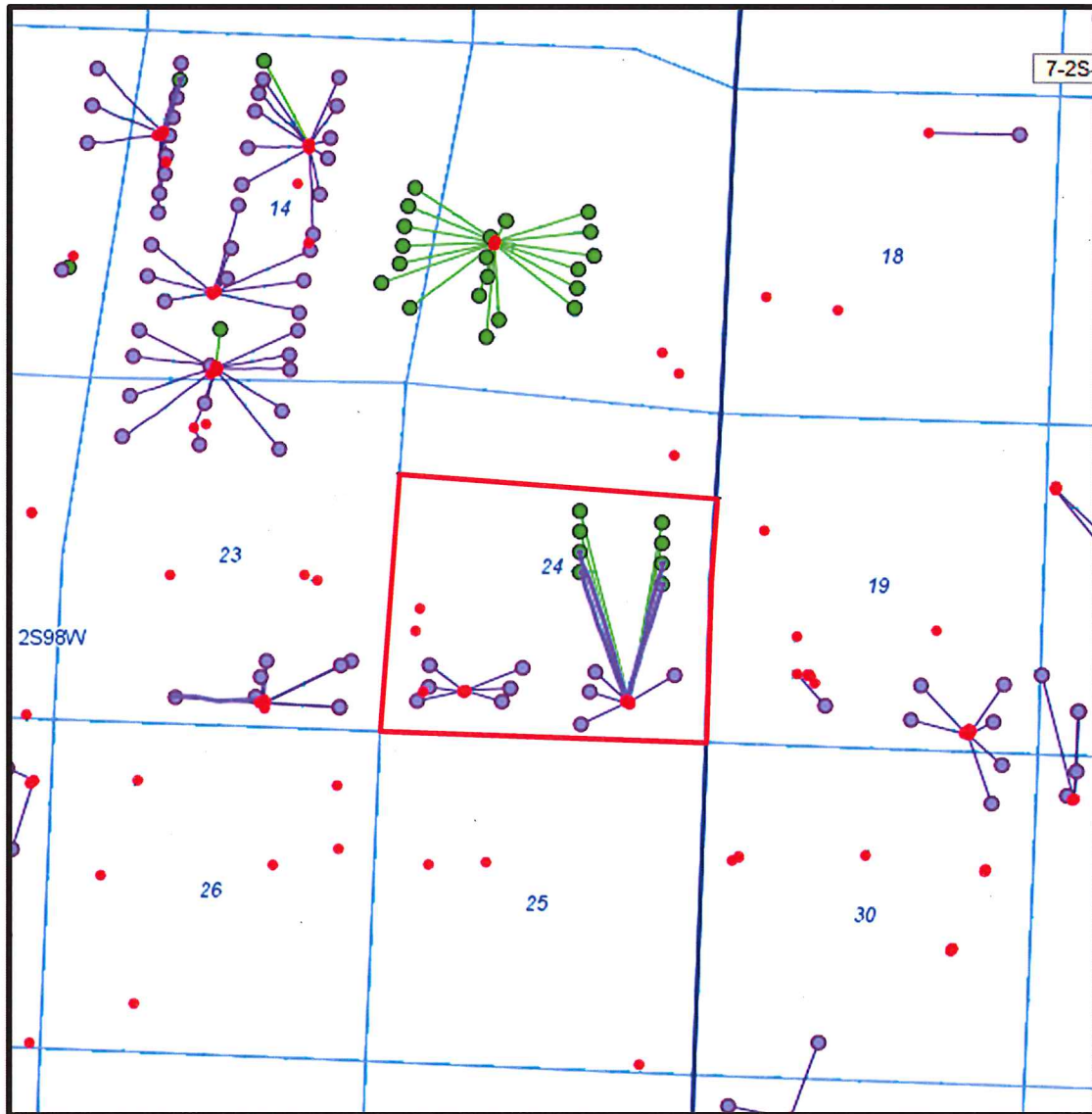


Exhibit A

Reference Map



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BLANCO COUNTY, COLORADO

DOCKET NO. 171000715

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

That she is a Legal Assistant at Beatty & Wozniak, P.C., attorneys for Ursa Operating Company LLC, and on or before the 7th day of September, 2017 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 attached hereto.

Subscribed and sworn to before me this 11th day of September, 2017.

Notary Public

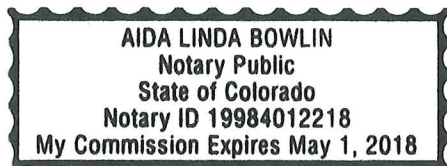


EXHIBIT A

INTERESTED PARTIES

The names and addresses of the interested parties (persons who own any interest in the mineral estate of the tracts to be pooled, except owners of overriding royalty interest) according to the information and belief of the Applicant are set forth in this Exhibit A.

OFFICE OF NATURAL RESOURCES
REVENUE
PO BOX 25627
DENVER, CO 80225

XTO ENERGY
ATTN: PAUL KEFFER
810 HOUSTON ST.
FORTH WORTH, TX 76102

TEP ROCKY MOUNTAIN
C/O BRYAN HOTARD
PO BOX 370
PARACHUTE, CO 81635

KENNETH E. AND PAULA JO NORELL
6687 2200 ROAD
DELTA, CO 81416

KIRK NORELL
999 SIGNAL RD.
QUINLAN, TX 75454

BOIES LLC
1005 COUNTY ROAD 4
MEEKER, CO 81641