

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



Document Number:
401230211
(SUBMITTED)

APPLICATION FOR PERMIT TO:

☒ Drill ☐ Deepen ☐ Re-enter ☐ Recomplete and Operate

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER _____

Refilling ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Date Received:
03/15/2017

Well Name: Lost Creek Well Number: 03-62-08-2H
Name of Operator: VERDAD RESOURCES LLC COGCC Operator Number: 10651
Address: 5950 CEDAR SPRINGS ROAD
City: DALLAS State: TX Zip: 75235
Contact Name: Kenny Trueax Phone: (720)394-0933 Fax: ()
Email: Regulatory@verdadoil.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20172009

WELL LOCATION INFORMATION

QtrQtr: NWNW Sec: 8 Twp: 3N Rng: 62W Meridian: 6
Latitude: 40.246910 Longitude: -104.352548

Footage at Surface: 320 Feet FNL/FSL 1314 Feet FEL/FWL FWL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4698 County: WELD

GPS Data:

Date of Measurement: 03/03/2017 PDOP Reading: 1.9 Instrument Operator's Name: Hnizdo

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

Footage at Top of Prod Zone: FNL/FSL 460 FNL 480 FEL/FWL 2180 FNL 480 FWL FWL
Sec: 8 Twp: 3N Rng: 62W Sec: 17 Twp: 3N Rng: 62W

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Surface Owner is: ☐ is the mineral owner beneath the location.

(check all that apply) ☐ is committed to an Oil and Gas Lease.

☐ has signed the Oil and Gas Lease.

☐ is the applicant.

The Mineral Owner beneath this Oil and Gas Location is: ☐ Fee ☒ State ☐ Federal ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed by this Well: Yes

The right to construct the Oil and Gas Location is granted by: Surface Use Agreement

Surface damage assurance if no agreement is in place: _____ Surface Surety ID: _____

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

ALL of Sec. 8 T3N-R62W being 640 acres

Total Acres in Described Lease: 640 Described Mineral Lease is: ☐ Fee ☒ State ☐ Federal ☐ Indian

Federal or State Lease # 1442.11

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building: 5280 Feet
Building Unit: 5280 Feet
High Occupancy Building Unit: 5280 Feet
Designated Outside Activity Area: 5280 Feet
Public Road: 5280 Feet
Above Ground Utility: 3974 Feet
Railroad: 5280 Feet
Property Line: 320 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: ☐ Buffer Zone
☐ Exception Zone
☐ Urban Mitigation Area

- Buffer Zone – as described in Rule 604.a.(2), within 1,000' of a Building Unit
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

SPACING and UNIT INFORMATION

Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 1547 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 460 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

960 Acre Spacing Unit: All of Section 8 & N/2 of Section 17-T-3N-R-62W
Spacing order number not yet issued; Docket #170300166

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
NIOBRARA	NBRR			

DRILLING PROGRAM

Proposed Total Measured Depth: 13939 Feet

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

Enter distance if less than or equal to 1,500 feet: 120 Feet ☒ No well belonging to another operator within 1,500 feet

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H₂S Drilling Operations Plan)

Will salt sections be encountered during drilling? No

Will salt based (>15,000 ppm Cl) drilling fluids be used? No

Will oil based drilling fluids be used? Yes

BOP Equipment Type: ☒ Annular Preventor ☒ Double Ram ☐ Rotating Head ☐ None

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 318A

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE

Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE

Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted?

Reuse Facility ID: or Document Number:

CASING PROGRAM

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	24	16	65	0	80	70	80	0
SURF	13+1/2	9+5/8	36	0	1700	462	1700	0
1ST	8+1/2	5+1/2	20	0	13939	1800	13939	0

☐ Conductor Casing is NOT planned

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- ☐ Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- ☐ Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)
- ☐ Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- ☐ Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- ☒ Rule 318A.a. Exception Location (GWA Windows).
- ☒ Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

☐ Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

OTHER LOCATION EXCEPTIONS

Check all that apply:

☐ Rule 318.c. Exception Location from Rule or Spacing Order Number _____

☐ Rule 603.a.(2) Exception Location (Property Line Setback).

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments

Surface Use Agreement has waivers for Rules 305, 306, 318A.a, 318A.c and 603.a.(2). Please see page 4, item 9 of SUA attached.

The nearest existing non-op well to the same formation is the Williams #22-17 which is 1,547' as measured from COGCC GIS data. This well is DA and does not require a 317.s stimulation setback consent.

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

Location ID: _____

Is this application being submitted with an Oil and Gas Location Assessment application? Yes

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

Signed: _____ Print Name: Kenny Trueax

Title: Regulatory Manager Date: 3/15/2017 Email: Regulatory@verdadoil.com

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

COGCC Approved: _____ Director of COGCC Date: _____

Expiration Date: _____

API NUMBER

05

Conditions Of Approval

All representations, stipulations and conditions of approval stated in the Form 2A for this location shall constitute representations, stipulations and conditions of approval for this Form 2 Permit-to-Drill and are enforceable to the same extent as all other representations, stipulations and conditions of approval stated in this Permit-to-Drill.

COA Type

Description

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Best Management Practices

No BMP/COA Type

Description

1	General Housekeeping	Cleanup of trash, scrap, and discarded materials will be conducted at the end of each workday.
2	General Housekeeping	Mud control: when conditions exist that roads are excessively muddy, additional fill material will be added in order to dehydrate the environment and reduce the amount of material that is transported from the wells roads and location to off-site areas.

3	Material Handling and Spill Prevention	Drip pans will be used during fueling of equipment to contain spills and leaks. Visual inspections of pipe and connections will be performed frequently to detect leaks which will be immediately corrected, repaired and reported to COGCC as required. Spill prevention Control Countermeasure (SPCC) will be in place to address any possible spill associated with oil and gas operations.
4	Material Handling and Spill Prevention	During drilling operations, we anticipate 4-5 loads, @ 20 yards per load, of cuttings per day will be transported off-site to an approved disposal facility in accordance with Verdad's waste management plan. All loads leaving the location will have a manifest and will be documented. Water-based and Oil-based cuttings will be disposed of offsite and at a licensed, commercial disposal site.
5	Dust control	When conditions exist that dust is a nuisance to the public, water trucks will be utilized to spread water across the dust problem areas.
6	Noise mitigation	Operator will consult with owners of residents and occupied structures and other stakeholders to reduce impact of noise and light during drilling and completion operations. The direction of prevailing winds is considered when planning the location in order to mitigate odor and noise from being a nuisance to the surrounding residents and occupied structures. In order to minimize sound levels during drilling operations at nearby residences, rig generators will be located as far as possible from the residence by rig orientation. Rig lighting will also be directed away from residential units.
7	Odor mitigation	Hydrocarbon odors from production facilities are minimized and eliminated by keeping produced fluid hydrocarbons and natural gas contained within pipes, separators, tanks, and combustors. All tanks will be sealed with thief hatches and gaskets. Tank vapors are captured with properly sized piping and combustors.
8	Drilling/Completion Operations	Verdad will use a closed loop system for drilling and fluid management. No pits will be dug.
9	Drilling/Completion Operations	Operator will perform anti-collision evaluation of all active (producing, shut-in, of temporarily abandoned) offset wellbores that have the potential of being within 150 feet of the proposed well prior to drilling operations. Notice shall be given to all offset operators prior to drilling.
10	Drilling/Completion Operations	Rule 604.c.1: Upon initial rig-up and at least once every thirty (30) days during drilling operations thereafter, pressure testing of the casing string and each component of the blowout prevention equipment including flange connections shall be performed to seventy percent (70%) of working pressure or seventy percent (70%) of the internal yield of casing, whichever is less. Pressure testing shall be conducted and the documented results shall be retained by the operator for inspection by the Director for a period of one (1) year. Activation of the pipe rams for function testing shall be conducted on a daily basis when practicable.
11	Drilling/Completion Operations	Test separators and associated flow lines and sand traps shall be installed on-site to accommodate Green completions techniques pursuant to COGCC Rules. In the anticipated absence of a viable gas sales line, the flow-back gas shall be thermally oxidized in an emissions control device (ECD), which will be installed and kept in operable condition for least the first 90-days of production pursuant to CDPHE rules. This ECD shall have an adequate capacity for 1.5 times the largest flow-back within a 10-mile radius, will be flanged to route gas to other or permanent oxidizing equipment and shall be provided with the equipment needed to maintain combustion where non-combustible gases are present.
12	Drilling/Completion Operations	A cased-hole pulsed neutron log with gamma-ray log will be run from the kick-off point into the surface casing. A cement bond log with gamma-ray will be run on the production casing (or intermediate casing if production liner is run). The horizontal portion of the wellbore will be logged with a measured-while drilling log with gamma-ray. The Form 5, Completion Report, for this well will list all logs run and have those logs attached. The Form 5 will clearly state "No open-hole logs were run" and reference the Rule 317.p Exception granted for the well.
13	Final Reclamation	Operator will comply with COGCC policy on bradenhead monitoring during Hydraulic Fracturing Treatment in the Greater Wattenberg Area per policy dated May 29, 2012.
14	Final Reclamation	P&A'd wells will be identified and marked pursuant to 319.a.(5). Within 90-day subsequent to the time of plugging and abandonment of the entire site, superfluous debris and equipment shall be removed from the site.

Total: 14 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401230211	FORM 2 SUBMITTED
401230583	WELL LOCATION PLAT
401232473	PROPOSED SPACING UNIT
401232554	EXCEPTION LOC REQUEST
401233300	OffsetWellEvaluations Data
401233391	DIRECTIONAL DATA
401233394	DEVIATED DRILLING PLAN
401234625	SURFACE AGRMT/SURETY
401235962	OPEN HOLE LOGGING EXCEPTION

Total Attach: 9 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
		Stamp Upon Approval

Total: 0 comment(s)

Public Comments

No public comments were received on this application during the comment period.

