

FORM
2A

Rev
08/13

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:

401273477

Date Received:

05/26/2017

Oil and Gas Location Assessment

☒ New Location ☐ Refile ☐ Amend Existing Location Location#: _____

This Oil and Gas Location Assessment is to be submitted to the COGCC for approval prior to any ground disturbance activity associated with oil and gas operations. Approval of this Oil and Gas Location 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. Please see the COGCC website at <http://cogcc.state.co.us/> for all accompanying information pertinent this Oil and Gas Location Assessment.

Location ID:

451659

Expiration Date:

08/08/2020

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

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.

Operator

Operator Number: 10651

Name: VERDAD RESOURCES LLC

Address: 5950 CEDAR SPRINGS ROAD

City: DALLAS State: TX Zip: 75235

Contact Information

Name: Kenny Trueax

Phone: (720) 651-8409

Fax: ()

email: Regulatory@verdadoil.com

RECLAMATION FINANCIAL ASSURANCE

☒ Plugging and Abandonment Bond Surety ID: 20170009 ☐ Gas Facility Surety ID: _____

☐ Waste Management Surety ID: _____

LOCATION IDENTIFICATION

Name: WARNER Number: 01N-64W-17

County: WELD

QuarterQuarter: SESW Section: 17 Township: 1N Range: 64W Meridian: 6 Ground Elevation: 5068

Define a single point as a location reference for the facility location. When the location is to be used as a well site then the point shall be a well location.

Footage at surface: 210 feet FSL from North or South section line

2401 feet FWL from East or West section line

Latitude: 40.044704 Longitude: -104.575548

PDOP Reading: 1.4 Date of Measurement: 03/16/2017

Instrument Operator's Name: ROSS TODD

RELATED REMOTE LOCATIONS

(Enter as many Related Locations as necessary. Enter the Form 2A document # only if there is no established COGCC Location ID#)

This proposed Oil and Gas Location is:

LOCATION ID #

FORM 2A DOC #

Well Site is served by Production Facilities

401273780

FACILITIES

Indicate the number of each type of oil and gas facility planned on location

Wells	8	Oil Tanks*		Condensate Tanks*		Water Tanks*		Buried Produced Water Vaults*	
Drilling Pits		Production Pits*		Special Purpose Pits		Multi-Well Pits*		Modular Large Volume Tanks	
Pump Jacks		Separators*		Injection Pumps*		Cavity Pumps*		Gas Compressors*	
Gas or Diesel Motors*		Electric Motors		Electric Generators*		Fuel Tanks*		LACT Unit*	
Dehydrator Units*		Vapor Recovery Unit*		VOC Combustor*		Flare*		Pigging Station*	

OTHER FACILITIES*

Other Facility Type

Number

Those facilities indicated by an asterisk () shall be used to determine the distance from the Production Facility to the nearest cultural feature on the Cultural Setbacks Tab.

Per Rule 303.b.(3)C, description of all oil, gas, and/or water pipelines:

Flowlines are 2" schedule 80 welded FBE, (8) 3" schedule 80 FBE flowline from wellhead to separator. (8) 1" steel schedule 80 FBE gas supply lines off casing side to separators in case pilot at separator needs supply; (8) 2" steel schedule 80 FBE line gas lift lines from compressor back to wellhead; and (8) 1" poly lines back to wellhead for gas supply to solenoid for tubing motor valve control, gas supplied from scrubber at separators.

CONSTRUCTION

Date planned to commence construction: 07/25/2017

Size of disturbed area during construction in acres: 5.74

Estimated date that interim reclamation will begin: 02/25/2018

Size of location after interim reclamation in acres: 2.87

Estimated post-construction ground elevation: 5068

DRILLING PROGRAM

Will a closed loop system be used for drilling fluids: Yes

Is H₂S anticipated? No

Will salt sections be encountered during drilling: No

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

Will oil based drilling fluids be used? Yes

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE

Drilling Fluids Disposal Method: Commercial Disposal

Cutting Disposal: OFFSITE

Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted? No

Reuse Facility ID: or Document Number:

Centralized E&P Waste Management Facility ID, if applicable:

SURFACE & MINERALS & RIGHT TO CONSTRUCT

Name: Betty J Ottesen Trust

Phone: _____

Address: 1675 46th Ave. Ct.

Fax: _____

Address: _____

Email: _____

City: Greeley State: CO Zip: 80634

Surface Owner: ☒ Fee ☐ State ☐ Federal ☐ Indian

Check all that apply. The Surface Owner: ☐ is the mineral owner

☐ 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 from or produced to this Oil and Gas Location: No

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

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

Date of Rule 306 surface owner consultation _____

CURRENT AND FUTURE LAND USE

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

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

CULTURAL DISTANCE INFORMATION

Provide the distance to the nearest cultural feature as measured from Wells or Production Facilities onsite.

	From WELL	From PRODUCTION FACILITY
Building:	3222 Feet	Feet
Building Unit:	3222 Feet	Feet
High Occupancy Building Unit:	5280 Feet	Feet
Designated Outside Activity Area:	5280 Feet	Feet
Public Road:	2336 Feet	Feet
Above Ground Utility:	2407 Feet	Feet
Railroad:	5280 Feet	Feet
Property Line:	210 Feet	Feet

INSTRUCTIONS:

- All measurements shall be provided from center of nearest Well or edge of nearest Production Facility to nearest of each cultural feature as described in Rule 303.b.(3)A.
- 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.
- For measurement purposes only, Production Facilities should only include those items with an asterisk(*) on the Facilities Tab.

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.
- Large UMA Facility - 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: _____

FOR MULTI-WELL PADS AND PRODUCTION FACILITIES WITHIN DESIGNATED SETBACK LOCATIONS ONLY:

- ☐ Check this box if this Oil and Gas Location has or will have Production Facilities that serve multiple wells (on or offsite) and the Production Facilities are proposed to be located less than 1,000 feet from a Building Unit. *(Pursuant to Rule 604.c.(2)E.i., the operator must evaluate alternative locations for the Production Facilities that are farther from the Building Unit, and determine whether those alternative locations were technically feasible and economically practicable for the same proposed development.)*
- ☐ By checking this box, I certify that no alternative placements for the Production Facilities, farther from the nearest Building Unit, were available based on the analysis conducted pursuant to Rule 604.c.(2)E.i.

In the space below, explain rationale for siting the multi-well Production Facility(ies) that supports your Rule 604.c.(2)E.i determination. Attach documentation that supports your determination to this Form 2A.

SOIL

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.org/> 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: 79-Weld loam, 1 to 3 percent slopes

NRCS Map Unit Name: 18-Colby Adena Loams, 3 to 9 percent slopes

NRCS Map Unit Name: _____

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: 03/17/2017

List individual species: Bluestem and Wheatgrass

Check all plant communities that exist in the disturbed area.

- ☒ Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye)
☒ Native Grassland (Bluestem, 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):

WATER RESOURCES

Is this a sensitive area: ☐ No ☒ Yes

Distance to nearest

downgradient surface water feature: 473 Feet

water well: 1360 Feet

Estimated depth to ground water at Oil and Gas Location 420 Feet

Basis for depth to groundwater and sensitive area determination:

Based on the hydrology map this area is in a sensitive area due to the distance to the canal and surface water features to the west. Depth to groundwater was based on the water well $\pm 1360'$ to the south and east; Receipt No. 3643402, Permit No. 282262 --

Is the location in a riparian area: ☒ No ☐ Yes

Was an Army Corps of Engineers Section 404 permit filed ☒ No ☐ Yes If yes attach permit.

Is the location within a Rule 317B Surface Water Supply Area buffer zone: No

If the location is within a Rule 317B Surface Water Supply Area buffer have all public water supply systems within 15 miles been notified:

Is the Location within a Floodplain? ☒ No ☐ Yes Floodplain Data Sources Reviewed (check all that apply)

☒ Federal (FEMA)

☒ State

☒ County

☐ Local

☐ Other

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 318A

WILDLIFE

☐ This location is included in a Wildlife Mitigation Plan

☐ This location was subject to a pre-consultation meeting with CPW held on _____

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 604.a.(1)A. Exception Zone (within 500' of a Building Unit) and is in an Urban Mitigation Area
- ☐ 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)

RULE 502.b VARIANCE REQUEST

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

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 SUA attached. This proposed oil and gas location is located in a rural rangeland area. The nearest building unit is located ±3222' away from this proposed oil and gas location, therefore it is not within a Designated Setback Location and is exempt from 604.c. Location was staked outside of the growing season; reference area photos will be taken and submitted within 1 year.

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

Signed: _____ Date: 05/26/2017 Email: Regulatory@verdadoil.com

Print Name: Kenny Trueax Title: Regulatory Manager

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: 8/9/2017

Surface Owner Information

Owner Name	Address	Phone	Fax	Email
Betty J Ottesen Trust	1675 46th Ave. Ct. Greeley, CO 80634			
Robert Warner	PO Box 9 Brighton, CO 80601			

2 Surface Owner(s)

Conditions Of Approval

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.

COA Type	Description
	COGCC approval of this Form 2A does not permit operator to begin construction of the related production facility location until its Form 2A (401273780) is approved.
	The Operator shall submit reference area photos during the 2017 growing season. Photos shall be submitted via a Form 4 Sundry no later than November 1, 2017.

Best Management Practices

No	BMP/COA Type	Description
1	Planning	In order to reduce surface impact, this application is for an 8 well pad.
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	Storm Water/Erosion Control	Stormwater management plans (SWMP) will be in place to address construction, drilling, and operations associated with CDPHE permits. BMPs for stormwater will be implemented around the perimeter of the pad prior to or during construction and will vary according to the location. These BMPs will remain in place and maintained throughout operations until final reclamation.
4	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.
5	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 Operator'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.
6	Dust control	To prevent dust from becoming a nuisance to the public, water trucks will be utilized to spread water across any dust problem areas.
7	Construction	Location will be graded to divert surface runoff away from surface water features. Operator will create tertiary containment by construction of a berm, diversion ditch, sediment trap or comparable measures sufficient to direct stormwater away from the Denver Hudson Canal located $\pm 473'$ W and two ditches located $\pm 561'$ and $\pm 564'$ SW of the location.
8	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.
9	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: 9 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
401273477	FORM 2A SUBMITTED
401294385	NRCS MAP UNIT DESC
401294387	NRCS MAP UNIT DESC
401294389	MULTI-WELL PLAN
401294390	SURFACE AGRMT/SURETY
401294392	WASTE MANAGEMENT PLAN
401294393	HYDROLOGY MAP
401294400	ACCESS ROAD MAP
401294402	LOCATION DRAWING
401294404	LOCATION PICTURES
401294405	REFERENCE AREA MAP
401301179	SURFACE AGRMT/SURETY

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Per operator "the reason for the two SUA agreements is that the ownership of the lands by each individual trust is a different totaling 100%." Final review complete.	08/08/2017
OGLA	Operator has submitted the related production facility Form 2A. OGLA task passed.	08/08/2017
Permit	Permitting Review Complete. ON HOLD: w/o clarification of SUA's.	07/10/2017
OGLA	Location is not in a designated setback area. Related off-site production is in draft (doc no 401273780). Operator states reference area photos will be submitted, add a COA for information to be submitted via Form 4 Sundry. Public comment is from the Weld County LGD regarding county requirements for oil and gas locations.	07/03/2017
OGLA	OGLA review - water resources has distance to water well at 5280 ft and comment has 1360 ft. Contacted Operator for distance and Operator concurred the distance should be 1360 ft to the nearest water well. Operator has depth to water at 420 ft as water wells in the area are domestic. Potential for a perched zone closer to the surface, but this is a well only location with no tanks.	06/23/2017
LGD	This proposed oil and gas facility is in the Agricultural Zoned District of unincorporated Weld County. A Weld Oil and Gas Location Assessment, WOGLA17-0031 was Administratively Approved on June 16, 2017. Copies of all related documentation are available from Weld County Government. A building permit is required for the production facilities (tank battery, separators, pump jacks, compressors, generators, etc.) from the Department of Planning Services. Use of County right-of-way requires a permit from the Department of Public Works. Troy Swain, Weld Oil/Gas Liaison and LGD (970) 400-3579.	06/20/2017
Permit	Passed Completeness.	06/09/2017
Permit	Returned to draft for: -Missing information on Facilities Tab -Missing "Right to Construct" on Surface & Minerals Tab. -"plant community" information is incomplete on Soil & Plant Community Tab.	06/02/2017

Total: 8 comment(s)