

State of Colorado
Oil and Gas Conservation Commission1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109

Document Number:

401556542

Date Received:

11/05/2018

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:

462872

Expiration Date:

03/01/2022☒ 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: Sydney Smith

Phone: (720) 845-6914

Fax: ()

email: REGULATORY@VERDADOIL.COM

FINANCIAL ASSURANCE

- ☒ Plugging and Abandonment Bond Surety ID (Rule 706): 20170009 ☐ Gas Facility Surety ID (Rule 711): _____
- ☐ Waste Management Surety ID (Rule 704): _____

LOCATION IDENTIFICATION

Name: PEGGY

Number: 2501 PAD

County: WELD

QuarterQuarter: SESW Section: 25 Township: 9N Range: 60W Meridian: 6 Ground Elevation: 4893

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: 300 feet FSL from North or South section line

2412 feet FWL from East or West section line

Latitude: 40.714774 Longitude: -104.040842

PDOP Reading: 1.4 Date of Measurement: 02/14/2018

Instrument Operator's Name: Joe DiGregorio

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 #

FACILITIES

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

| | | | | | | | | | |
|-----------------------|---------------|----------------------|---------------|----------------------|---------------|------------------|---------------|-------------------------------|---------------|
| Wells | <u>23</u> | Oil Tanks* | <u>32</u> | Condensate Tanks* | <u> </u> | Water Tanks* | <u>23</u> | Buried Produced Water Vaults* | <u> </u> |
| Drilling Pits | <u> </u> | Production Pits* | <u> </u> | Special Purpose Pits | <u> </u> | Multi-Well Pits* | <u> </u> | Modular Large Volume Tanks | <u>1</u> |
| Pump Jacks | <u> </u> | Separators* | <u>23</u> | Injection Pumps* | <u> </u> | Cavity Pumps* | <u> </u> | Gas Compressors* | <u>1</u> |
| Gas or Diesel Motors* | <u> </u> | Electric Motors | <u> </u> | Electric Generators* | <u> </u> | Fuel Tanks* | <u> </u> | LACT Unit* | <u> </u> |
| Dehydrator Units* | <u> </u> | Vapor Recovery Unit* | <u>4</u> | VOC Combustor* | <u> </u> | Flare* | <u> </u> | Pigging Station* | <u> </u> |

OTHER FACILITIES*

Other Facility Type

Number

| | |
|----------------|----------|
| Heater Treater | <u>2</u> |
| ECD | <u>4</u> |
| VRT | <u>4</u> |
| Meter Building | <u>1</u> |

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:

The majority of flowlines will be Schedule 80 FBE welded steel including: (23) 3" flowlines from the wellheads to the separators, (23) 3" gas injection lines from the compressor to the wellheads, (23) 2" dump lines from the separators to the tanks, and (23) 1" gas supply lines from the wellheads to the separators. Poly will be utilized to supply gas to the tubing motor valves, including (23) 1" lines from the separators to the motor valves on the wellheads.

CONSTRUCTION

Date planned to commence construction: 03/01/2019 Size of disturbed area during construction in acres: 6.00
Estimated date that interim reclamation will begin: 06/01/2019 Size of location after interim reclamation in acres: 3.60
Estimated post-construction ground elevation: 4893

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:

PLEASE SEE ATTACHED WASTE MANAGEMENT PLAN.

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: Mike and Peggy Shull

Phone: _____

Address: 53004 County Road 100

Fax: _____

Address: _____

Email: _____

City: Grover State: CO Zip: 80729

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: Yes

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: | 2217 Feet | 1953 Feet |
| Building Unit: | 2300 Feet | 2300 Feet |
| High Occupancy Building Unit: | 5280 Feet | 5280 Feet |
| Designated Outside Activity Area: | 5285 Feet | 5280 Feet |
| Public Road: | 265 Feet | 65 Feet |
| Above Ground Utility: | 2376 Feet | 2112 Feet |
| Railroad: | 5280 Feet | 5280 Feet |
| Property Line: | 300 Feet | 100 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: Haverson loam, 0 to 3 percent slopes

NRCS Map Unit Name: _____

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: _____

List individual species: _____

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: _____ 97 Feet

water well: _____ 2168 Feet

Estimated depth to ground water at Oil and Gas Location _____ 34 Feet

Basis for depth to groundwater and sensitive area determination:

The distance to nearest water well and estimated depth to ground water was determined by Permit #151884 Reciept# 0013318A State Land Board of Comissioners.

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 _____ No 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: _____

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

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

Signed: _____ Date: 11/05/2018 Email: REGULATORY@VERDADOIL.COM

Print Name: Sydney Smith 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: 3/2/2019

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

| | |
|--|--|
| | |
|--|--|

Best Management Practices

| No | <u>BMP/COA Type</u> | <u>Description</u> |
|-----------|--|---|
| 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 | 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 | 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. |
| 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 | Noise mitigation | As necessary, temporary straw bale walls or sound walls will be constructed to dampen noise in the direction of residential units. |
| 8 | Emissions mitigation | Test separators and associated flow lines, sand traps and emission control systems shall be installed on-site to accommodate green completions techniques. When commercial quantities of salable quality gas are achieved at each well, the gas shall be immediately directed to a sales line or shut in and conserved. If a sales line is unavailable or other conditions prevent placing the gas into a sales line, the operator shall not produce the wells without an approved variance per Rule 805.b.(3)C. |

Total: 8 comment(s)

Attachment Check List

| <u>Att Doc Num</u> | <u>Name</u> |
|---------------------------|-------------------------|
| 2478946 | MULTI-WELL PLAN |
| 2478947 | MULTI-WELL PLAN |
| 2478948 | CORRESPONDENCE |
| 401556542 | FORM 2A SUBMITTED |
| 401820134 | NRCS MAP UNIT DESC |
| 401826393 | ACCESS ROAD MAP |
| 401826394 | HYDROLOGY MAP |
| 401826395 | LOCATION DRAWING |
| 401826396 | LOCATION PICTURES |
| 401826397 | REFERENCE AREA PICTURES |
| 401826398 | REFERENCE AREA MAP |
| 401826428 | SURFACE AGRMT/SURETY |

Total Attach: 12 Files

General Comments

| <u>User Group</u> | <u>Comment</u> | <u>Comment Date</u> |
|-------------------|--|---------------------|
| Permit | Permitting review complete, passed Final Review. | 02/25/2019 |
| OGLA | IN PROCESS - Operator confirmed the count of wells, oil tanks, water tanks, & separators, revised the pipeline description, confirmed the distance to the nearest Building Unit, changed the Water Resources section to indicate YES this is a Sensitive Area, & provided the required Multi-Well Plan attachment. OGLA review completed and task passed. | 12/18/2018 |
| OGLA | ON HOLD - Requested operator confirm the count of wells, oil tanks, water tanks, & separators, revise the pipeline description, confirm the distance to the nearest Building Unit, change the Water Resources section to indicate YES this is a Sensitive Area, & provide the required Multi-Well Plan attachment. Due by 1/10/19. | 12/10/2018 |
| LGD | This proposed oil and gas location is situated in the Agricultural Zone District of unincorporated Weld County. A Weld Oil and Gas Location Assessment (WOGLA) is required prior to constructing any improvements related to oil and gas exploration and production. The operator has noticed their intent to apply for a WOGLA. A building permit is required for the production facilities (tank battery, separators, pump jacks, compressors, generators, etc.) from the Department of Planning Services. Access points from County roads require an Access Permit from the Department of Public Works, which includes any necessary traffic control plans and Improvement Agreements. The use of County right-of-way requires a permit from the Department of Public Works. Jason Maxey, Weld Oil/Gas Specialist and LGD 970-400-3579 | 12/04/2018 |
| Permit | Passed completeness. | 11/14/2018 |

Total: 5 comment(s)