

FORM
2A

Rev
08/19

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:

402098683

(REJECTED)

Date Received:

08/06/2019

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:

Expiration Date:

☒ 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: Heather Mitchell

Phone: (720) 845-6917

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: KBL Number: 02N-63-19

County: WELD

QuarterQuarter: NWSE Section: 19 Township: 2N Range: 63W Meridian: 6 Ground Elevation: 4863

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: 1807 feet FSL from North or South section line

2096 feet FEL from East or West section line

Latitude: 40.121608 Longitude: -104.478337

PDOP Reading: 1.4 Date of Measurement: 06/15/2019

Instrument Operator's Name: Preston Knutsen

LOCAL GOVERNMENT INFORMATION

County: WELD Municipality: N/A

Per § 34-60-106 (1)(f)(I)(A), the following questions pertain to the "local government with jurisdiction to approve the siting of the proposed oil and gas location."

The local government with jurisdiction is: County

Does the local government with jurisdiction regulate the siting of Oil and Gas Locations, with respect to this COGCC application? If the local government has waived its right to precede the COGCC in siting determination, indicate by selecting "NO" here and selecting "Waived" below.

☐ Yes ☒ No

If yes, in checking this box, I hereby certify that an application has been filed with the local government with jurisdiction to approve the siting of the proposed oil and gas location. ☐

The local government siting permit type is: 1041 WOGLA

The local government siting permit was filed on: _____

The disposition of the application filed with the local government is: Waived

Additional explanation of local process:

The 1041 WOGLA has not yet been filed.

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>12</u>	Oil Tanks*	<u>24</u>	Condensate Tanks*	<u>0</u>	Water Tanks*	<u>12</u>	Buried Produced Water Vaults*	<u>0</u>
Drilling Pits	<u>0</u>	Production Pits*	<u>0</u>	Special Purpose Pits	<u>0</u>	Multi-Well Pits*	<u>0</u>	Modular Large Volume Tanks	<u>1</u>
Pump Jacks	<u>0</u>	Separators*	<u>12</u>	Injection Pumps*	<u>0</u>	Cavity Pumps*	<u>0</u>	Gas Compressors*	<u>1</u>
Gas or Diesel Motors*	<u>0</u>	Electric Motors	<u>0</u>	Electric Generators*	<u>0</u>	Fuel Tanks*	<u>0</u>	LACT Unit*	<u>0</u>
Dehydrator Units*	<u>0</u>	Vapor Recovery Unit*	<u>2</u>	VOC Combustor*	<u>4</u>	Flare*	<u>0</u>	Pigging Station*	<u>0</u>

OTHER FACILITIES*

Other Facility Type Number

Heater Treater	<u>2</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: (12) 3" flowlines from the wellheads to the separators, (12) 3" gas injection lines from the compressor to the wellheads, (12) 2" dump lines from the separators to the tanks, and (12) 1" gas supply lines from the wellheads to the separators. Poly will be utilized to supply gas to the tubing motor valves, including (12) 1" lines from the separators to the motor valves on the wellheads.

Gas gatherers are near the proposed pad and Verdad will work with the appropriate parties to ensure a timely gas gathering connection.

CONSTRUCTION

Date planned to commence construction: 10/01/2019 Size of disturbed area during construction in acres: 13.35
Estimated date that interim reclamation will begin: 04/01/2020 Size of location after interim reclamation in acres: 3.39
Estimated post-construction ground elevation: 4863

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: Kauffman Brothers Lp

Phone: _____

Address: 8616 County Rd 63

Fax: _____

Address: _____

Email: _____

City: Keenesburg State: CO Zip: 80643

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 04/24/2019

If this Form 2A is associated with Drilling and Spacing Unit applications, list docket number(s): _____

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:	1426 Feet	1380 Feet
Building Unit:	1470 Feet	1451 Feet
High Occupancy Building Unit:	5280 Feet	5280 Feet
Designated Outside Activity Area:	5280 Feet	5280 Feet
Public Road:	850 Feet	578 Feet
Above Ground Utility:	1324 Feet	814 Feet
Railroad:	720 Feet	449 Feet
Property Line:	512 Feet	344 Feet
School Facility:	5280 Feet	5280 Feet
School Property Line:	5280 Feet	5280 Feet
Child Care Center:	5280 Feet	5280 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, Designated Outside Activity Area, School Facility, and Child Care Center – as defined in 100 Series Rules.
 - For measurement purposes only, Production Facilities should only include those items with an asterisk(*) on the Facilities Tab.

SCHOOL SETBACK INFORMATION

Was Notice required under Rule 305.a.(4)? ☐ Yes ☒ No

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: 44—Olney loamy sand, 1 to 3 percent slopes

NRCS Map Unit Name: 49—Osgood sand, 0 to 3 percent slopes

NRCS Map Unit Name: 70—Valent sand, 3 to 9 percent slopes

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: 1983 Feet

water well: 949 Feet

Estimated depth to ground water at Oil and Gas Location 320 Feet

Basis for depth to groundwater and sensitive area determination:

The closest well shown on the COGCC and Hydrology Map is owned by Linda Schneider (Permit #269226, Receipt# 3604289) at a distance of 949 feet from the proposed location. The static water level of the well is 320 feet with an overall total well depth of 716 feet.

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: No

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

Operator Proposed Wildlife BMPs

No BMP

CPW Proposed Wildlife BMPs

No BMP

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 The KBL 1918-06H is the reference well used for the location identification. The distances for the cultural setbacks were provided from the nearest proposed well and production facility on the pad.

Verdad will provide a land application Facility # or beneficial reuse ID prior to drilling and disposal of water based cuttings or fluids via a From 4 Sundry.

Rule 306 consultation was waived by surface owner - please see section 8 on page 3 of attached surface use agreement.

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

Signed: _____ Date: 08/06/2019 Email: regulatory@verdadoil.com

Print Name: Heather Mitchell Title: Regulatory Manager

Based on the information provided herein, this Oil and Gas Location Assessment complies with COGCC Rules, applicable orders, and SB 19-181 and is hereby approved.

COGCC Approved: _____ Director of COGCC Date: _____

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

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Best Management Practices

No	BMP/COA Type	Description
1	Planning	Verdad will submit a WOGLA application with Weld county that addresses site safety and contains an emergency action and tactical response plan. Each location is assigned a physical address for emergency responders to locate the site in the event of an emergency.
2	General Housekeeping	Cleanup of trash, scrap, and discarded materials will be conducted at the end of each workday.
3	General Housekeeping	Mud control: Operator will implement effective, temporary vehicle tracking control at the location egress to prevent transport of sediment offsite and onto the public road during construction, drilling, completions, stimulation, and flowback operations. Appropriate vehicle tracking control, such as a properly sized cattle guard, will still be required during production operations.
4	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.

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. No cuttings will be stored on location.
6	Material Handling and Spill Prevention	Containment will be used during fueling of equipment to contain spills and leaks all phases of operations. Spill prevention Control Countermeasure (SPCC) will be in place to address any spills associated with oil and gas operations. Tank secondary containment will be impervious lined steel berms with capacity > 150% volume of the largest tank. Pad will also have tertiary containment of ditch and berm to prevent any spills from leaving site. Any spills will be immediately cleaned up and reported if volume exceeds reporting limit.
7	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.
8	Construction	MLVT Size is 120'DX14'H and the volume is 25,000 BBLS. Vendor/Manufacturer will be Select Energy Services. It will be on location for 45 days during completion operations. Verdad will follow the COGCC guidance policy dated June 13, 2014 on the use of MLVTs.
9	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.
10	Noise mitigation	Temporary straw bale walls or sound walls will be constructed and the utilization of "quiet" frac/axillary equipment will be constructed and utilized to dampen noise in the direction of residential units
11	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.
12	Emissions mitigation	AVO (Audio, Visual, Olfactory) inspections of pipe and connections will be performed daily on production equipment to detect leaks which will be immediately corrected, repaired and reported to COGCC as required.
13	Odor mitigation	To reduce odors during drilling and completion, the rig will be washed of oily debris before moving in. D822 is our base fluid which is a distillate and has the benefits of lower BTEX levels and is recognized as having lower odor than traditional oil based mud. We will utilize drying shakers which will minimize residual oil on cuttings prior to transport and will promptly remove 4-5 loads of cuttings per day during drilling operations which should help to reduce odors.

Total: 13 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
402098683	FORM 2A SUBMITTED
402098699	HYDROLOGY MAP
402098700	MULTI-WELL PLAN
402098701	REFERENCE AREA MAP
402098702	REFERENCE AREA PICTURES
402098703	LOCATION PICTURES
402099332	SURFACE AGRMT/SURETY
402105889	NRCS MAP UNIT DESC
402108119	LOCATION DRAWING
402113419	ACCESS ROAD MAP
402113422	FACILITY LAYOUT DRAWING
402133837	FACILITY LAYOUT DRAWING

Total Attach: 12 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	<p>This application has been reviewed by COGCC staff and cannot be approved based on the information submitted; therefore, the COGCC is rejecting this application consistent with the Rejection Process – Form 2 and 2A (May 21, 2019) posted in the Form 2 and Form 2A Instructions section of our website. In compliance with § 24-65.1-108(1), C.R.S., the COGCC is returning this application to the applicant to remedy the deficiencies. The applicant may resubmit this application for COGCC review; upon determination of completeness for any resubmitted application, the COGCC will have 60 days in which to approve, deny, or request all additional information necessary to complete the regulatory review.</p> <p>In addition to all standard required information and attachments, the COGCC hereby confirms the following information is necessary prior to determination of completeness.</p> <p>1)The Location Drawing states that the nearest Building Unit is located 1539 feet to the northwest. The Cultural Distances reported on the Form 2A state that the nearest Building Unit is 1470 feet from the well and 1451 feet from the production facility. Please correct the discrepancy between these distances and provide clarification as to where the distances were measured.</p> <p>2)A Waste Management Plan is required for all proposed Location that lie within the Greater Wattenburg Area. The Form 2A did not have the Waste Management Plan attached. Please provide the Waste Management Plan.</p> <p>3)The Location Stakes are not clearly visible in the Location Pictures facing north and facing south. Please provide Location Pictures clearly showing the staked Location for all cardinal directions.</p> <p>4)The proposed Location lies within a Sensitive Area for Water Resources as the Location lies within the Lost Creek Designated Groundwater Management Area and Basin. The Sensitive Area should have been checked YES with a description of Basis provided.</p>	10/07/2019
OGLA	Missing the updated BMPs for the protection of groundwater.	10/07/2019
OGLA	OGLA review moved to REJECTION.	10/02/2019
OGLA	<p>1) Updated Location Drawing required</p> <p>2) Missing the Waste Management Plan.</p> <p>3) Location Pictures do not clearly show the Staked Location.</p> <p>4) Location lies within a Sensitive Area for Water Resources as the Location lies within the Lost Creek Designated Groundwater Management Area and Basin. Sensitive Area should have been checked YES with a description of Basis provided.</p> <p>Three Attachments need modifying and/or submittal. Move to Rejection.</p>	10/02/2019
Permit	Passed Completeness.	08/09/2019

Total: 5 comment(s)

Public Comments

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

REJECTED