

**APPLICATION FOR PERMIT TO:**

**Drill**       Deepen       Re-enter       Recomplete and Operate

Date Received: 08/15/2019

TYPE OF WELL OIL  GAS  COALBED  OTHER: \_\_\_\_\_  
 ZONE TYPE SINGLE ZONE  MULTIPLE ZONES  COMMINGLE ZONES

Refiling   
Sidetrack

Well Name: Safi Well Number: 1224-12H  
 Name of Operator: VERDAD RESOURCES LLC COGCC Operator Number: 10651  
 Address: 5950 CEDAR SPRINGS ROAD  
 City: DALLAS State: TX Zip: 75235  
 Contact Name: Heather Mitchell Phone: (720)845-6917 Fax: ( )  
 Email: regulatory@verdadoil.com

**RECLAMATION FINANCIAL ASSURANCE**

Plugging and Abandonment Bond Surety ID: 20170009

**WELL LOCATION INFORMATION**

QtrQtr: NWSE Sec: 12 Twp: 1N Rng: 65W Meridian: 6  
 Latitude: 40.064373 Longitude: -104.610506  
 Footage at Surface: 2065 Feet FNL/FSL FSL 2187 Feet FEL/FWL FEL  
 Field Name: WATTENBERG Field Number: 90750  
 Ground Elevation: 4971 County: WELD  
 GPS Data:  
 Date of Measurement: 03/25/2019 PDOP Reading: 1.2 Instrument Operator's Name: Brent Garcia  
 If well is  Directional  Horizontal (highly deviated) **submit deviated drilling plan.**  
 Footage at Top of Prod Zone: FNL/FSL FNL 811 FEL 460 FEL/FWL FSL 866 FEL  
 Sec: 13 Twp: 1N Rng: 65W Sec: 24 Twp: 1N Rng: 65W

**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 location? If the local government does regulate the siting, but has waived its right to precede the COGCC in siting determination, indicate by selecting "YES" here and selecting "Waived" for the disposition 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: WOGLA  
 The local government siting permit was filed on: 06/28/2019  
 The disposition of the application filed with the local government is: Approved

Additional explanation of local process:  
WOGLA19-0156 Approved 10/11/2019.

**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: No

The right to construct the Oil and Gas Location is granted by: applicant is owner

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.)

Mineral and Lease information:  
Township 1 North, Range 65 West, 6th P.M.  
Section 13: All  
Containing 640 acres

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

Federal or State Lease # \_\_\_\_\_

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

**CULTURAL DISTANCE INFORMATION**

Distance to nearest:

- Building: 1794 Feet
- Building Unit: 1803 Feet
- High Occupancy Building Unit: 5280 Feet
- Designated Outside Activity Area: 5280 Feet
- Public Road: 2050 Feet
- Above Ground Utility: 908 Feet
- Railroad: 5280 Feet
- Property Line: 456 Feet
- School Facility: 5280 Feet
- School Property Line: 5280 Feet
- Child Care Center: 5280 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, Designated Outside Activity Area, School Facility, and Child Care Center – 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:   361   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**

Wellbore Spacing Unit Map Attached:  
Sec 12: SW4SE4, SE4SE4  
Sec 13: E2  
Sec 24: E2

If this Form 2 is associated with a Drilling and Spacing Unit application, provide docket number: \_\_\_\_\_

**OBJECTIVE FORMATIONS**

<u>Objective Formation(s)</u>	<u>Formation Code</u>	<u>Spacing Order Number(s)</u>	<u>Unit Acreage Assigned to Well</u>	<u>Unit Configuration (N/2, SE/4, etc.)</u>
CODELL	CODL		720	GWA

## DRILLING PROGRAM

Proposed Total Measured Depth: 18074 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: \_\_\_\_\_ Feet  No well belonging to another operator within 1,500 feet

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No (If Yes, attach an H<sub>2</sub>S 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? No

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	18074	2255	18074	

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

The distance to the nearest well completed or permitted in the same formation was measured to the Safi 1224-13H using 2D measurement.

Distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator was not reported as no well was located in the completed interval distance within 1500'.

No SUA attached as Verdad (applicant) is the owner.  
Verdad self-waives Rule 318A.a. Windows and Rule 318A.c. Twinning location exceptions.

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

Location ID: 469568

Is this application being submitted with an Oil and Gas Location Assessment application? No

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

Signed: \_\_\_\_\_ Print Name: Heather Mitchell

Title: Regulatory Manager Date: 8/15/2019 Email: regulatory@verdadoil.com

Operator must have a valid water right or permit allowing for industrial use or purchased water from a seller that has a valid water right or permit allowing for industrial use, otherwise an application for a change in type of use is required under Colorado law. Operator must also use the water in the location set forth in the water right decree or well permit, otherwise an application for a change in place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules, applicable orders, and SB 19-181 and is hereby approved.

COGCC Approved:  \_\_\_\_\_ Director of COGCC Date: 12/18/2019

Expiration Date: 12/17/2021

**API NUMBER**

05 123 50669 00

## 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.

<u>COA Type</u>	<u>Description</u>
Drilling/Completion Operations	<p>1) Submit Form 42 electronically to COGCC 48 hours prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 48 hour spud notice via Form 42 for all subsequent wells drilled on the pad.</p> <p>2) Comply with Rule 317.j. and provide cement coverage from TD to a minimum of 200' above Niobrara. Verify coverage with cement bond log.</p> <p>3) Oil-based drilling fluid is to be used only after all fresh water aquifers are covered.</p>
Drilling/Completion Operations	<p>Operator acknowledges the proximity of the listed non-operated well: Operator agrees to: provide mitigation option 3 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, and submit a Form 42 ("OFFSET MITIGATION COMPLETED") for the remediated wells, referencing the API number of the proposed horizontal well(s) stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of these wells.</p> <p>123-19771 HSR-Haffner 2-25</p>
Drilling/Completion Operations	<p>Per COGCC Order 1-232, Bradenhead tests shall be performed according to the following schedule and Form 17 submitted within 10 days of each test:</p> <p>1) Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation.</p> <p>2) If a delayed completion, 6 months after rig release and prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation.</p> <p>3) A post-production test within 60 days after first sales, as reported on the Form 10, Certificate of Clearance.</p>

## Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	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.
2	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.
3	Drilling/Completion Operations	Operator will comply with COGCC policy on bradenhead monitoring during Hydraulic Fracturing Treatment in the Greater Wattenberg Area per policy dated May 29, 2012.
4	Drilling/Completion Operations	Alternative Logging Program - One of the first wells drilled on the pad will be logged with Open Hole Resistivity Log and Gamma Ray Log from the kick-off point to into the surface casing. All wells on the pad will have a cement bond log with gamma-ray run on production casing (or on intermediate casing if production liner is run) into the surface casing. The horizontal portion of every well will be logged with a measured-while-drilling gamma-ray log. The form 5, Completion Report, for each well on the pad will list all logs run and have those logs attached. The Form 5 for a well without open-hole logs shall clearly state "Alternative Logging Program - No open-hole logs were run" and shall clearly identify (by API#, well name & number) the well in which open-hole logs were run.

Total: 4 comment(s)

## Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.  
[http://cogcc.state.co.us/documents/reg/Policies/Wildlife\\_Notice.pdf](http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf)

Policy for Bradenhead Monitoring During Hydraulic Fracturing Treatments in the Greater Wattenberg Area.  
<http://cogcc.state.co.us/documents/reg/Policies/PolicyGwaBradenheadMonitoringFinal.pdf>

### Attachment Check List

<b>Att Doc Num</b>	<b>Name</b>
402009511	FORM 2 RESUBMITTED
402145326	FORM 2 REJECTED
402145697	OffsetWellEvaluations Data
402145701	DIRECTIONAL DATA
402145703	WELL LOCATION PLAT
402145704	PROPOSED SPACING UNIT
402145705	DEVIATED DRILLING PLAN
402145707	EXCEPTION LOC REQUEST
402267392	OFFSET WELL EVALUATION

Total Attach: 9 Files

**General Comments**

<b><u>User Group</u></b>	<b><u>Comment</u></b>	<b><u>Comment Date</u></b>
Permit	Final Review Completed.	12/17/2019
Permit	Permit review complete.	12/17/2019
OGLA	Public Comments received for this Form 2 are summarized and addressed in the Public Comment Consideration Memo (Doc# 2479173) saved in the file for Oil and Gas Location ID# 469568.	12/17/2019
OGLA	COGCC conducted the technical review for the related Oil and Gas Location Assessment permit, Form 2A document #402010466 under the statutory authority provided through SB 19-181, including the Objective Criteria. The Director approved the Form 2A on 12/6/2019, establishing Location ID #469568 subject to conditions included in the permit. The well proposed by this related Form 2 was contemplated during COGCC's review of the Form 2A. The Objective Criteria Review Memo (Doc# 2479172) and Objective Criteria Review Update (Doc# 1347799) can be found in the document file for this Location.	12/17/2019
Permit	COGCC Staff has added the final disposition for the Local Government siting permit information provided by the operator.	12/12/2019
Permit	Corrected Ground Elevation to 4971' to reflect Well Location Plat. Added Location ID Number 469568. Operator confirmed that the correct WOGLA permit number is WOGLA19-0156.  With operator concurrence, the following was corrected: The Minerals beneath this Oil and Gas Location will be developed by this Well corrected to No. Distance to Nearest Property Line was corrected to 456 ft. Distance to Nearest Well was corrected to 361 ft.	12/12/2019
Permit	Per COGCC Guidance SB 19-181: Form 2 Permit Applications in Weld County (September 17, 2019), this Form 2 has been returned to IN PROCESS. The required Form 2A (Oil & Gas Location Assessment Doc# 402010466) and WOGLA have been approved, and there is no applicable Drilling and Spacing Unit.	12/11/2019
Permit	Per COGCC Guidance SB 19-181: Form 2 Permit Applications in Weld County (September 17, 2019), this Form 2 has been placed ON HOLD until the required Form 2A (Oil & Gas Location Assessment), WOGLA, and applicable Drilling and Spacing Unit have been approved and provided.	09/30/2019
Permit	Passed Completeness.	08/20/2019
Permit (Rejected)	REJECTION: This APD has been rejected per the COGCC Rejection Process (updated May 21, 2019). Another APD on the same pad had the incorrect Proposed Wellbore Spacing Unit attachment. This APD has not been reviewed.	08/15/2019
Permit	Passed completeness.	06/06/2019

Total: 11 comment(s)