

FORM
2
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:
402098655
(SUBMITTED)

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

TYPE OF WELL OIL GAS COALBED OTHER: _____

Refiling

Date Received:
09/17/2019

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Sidetrack

Well Name: KBL Well Number: 1930-09H
Name of Operator: VERDAD RESOURCES LLC COGCC Operator Number: 10651
Address: 5950 CEDAR SPRINGS ROAD
City: DALLAS State: TX Zip: 75235
Contact Name: Allison Schieber Phone: (720)845-6909 Fax: ()
Email: regulatory@verdadresources.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20170009

WELL LOCATION INFORMATION

QtrQtr: NWSE Sec: 19 Twp: 2N Rng: 63W Meridian: 6
Latitude: 40.121607 Longitude: -104.478177

Footage at Surface: 1806 Feet FNL/FSL FSL 2051 Feet FEL/FWL FEL

Field Name: WATTENBERG Field Number: 90750

Ground Elevation: 4862 County: WELD

GPS Data:

Date of Measurement: 06/19/2019 PDOP Reading: 1.4 Instrument Operator's Name: Preston Knutsen

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

Footage at Top of Prod Zone: FNL/FSL FSL 1310 FEL/FWL FWL 460 FSL 1310 FWL
Bottom Hole: FNL/FSL FSL 1310 FWL
Sec: 19 Twp: 2N Rng: 63W Sec: 30 Twp: 2N Rng: 63W

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: 11/12/2019

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

Additional explanation of local process:

WOGLA application 19-0009 was submitted 09/06/2019

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: 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.)

Surface and Mineral Information:
Township 2 North Range 63 West
Section 18: E2,E2W2
Section 19: Part of E/2 lying South of Railroad Right of way
Section 20:W2

Total Acres in Described Lease: 1308 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: | <u>1531</u> Feet |
| Building Unit: | <u>1580</u> Feet |
| High Occupancy Building Unit: | <u>5280</u> Feet |
| Designated Outside Activity Area: | <u>5280</u> Feet |
| Public Road: | <u>900</u> Feet |
| Above Ground Utility: | <u>1335</u> Feet |
| Railroad: | <u>771</u> Feet |
| Property Line: | <u>632</u> Feet |
| School Facility: | <u>5280</u> Feet |
| School Property Line: | <u>5280</u> Feet |
| Child Care Center: | <u>5280</u> 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: 250 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

Spacing Order Information:
 Township 2 North , Range 63 West
 Section 18: S/2
 Section 19: All
 Section 30: All

If this Form 2 is associated with a Drilling and Spacing Unit application, provide docket number: 180100025

OBJECTIVE FORMATIONS

| Objective Formation(s) | Formation Code | Spacing Order Number(s) | Unit Acreage Assigned to Well | Unit Configuration (N/2, SE/4, etc.) |
|------------------------|----------------|-------------------------|-------------------------------|--------------------------------------|
| CODELL | CODL | 407-2326 | 1600 | GWA |

DRILLING PROGRAM

Proposed Total Measured Depth: 14557 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 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? 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 | 14557 | 1868 | 14557 | 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: The distance to the nearest well completed or permitted in the same formation was measured to the KBL 1930-10H measured in 2D calculation.
The distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator was measured using the COGCC maps and the footage callouts. This resulted in no well being within 1500 feet of the proposed wellbore.
Please see Section 7-9 on page 3 of the attached Surface Use Agreement for the list of waived rules by the owner. Rule 318.A.a and Rule 318A.c are waived in section 8 of page 3.

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

Location ID: 471229

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: Allison Schieber

Title: Senior Regulatory Analyst Date: 9/17/2019 Email: regulatory@verdadoil.com

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: _____

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.

| <u>COA Type</u> | <u>Description</u> |
|-----------------|--------------------|
| | |

Best Management Practices

| No | BMP/COA Type | Description |
|-----------|--------------------------------|---|
| 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 | 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. |
| 4 | 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. |

Total: 4 comment(s)

Attachment Check List

| Att Doc Num | Name |
|--------------------|----------------------------|
| 402099352 | SURFACE AGRMT/SURETY |
| 402131121 | EXCEPTION LOC REQUEST |
| 402290026 | WELL LOCATION PLAT |
| 402290028 | DEVIATED DRILLING PLAN |
| 402290029 | DIRECTIONAL DATA |
| 402290877 | OffsetWellEvaluations Data |

Total Attach: 6 Files

General Comments

| User Group | Comment | Comment Date |
|-------------------|--|---------------------|
| Permit | Plugging and abandonment surety ID incorrect. Return to draft. | 02/11/2020 |
| Permit | Return to draft per operator request. | 09/19/2019 |
| Permit | Form 2A not yet approved. Well name on attached directional data does not match. Date of measurement does not match Well Location Plat. Returned to draft. | 09/18/2019 |

Total: 3 comment(s)

Public Comments

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

