

FORM
2Rev
02/20

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:

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(SUBMITTED)

Date Received:

09/18/2019

APPLICATION FOR PERMIT TO:

☒ Drill ☐ Deepen ☐ Re-enter ☐ Recomplete and OperateTYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER: _____Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: County Line

Well Number: 3107-07H

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: SWSE Sec: 31 Twp: 1N Rng: 65W Meridian: 6

Latitude: 40.001456

Longitude: -104.704414

Footage at Surface: 340 Feet FNL/FSL FSL 2000 Feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5041

County: WELD

GPS Data: GPS Quality Value: 1.5 Type of GPS Quality Value: PDOP Date of Measurement: 04/20/2018

Instrument Operator's Name: Eric Purcell

If well is ☐ Directional ☒ Horizontal (highly deviated) submit deviated drilling plan.Footage at Top of Prod Zone: FNL/FSL FNL 1428 FSL 460 FNL/FSL FSL 1387 FNL/FSL FSL 1387 FNL/FSL FSL 1387 FNL/FSL FSL 1387
Sec: 6 Twp: 1S Rng: 65W Sec: 7 Twp: 1S 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 ☐ NoIf 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: 07/31/2019

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

Additional explanation of local process:

WOGLA19-0183 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 Section 31

Lots 31 to 36 and Lots 41-47

See attached mineral lease plat

Total Acres in Described Lease: 65 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: 1234 Feet

Building Unit: 1101 Feet

High Occupancy Building Unit: 5128 Feet

Designated Outside Activity Area: 3569 Feet

Public Road: 324 Feet

Above Ground Utility: 988 Feet

Railroad: 1466 Feet

Property Line: 310 Feet

School Facility: 5128 Feet

School Property Line: 4891 Feet

Child Care Center: 2740 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: 08/12/2019

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: 590 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

1N 65W Sec 30 E/2, Sec 31 E/2
1S 65W Sec 6 All, Sec 7 All
1S 66W Sec 1 E/2, Sec 12 E/2

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

OBJECTIVE FORMATIONS

Objective Formation(s)	Formation Code	Spacing Order Number(s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
NIOBRARA	NBRR	407-2957	2560	S31E2 S7ALL S12E2

DRILLING PROGRAM

Proposed Total Measured Depth: 17038 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: 198 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:

Please see Waste Management Plan attached to Form 2A.

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	17038	2141	17038	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 County Line 3107-06H measured in 2D. The distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator is the Pascoe HH 6-3J (API# 05-001-09253) (AL Status) operated by Gerrity Oil and Gas. The distance was measured in 2D using the COGCC GIS Map.
Ant-Collision report attached to show distance for Luchbuie wells.

Exceptions:

Verdad self-waives Rule 318A.a. Windows and Rule 318A.c. Twinning location exceptions

Surface and minerals:

The completed portion of the wellbore does not penetrate the described lease but the lease is within the unit.

Attachments:

NO SUA attached as Verdad (Applicant) is the surface owner.

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

Location ID: 474767

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: Allison Schieber

Title: Sr Regulatory Analyst

Date: 9/18/2019

Email: regulatory@verdadresources.c

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.

COA Type

Description

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	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)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.
http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
402413457	DIRECTIONAL DATA
402413475	WELL LOCATION PLAT
402413476	DEVIATED DRILLING PLAN
402413477	MINERAL LEASE MAP
402413478	EXCEPTION LOC REQUEST
402416027	OTHER
402416083	OffsetWellEvaluations Data

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	BHL section does not match Well Location Plat. Return to draft.	06/10/2020
Permit	Date of Measurement does not match Well Location Plat. Location ID missing. Returned to draft per operator request.	10/24/2019
Permit	Return to draft per operator request.	09/19/2019

Total: 3 comment(s)

Public Comments

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

