

FORM

2

Rev
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:

402146027

(REJECTED)

Date Received:

07/30/2020

APPLICATION FOR PERMIT TO:

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

Well Name: Georgene

Well Number: 2828-01H

Name of Operator: VERDAD RESOURCES LLC

COGCC Operator Number: 10651

Address: 1125 17TH STREET SUITE 550

City: DENVER

State: CO

Zip: 80202

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: SESE Sec: 28 Twp: 2N Rng: 64W Meridian: 6

Latitude: 40.102953

Longitude: -104.548844

Footage at Surface: 317 Feet FNL/FSL FSL 581 Feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5016

County: WELD

GPS Data: GPS Quality Value: 1.6 Type of GPS Quality Value: PDOP Date of Measurement: 07/22/2019

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 FEL/FWL Bottom Hole: FNL/FSL FEL/FWL
 480 FSL 460 FEL 480 FSL 0 FWL
 Sec: 28 Twp: 2N Rng: 64W Sec: 28 Twp: 2N Rng: 64W

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: 02/03/2020

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

Additional explanation of local process:

WOGLA19-0025 Approved 07/30/2020.

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.)

SE Sec 28 T2N R64W

Total Acres in Described Lease: 160 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: 460 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building:	<u>2199</u> Feet
Building Unit:	<u>2301</u> Feet
High Occupancy Building Unit:	<u>5280</u> Feet
Designated Outside Activity Area:	<u>5280</u> Feet
Public Road:	<u>307</u> Feet
Above Ground Utility:	<u>284</u> Feet
Railroad:	<u>434</u> Feet
Property Line:	<u>317</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: 560 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 0 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

Proposed Spacing Unit
Township 2N, Range 64W
Section 28: SESE4
Section 29: S2S2

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.)
CODELL	CODL		200	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 12336 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: 151 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	12336	1623	12336	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	<p>The distance to the nearest well completed or permitted in the same formation was measured to the Georgene 2828-02H measured in 2D.</p> <p>The closest well is the Brnak 44-28 (API# 123-29486)(SI Status) owned by Noble Energy Inc (100322). Distance measured in 3D unising antic ollision report, please see attached as Other.</p> <p>Due to this well being so close to the 150' trigger of Rule 317.S we have obtained an anti collision waiver from Noble, please find attached.</p> <p>Nearest well measurement does not match the offset well evalutation as those measurements were all taken in 2D.</p> <p>The Surface Use Agreement attached waives rules 305, 306, 318A.a and 318A.c. Please see Section 8 Page 3 of the Surface use Agreement for the full list of waived rules.</p>
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This application is in a Comprehensive Drilling Plan No CDP #: _____

Location ID: 473534

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: 7/30/2020 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.

COA Type

Description

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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	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

Attachment Check List

Att Doc Num	Name
402146027	FORM 2 SUBMITTED
402149164	SURFACE AGRMT/SURETY
402441399	DIRECTIONAL DATA
402441403	OffsetWellEvaluations Data
402441406	DEVIATED DRILLING PLAN
402441413	PROPOSED SPACING UNIT
402441414	WELL LOCATION PLAT
402441416	PROPOSED SPACING UNIT
402442012	EXCEPTION LOC REQUEST
402454242	OTHER
402456865	ANTI-COLLISION WAIVER

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit (Rejected)	<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> <ol style="list-style-type: none"> 1. Exception Location Request Letter needs to be corrected to clarify whether the proposed well is closer or farther than 50 ft. away from an existing well. 2. Proposed Spacing Unit Letter and Map should be one attachment. 3. Proposed Spacing Unit Letter and Comment on Permit Application have the incorrect description of lands. 4. Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation is incorrect. 5. Distance from Completed portion of wellbore to Nearest Unit boundary is incorrect. 6. Deviated Drilling Plan is for the incorrect well. 7. Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease is incorrect. 8. Objective Formation is Codell, but the TVD matches the proposed Niobrara wells. Please confirm Objective Formation. 9. Offset Well Evaluation is missing a well. 10. TOC needs to be verified on the Brnak 34-28 (123-29020). 	09/11/2020
Permit	<p>Exception Location Request is requesting exception to 318A.c, but states that the proposed well will be closer than 50 ft. from an existing well.</p> <p>Proposed Spacing Unit should be one attachment.</p> <p>Distance from Completed portion of wellbore to Nearest Unit boundary incorrect.</p> <p>Proposed Spacing Unit Comment and attachment has the incorrect description.</p> <p>Distance to nearest well is incorrect.</p> <p>Deviated Drilling Plan is for the incorrect well.</p> <p>Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease is incorrect.</p> <p>Objective Formation is Codell, but the TVD matches the proposed Niobrara wells.</p>	09/09/2020
Permit	Passed Completeness.	08/18/2020

Total: 3 comment(s)

Public Comments

The following comments were provided by members of the public and were considered during the technical review of this application.

No. Comment

Comment Date

1	Deny drilling permits until new rules are in place. SB-181 is law; it requires public health safety to be the very top priority. Therefore no fossil fuel drilling permits should be approved, nor should the applications even be accepted, before the new COGCC rules are determined and implemented. You're supposed to prioritize clean air, clean water, clean soil, safety from explosions, safety from earth sinkage, safety from water exploitation, & safety from social injustice which has allowed the safety of minorities & lower-income people to be undermined by drilling activity which affluent, predominantly white people successfully shoved off.	08/27/2020
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Total: 1 comment(s)

REJECTED