

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:

402146192

(RE-SUBMITTED)

Date Received:

09/16/2020

APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate
TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER: _____Refilling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐Well Name: Georgene Well Number: 2828-04HName of Operator: VERDAD RESOURCES LLC COGCC Operator Number: 10651Address: 1125 17TH STREET SUITE 550City: DENVER State: CO Zip: 80202Contact Name: Allison Schieber Phone: (720)845-6909 Fax: ()Email: regulatory@verdadoil.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20170009

WELL LOCATION INFORMATION

QtrQtr: SESE Sec: 28 Twp: 2N Rng: 64W Meridian: 6Latitude: 40.102851 Longitude: -104.548936
 Footage at Surface: 280 Feet FNL/FSL FSL 607 Feet FEL/FWL FEL
Field Name: WATTENBERGField Number: 90750Ground Elevation: 5017County: WELDGPS Data: GPS Quality Value: 1.6 Type of GPS Quality Value: PDOP Date of Measurement: 07/22/2019Instrument Operator's Name: Brent GarciaIf well is ☐ Directional ☒ Horizontal (highly deviated) **submit deviated drilling plan.**
 Footage at Top of Prod Zone: FNL/FSL 2160 FSL 460 FEL 2160 FSL 0 FWL 2160
 Sec: 28 Twp: 2N Rng: 64W Sec: 28 Twp: 2N Rng: 64W

LOCAL GOVERNMENT INFORMATION

County: WELDMunicipality: 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: WOGLAThe 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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building:	<u>2167</u> Feet
Building Unit:	<u>2265</u> Feet
High Occupancy Building Unit:	<u>5280</u> Feet
Designated Outside Activity Area:	<u>5280</u> Feet
Public Road:	<u>271</u> Feet
Above Ground Utility:	<u>307</u> Feet
Railroad:	<u>478</u> Feet
Property Line:	<u>280</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: 151 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

Township 2N, Range 64W:
Section 28: N2S2
Section 29: NE4SE4

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		200	GWA

DRILLING PROGRAM

Proposed Total Measured Depth: 12539 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	12539	1646	12539	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 measured to the Greer 23-28 (API# 123-22049) measured in 3D using anti collision report, please see attached as other.

The distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator was measured to the Greer 23-28 (API# 123-22049) (SI Status) operated by Noble Energy Inc (100322). The distance was measured in 3D, please see anti collision report attached as other.

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.

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: 9/16/2020

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

--	--

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)

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
402146192	FORM 2 RESUBMITTED
402487232	FORM 2 REJECTED
402490412	DIRECTIONAL DATA
402490413	WELL LOCATION PLAT
402490417	DEVIATED DRILLING PLAN
402490420	OTHER
402490423	PROPOSED SPACING UNIT
402490535	EXCEPTION LOC REQUEST
402490536	SURFACE AGRMT/SURETY
402490820	OffsetWellEvaluations Data

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Distance to Nearest Well is incorrect. Return to draft for operator corrections.	09/21/2020
Permit	Exception Location Request Letter has been corrected. Proposed Spacing Unit attachment is now one document. Distance to Nearest Unit Boundary has been corrected. Distance to Nearest Lease Line has been corrected.	09/21/2020
Permit	Returned to draft per operator request.	09/16/2020
Permit (Rejected)	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. In addition to all standard required information and attachments, the COGCC hereby confirms the following information is necessary prior to determination of completeness: 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. Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation is incorrect. 4. Distance from Completed portion of wellbore to Nearest Unit boundary is incorrect. 5. Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease is incorrect. 6. Offset Well Evaluation is missing a well. 7. TOC needs to be verified on the Brnak 34-28 (123-29020).	09/11/2020
Permit	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. Proposed Spacing Unit should be one attachment. Distance from Completed portion of wellbore to Nearest Unit boundary incorrect. Distance to the Nearest well is incorrect. Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease is incorrect.	09/09/2020
Permit	Passed Completeness.	08/18/2020
Permit	SHL does not match attached Well Location Plat. Return to draft.	08/04/2020

Total: 7 comment(s)

Public Comments

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

<u>No.</u>	<u>Comment</u>	<u>Date</u>
1	<p>A moratorium on permitting should be enacted until research is conducted and rules are created to ensure that public health, safety and welfare, the environment and wildlife are protected, as SB 19-181 has directed the Commission to do.</p> <p>Colorado communities deserve full due process and a halt to permitting to allow time for a thoughtful, thorough process that enables public participation in rulemaking at the state and local levels and accomplishes the intention of SB19-181 -- protection of public safety, health, welfare and the environment.</p> <p>Please consider the climate change impacts of oil and gas development on public health, safety and the environment relative to new laws and regulations supporting the necessary transition away from fossil fuels in Colorado, and develop plans to phase out oil and gas development within the next 10 years.</p> <p>The most recent IPCC (International Panel on Climate Change) report states "1.5°C-consistent pathways are characterized by a rapid phase-out of CO2 emissions and deep emissions reductions in other GHGs (greenhouse gases)" (Section 2.2.2 and 2.3.3).</p> <p>The COGCC should take responsible action to help move Colorado toward Governor Polis' 100% renewable energy by 2040 goal as well as the Greenhouse Gas Emissions Reductions Goals laid out in HB 19-1261.</p> <p>Under the new law, the COGCC should be focused on REGULATING oil and gas, not FOSTERING oil and gas.</p> <p>The COGCC must use the precautionary principle: if an action or policy has a suspected risk of causing severe harm to the public domain, the action should not be taken in the absence of scientific near-certainty about its safety, and the burden of proof about absence of harm falls on those proposing an action, not those opposing it. Do these new proposed sites follow this principle?</p> <p>Therefore, oil and gas drilling and operations should not be allowed in or near the places people live, work or play until and unless credible public health studies prove that doing so does not increase the risk of harm.</p> <p>Please prioritize and honor community input near permit sites, including community groups, homeowners associations, environmental groups, and local governments and agencies.</p>	08/23/2020
2	<p>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.</p>	08/27/2020

Total: 2 comment(s)