

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:

402146311

APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate

Date Received:

09/17/2020

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER: _____Refiling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Georgene

Well Number: 2833-04H

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@verdadoil.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: 40.102818

Longitude: -104.548967

Footage at Surface: 267 Feet FNL/FSL FSL 615 Feet FEL/FWL FEL

Field Name: WATTENBERG

Field Number: 90750

Ground Elevation: 5017

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 FSL 2500 FEL 461 FSL 2500 FEL
 Sec: 33 Twp: 2N Rng: 64W Sec: 33 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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building:	<u>2157</u> Feet
Building Unit:	<u>2253</u> Feet
High Occupancy Building Unit:	<u>5280</u> Feet
Designated Outside Activity Area:	<u>5280</u> Feet
Public Road:	<u>258</u> Feet
Above Ground Utility:	<u>295</u> Feet
Railroad:	<u>493</u> Feet
Property Line:	<u>267</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: 252 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary	460	Feet (Enter 5280 for distance greater than 1 mile.)
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Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

Proposed Spacing Unit
Township 2N, Range 64W:
Section 28: SW4SE4, SE4SW4
Section 33: W2E2, E2W2

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>
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NIOBRARA	NBRR		400	GWA
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DRILLING PROGRAM

Proposed Total Measured Depth: 13016 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: 879 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	13016	1698	13016	

☐ 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 Georgene 2828-01H
The distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator was measured to the UPV 33-7K4 (API# 123-18269) (PR Status) operated by Noble Energy Inc (100322). The distance was measured in 2D using the COGCC GIS Map.

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.

The lateral has been shortened from the original submission changing the BHL to 461' FSL.

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: 9/17/2020 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: 11/23/2020

Expiration Date: 11/22/2022

API NUMBER

05 123 51337 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	If the location has not been built by the Form 2A (Doc #402216196) expiration date of 03/15/2023, Operator must Refile the Form 2A for approval prior to location construction.
Drilling/Completion Operations	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. 2) Comply with Rule 317.j. and provide cement coverage from TD to a minimum of 500' above Niobrara. Verify coverage with cement bond log. 3) Oil-based drilling fluid is to be used only after all fresh water aquifers are covered.
Drilling/Completion Operations	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: 1) Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 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. 3) A post-production test within 60 days after first sales, as reported on the Form 10, Certificate of Clearance.
Drilling/Completion Operations	Operator acknowledges the proximity of the non-operated listed well. Operator agrees to: provide mitigation option 1 or 2 (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") stating that appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. 123-29020 BRNAK #34-28 123-18269 UPV #33-7K4 123-22976 FRITZLER #12-34

Best Management Practices

No	<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 List

<u>Att Doc Num</u>	<u>Name</u>
2473503	SURFACE AGRMT/SURETY
402146311	FORM 2 RESUBMITTED
402487248	FORM 2 REJECTED
402491793	OffsetWellEvaluations Data
402491808	DIRECTIONAL DATA
402491810	EXCEPTION LOC REQUEST
402491812	PROPOSED SPACING UNIT
402491813	WELL LOCATION PLAT
402491814	DEVIATED DRILLING PLAN
402538308	OFFSET WELL EVALUATION

Total Attach: 10 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	11/19/2020
Permit	Permit review complete.	11/17/2020

Permit	COGCC conducted the technical review for the related Oil and Gas Location Assessment permit, Form 2A document #402216196 under the statutory authority provided through SB 19-181, including the Objective Criteria. The Director approved the Form 2A on 3/16/2020, establishing Location ID #473534 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# 2479240) can be found in the document file for this Location.	11/17/2020
Permit	Attached SUA does not have 318A.a and 318A.c waivers. With operator concurrence, the full SUA was attached to the application, Doc #2473503.	11/17/2020
Permit	Distance to Nearest Well has been corrected. Passed Completeness.	09/28/2020
Permit	Distance to Nearest Well is incorrect. Returned to draft for operator corrections.	09/25/2020
Permit	Wellbore and Proposed Spacing Unit were shortened to resolve Objection. Exception Location Request Letter has been corrected. Proposed Spacing Unit attachment has been corrected. Objection has been addressed. Distance to Nearest Unit Boundary has been corrected. Distance to Nearest Lease Line has been corrected. Final disposition has been corrected.	09/25/2020
Permit	Objection to the GWA Proposed Spacing Unit has not been resolved. Return to draft.	09/21/2020
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. An objection to the GWA Proposed Spacing Unit was received by the COGCC on September 2, 2020 for this application. 2. 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. 3. Proposed Spacing Unit Letter and Map should be one attachment. 4. Proposed Spacing Unit attachment needs to address Objection to Rule 318A.e. 5. 30 day Certification Letter for Rule 318A.e is dated July 2, 2020, but the Objection that was received states that the Proposed Spacing Unit Notice letter was dated July 29, 2020. Please confirm when notices were sent out. 6. Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation is incorrect. 7. Distance from Completed portion of wellbore to Nearest Unit boundary is incorrect. 8. The final disposition of this application filed with the local government is incorrect. 9. TOC needs to be verified on the Brnak 34-28 (123-29020).	09/11/2020
Permit	The Disposition of this application filed with the local government is incorrect. 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. Proposed Spacing Unit attachment needs to address Objection to Rule 318A.e. 30 day Certification Letter for Rule 318A.e is dated July 2, 2020, but the Objection that was received states that the Certification letter was dated July 29, 2020. Please confirm when the Certification Letters were sent out. Distance to Nearest well is incorrect. Distance from Completed portion of wellbore to Nearest Unit boundary incorrect.	09/09/2020
Permit	Passed Completeness.	09/02/2020

Permit	Distance to nearest well not filled out. Return to draft.	09/02/2020
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Total: 12 comment(s)