

FORM
2

Rev
12/20

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:

402858926

Date Received:

12/21/2021

APPLICATION FOR PERMIT TO:

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

Amend ☐

Refile ☒

Sidetrack ☐

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER: _____

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Well Name: Helen Well Number: 2536-10H
Name of Operator: VERDAD RESOURCES LLC COGCC Operator Number: 10651
Address: 1125 17TH STREET SUITE 550
City: DENVER State: CO Zip: 80202
Contact Name: Heather Mitchell Phone: (720)845-6917 Fax: ()
Email: regulatory@verdadresources.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20170009

WELL LOCATION INFORMATION

Surface Location

QtrQtr: SESW Sec: 24 Twp: 2N Rng: 64W Meridian: 6
Footage at Surface: 1243 Feet FSL 2169 Feet FWL
Latitude: 40.120058 Longitude: -104.501376
GPS Data: GPS Quality Value: 1.5 Type of GPS Quality Value: PDOP Date of Measurement: 10/14/2021
Ground Elevation: 4924
Field Name: WATTENBERG Field Number: 90750

Well Plan: is ☐ Directional ☒ Horizontal (highly deviated) ☐ Vertical

If Well plan is Directional or Horizontal attach Deviated Drilling Plan and Directional Data.

Subsurface Locations

Top of Productive Zone (TPZ)

Sec: 25 Twp: 2N Rng: 64W Footage at TPZ: 460 FNL 1463 FEL
Measured Depth of TPZ: 7521 True Vertical Depth of TPZ: 6850 FNL/FSL FEL/FWL

Base of Productive Zone (BPZ)

Sec: 36 Twp: 2N Rng: 64W Footage at BPZ: 460 FSL 1463 FEL
Measured Depth of BPZ: 17171 True Vertical Depth of BPZ: 6850 FNL/FSL FEL/FWL

Bottom Hole Location (BHL)

Sec: 36 Twp: 2N Rng: 64W Footage at BHL: 370 FSL 1463 FEL
FNL/FSL FEL/FWL

LOCAL GOVERNMENT PERMITTING INFORMATION

County: WELDMunicipality: N/A

Is the Surface Location of this Well in an area designated as one of State interest and subject to the requirements of § 24-65.1-108 C.R.S.? Yes

Per § 34-60-106(1)(f)(I)(A) C.R.S., the following questions pertain to the Relevant Local Government approval of the siting of the proposed Oil and Gas Location.

SB 19-181 provides that when "applying for a permit to drill," operators must include proof that they sought a local government siting permit and the disposition of that permit application, or that the local government does not have siting regulations. § 34-60-106(1)(f)(I)(A) C.R.S.

Does the Relevant Local Government regulate the siting of Oil and Gas Locations, with respect to this Location? ☒ 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 disposition of the application filed with the Relevant Local Government is: Approved Date of Final Disposition: 01/19/2018

Comments: WOGLA18-0001

SURFACE AND MINERAL OWNERSHIP AT WELL'S OIL & GAS LOCATION

Surface Owner of the land at this Well's Oil and Gas Location: ☒ Fee ☐ State ☐ Federal ☐ Indian

Mineral Owner beneath this Well's Oil and Gas Location: ☒ Fee ☐ State ☐ Federal ☐ Indian

Surface Owner Protection Financial Assurance (if applicable): _____ Surety ID Number (if applicable): _____

MINERALS DEVELOPED BY WELL

The ownership of all the minerals that will be developed by this Well is (check all that apply):

☒ Fee

☒ State

☐ Federal

☐ Indian

☐ N/A

LEASE INFORMATION

Using standard QtrQtr, Section, Township, Range format describe one entire mineral lease as follows:

* If this Well is within a unit, describe a lease that will be developed by the Well.

* If this Well is not subject to a unit, describe the lease that will be produced by the Well.

(Attach a Lease Map or Lease Description or Lease if necessary.)

Township 2 North, Range 64 West, 6th P.M. Section 25: All

Total Acres in Described Lease: 640 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease # _____

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 794 Feet

Building Unit: 871 Feet

Public Road: 400 Feet

Above Ground Utility: 1139 Feet

Railroad: 1336 Feet

INSTRUCTIONS:

- Specify all distances per Rule 308.b.(1).
- 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 – as defined in 100 Series Rules.

Property Line: 334 Feet

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	407-2427	1280	Sec 25 & 36: All

Federal or State Unit Name (if appl):

Unit Number:

SUBSURFACE MINERAL SETBACKS

Enter 5280 for distance greater than 1 mile.

Is this Well within a unit? Yes

If YES:

Enter the minimum distance from the Completed Zone of this Well to the Unit Boundary: 460 Feet

Enter the minimum distance from the Completed Zone of this Well to the Completed Zone of an offset Well within the same unit permitted or completed in the same formation: 491 Feet

If NO:

Enter the minimum distance from the Completed Zone of this Well to the Lease Line of the described lease: Feet

Enter the minimum distance from the Completed Zone of this Well to the Completed Zone of an offset Well producing from the same lease and permitted or completed in the same formation: Feet

Exception Location

☐ If this Well requires the approval of a Rule 401.c Exception Location, enter the Rule or spacing order number and attach the Exception Location Request and Waivers.

SPACING & FORMATIONS COMMENTS

T2N, R64W: Sec. 25 All, Sec. 36 All

DRILLING PROGRAM

Proposed Total Measured Depth: 17261 Feet

TVD at Proposed Total Measured Depth 6850 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: 477 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 Plan unless a plan was already submitted with the Form 2A per Rule 304.c.(10).

Will there be hydraulic fracture treatment at a depth less than 2,000 feet in this well? No

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

Beneficial reuse or land application plan submitted?

Reuse Facility ID: or Document Number:

CASING PROGRAM

<u>Casing Type</u>	<u>Size of Hole</u>	<u>Size of Casing</u>	<u>Grade</u>	<u>Wt/Ft</u>	<u>Csg/Liner Top</u>	<u>Setting Depth</u>	<u>Sacks Cmt</u>	<u>Cmt Btm</u>	<u>Cmt Top</u>
CONDUCTOR	26	16	ASTM	65	0	80	70	80	0
SURF	13+1/2	9+5/8	J55	36	0	1964	533	1964	0
1ST	8+1/2	5+1/2	P110	20	0	17261	2166	17261	

☐ Conductor Casing is NOT planned

POTENTIAL FLOW AND CONFINING FORMATIONS

<u>Zone Type</u>	<u>Formation /Hazard</u>	<u>Top M.D.</u>	<u>Top T.V.D.</u>	<u>Bottom M.D.</u>	<u>Bottom T.V.D.</u>	<u>TDS (mg/L)</u>	<u>Data Source</u>	<u>Comment</u>
Groundwater	Denver	0	0	297	297	501-1000	USGS	USGS (USGS-400753104251501 4060mg/L) NO ZONE HERE
Groundwater	Fox Hills	297	297	837	832	501-1000	USGS	USGS (USGS-400702104313701 626mg/L)
Confining Layer	Confining	837	832	1400	1366			
Groundwater	Upper Porosity Pierre	1400	1366	1936	1849	1001-10000	Other	CO DNR Report Project Number 2141
Confining Layer	Pierre	1936	1849	4158	3852			
Hydrocarbon	Parkman	4158	3852	4491	4152			Non-productive horizon
Hydrocarbon	Sussex	4491	4152	4821	4449			Non-productive horizon
Hydrocarbon	Shannon	4821	4449	5662	5207			Non-productive horizon
Confining Layer	Pierre	5662	5207	7296	6650			
Hydrocarbon	Sharon Springs	7296	6650	7326	6670			Non-productive horizon
Hydrocarbon	Niobrara	7326	6670	17261	6850			

OPERATOR COMMENTS AND SUBMITTAL

Comments Verdad is refiling this application for permit to drill, original permit expiration was on 05/10/2020. Verdad is changing the well name, SHL, TPZ and BHL from the original permit.
The nearest well completed or permitted in the same formation is the Helen 2536-09H, measured is 2D using GIS mapping.
The nearest existing or proposed well belonging to another operator is the L.E. Gerkin 12H API# 05-123- 44070 operated by Red Hawk Petroleum LLC , DG well status . This distance was measured in 3D using an anti collision report, attached as "other".
This well has a bottom hole location beyond the unit boundary setback. The bottom of the completed interval will be within the unit boundary setback 460'FSL and 1463' FEL of section 36. The wellbore beyond the unit boundary setback will be physically isolated and will not be completed.

This application is in a Comprehensive Area Plan No CAP #: _____

OGDP ID#: _____ OGDP Name: _____ Expiration Date: _____

Location ID: 454529 Location Name: ARNOLD 02N-64W-24

I hereby certify all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: _____ Print Name: Heather Mitchell

Title: Regulatory Manager Date: 12/21/2021 Email: regulatory@verdadresources.c

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: 1/30/2022

Expiration Date: 01/29/2025

API NUMBER

05 123 46828 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.

Condition of Approval

COA Type

Description

Construction	Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operations (dated January 5, 2017).
Drilling/Completion Operations	COGCC COA: Operator will ensure the wellbore beyond the unit boundary setback is physically isolated and is not completed. In the Operator Comments on the Form 5A the operator will (1) report the footages from the section lines of the bottom of the completed interval (2) describe how the wellbore beyond the unit boundary setback is physically isolated and (3) certify that none of the wellbore beyond the setback was completed.
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, a second test is required between 6-9 months after rig release and must be conducted prior to stimulation. If any pressure greater than 200 psi is observed or if there is continuous flow, Operator must contact COGCC engineering for approval 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 listed non-operated wells. Operator assures that this offset list will be remediated per the Offset Well Evaluation and Hydraulic Fracturing Operator Guidance Document Operator using Option 3. Operator will submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. 05-123-08561, UPRR-ANCELL 11-1 05-123-10541, STATE C 41-36
Drilling/Completion Operations	Operator acknowledges the proximity of the listed wells. Operator agrees to: provide mitigation option 1 or 2 (per the Offset Well Evaluation and Hydraulic Fracturing Operator Guidance Document) 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. 05-123-10517, State C14-36
Drilling/Completion Operations	1) Submit Form 42 electronically to COGCC 2 business days prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 2 business day spud notice via Form 42 for all subsequent wells drilled on the pad. 2) Comply with Rule 408.j. and provide cement coverage from TD to a minimum of 500' above Niobrara. Verify coverage with a cement bond log.

6 COAs

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	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 measuredwhile-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 openhole 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 openhole logs were run.

Total: 3 comment(s)

Attachment List

Att Doc Num	Name
402858926	FORM 2 SUBMITTED
402894467	WELL LOCATION PLAT
402902552	DEVIATED DRILLING PLAN
402902553	DIRECTIONAL DATA
402902554	OTHER
402905723	OffsetWellEvaluations Data
402941537	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	01/21/2022
OGLA	This Location and its associated materials was fully reviewed in the review of this APD in accordance with current Rules. See Sundry doc # 402869013 in Location # 454529 file for additional information. This APD complies with all COGCC Rules and is adequately protective of public health, safety, welfare, the environment, and wildlife resources. OGLA task passed.	01/20/2022
Permit	SLB has no concerns with this application.	01/20/2022
Permit	Received confirmation from the operator for the following changes: 1.Adding the drilling beyond the setback COA 2.Checking state minerals since the APD is producing from state minerals 3.Adding the refile comment 4.Adding the built location COA -Passed Permit Review	01/18/2022
Permit	-Requesting the following from the operator: 1. Confirming that state minerals are being produced 2. Adding the drilling beyond the setback COA 3. Missing the refile comment	01/13/2022
Permit	Returned to draft per operator's request.	11/19/2021

Total: 6 comment(s)