

FORM  
2

Rev  
05/22

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:

403112808

Date Received:

09/15/2022

APPLICATION FOR PERMIT TO

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

Amend ☐

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER: \_\_\_\_\_

Refill ☐

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: Fawn Well Number: 2734-07H  
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

FINANCIAL ASSURANCE FOR PLUGGING, ABANDONMENT, AND RECLAMATION

COGCC Financial Assurance

☒ The Operator has provided or will provide Financial Assurance to the COGCC for this Well.

Surety ID Number (if applicable): 20170009

Federal Financial Assurance

☐ In checking this box, the Operator certifies that it has provided or will provide at least this amount of Financial Assurance to the federal government for this Well. (Per Rule702.a.)

Amount of Federal Financial Assurance \$ \_\_\_\_\_

WELL LOCATION INFORMATION

Surface Location

QtrQtr: SESW Sec: 22 Twp: 1N Rng: 65W Meridian: 6

Footage at Surface: 244 Feet FSL 2334 Feet FWL

Latitude: 40.030324 Longitude: -104.651253

GPS Data: GPS Quality Value: 1.5 Type of GPS Quality Value: PDOP Date of Measurement: 05/05/2021

Ground Elevation: 5109

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: 27 Twp: 1N Rng: 65W Footage at TPZ: 460 FNL 1130 FWL  
Measured Depth of TPZ: 7703 True Vertical Depth of TPZ: 7250 FNL/FSL FEL/FWL

**Base of Productive Zone (BPZ)**

Sec: 34 Twp: 1N Rng: 65W Footage at BPZ: 460 FSL 1133 FWL   
Measured Depth of BPZ: 17393 True Vertical Depth of BPZ: 7250 FNL/FSL  FEL/FWL

**Bottom Hole Location (BHL)**

Sec: 34 Twp: 1N Rng: 65W Footage at BHL: 370 FSL 1132 FWL   
FNL/FSL  FEL/FWL

**LOCAL GOVERNMENT PERMITTING INFORMATION**

County: WELD Municipality: 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: 05/11/2022

Comments: 1041WOGLA21-0016

**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 Bond (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.)

T1NR65W Sec. 27: 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: 1322 Feet  
Building Unit: 2599 Feet  
Public Road: 2782 Feet  
Above Ground Utility: 1461 Feet  
Railroad: 5280 Feet  
Property Line: 244 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.

## 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	407-3364	1920	T1NR65W: Sec 27 & 34: ALL, Sec 28 & 33: E2

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: 521 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

T1NR65W, Sec. 27 & 34: ALL, Sec. 28 & 33: E2

## DRILLING PROGRAM

Proposed Total Measured Depth: 17483 Feet

TVD at Proposed Total Measured Depth 7250 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: 78 Feet ☐ No well belonging to another operator within 1,500 feet

Will a closed-loop drilling system be used? Yes

Is H<sub>2</sub>S gas reasonably expected to be encountered during drilling operations at concentrations greater than or equal to 100 ppm? No If yes, attach an H<sub>2</sub>S 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

Casing Type	Size of Hole	Size of Casing	Grade	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	26	16	ASTM	65	0	80	70	80	0
SURF	13+1/2	9+5/8	J55	40	0	2269	616	2269	0
1ST	8+1/2	5+1/2	P110	20	0	17483	2161	17483	

☐ Conductor Casing is NOT planned

## POTENTIAL FLOW AND CONFINING FORMATIONS

Zone Type	Formation /Hazard	Top M.D.	Top T.V.D.	Bottom M.D.	Bottom T.V.D.	TDS (mg/L)	Data Source	Comment
Groundwater	Arapahoe	0	0	963	963	1001-10000	USGS	USGS-400229104403901 (1720 mg/L)
Groundwater	Fox Hills	963	963	1231	1227	0-500	USGS	USGS-400058104361201 (434mg/L)
Confining Layer	Pierre	1231	1227	1720	1709			
Groundwater	Upper Pierre Porosity	1720	1709	2215	2197	1001-10000	Other	CO DNR Report Project Number 2141
Confining Layer	Pierre	2215	2197	4390	4342			
Hydrocarbon	Parkman	4390	4342	4613	4561			non-productive horizon
Confining Layer	Pierre	4613	4561	4690	4637			
Hydrocarbon	Sussex	4690	4637	4971	4914			non-productive horizon
Confining Layer	Pierre	4971	4914	5305	5244			
Hydrocarbon	Shannon	5305	5244	5716	5649			non-productive horizon
Confining Layer	Pierre	5716	5649	6325	6249			
Hydrocarbon	Sharon Springs	6325	6249	7277	7114			non-productive horizon
Hydrocarbon	Niobrara	7277	7114	17483	7479			

## OPERATOR COMMENTS AND SUBMITTAL

Comments

The nearest well permitted or completed in the same formation in the Fawn 2734-07H measured in 2D using GIS mapping.  
The nearest well belonging to another operator is the Willow 22-18-3L (API: 05-123- 50948) in PR status operated by Confluence DJ LLC. measured in 3D using the 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 boundary setback at 460' FSL and 1133' FWL of Section 34. The wellbore beyond the unit setback will be isolated and will not be completed.

This application is in a Comprehensive Area Plan No CAP #: \_\_\_\_\_  
Oil and Gas Development Plan Name Fawn 2734-2833 OGD ID#: 482044  
Location ID: 482909

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: 9/15/2022 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: 10/21/2022  
Expiration Date: 10/20/2025

**API NUMBER**

05 123 51844 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	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 is observed or if there is continuous flow, Operator must contact COGCC engineering for approval 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. 123-10319 GLEN YOUNG #1 123-12691 JORDAN #34-6 123-12917 JORDAN #34-7 123-12937 JORDAN #34-9 123-13280 JORDAN #34-8 123-14809 JORDAN-LOUSTAUNAU #34-10 123-19677 HSR-CHERRY KNOLLS #9-33
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. 123-10612 JORDAN, IVAR #1 123-12421 Jordan #34-2 123-12567 Jordan #34-3 123-12670 JORDAN #34-5 123-12709 JORDAN #34-4
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.
5 COAs	

## Best Management Practices

<b>No</b>	<b>BMP/COA Type</b>	<b>Description</b>
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 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: 3 comment(s)

## Attachment List

<b>Att Doc Num</b>	<b>Name</b>
403112808	FORM 2 SUBMITTED
403132810	WELL LOCATION PLAT
403132815	DEVIATED DRILLING PLAN
403132821	OTHER
403132824	DIRECTIONAL DATA
403150006	OffsetWellEvaluations Data
403167106	OffsetWellEvaluations Data
403204762	OFFSET WELL EVALUATION

Total Attach: 8 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	10/18/2022
Permit	Emailed operator for the following: <ul style="list-style-type: none"><li>- Confirm field</li><li>- Provide revised Unit Configuration comment</li><li>- Provide revised Beyond Unit Setback comment</li><li>- Confirm Spacing Order</li></ul> Made the following changes with concurrence from the operator: <ul style="list-style-type: none"><li>- Corrected field to Wattenberg</li><li>- Corrected Unit Configuration comment</li><li>- Corrected Spacing Order to 407-3364</li><li>- Corrected Beyond Unit Setback comment</li></ul> Permit Review Complete	10/17/2022
Permit	Emailed operator for the following: <ul style="list-style-type: none"><li>- Provide Surety ID</li></ul> Made the following changes with concurrence from the operator: <ul style="list-style-type: none"><li>- Added missing Surety ID</li></ul>	10/11/2022
OGLA	The Commission approved OGD #482044 on August 31, 2022 for the Oil and Gas Location related to this Form 2. OGLA task passed.	09/16/2022

Total: 4 comment(s)