

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:

403126467

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: FawnWell Number: 2734-13HName of Operator: VERDAD RESOURCES LLCCOGCC Operator Number: 10651Address: 1125 17TH STREET SUITE 550City: DENVERState: COZip: 80202Contact Name: Heather MitchellPhone: (720)845-6917Fax: ( )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: 6Footage at Surface: 244 Feet FSL 2430 Feet FWLLatitude: 40.030324 Longitude: -104.650911GPS Data: GPS Quality Value: 1.5 Type of GPS Quality Value: PDOPDate of Measurement: 05/05/2021Ground Elevation: 5111Field Name: WATTENBERGField Number: 90750Well 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: 65WFootage at TPZ: 460 FNL 1023 FELMeasured Depth of TPZ: 7857True 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 1024 FEL   
Measured Depth of BPZ: 17540 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 1024 FEL   
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: 1384 Feet  
Building Unit: 2556 Feet  
Public Road: 2844 Feet  
Above Ground Utility: 1460 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	T1N R65W: Sec.27 and 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: 520 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

T1N R65W: Sec.27 &34: ALL, Sec. 28 &33 E2

## DRILLING PROGRAM

Proposed Total Measured Depth: 17631 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	2303	625	2303	0
1ST	8+1/2	5+1/2	P110	20	0	17631	2177	17631	

☐ 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	968	963	1001-10000	USGS	USGS-400229104403901 (1720 mg/L)
Groundwater	Fox Hills	968	963	1240	1227	0-500	USGS	USGS-400058104361201 (434mg/L)
Confining Layer	Pierre	1240	1227	1741	1709			
Groundwater	Upper Pierre Porosity	1741	1709	2248	2197	1001-10000	Other	CO DNR Report Project Number 2141
Confining Layer	Pierre	2248	2197	4474	4342			
Hydrocarbon	Parkman	4474	4342	4702	4561			Non-productive horizon
Confining Layer	Pierre	4702	4561	4781	4637			
Hydrocarbon	Sussex	4781	4637	5068	4914			Non-productive horizon
Confining Layer	Pierre	5068	4914	5411	5244			
Hydrocarbon	Shannon	5411	5244	5831	5649			Non-productive horizon
Confining Layer	Pierre	5831	5649	6454	6249			
Hydrocarbon	Sharon Springs	6454	6249	7425	7114			Non-productive horizon
Hydrocarbon	Niobrara	7425	7114	17631	7479			

## OPERATOR COMMENTS AND SUBMITTAL

Comments

The nearest well permitted or completed in the same formation in the Fawn 2734-14H measured in 2D using GIS mapping.  
The nearest well belonging to another operator is the Jordan 34-8(05-123-13280) in DA status operated by Berge Exploration Inc. 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 1024' FEL 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 51843 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>
403126467	FORM 2 SUBMITTED
403133004	WELL LOCATION PLAT
403133005	DEVIATED DRILLING PLAN
403133007	OTHER
403133008	DIRECTIONAL DATA
403150023	OffsetWellEvaluations Data
403167339	OffsetWellEvaluations Data
403204757	OFFSET WELL EVALUATION

Total Attach: 8 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	10/20/2022
Permit	Made the following changes with concurrence from the operator: - Added Twp & Rng to Unit Configuration comment - Corrected Beyond Unit Setback comment from BHL to Bottom-Hole Location under submit tab.  Permit Review Complete	10/17/2022
Permit	Emailed operator for the following: - Provide Surety ID - Confirm adding Twp & Rng to Unit Configuration comment - Confirm correcting Beyond Unit Setback comment from BHL to Bottom-Hole Location.  Made the following changes with concurrence from the operator: - Added missing Surety ID	10/12/2022
OGLA	The Commission approved OGDG #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)