

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:

403402004

(SUBMITTED)

Date Received:

05/26/2023

APPLICATION FOR PERMIT TO

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

Amend ☐

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

Refile ☒

ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Sidetrack ☐

Well Name: Chive

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: Allison Schieber

Phone: (720)845-6909

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: NESW Sec: 19 Twp: 1N Rng: 64W Meridian: 6

FNL/FSL

FEL/FWL

Footage at Surface: 1875 Feet FSL 1595 Feet FWL

Latitude: 40.034702

Longitude: -104.597115

GPS Data:

GPS Quality Value: 1.2

Type of GPS Quality Value: PDOP

Date of Measurement: 04/19/2023

Ground Elevation: 5012

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: 1N Rng: 65W

Footage at TPZ: 460 FNL 480 FWL

Measured Depth of TPZ: 10342

True Vertical Depth of TPZ: 6950

FNL/FSL

FEL/FWL

Base of Productive Zone (BPZ)Sec: 36 Twp: 1N Rng: 65WFootage at BPZ: 460 FSL 480 FWLMeasured Depth of BPZ: 19979True Vertical Depth of BPZ: 6950 FNL/FSL FEL/FWL**Bottom Hole Location (BHL)**Sec: 36 Twp: 1N Rng: 65WFootage at BHL: 370 FSL 480 FWL

FNL/FSL

FEL/FWL

LOCAL GOVERNMENT PERMITTING INFORMATIONCounty: 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: 10/11/2019

Comments: WOGLA19-0202**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 ☐ IndianMineral 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.)

NE Section 25 1N 65WTotal Acres in Described Lease: 160Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ IndianFederal or State Lease # 0

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 870 Feet
Building Unit: 1568 Feet
Public Road: 1565 Feet
Above Ground Utility: 776 Feet
Railroad: 5280 Feet
Property Line: 1595 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	407-2704	1280	Section 25&36 1N 65W: 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: 617 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

Section 25&36 1N 65W: ALL

DRILLING PROGRAMProposed Total Measured Depth: 20069 FeetTVD at Proposed Total Measured Depth 6950 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: 482 Feet ☐ No well belonging to another operator within 1,500 feetWill a closed-loop drilling system be used? YesIs H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater thanor 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? NoWill salt sections be encountered during drilling? NoWill salt based (>15,000 ppm Cl) drilling fluids be used? NoWill oil based drilling fluids be used? YesBOP 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	92	80	0
SURF	13+1/2	9+5/8	J55	36	0	2237	607	2237	0
1ST	8+1/2	5+1/2	P110	20	0	20069	2475	20069	0

☐ 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	631	630	501-1000	USGS	USGS-400237104354401 600 mg/L
Groundwater	FOX HILLS	631	630	1157	1140	501-1000	USGS	USGS-400111104354501 738 mg/L
Confining Layer	PIERRE	1157	1140	1652	1591			
Groundwater	UPPER PIERRE POROSITY	1652	1591	2194	2037	1001-10000	Other	CO DNR Report Project Number 2141
Confining Layer	PIERRE	2194	2037	5455	4127			
Hydrocarbon	PARKMAN	5455	4127	5756	4316			Non Productive Horizon
Confining Layer	PIERRE	5756	4316	5951	4439			
Hydrocarbon	SUSSEX	5951	4439	6489	4777			Non Productive Horizon
Confining Layer	PIERRE	6489	4777	7278	5273			
Hydrocarbon	SHANNON	7278	5273	7714	5547			Non Productive Horizon
Confining Layer	PIERRE	7714	5547	9960	6886			
Hydrocarbon	SHARON SPRINGS	9960	6886	10005	6900			Non Productive Horizon
Hydrocarbon	NIOBRARA	10005	6900	20069	6950			

OPERATOR COMMENTS AND SUBMITTAL

Comments

Verdad is refiling this permit to change the surface hole, top and bottom of the production zone, bottom hole location, and spacing order. These changes required an updated total depth, revisions to the casing and cementing plan, and cultural information. All information on this permit has changed from the original submission.
The nearest well belonging to another operator is the State 36-2 operated by KPK, well status PA. Distance measured using 3D anti collision report, attached as other.
The minimum distance from the completed zone of this well to the completed zone of an offset well within the same unit was measured from the Chive 2536-11H.
This well has a bottom hole location beyond the unit boundary setback. The bottom of the completed interval will be within the boundary setback, labeled as BPZ 460' FSL and 480' FWL of section 36 1N 65W. The wellbore beyond the unit setback will be physically isolated and will not be completed.

This application is in a Comprehensive Area Plan No CAP #: _____
Oil and Gas Development Plan Name _____ OGDID ID#: _____
Location ID: 470925
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: 5/26/2023 Email: regulatory@verdadresources.c

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

05 123 51421 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.

COA Type

Description

0 COA	
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Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	Construction	If conductors are preset, operator shall comply with Rule 406.e.
2	Drilling/Completion Operations	Operator will log two wells during the rig occupation, with open hole resistivity log and gamma ray log from kick off point into the surface casing for the 2 stratigraphically deepest wells, one well from the Chive 2536 and one well from the Shallot 1930. 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 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.
3	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.
4	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
5	Drilling/Completion Operations	Operator will comply with COGCC policy on brandenhead monitoring during hydraulic fracturing treatments in the Greater Wattenberg Area per policy dated may 29 2012.
6	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 non of the wellbore beyond the setback was completed

Total: 6 comment(s)

Attachment List

<u>Att Doc Num</u>	<u>Name</u>
403408943	DIRECTIONAL DATA
403408946	OTHER
403408947	WELL LOCATION PLAT
403408948	DEVIATED DRILLING PLAN
403414941	OffsetWellEvaluations Data

Total Attach: 5 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
		Stamp Upon Approval

Total: 0 comment(s)