

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:

403402040

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: 2536-11H  
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)8456909 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

Footage at Surface: 1875 Feet FSL 1611 Feet FWL

Latitude: 40.034702 Longitude: -104.597058

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 1099 FWL  
Measured Depth of TPZ: 9908 True Vertical Depth of TPZ: 6950 FNL/FSL FEL/FWL

**Base of Productive Zone (BPZ)**

Sec: 36 Twp: 1N Rng: 65W Footage at BPZ: 460 FSL 1097 FWL   
Measured Depth of BPZ: 19555 True Vertical Depth of BPZ: 6950 FNL/FSL  FEL/FWL

**Bottom Hole Location (BHL)**

Sec: 36 Twp: 1N Rng: 65W Footage at BHL: 370 FSL 1097 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: 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 ☐ 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.)

NE Section 25 1N 65W

Total Acres in Described Lease: 160 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian

Federal or State Lease # OG-108479

## SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 857 Feet  
Building Unit: 1579 Feet  
Public Road: 1581 Feet  
Above Ground Utility: 776 Feet  
Railroad: 5280 Feet  
Property Line: 1611 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: 615 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 PROGRAM

Proposed Total Measured Depth: 19646 Feet

TVD 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: 152 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	ASTM53	65	0	80	92	80	0
SURF	13+1/2	9+5/8	J55	36	0	2258	789	2258	0
1ST	8+1/2	5+1/2	P110	20	0	19646	2429	19646	

☐ 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	1156	1140	501-1000	USGS	USGS-400111104354501 738 mg/L
Confining Layer	PIERRE	1156	1140	1649	1591			
Hydrocarbon	UPPER PIERRE POROSITY	1649	1591	2192	2037	1001-10000	Other	CO DNR Report Project Number 2141
Confining Layer	PIERRE	2192	2037	5284	4127			
Hydrocarbon	PARKMAN	5284	4127	5567	4316			Non Productive Horizon
Confining Layer	PIERRE	5567	4316	5751	4439			
Hydrocarbon	SUSSEX	5751	4439	6258	4777			Non Productive Horizon
Confining Layer	PIERRE	6258	4777	7001	5273			
Hydrocarbon	SHANNON	7001	5273	7411	5547			Non Productive Horizon
Confining Layer	PIERRE	7411	5547	9537	6886			
Hydrocarbon	SHARON SPRINGS	9537	6886	9581	6900			Non Productive Horizon
Hydrocarbon	NIOBRARA	9581	6900	19646	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 Acco Terra State 18-36 operated by Kerr McGee, well status PR. 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 2536-12H.  
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 1097' 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

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: 6/30/2023

Expiration Date: 06/29/2026

**API NUMBER**

05 123 51422 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 log four (4) wells during the second rig occupation with open-hole resistivity log with gamma-ray log from the kick-off point into the surface casing for the four stratigraphically deepest wells on each side of the pad. Two wells from the Chive 2536 and two wells from the Shallot 1930.
Interim Reclamation	Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operations (dated January 5, 2017).
Construction	If conductors are preset, operator shall comply with Rule 406.e.
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. 123-13073 STATE #36-2 123-19819 HSR OLIPHANT #3-25
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. 001-08732 RUEBEL ET AL #1-3 123-07837 ACCO-TERRA-STATE ET AL #41 123-12426 RUEBEL ET AL #36-1
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. 3) Oil based drilling fluid can only be used after all groundwater has been isolated.
8 COAs	

## Best Management Practices

<b>No</b>	<b>BMP/COA Type</b>	<b>Description</b>
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

<b>Att Doc Num</b>	<b>Name</b>
403402040	FORM 2 SUBMITTED
403409003	DEVIATED DRILLING PLAN
403409004	OTHER
403409005	WELL LOCATION PLAT
403409018	DIRECTIONAL DATA
403414970	OffsetWellEvaluations Data
403451150	OFFSET WELL EVALUATION

Total Attach: 7 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	06/29/2023
Permit	Made the following changes with concurrence from the operator: - Selected STATE under Minerals Developed by Well - Added missing State Lease #  Permit Review Complete	06/26/2023
Permit	Emailed operator for the following: - Confirm State minerals are being developed by well and provide State Lease #	06/23/2023
Permit	Emailed the SLB to notify them of this pending application. SLB has no concerns with this application.	06/20/2023
OGLA	This Location and its associated Form 2A materials was fully evaluated during the review of this APD in accordance with current Rules. See Sundry doc #403437426 in Location #470925 file for additional information. This APD complies with all COGCC Rules and Staff concludes that any potential direct adverse impacts to public health, safety, welfare, the environment, and wildlife resources will be minimized and mitigated by the successful implementation of the proposed BMPs for Location #470925. OGLA task passed.	06/20/2023

Total: 5 comment(s)