

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:

403162589

Date Received:

06/01/2023

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: Warner Well Number: 1708-06H  
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: 17 Twp: 1N Rng: 64W Meridian: 6

Footage at Surface: 185 Feet FSL 2424 Feet FWL

Latitude: 40.044634 Longitude: -104.575464

GPS Data: GPS Quality Value: 1.4 Type of GPS Quality Value: PDOP Date of Measurement: 11/18/2022

Ground Elevation: 5068

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: 17 Twp: 1N Rng: 64W Footage at TPZ: 460 FSL 2159 FEL  
Measured Depth of TPZ: 7613 True Vertical Depth of TPZ: 7150 FNL/FSL FEL/FWL

**Base of Productive Zone (BPZ)**Sec: 8 Twp: 1N Rng: 64WFootage at BPZ: 460 FNL 2159 FELMeasured Depth of BPZ: 17308True Vertical Depth of BPZ: 7150 FNL/FSL FEL/FWL**Bottom Hole Location (BHL)**Sec: 8 Twp: 1N Rng: 64WFootage at BHL: 370 FNL 2159 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: 06/09/2017

Comments: WOLGA17-0031. This location is built

**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.)

T1NR64W Sec. 8: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: 3227 Feet  
Building Unit: 3227 Feet  
Public Road: 2419 Feet  
Above Ground Utility: 2489 Feet  
Railroad: 5280 Feet  
Property Line: 185 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           | 407-3457                | 1280                          | T1NR64W: Sec. 17 & 8: 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: 505 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 R64W: Sec. 17 & 8- ALL

## DRILLING PROGRAM

Proposed Total Measured Depth: 17398 Feet

TVD at Proposed Total Measured Depth 7150 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: 388 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   | 36    | 0             | 2127          | 578       | 2127    | 0       |
| S.C. 1.1    | 8+1/2        | 5+1/2          | P110  | 20    | 0             | 17398         | 2181      | 17398   |         |

☐ 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          | 508         | 508           | 501-1000   | USGS        | USGS (USGS-400237104354401 600mg/L, USGS-400202104335801 1040 mg/L) |
| Groundwater     | Fox Hills             | 508      | 508        | 1140        | 1140          | 501-1000   | USGS        | USGS (USGS-400419104334501 770 mg/L)                                |
| Confining Layer | Pierre                | 1140     | 1140       | 1577        | 1576          |            |             |   |
| Groundwater     | Upper Pierre Porosity | 1577     | 1576       | 2075        | 2069          | 1001-10000 | Other       | CO DNR Report Project Number 2141                                   |
| Confining Layer | Pierre                | 2075     | 2069       | 4222        | 4195          |            |             |   |
| Hydrocarbon     | Parkman               | 4222     | 4195       | 4410        | 4381          |            |             | Non-productive horizon  |
| Confining Layer | Pierre                | 4410     | 4381       | 4528        | 4498          |            |             |   |
| Hydrocarbon     | Sussex                | 4528     | 4498       | 4771        | 4739          |            |             | Non-productive horizon  |
| Hydrocarbon     | Shannon               | 4771     | 4739       | 4851        | 4818          |            |             | Non-productive horizon  |
| Confining Layer | Pierre                | 4851     | 4818       | 7016        | 6917          |            |             |   |
| Hydrocarbon     | Sharon Springs        | 7016     | 6917       | 7055        | 6945          |            |             | Non-productive horizon  |
| Hydrocarbon     | Niobrara              | 7055     | 6945       | 17398       | 7282          |            |             |   |

## OPERATOR COMMENTS AND SUBMITTAL

Comments

The distance to the nearest well completed or permitted in the same formation was measured to the Warner 1708-05H for a distance of 505 ft.  
The nearest proposed well belonging to another operator is the Grinde 01-64-05-6457CB (API 05-123-49720), Operated by HighPoint in PR Status measured in 3D at 388' taken from the anti-collision plan.  
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' FNL and 2159' FEL of Section 8. The wellbore beyond the unit setback will be physically isolated and will not be completed.  
This permit is being refilled, the surface hole, wellbore path and casing plan have been revised and the name and spacing order have been changed.


This application is in a Comprehensive Area Plan No CAP #: \_\_\_\_\_  
Oil and Gas Development Plan Name \_\_\_\_\_ OGDID ID#: \_\_\_\_\_  
Location ID: 451659

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: 6/1/2023 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: 7/20/2023  
Expiration Date: 07/19/2026

**API NUMBER**

05 123 45165 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.  |
| Construction                   | If conductors are preset, operator shall comply with Notice to Operators: Procedures for Preset Conductors (dated September 1, 2016).   |
| Drilling/Completion Operations | Operator will log one (1) well 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 stratigraphically deepest wells on the pad.   |
| 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:<br>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 ECMC engineering for approval prior to stimulation.<br>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 ECMC engineering for approval prior to stimulation.<br>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.<br>123-10886 MCMILLAN #1<br>123-11425 EAST HUDSON B STATE #1-16  |
| Drilling/Completion Operations | 1) Submit Form 42 electronically to ECMC 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.<br>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.<br>3) Oil based drilling fluid can only be used after all groundwater has been isolated.  |

6 COAs

## Best Management Practices

| <u>No</u> | <u>BMP/COA Type</u>            | <u>Description</u>  |
|-----------|--------------------------------|---|
| 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 measuredwhiledrilling 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

| <u>Att Doc Num</u> | <u>Name</u>                |
|--------------------|----------------------------|
| 403162589          | FORM 2 SUBMITTED           |
| 403414311          | WELL LOCATION PLAT         |
| 403414312          | DEVIATED DRILLING PLAN     |
| 403414313          | OTHER                      |
| 403414314          | DIRECTIONAL DATA           |
| 403418517          | OffsetWellEvaluations Data |
| 403471873          | OFFSET WELL EVALUATION     |

Total Attach: 7 Files

## General Comments

| <u>User Group</u> | <u>Comment</u>  | <u>Comment Date</u> |
|-------------------|---|---------------------|
| Permit            | Final Review Completed.   | 07/19/2023          |
| Permit            | Permit review completed.<br>Three COAs (logging, preset conductors, and completing beyond the unit setback) were added with operator concurrence.   | 07/19/2023          |
| OGLA              | The Location and its associated Form 2A materials was fully reviewed during the review of this APD. This APD complies with all COGCC Rules and is adequately protective of public health, safety, welfare, the environment, and wildlife resources. OGLA task passed. | 06/15/2023          |

Total: 3 comment(s)