

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:

403162650

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: 1708-07H

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: 17 Twp: 1N Rng: 64W Meridian: 6

Footage at Surface: 185 Feet FSL 2440 Feet FWL

Latitude: 40.044634 Longitude: -104.575407

GPS Data: GPS Quality Value: 1.6 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

1599

FEL

Measured Depth of TPZ: 7679

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 1599 FELMeasured Depth of BPZ: 17483True Vertical Depth of BPZ: 7150 FNL/FSL FEL/FWL**Bottom Hole Location (BHL)**Sec: 8 Twp: 1N Rng: 64WFootage at BHL: 370 FNL 1599 FEL

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: 06/09/2017Comments: WOLGA17-0031. This pad 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 ☐ 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.)

T1N R64W Sec. 8: ALLTotal 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: 3232 Feet
Building Unit: 3232 Feet
Public Road: 2435 Feet
Above Ground Utility: 2505 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: 559 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. 8 &17- ALL

DRILLING PROGRAM

Proposed Total Measured Depth: 17473 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: 229 Feet ☐ No well belonging to another operator within 1,500 feet

Will a closed-loop drilling system be used? Yes

Is H₂S gas reasonably expected to be encountered during drilling operations at concentrations greater than or 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? 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	2148	583	2148	0
1ST	8+1/2	5+1/2	P110	20	0	17473	2189	17473	

☐ 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	1149	1140	501-1000	USGS	USGS (USGS-400419104334501 770 mg/L)
Confining Layer	Pierre	1149	1140	1593	1576			
Groundwater	Upper Porosity Pierre	1593	1576	2096	2069	1001-10000	Other	CO DNR Report Project Number 2141
Confining Layer	Pierre	2096	2069	4262	4195			
Hydrocarbon	Parkman	4262	4195	4451	4381			Non-productive horizon
Confining Layer	Pierre	4451	4381	4570	4498			
Hydrocarbon	Sussex	4570	4498	4816	4739			Non-productive horizon
Hydrocarbon	Shannon	4816	4739	4896	4818			Non-productive horizon
Confining Layer	Pierre	4896	4818	7080	6917			
Hydrocarbon	Sharon Springs	7080	6917	7119	6945			Non-productive horizon
Hydrocarbon	Niobrara	7119	6945	17473	7282			

OPERATOR COMMENTS AND SUBMITTAL

Comments

The distance to the nearest well completed or permitted in the same formation was measured to the Warner 1708-08H for a distance of 559 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 229' 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 1599' FEL of Section 8. The wellbore beyond the unit setback will be physically isolated and will not be completed.
This permit is being refiled, 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 45168 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: 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. 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. 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. 123-10886 MCMILLAN #1 123-11425 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. 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.

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>
403162650	FORM 2 SUBMITTED
403414500	WELL LOCATION PLAT
403414501	DEVIATED DRILLING PLAN
403414503	OTHER
403414504	DIRECTIONAL DATA
403418548	OffsetWellEvaluations Data
403471875	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. 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)