

FORM
2

Rev
05/22

State of Colorado

Energy & Carbon Management Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

403414514

(SUBMITTED)

Date Received:

08/14/2023

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: Warner

Well Number: 1708-09H

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

FNL/FSL

FEL/FWL

Footage at Surface: 185 Feet FSL 2472 Feet FWL

Latitude: 40.044632

Longitude: -104.575292

GPS Data: GPS Quality Value: 2.0 Type of GPS Quality Value: PDOP

Date of Measurement: 11/18/2022

Ground Elevation: 5069

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 480 FEL

Measured Depth of TPZ: 7954

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 480 FELMeasured Depth of BPZ: 17674True Vertical Depth of BPZ: 7150 FNL/FSL FEL/FWL**Bottom Hole Location (BHL)**Sec: 8 Twp: 1N Rng: 64WFootage at BHL: 370 FNL 480 FELFNL/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: WOGLA17-0031, this is a built location

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.)

T1N R64W: 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: 3243 Feet
Building Unit: 3243 Feet
Public Road: 2467 Feet
Above Ground Utility: 2537 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: 560 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 PROGRAMProposed Total Measured Depth: 17764 FeetTVD 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: 389 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 | 70 | 80 | 0 |
| SURF | 13+1/2 | 9+5/8 | J55 | 36 | 0 | 2200 | 597 | 2200 | 0 |
| 1ST | 8+1/2 | 5+1/2 | P110 | 20 | 0 | 17764 | 2221 | 17764 | 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 | 508 | 508 | 501-1000 | USGS | USGS (USGS-400237104354401 600mg/L, USGS-400202104335801 1040 mg/L) |
| Groundwater | Fox Hills | 508 | 508 | 1157 | 1140 | 501-1000 | USGS | USGS (USGS-400419104334501 770 mg/L) |
| Confining Layer | Pierre | 1157 | 1140 | 1621 | 1576 | | | |
| Groundwater | Upper Pierre Porosity | 1621 | 1576 | 2145 | 2069 | 1001-10000 | Other | CO DNR Report Project Number 2141 |
| Confining Layer | Pierre | 2145 | 2069 | 4405 | 4195 | | | |
| Hydrocarbon | Parkman | 4405 | 4195 | 4603 | 4381 | | | Non-productive horizon |
| Confining Layer | Pierre | 4603 | 4381 | 4728 | 4498 | | | |
| Hydrocarbon | Sussex | 4728 | 4498 | 4984 | 4739 | | | Non-productive horizon |
| Hydrocarbon | Shannon | 4984 | 4739 | 5068 | 4818 | | | Non-productive horizon |
| Subsurface Hazard | Pierre | 5068 | 4818 | 7341 | 6917 | | | |
| Hydrocarbon | Sharon Springs | 7341 | 6917 | 7381 | 6945 | | | Non-productive horizon |
| Hydrocarbon | Niobrara | 7381 | 6948 | 17764 | 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 560 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 389' 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 480' FEL of Section 8. The wellbore beyond the unit setback will be physically isolated and will not be completed.
The Warner 01N-64W-17-2H API: 05-123-45163 was plugged on 8/3/2023 and cut and capped on 8/14/2023. A form 6-subsequent (Document # 403496253) was filed to verify this plug. This permit will replace that well on the pad.

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: 8/14/2023 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

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 | |

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> |
|--------------------|----------------------------|
| 403414533 | WELL LOCATION PLAT |
| 403414534 | DEVIATED DRILLING PLAN |
| 403414535 | OTHER |
| 403414536 | DIRECTIONAL DATA |
| 403418637 | 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)