

FORM

2

Rev  
05/22

## State of Colorado

## Energy &amp; Carbon Management Commission

1120 Lincoln Street, Suite 801, Denver, Colorado 80203

Phone: (303) 894-2100 Fax: (303) 894-2109



Document Number:

403930644

Date Received:

09/30/2024

## 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: KBL 1830

Well Number: 17H

Name of Operator: VERDAD RESOURCES LLC

ECMC 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

## ECMC Financial Assurance

☒ The Operator has provided or will provide Financial Assurance to the ECMC for this Well.

Surety ID Number (if applicable): 20230030

## 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: NWSE Sec: 19 Twp: 2N Rng: 63W Meridian: 6

Footage at Surface: 1805 Feet FNL/FSL FSL 1946 Feet FEL/FWL FEL

Latitude: 40.121603 Longitude: -104.477801

GPS Data: GPS Quality Value: 2.1 Type of GPS Quality Value: PDOP Date of Measurement: 09/04/2024

Ground Elevation: \_\_\_\_\_

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: 18 Twp: 2N Rng: 63W Footage at TPZ: 2172 FSL 1977 FEL

Measured Depth of TPZ: 10396 True Vertical Depth of TPZ: 6670 FNL/FSL FEL/FWL

**Base of Productive Zone (BPZ)**Sec: 30 Twp: 2N Rng: 63WFootage at BPZ: 460 FSL 1920 FELMeasured Depth of BPZ: 22696True Vertical Depth of BPZ: 6670 FNL/FSL FEL/FWL**Bottom Hole Location (BHL)**Sec: 30 Twp: 2N Rng: 63WFootage at BHL: 370 FSL 1919 FELFNL/FSLFEL/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: 11/14/2019Comments: WOGLA19-0009**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.)

T2N R63W: E2, E2W2 Section 18  
Part of the E2 lying South of the Railroad ROW Section 19  
W2 Section 20

Total Acres in Described Lease: 1308 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian  
Federal or State Lease # \_\_\_\_\_

## SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 1625 Feet  
Building Unit: 1677 Feet  
Public Road: 944 Feet  
Above Ground Utility: 1312 Feet  
Railroad: 815 Feet  
Property Line: 710 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	407-2326	1600	TN R63W Section18 S2, Section 19 ALL, Section 30 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: 746 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

T2N R63W Section 18 S2 Section 19 ALL Section 30 ALL

## DRILLING PROGRAM

Proposed Total Measured Depth: 22787 Feet TVD at Proposed Total Measured Depth 6670 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: 151 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? No

Reuse Facility ID: \_\_\_\_\_ or Document Number: \_\_\_\_\_

**CASING PROGRAM**

<u>Casing Type</u>	<u>Size of Hole</u>	<u>Size of Casing</u>	<u>Grade</u>	<u>Wt/Ft</u>	<u>Csg/Liner Top</u>	<u>Setting Depth</u>	<u>Sacks Cmt</u>	<u>Cmt Btm</u>	<u>Cmt Top</u>
CONDUCTOR	24	16	ASTM	65	0	80	92	80	0
SURF	13+1/2	9+5/8	J55	36	0	1897	515	1897	0
1ST	8+1/2	5+1/2	P110	20	0	22787	2775	22787	0

☐ Conductor Casing is NOT planned

**POTENTIAL FLOW AND CONFINING FORMATIONS**

<u>Zone Type</u>	<u>Formation /Hazard</u>	<u>Top M.D.</u>	<u>Top T.V.D.</u>	<u>Bottom M.D.</u>	<u>Bottom T.V.D.</u>	<u>TDS (mg/L)</u>	<u>Data Source</u>	<u>Comment</u>
Groundwater	ARAPAHOE	0	0	185	185	1001-10000	USGS	USGS-400753104251501 (3400mg/L)
Groundwater	FOX HILLS	185	185	730	730	501-1000	USGS	USGS-400539104270301 (539 mg/L)
Confining Layer	PIERRE	730	730	1281	1262			
Groundwater	UPPER PIERRE POROSITY	1281	1262	1821	1751	1001-10000	Other	CO DNR Report Project Number 2141
Confining Layer	PIERRE	1821	1751	5285	3758			
Hydrocarbon	PARKMAN	5285	3758	5749	3986			NON PRODUCTIVE HORIZON
Confining Layer	PIERRE	5749	3986	5934	4077			
Hydrocarbon	SUSSEX	5934	4077	6804	4505			NON PRODUCTIVE HORIZON
Confining Layer	PIERRE	6804	4505	7674	4933			
Hydrocarbon	SHANNON	7674	4933	8297	5239			NON PRODUCTIVE HORIZON
Confining Layer	PIERRE	8297	5239	9966	6546			
Hydrocarbon	SHARON SPRINGS	9966	6546	10023	6579			NON PRODUCTIVE HORIZON
Hydrocarbon	NIOBRARA	10023	6579	22787	6670			

**OPERATOR COMMENTS AND SUBMITTAL**

Comments This location has been built. This well is a refile of KBL 1918 05H API 05-123-50881. The name, SHL,TPZ, BPZ, BHL, drilling information, casing information, and associated attachments have been changed. The distance from the proposed well to the nearest portion of offset wellbore in the same formation is the KBL 1918 18H measured in 2D. The distance from the proposed well to the nearest well belonging to another operator is Elmer Kauffman 2 (API 05-123-07611) operated by ARCH SI status, measured in 3D using anti collision report attached as other.

This well has a bottom-hole location beyond the unit boundary setback. The bottom of the completed interval will be within the unit boundary setback at 460' FSL and 1920' FEL of Section 30 2N 63W. The wellbore beyond the unit boundary 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#: \_\_\_\_\_

Location ID: 471229

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: REGULATORY Date: 9/30/2024 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 ECMC Rules, applicable orders, and SB 19-181 and is hereby approved.

ECMC Approved: \_\_\_\_\_

Director of ECMC

Date: 11/13/2024

API NUMBER

05 123 50881 00

Expiration Date: 11/12/2027

### **CONDITIONS OF APPROVAL, IF ANY LIST**

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**

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 is physically isolated and (3) certify that none of the wellbore beyond the setback was completed.
Drilling/Completion Operations	Per 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, must contact ECMC engineer prior to stimulation. 2) If a delayed completion, 6 months after rig release and prior to stimulation. If any pressure greater than 200 psi, must contact ECMC engineer 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	1) Submit Form 42 electronically to ECMC 2 business days prior to MIRU (Spud Notice), for the first well/activity on the pad and provide 2 business days spud notice for all subsequent wells drilled on the pad. 2) Comply with Rule 408.j and provide cement coverage from the end of production casing to a minimum of 500' above Niobrara. Verify coverage with cement bond log. 3) Oil-based drilling fluid is to be used only after all aquifers are covered.
Drilling/Completion Operations	Operator acknowledges the proximity of the listed non-producing well(s). Operator agrees to provide mitigation Option 3 (per the DJ Basin Horizontal Offset Policy) to mitigate the situation, ensure all applicable documentation is submitted, and submit Form 42(s) "OFFSET MITIGATION COMPLETED" for the remediated well(s), referencing the API Number of the proposed horizontal wells stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of the proposed wells.  Berglund Myers 1 (API NO 123-11868)

4 COAs

## Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	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 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 Open hole 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 Open hole logs were run.`
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	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.`

Total: 3 comment(s)

## ATTACHMENT LIST

<u>Att Doc Num</u>	<u>Name</u>
403930644	FORM 2 SUBMITTED
403939833	OffsetWellEvaluations Data
403939850	DEVIATED DRILLING PLAN
403939852	OTHER
403939854	WELL LOCATION PLAT
403939855	DIRECTIONAL DATA
403993946	OFFSET WELL EVALUATION

Total Attach: 7 Files

### General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	10/30/2024
Permit	Email received and made the following changes with concurrence from operator: 1) Spacing Order edited to 407-2326. 2) COA added: Operator will not complete beyond the unit boundary setback at the BHL. 3) Comment under submit tab added regarding BHL beyond unit boundary setback.  Permit Review Complete	10/28/2024
Permit	Email sent to operator regarding: 1) Order listed is for pooling not spacing 2) COA for BHL beyond the unit boundary setback 3) Comment on submit tab regarding BHL beyond the unit boundary setback.	10/28/2024
OGLA	This Location and its associated Form 2A materials was fully evaluated during the review of this APD in accordance with the current Rules. This APD complies with all Colorado ECMC Rules and Staff does not anticipate any significant potential direct adverse impacts to public health, safety, welfare, the environment, and wildlife resources. OGLA task passed.	10/10/2024
Engineer	Offset Wells Evaluated.	10/04/2024
Permit	Made the following change at the operators request: - Corrected referenced well name under submit tab	10/01/2024

Total: 6 comment(s)