

FORM
2A

Rev
08/13

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:

400784321

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Date Received:

01/30/2015

Oil and Gas Location Assessment

☒ New Location ☐ Refile ☐ Amend Existing Location Location#: _____

Submit signed original form. This Oil and Gas Location Assessment is to be submitted to the COGCC for approval prior to any ground disturbance activity associated with oil and gas operations. Approval of this Oil and Gas Location Assessment will allow for the construction of the below specified Location; however, it does not supersede any land use rules applied by the local land use authority. Please see the COGCC website at <http://cogcc.state.co.us/> for all accompanying information pertinent this Oil and Gas Location Assessment.

Location ID:

440966

Expiration Date:

02/25/2018

☒ This location assessment is included as part of a permit application.

CONSULTATION

- ☐ This location is included in a Comprehensive Drilling Plan. CDP # _____
- ☐ This location is in a sensitive wildlife habitat area.
- ☐ This location is in a wildlife restricted surface occupancy area.
- ☐ This location includes a Rule 306.d.(1)A.ii. variance request.

Operator

Operator Number: 10485

Name: VERDAD OIL & GAS CORPORATION

Address: 5950 CEDAR SPRINGS RD #200

City: DALLAS State: TX Zip: 75235

Contact Information

Name: Sauna DeMattee

Phone: (720) 299-4495

Fax: ()

email: sdemattee@progressivepcs.net

RECLAMATION FINANCIAL ASSURANCE

☒ Plugging and Abandonment Bond Surety ID: 20130094 ☐ Gas Facility Surety ID: _____

☐ Waste Management Surety ID: _____

LOCATION IDENTIFICATION

Name: Cervi Number: 03N-63W-34

County: WELD

QuarterQuarter: NENW Section: 34 Township: 3N Range: 63W Meridian: 6 Ground Elevation: 4755

Define a single point as a location reference for the facility location. When the location is to be used as a well site then the point shall be a well location.

Footage at surface: 465 feet FNL from North or South section line

2175 feet FWL from East or West section line

Latitude: 40.187836 Longitude: -104.425331

PDOP Reading: 2.0 Date of Measurement: 01/27/2015

Instrument Operator's Name: Alan Hnizdo

RELATED REMOTE LOCATIONS

(Enter as many Related Locations as necessary. Enter the Form 2A document # only if there is no established COGCC Location ID#)

This proposed Oil and Gas Location is:

LOCATION ID # FORM 2A DOC #

FACILITIES

Indicate the number of each type of oil and gas facility planned on location

Wells	<u>1</u>	Oil Tanks*	<u>3</u>	Condensate Tanks*	<u> </u>	Water Tanks*	<u>1</u>	Buried Produced Water Vaults*	<u> </u>
Drilling Pits	<u> </u>	Production Pits*	<u> </u>	Special Purpose Pits	<u> </u>	Multi-Well Pits*	<u> </u>	Modular Large Volume Tanks	<u> </u>
Pump Jacks	<u> </u>	Separators*	<u>1</u>	Injection Pumps*	<u> </u>	Cavity Pumps*	<u> </u>	Gas Compressors*	<u>1</u>
Gas or Diesel Motors*	<u> </u>	Electric Motors	<u> </u>	Electric Generators*	<u> </u>	Fuel Tanks*	<u> </u>	LACT Unit*	<u> </u>
Dehydrator Units*	<u> </u>	Vapor Recovery Unit*	<u> </u>	VOC Combustor*	<u>1</u>	Flare*	<u> </u>	Pigging Station*	<u> </u>

OTHER FACILITIES*

Other Facility Type

Number

Heater Treaters Planned

2

Those facilities indicated by an asterisk () shall be used to determine the distance from the Production Facility to the nearest cultural feature on the Cultural Setbacks Tab.

Per Rule 303.b.(3)C, description of all oil, gas, and/or water pipelines:

Intra flowlines are generally 3" although may be 2" fusionbonded scheduled 40 steel

CONSTRUCTION

Date planned to commence construction: 03/02/2015 Size of disturbed area during construction in acres: 3.67
Estimated date that interim reclamation will begin: 09/02/2015 Size of location after interim reclamation in acres: 1.84
Estimated post-construction ground elevation: 4755

DRILLING PROGRAM

Will a closed loop system be used for drilling fluids: Yes

Is H₂S anticipated? No

Will salt sections be encountered during drilling: No

Will salt based mud (>15,000 ppm Cl) be used? No

Will oil based drilling fluids be used? No

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE

Drilling Fluids Disposal Method: Commercial Disposal

Cutting Disposal: OFFSITE

Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Verdad will dispose of cuttings at the Waste Management owned Buffalo Ridge disposal site on a well by well basis. The drilling fluids will be recycled between wells. Please refer to the attached Waste Management Plan.

Beneficial reuse or land application plan submitted? No

Reuse Facility ID: or Document Number:

Centralized E&P Waste Management Facility ID, if applicable:

SURFACE & MINERALS & RIGHT TO CONSTRUCT

Name: CERVI ENTERPRISES INC

Phone: _____

Address: PO BOX 1930

Fax: _____

Address: _____

Email: _____

City: GREELEY State: CO Zip: 80632

Surface Owner: ☒ Fee ☐ State ☐ Federal ☐ Indian

Check all that apply. The Surface Owner: ☐ is the mineral owner

☐ is committed to an oil and Gas Lease

☐ has signed the Oil and Gas Lease

☐ is the applicant

The Mineral Owner beneath this Oil and Gas Location is: ☒ Fee ☐ State ☐ Federal ☐ Indian

The Minerals beneath this Oil and Gas Location will be developed from or produced to this Oil and Gas Location: Yes

The right to construct this Oil and Gas Location is granted by: Bond

Surface damage assurance if no agreement is in place: Blanket Surface Surety ID: 20130095

Date of Rule 306 surface owner consultation _____

CURRENT AND FUTURE LAND USE

Current Land Use (Check all that apply):

Crop Land: ☐ Irrigated ☐ Dry land ☐ Improved Pasture ☐ Hay Meadow ☐ CRP

Non-Crop Land: ☒ Rangeland ☐ Timber ☐ Recreational ☐ Other (describe): _____

Subdivided: ☐ Industrial ☐ Commercial ☐ Residential

Future Land Use (Check all that apply):

Crop Land: ☐ Irrigated ☐ Dry land ☐ Improved Pasture ☐ Hay Meadow ☐ CRP

Non-Crop Land: ☒ Rangeland ☐ Timber ☐ Recreational ☐ Other (describe): _____

Subdivided: ☐ Industrial ☐ Commercial ☐ Residential

CULTURAL DISTANCE INFORMATION

Provide the distance to the nearest cultural feature as measured from Wells or Production Facilities onsite.

	From WELL	From PRODUCTION FACILITY
Building:	5280 Feet	5280 Feet
Building Unit:	5280 Feet	5280 Feet
High Occupancy Building Unit:	5280 Feet	5280 Feet
Designated Outside Activity Area:	5280 Feet	5280 Feet
Public Road:	5280 Feet	5280 Feet
Above Ground Utility:	2911 Feet	3017 Feet
Railroad:	5280 Feet	5280 Feet
Property Line:	465 Feet	427 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of nearest Well or edge of nearest Production Facility to nearest of each cultural feature as described in Rule 303.b.(3)A.
- 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, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.
- For measurement purposes only, Production Facilities should only include those items with an asterisk(*) on the Facilities Tab.

DESIGNATED SETBACK LOCATION INFORMATION

Check all that apply. This location is within a: ☐ Buffer Zone
☐ Exception Zone
☐ Urban Mitigation Area

- Buffer Zone - as described in Rule 604.a.(2), within 1,000' of a Building Unit.
- Exception Zone - as described in Rule 604.a.(1), within 500' of a Building Unit.
- Urban Mitigation Area - as defined in 100-Series Rules.

Pre-application Notifications (required if location is within 1,000 feet of a building unit):

Date of Rule 305.a.(1) Urban Mitigation Area Notification to Local Government: _____

Date of Rule 305.a.(2) Buffer Zone Notification to Building Unit Owners: _____

FOR MULTI-WELL PADS AND PRODUCTION FACILITIES WITHIN DESIGNATED SETBACK LOCATIONS ONLY:

- ☐ Check this box if this Oil and Gas Location has or will have Production Facilities that serve multiple wells (onll or offsite) and the Production Facilities are proposed to be located less than 1,000 feet from a Building Unit. *(Pursuant to Rule 604.c.(2)E.i., the operator must evaluate alternative locations for the Production Facilities that are farther from the Building Unit, and determine whether those alternative locations were technically feasible and economically practicable for the same proposed development.)*
- ☐ By checking this box, I certify that no alternative placements for the Production Facilities, farther from the nearest Building Unit, were available based on the analysis conducted pursuant to Rule 604.c.(2)E.i.

In the space below, explain rationale for siting the multi-well Production Facility(ies) that supports your Rule 604.c.(2)E.i determination. Attach documentation that supports your determination to this Form 2A.

SOIL

List all soil map units that occur within the proposed location. attach the National Resource Conservation Service (NRCS) report showing the "Map Unit Description" report listing the soil typical vertical profile. This data is to be used when segregating topsoil.

The required information can be obtained from the NRCS web site at <http://soildatamart.nrcs.usda.org/> or from the COGCC web site GIS Online map page found at <http://colorado.gov/cogcc>. Instructions are provided within the COGCC web site help section.

NRCS Map Unit Name: _____ Map Unit Symbol: 69- Valent Sand, 0 to 3 percent slopes

NRCS Map Unit Name: _____ Map Unit Symbol: 70 - Valent Sand, 3 to 9 percent slopes

NRCS Map Unit Name: _____

PLANT COMMUNITY:

Complete this section only if any portion of the disturbed area of the location's current land use is on non-crop land.

Are noxious weeds present: Yes ☐ No ☒

Plant species from: ☒ NRCS or, ☒ field observation Date of observation: 01/27/2015

List individual species: Rangeland. Please see attached NRCS Map Unit Discription.

Check all plant communities that exist in the disturbed area.

- ☒ Disturbed Grassland (Cactus, Yucca, Cheatgrass, Rye)
- ☐ Native Grassland (Bluestem, Grama, Wheatgrass, Buffalograss, Fescue, Oatgrass, Brome)
- ☐ Shrub Land (Mahogany, Oak, Sage, Serviceberry, Chokecherry)
- ☐ Plains Riparian (Cottonwood, Willow, Aspen, Maple, Poplar, Russian Olive, Tamarisk)
- ☐ Mountain Riparian (Cottonwood, Willow, Blue Spruce)
- ☐ Forest Land (Spruce, Fir, Ponderosa Pine, Lodgepole Pine, Juniper, Pinyon, Aspen)
- ☐ Wetlands Aquatic (Bullrush, Sedge, Cattail, Arrowhead)
- ☐ Alpine (above timberline)
- ☐ Other (describe):

WATER RESOURCES

Is this a sensitive area: ☐ No ☒ Yes

Distance to nearest

downgradient surface water feature: 1333 Feet

water well: 5093 Feet

Estimated depth to ground water at Oil and Gas Location 4 Feet

Basis for depth to groundwater and sensitive area determination:

Proposed Location lies within the Lost Creek Designated Groundwater Basin. Proposed Location lies within a "Sensitive Area".

The depth to groundwater was determined by using static water level data of CDOW nearest active water well approximately 5290' southeast of the proposed pad location (Receipt: 9063883, Permit #: 36915- -). NOTE: according to the COGCC GIS Maps, there is a water well located approximately 1030' north of the proposed pad however there is no static water data available

Is the location in a riparian area: ☒ No ☐ Yes

Was an Army Corps of Engineers Section 404 permit filed ☒ No ☐ Yes If yes attach permit.

Is the location within a Rule 317B Surface Water Supply Area buffer No zone:

If the location is within a Rule 317B Surface Water Supply Area buffer have all public water supply systems within 15 miles been notified:

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 318A

DESIGNATED SETBACK LOCATION EXCEPTIONS

Check all that apply:

- ☐ Rule 604.a.(1)A. Exception Zone (within 500' of Building Unit)
- ☐ Rule 604.b.(1)A. Exception Location (existing or approved Oil & Gas Location now within a Designated Setback as a result of Rule 604.a.)
- ☐ Rule 604.b.(1)B. Exception Location (existing or approved Oil & Gas Location is within a Designated Setback due to Building Unit construction after Location approval)

- ☐ Rule 604.b.(2) Exception Location (SUA or site-specific development plan executed on or before August 1, 2013)
- ☐ Rule 604.b.(3) Exception Location (Building Units constructed after August 1, 2013 within setback per an SUA or site-specific development plan)

RULE 502.b VARIANCE REQUEST

☐ Rule 502.b. Variance Request from COGCC Rule or Spacing Order Number _____

ALL exceptions and variances require attached Request Letter(s). Refer to applicable rule for additional required attachments (e.g. waivers, certifications, SUAs).

OPERATOR COMMENTS AND SUBMITTAL

Comments: The proposed Cervi 03N-63W-34-1N was used as the reference point for footages and lat/ long data listed under the Location Identification data. The associated Form 2 APD is being submitted simultaneously (see related form DOC#s). The attachment labeled 'other' is a notification drawing exhibit. The distance to nearest downgradient surface water feature was measured to the ephemeral stream west of the proposed pad as shown on the attached hydrology map. The two NRCS Map Unit Symbol description attachments correspond with the two map unit symbols under the soil and plant community section of this form. Since this location is within a designated GWA window Verdad is proposing to bond on (see blanket surface bond#).

I hereby certify that the statements made in this form are, to the best of my knowledge, true, correct and complete.

Signed: _____ Date: 01/30/2015 Email: sdemattee@progressivepcs.net

Print Name: Shauna DeMattee Title: Regulatory Analyst

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved:  Director of COGCC Date: 2/26/2015

Conditions Of Approval

All representations, stipulations and conditions of approval stated in this Form 2A for this location shall constitute representations, stipulations and conditions of approval for any and all subsequent operations on the location unless this Form 2A is modified by Sundry Notice, Form 4 or an Amended Form 2A.

COA Type

Description

	Unnecessary or excessive flaring is prohibited. Operator shall direct all salable quantity gas to a sales line as soon as practicable or shut in and conserved.
	Operator shall provide notice to COGCC 48 hours prior to commencing construction of this Oil and Gas Location via Form 42.

Best Management Practices

No BMP/COA Type

Description

1	Planning	The subject pad is located in a manner which allows for resource extraction while maintaining the highest distances possible from the offsetting residential areas.
2	Traffic control	Access roads. The access road will be constructed to accommodate local emergency vehicles. This road will be maintained for access at all times.
3	Traffic control	Traffic Plan: If required by the local government, a traffic plan will be coordinated with the local jurisdiction prior to commencement of operations
4	General Housekeeping	Fencing requirements. A permanent fencing plan will be reviewed by the surface owner, & the applicant.
5	General Housekeeping	Removal of surface trash. All trash, debris and material not intrinsic to the operation of the oil and gas facility shall be removed and legally disposed of as is applicable.
6	General Housekeeping	Per Rule 604c.(2).I. BOPE Testing for Drilling Operations: Upon initial rig-up, BOPE's will be tested at a minimum of every 30-days.

7	Material Handling and Spill Prevention	Leak Detection Plan. Pumper will visit the location daily and visually inspect all tanks and fittings for leaks. Additionally, monthly documented SPCCP inspections are conducted pursuant to 40 CFR §112.
8	Material Handling and Spill Prevention	Berm construction. Tank berms shall be constructed of steel rings with a synthetic or engineered liner and designed to contain 150% of the capacity of the largest tank. All berms will be visually checked periodically to ensure proper working condition.
9	Material Handling and Spill Prevention	Load-lines. All load-lines shall be bull-plugged or capped.
10	Material Handling and Spill Prevention	Tank specifications. Tanks will be designed, constructed and maintained in accordance with NFPA Code 30. The tanks are visually inspected once a day for issues, and recorded inspections are conducted once a month.
11	Dust control	Per Rule 805: Oil & Gas Facilities and equipment shall be operated in such a manner that odors and dust do not constitute a nuisance or hazard to public welfare.
12	Noise mitigation	Lighting abatement measures shall be implemented, including the installation of lighting shield devices on all of the more conspicuous lights, low density sodium lighting where practicable; and rig shrouding if necessary will be used to include perimeter sound walls on the location during drilling and completion activities to provide noise relief. Permanent equipment on location shall be muffled to reduce noise, or shall be appropriately buffered.
13	Drilling/Completion Operations	Closed Loop Drilling Systems – Pit Restrictions. Not applicable; a closed-loop system will be used for drilling.
14	Drilling/Completion Operations	Green Completions – Emission Control Systems. Test separators and associated flow lines and sand traps shall be installed on-site to accommodate Green completions techniques pursuant to COGCC Rules. In the anticipated absence of a viable gas sales line, the flow-back gas shall be thermally oxidized in an emissions control device (ECD), which will be installed and kept in operable condition for least the first 90-days of production pursuant to CDPHE rules. This ECD shall have an adequate capacity for 1.5 times the largest flow-back within a 10 mile radius, will be flanged to route gas to other or permanent oxidizing equipment and shall be provided with the equipment needed to maintain combustion where non-combustible gases are present.
15	Drilling/Completion Operations	Blowout preventer equipment (“BOPE”). A double ram and annular preventer will be used during drilling. At least the drilling company shall have a valid well blowout prevention certifications.
16	Drilling/Completion Operations	BOPE for well servicing operations. Adequate BOP equipment shall be used. Stabbing valves shall be installed in the event of reverse circulation and shall be prior tested with low and high pressure fluid.
17	Drilling/Completion Operations	Pit level indicators. Not applicable; a closed-loop system will be used and no pits shall be dug.
18	Drilling/Completion Operations	Drill stem tests. Not applicable; no Drill Stem tests are planned.
19	Drilling/Completion Operations	Control of fire hazards. All materials which are considered fire hazards shall be a minimum of 25’ from the wellhead tanks or separators. Electrical equipment shall comply with API RP 500 and will comply with the current national electrical code. An emergency response plan has been generated for this site.
20	Drilling/Completion Operations	Guy line anchors. All guy line anchors shall be brightly marked pursuant to Rule 604.c (2)Q.
21	Final Reclamation	Well site cleared. Within 90-day subsequent to the time of plugging and abandonment of the entire site, superfluous debris and equipment shall be removed from the site.
22	Final Reclamation	Identification of plugged and abandoned wells. P&A’d wells shall be identified pursuant to 319.a.(5).

Total: 22 comment(s)

Attachment Check List

<u>Att Doc Num</u>	<u>Name</u>
400784321	FORM 2A SUBMITTED
400784327	ACCESS ROAD MAP
400784328	HYDROLOGY MAP
400784329	LOCATION DRAWING
400784330	REFERENCE AREA MAP
400784331	LOCATION PICTURES
400784332	REFERENCE AREA PICTURES
400784334	OTHER
400784338	WASTE MANAGEMENT PLAN
400784339	NRCS MAP UNIT DESC
400784340	NRCS MAP UNIT DESC

Total Attach: 11 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
OGLA	Changed Facilities List to "3 Oil Tanks, 1 Water Tank, 1 Separator, and 1 VOC Combustor" per Operator request.	2/26/2015 2:13:40 PM
Permit	No LGD or public comments. Final review--passed.	2/26/2015 1:33:24 PM
OGLA	Operator concurrence with all changes via telephone call on 02/26/2015	2/26/2015 1:11:56 PM
OGLA	Proposed Location is currently being bonded on as Location lies within the GWA window. Critical issues were not identified during the Location Assessment of the proposed Location	2/26/2015 8:58:27 AM
OGLA	Changed Sensitive Area to "YES" as proposed Location lies within a Designated Groundwater Basin. Added "Proposed Location lies within the Lost Creek Designated Groundwater Basin. Proposed Location lies within a "Sensitive Area" to the Basis statement. BMPs for secondary containment are included in the Operator BMPs. No additional conditions of approval regarding secondary containment are warranted.	2/24/2015 2:59:59 PM
OGLA	Changed Construction Date to 03/02/2015. Construction Date can not precede public comment period. Changed Interim Reclamation to 09/02/2015.	2/24/2015 2:31:02 PM
Permit	Permitting Review Complete.	2/24/2015 9:47:28 AM
Permit	Passed completeness.	2/4/2015 9:17:57 AM

Total: 8 comment(s)