

APPLICATION FOR PERMIT TO:

Drill Deepen Re-enter Recomplete and Operate

Date Received: 07/10/2019

TYPE OF WELL OIL GAS COALBED OTHER: _____

ZONE TYPE SINGLE ZONE MULTIPLE ZONES COMMINGLE ZONES

Refilling
Sidetrack

Well Name: Timbro Well Number: 1717-08H

Name of Operator: VERDAD RESOURCES LLC COGCC Operator Number: 10651

Address: 5950 CEDAR SPRINGS ROAD

City: DALLAS State: TX Zip: 75235

Contact Name: Allison Schieber Phone: (720)845-6909 Fax: ()

Email: regulatory@verdadoil.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20170009

WELL LOCATION INFORMATION

QtrQtr: NENE Sec: 17 Twp: 9N Rng: 59W Meridian: 6

Latitude: 40.756951 Longitude: -103.996171

Footage at Surface: 306 Feet FNL 987 Feet FEL

Field Name: WILDCAT Field Number: 99999

Ground Elevation: 5010 County: WELD

GPS Data:
Date of Measurement: 03/20/2018 PDOP Reading: 1.5 Instrument Operator's Name: Brent Garcia

If well is Directional Horizontal (highly deviated) **submit deviated drilling plan.**

Footage at Top of Prod Zone: FNL/FSL FEL/FWL Bottom Hole: FNL/FSL FEL/FWL

600 FNL 2460 FEL 600 FSL 2432 FEL

Sec: 17 Twp: 9N Rng: 59W Sec: 17 Twp: 9N Rng: 59W

LOCAL GOVERNMENT INFORMATION

County: WELD Municipality: N/A

Per § 34-60-106 (1)(f)(I)(A), the following questions pertain to the "local government with jurisdiction to approve the siting of the proposed oil and gas location."

The local government with jurisdiction is: County

Does the local government with jurisdiction regulate the siting of Oil and Gas Locations, with respect to this COGCC application? If the local government has waived its right to precede the COGCC in siting determination, indicate by selecting "NO" here and selecting "Waived" below. 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 local government siting permit type is: WOGLA

The local government siting permit was filed on: 06/05/2019

The disposition of the application filed with the local government is: Approved

Additional explanation of local process:

Wogla approved 10.11.2019

WOGLA 19-0203

LOCATION SURFACE & MINERALS & RIGHT TO CONSTRUCT

Surface Ownership: Fee State Federal Indian

The Surface Owner is: is the mineral owner beneath the location.

(check all that apply) 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 by this Well: Yes

The right to construct the Oil and Gas Location is granted by: Surface Use Agreement

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

LEASE INFORMATION

Using standard QtrQtr, Sec, Twp, Rng format, describe one entire mineral lease that will be produced by this well (Describe lease beneath surface location if produced. Attach separate description page or map if necessary.)

Surface and Mineral Information:
Township 9 North, Range 59 West
Section 17: E/2
Containing 320 acres

Total Acres in Described Lease: 320 Described Mineral Lease is: Fee State Federal Indian

Federal or State Lease # _____

Distance from Completed Portion of Wellbore to Nearest Lease Line of described lease: 179 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

- Building: 1662 Feet
- Building Unit: 1662 Feet
- High Occupancy Building Unit: 5280 Feet
- Designated Outside Activity Area: 5280 Feet
- Public Road: 306 Feet
- Above Ground Utility: 336 Feet
- Railroad: 5280 Feet
- Property Line: 306 Feet
- School Facility: 5280 Feet
- School Property Line: 5280 Feet
- Child Care Center: 5280 Feet

INSTRUCTIONS:

- All measurements shall be provided from center of the Proposed Well to nearest of each cultural feature as described in Rule 303.a.(5).
- 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, Designated Outside Activity Area, School Facility, and Child Care Center – as defined in 100 Series Rules.

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: _____

SPACING and UNIT INFORMATION

Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation: 306 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 600 Feet (Enter 5280 for distance greater than 1 mile.)

Federal or State Unit Name (if appl): _____ Unit Number: _____

SPACING & FORMATIONS COMMENTS

Section 17 T9N R59W
640 Acres

If this Form 2 is associated with a Drilling and Spacing Unit application, provide docket number: _____

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	535-838	640	Sec 17: ALL

DRILLING PROGRAM

Proposed Total Measured Depth: 10939 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: 635 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 Operations Plan)

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

GROUNDWATER BASELINE SAMPLING AND MONITORING AND WATER WELL SAMPLING

Water well sampling required per Rule 609

DRILLING WASTE MANAGEMENT PROGRAM

Drilling Fluids Disposal: OFFSITE Drilling Fluids Disposal Methods: Commercial Disposal

Cuttings Disposal: OFFSITE Cuttings Disposal Method: Commercial Disposal

Other Disposal Description:

Beneficial reuse or land application plan submitted? No

Reuse Facility ID: _____ or Document Number: _____

CASING PROGRAM

Casing Type	Size of Hole	Size of Casing	Wt/Ft	Csg/Liner Top	Setting Depth	Sacks Cmt	Cmt Btm	Cmt Top
CONDUCTOR	24	16	65	0	80	70	80	0
SURF	13+1/2	9+5/8	36	0	1500	407	1500	0
1ST	8+1/2	5+1/2	20	0	10939	1470	10939	0

Conductor Casing is NOT planned

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)

GREATER WATTENBERG AREA LOCATION EXCEPTIONS

Check all that apply:

- Rule 318A.a. Exception Location (GWA Windows).
- Rule 318A.c. Exception Location (GWA Twinning).

RULE 502.b VARIANCE REQUEST

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

OTHER LOCATION EXCEPTIONS

Check all that apply:

- Rule 318.c. Exception Location from Rule or Spacing Order Number _____
- Rule 603.a.(2) Exception Location (Property Line Setback).

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 distance to the nearest well completed or permitted in the same formation was measured to the Timbro 1717-9H measured in 2D.
The distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator was measured to the Ptasnik LC 20-75HN (API# 123-33311) (PR Status) Operated by Noble Energy Inc (100322). This distance was measured using the COGCC GIS Map.

This application is in a Comprehensive Drilling Plan No CDP #: _____

Location ID: _____

Is this application being submitted with an Oil and Gas Location Assessment application? Yes

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: Sr Regulatory Analyst Date: 7/10/2019 Email: regulatory@verdadoil.com

~~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 place of use is required under Colorado law. Section 37-92-103(5), C.R.S. (2011).~~

COGCC Approved: [Signature] **Director of COGCC** Date: 11/2/2019

Expiration Date: 11/01/2021

API NUMBER 05 123 50619 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.

COA Type

Description

Drilling/Completion Operations	1) Submit Form 42 online to COGCC 48 hours prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 48 hour spud notice via Form 42 for all subsequent wells drilled on the pad. 2) Provide cement coverage to a minimum of 200' above Niobrara. Verify coverage with cement bond log. 3) Oil-based drilling fluid is to be used only after all fresh water aquifers are covered. Bradenhead Bradenhead tests shall be performed and reported according to the following schedule and Form 17 submitted within 10 days of each test.: 1) All: Within 60 days of rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 2) Delayed completion: 6 months after rig release, prior to stimulation. If any pressure greater than 200 psi, must contact COGCC engineer prior to stimulation. 3) A post-production test within 60 days after first sales, as reported on the Form 10, Certificate of Clearance.
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Best Management Practices

No	BMP/COA Type	Description
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	Rule 604.c.1: 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 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.

Total: 3 comment(s)

Applicable Policies and Notices to Operators

Notice Concerning Operating Requirements for Wildlife Protection.
http://cogcc.state.co.us/documents/reg/Policies/Wildlife_Notice.pdf

Attachment Check List

Att Doc Num	Name
402089701	FORM 2 SUBMITTED
402089729	WELL LOCATION PLAT
402089731	DIRECTIONAL DATA
402089735	DEVIATED DRILLING PLAN
402089737	SURFACE AGRMT/SURETY
402103534	OffsetWellEvaluations Data
402229465	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	With operator concurrence, the following was corrected: The WOGLA Permit Number WOGLA 19-0203 was added. Date of WOGLA submitted was corrected to 6/5/2019.	10/30/2019
Permit	Final Review Completed.	10/24/2019
Permit	With operator concurrence, the Distance to Nearest Building was corrected. Permitting Review Complete.	10/24/2019
Permit	The Objective Criteria Review Memo (Doc# 2479294) is attached to the Form 2A associated with this APD. Following additional analysis arising out of the Objective Criteria, the Director determined that this application meets the standard for the protection of public health, safety, welfare, the environment and wildlife resources set by SB 19-181.	10/23/2019
Permit	COGCC Staff has added the final disposition for the Local Government siting permit information provided by the operator.	10/23/2019
Permit	Passed Completeness.	07/24/2019

Total: 6 comment(s)