

FORM

2

Rev
02/20

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:

402051310

APPLICATION FOR PERMIT TO:

☒ Drill
 ☐ Deepen
 ☐ Re-enter
 ☐ Recomplete and Operate

Date Received:

07/16/2019

TYPE OF WELL OIL ☒ GAS ☐ COALBED ☐ OTHER: _____Refiling ☐ZONE TYPE SINGLE ZONE ☒ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐Sidetrack ☐

Well Name: Timbro

Well Number: 0101-05H

Name of Operator: VERDAD RESOURCES LLC

COGCC Operator Number: 10651

Address: 5950 CEDAR SPRINGS ROAD

City: DALLAS State: TX Zip: 75235

Contact Name: Heather Mitchell

Phone: (720)845-6917

Fax: ()

Email: regulatory@verdadoil.com

RECLAMATION FINANCIAL ASSURANCE

Plugging and Abandonment Bond Surety ID: 20170009

WELL LOCATION INFORMATION

QtrQtr: Lot 2 Sec: 1 Twp: 9N Rng: 59W Meridian: 6

Latitude: 40.786477

Longitude: -103.925037

Footage at Surface: 356 Feet FNL/FSL FNL 2137 Feet FEL/FWL FEL

Field Name: WILDCAT

Field Number: 99999

Ground Elevation: 4944

County: WELD

GPS Data: GPS Quality Value: 1.2 Type of GPS Quality Value: PDOP Date of Measurement: 03/15/2018

Instrument Operator's Name: Taylor Onley

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

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

300 FNL 1559 FWL 300 FSL 1549 FWL

Sec: 1 Twp: 9N Rng: 59W Sec: 1 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 location? If the local government does regulate the siting, but has waived its right to precede the COGCC in siting determination, indicate by selecting "YES" here and selecting "Waived" for the disposition below.

☒ Yes ☐ NoIf 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: 07/30/2019

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

Additional explanation of local process:

WOGLA19-0184 approved 10/11/2019

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.)

Lease and Mineral Information:
Township 9 North, Range 59 West
Section 1: N/2
Containing approximately 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: 0 Feet

CULTURAL DISTANCE INFORMATION

Distance to nearest:

Building:	<u>2762</u> Feet
Building Unit:	<u>5280</u> Feet
High Occupancy Building Unit:	<u>5280</u> Feet
Designated Outside Activity Area:	<u>5280</u> Feet
Public Road:	<u>356</u> Feet
Above Ground Utility:	<u>474</u> Feet
Railroad:	<u>5280</u> Feet
Property Line:	<u>356</u> Feet
School Facility:	<u>5280</u> Feet
School Property Line:	<u>5280</u> Feet
Child Care Center:	<u>5280</u> 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: 599 Feet

Distance from Completed Portion of Wellbore to Nearest Unit Boundary 300 Feet (Enter 5280 for distance greater than 1 mile.)

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

SPACING & FORMATIONS COMMENTS

09N 59W Section 1: All 640 Acres

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

OBJECTIVE FORMATIONS

<u>Objective Formation(s)</u>	<u>Formation Code</u>	<u>Spacing Order Number(s)</u>	<u>Unit Acreage Assigned to Well</u>	<u>Unit Configuration (N/2, SE/4, etc.)</u>
CODELL	CODL	535-1270	640	Section 1: ALL

DRILLING PROGRAM

Proposed Total Measured Depth: 11567 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: 889 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	11567	1539	11567	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 0101-07H measured in 2D calculation. The distance from the proposed wellbore to nearest existing or proposed wellbore belonging to another operator was measured to the Bucher 1 (API# 123-36100) (DA Status) operated by Todd Gross (36100). The distance was measured in 2D using footage callouts.

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

Location ID: 468727

Is this application being submitted with an Oil and Gas Location Assessment application? No

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: 7/16/2019 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 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: 6/18/2020

Expiration Date: 06/17/2022

API NUMBER

05 123 51087 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>
Construction	If location is not built by 2A expiration 10/21/2022, Operator must Refile Form 2A for approval prior to location construction.
Drilling/Completion Operations	<p>Operator acknowledges the proximity of the listed offset well(s). Operator agrees to comply with the DJ Basin Horizontal Offset Policy to mitigate the situation, ensure all applicable documentation is submitted based on the selected mitigation option chosen, submit Form 42(s) ("OFFSET MITIGATION COMPLETED") for the mitigated well(s), stating that appropriate mitigation was completed prior to the hydraulic stimulation of this well.</p> <p>Offset wells to mitigate: 05-123-07906, BUCHER 1 05-123-05728, MCCLEMENT 1 05-123-07506, HAMLIN 1 05-123-05736, HALLETT 1 05-123-07350, HALLETT 1</p>
Drilling/Completion Operations	<p>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 setting surface casing.</p> <p>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.</p>

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	Operator will comply with COGCC policy on bradenhead monitoring during Hydraulic Fracturing Treatment in the Greater Wattenberg Area per policy dated May 29, 2012.
4	Drilling/Completion Operations	Multi Well Open-Hole Logging – Rule 317.p: 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 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 state “Alternative Logging Program -No open-hole logs were run” and shall clearly identify the type of log and the well (by API#) in which open-hole logs were run.

Total: 4 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
402051310	FORM 2 SUBMITTED
402051326	WELL LOCATION PLAT
402056579	DEVIATED DRILLING PLAN
402056580	DIRECTIONAL DATA
402089664	SURFACE AGRMT/SURETY
402093903	OffsetWellEvaluations Data
402425737	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	06/17/2020
Permit	Permit review complete.	06/05/2020
Permit	COGCC conducted the technical review for the related Oil and Gas Location Assessment permit, Form 2A document #402060001 under the statutory authority provided through SB 19-181, including the Objective Criteria. The Director approved the Form 2A on 10/22/2019, establishing Location ID #468727 subject to conditions included in the permit. The well proposed by this related Form 2 was contemplated during COGCC's review of the Form 2A. The Objective Criteria Review Memo (Doc# 2479148) can be found in the document file for this Location.	06/05/2020
Permit	Added Spacing Order Number 535-1270. Added Location ID #468727. With operator concurrence, the following was corrected: Distance to Nearest Well was corrected to 599 ft.	06/03/2020
Permit	Distance from completed portion of proposed wellbore to nearest completed portion of offset wellbore permitted or completed in the same formation is incorrect. With operator concurrence, the following was corrected: Updated and corrected operator BMP for Rule 317.p.	10/15/2019
Permit	The Objective Criteria Review Memo (Doc# 2479148) 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.	10/15/2019
Permit	COGCC Staff has added the final disposition for the Local Government siting permit information provided by the operator.	10/15/2019
Permit	Passed Completeness.	07/23/2019

Total: 8 comment(s)