

FORM

2

Rev
05/22

State of Colorado

Energy & Carbon Management Commission

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Document Number:

403611154

Date Received:

02/01/2024

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: Speed Goat Fed 3432

Well Number: 04H

Name of Operator: VERDAD RESOURCES LLC

COGCC 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

COGCC Financial Assurance

☒ The Operator has provided or will provide Financial Assurance to the COGCC 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: NENE Sec: 34 Twp: 9N Rng: 58W Meridian: 6

 Footage at Surface: 279 Feet FNL/FSL 961 Feet FEL/FWL
 FNL FEL

Latitude: 40.714214

Longitude: -103.843791

GPS Data:

GPS Quality Value: 1.1

Type of GPS Quality Value: PDOP

Date of Measurement: 05/22/2023

Ground Elevation: 4723

Field Name: DJ HORIZONTAL NBRR-FH-CODL-CL

Field Number: 16952

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: 34 Twp: 9N Rng: 58W

Footage at TPZ: 2143 FNL 2550 FWL

Measured Depth of TPZ: 6531

True Vertical Depth of TPZ: 5640

FNL/FSL FEL/FWL

Base of Productive Zone (BPZ)Sec: 32 Twp: 9N Rng: 58WFootage at BPZ: 2063 FNL 300 FWLMeasured Depth of BPZ: 19329True Vertical Depth of BPZ: 5640 FNL/FSL FEL/FWL**Bottom Hole Location (BHL)**Sec: 32 Twp: 9N Rng: 58WFootage at BHL: 2063 FNL 210 FWLFNL/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: 09/27/2023Comments: 1041WOGLA23-0016**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.)

Section 32 9N 58W: SE4
Section 33 9N 58W: NE4, E2W2, NWNW, SWSW, N2SE4
Section 34 9N 58W: N2

Total Acres in Described Lease: 960 Described Mineral Lease is: ☒ Fee ☐ State ☐ Federal ☐ Indian
Federal or State Lease # _____

SAFETY SETBACK INFORMATION

Distance from Well to nearest:

Building: 4722 Feet
Building Unit: 4787 Feet
Public Road: 4284 Feet
Above Ground Utility: 310 Feet
Railroad: 5280 Feet
Property Line: 279 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	535-1453	2560	9N 58W Sec 32,33,34,35: 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: 300 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: 185 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

9N 58W Sec 32,33,34,35: ALL
2560 Acres

DRILLING PROGRAM

Proposed Total Measured Depth: 19419 Feet

TVD at Proposed Total Measured Depth 5640 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: 127 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 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

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	92	80	0
SURF	13+1/2	9+5/8	j55	36	0	1491	405	1491	0
1ST	8+1/2	5+1/2	p110	20	0	19419	2404	19419	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	FOX HILLS	0	0	349	349	501-1000	USGS	USGS-403838103575801
Confining Layer	PIERRE	349	349	879	879			
Groundwater	UPPER PIERRE POROSITY	879	879	1438	1424	1001-10000	Other	CO DNR Report Project Number 2141
Confining Layer	PIERRE	1438	1424	3128	2948			
Hydrocarbon	PARKMAN	3128	2948	3998	3726			NON PRODUCTIVE HORIZON
Hydrocarbon	SUSSEX	3998	3726	4655	4313			
Hydrocarbon	SHANNON	4655	4313	5075	4688			NON PRODUCTIVE HORIZON
Confining Layer	PIERRE	5075	4688	5970	5448			NON PRODUCTIVE HORIZON
Hydrocarbon	SHARON SPRINGS	5970	5448	6092	5520			NON PRODUCTIVE HORIZON
Hydrocarbon	NIOBRARA	6092	5520	19419	5798			

OPERATOR COMMENTS AND SUBMITTAL

Comments

The nearest offset well completed in the same formation is the Speed Goat Fed 3432 13H measured using GIS mapping.

The nearest well belonging to another operator is the Bringelson 42-33, operated by Carrizo, DA status. Measured in 3D using the anti collision report, attached as other. This well is nearer then 150' but DA status voids the need for a waiver.

This well has a bottom hole location beyond the unit boundary setback. The bottom of the completed interval will be within the boundary set back at 2063 FNL and 300 FWL of Section 32. The wellbore beyond the unit 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 Speed Goat Fed 3432-3435 OGDP ID#: 485226

Location ID: 425474

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: 2/1/2024 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 COGCC Rules, applicable orders, and SB 19-181 and is hereby approved.

COGCC Approved:  Director of COGCC Date: 3/15/2024

Expiration Date: 12/13/2026

API NUMBER

05 123 52494 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>
Planning	Pursuant to Rule 702.b.(2), the approval of this Application for Permit to Drill constitutes a "change in circumstance" to the approved Financial Assurance Plan. The Operator must file a revised Form 3, Financial Assurance Plan, within 10 days of this approval.
Drilling/Completion Operations	Operator will log two (2) additional wells during the first/second rig occupations with open-hole resistivity log with gamma-ray log from the kick-off point into the surface casing for the stratigraphically deepest wells on each side of the pad for a total of 3 wells logged.
Interim Reclamation	Operator shall comply with Notice to Operators: Interim Reclamation Procedures for Delayed Operations (dated January 5, 2017).
Construction	If conductors are preset, operator shall comply with Rule 406.e.
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 isolated and (3) certify that none of the wellbore beyond the setback was completed.
Drilling/Completion Operations	1) Submit Form 42 electronically to ECMC 2 business days prior to MIRU (spud notice) for the first well activity with a rig on the pad and provide 2 business day spud notice via Form 42 for all subsequent wells drilled on the pad. 2) Comply with Rule 408.j. and provide cement coverage from TD to a minimum of 500' above Niobrara. Verify coverage with a cement bond log.
Drilling/Completion Operations	Per ECMC 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 is observed or if there is continuous flow, Operator must contact ECMC engineering for approval prior to stimulation. 2) If a delayed completion, a second test is required between 6-9 months after rig release and must be conducted prior to stimulation. If any pressure greater than 200 psi is observed or if there is continuous flow, Operator must contact ECMC engineering for approval 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	Operator acknowledges the proximity of the listed non-operated wells. Operator assures that this offset list will be remediated per the Offset Well Evaluation and Hydraulic Fracturing Operator Guidance Document Operator using Option 3. Operator will submit a Form 42 ("OFFSET MITIGATION COMPLETED") stating what appropriate mitigation occurred and that it has been completed, prior to the hydraulic stimulation of this well. BRINGLESON *H (API 123-14027) FEDERAL *13-35 (API 123-14096)
8 COAs	

Best Management Practices

<u>No</u>	<u>BMP/COA Type</u>	<u>Description</u>
1	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`
2	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.`
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)

Attachment List

<u>Att Doc Num</u>	<u>Name</u>
403611154	FORM 2 SUBMITTED
403616405	OffsetWellEvaluations Data
403672320	WELL LOCATION PLAT
403672321	DEVIATED DRILLING PLAN
403672323	OTHER
403672325	DIRECTIONAL DATA
403721327	OFFSET WELL EVALUATION

Total Attach: 7 Files

General Comments

<u>User Group</u>	<u>Comment</u>	<u>Comment Date</u>
Permit	Final Review Completed.	03/08/2024
Permit	Made the following changes with concurrence from the operator: •Corrected Lease Description and acreage. •Permitting review complete and task passed.	03/06/2024
Permit	Made the following changes with concurrence from the operator: - Removed fed financial assurance and added ECMC financial assurance info - Revised field name to DJ Horizontal NBRR-FH-CODL-CL (16952)	03/01/2024
Permit	Return to DRAFT - per operator request	01/25/2024
Engineer	•Surface Casing Check complete •Offset well review complete 408.t - No wells 408.u - No wells •Engineering review complete	01/08/2024
OGLA	The Commission approved OGDG #485226 on December 14, 2023 for the Oil and Gas Location related to this Form 2. OGLA task passed.	01/02/2024

Total: 6 comment(s)