

FORM INSP
Rev 05/11

**State of Colorado
Oil and Gas Conservation Commission**

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



Inspection Date:
09/08/2016
Document Number:
685500761
Overall Inspection:
SATISFACTORY

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>439155</u>	<u>439158</u>	<u>MONTOYA, JOHN</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number:	<u>10485</u>
Name of Operator:	<u>VERDAD OIL & GAS CORPORATION</u>
Address:	<u>5950 CEDAR SPRINGS RD #200</u>
City:	<u>DALLAS</u> State: <u>TX</u> Zip: <u>75235</u>

- THIS IS A FOLLOW UP INSPECTION
- FOLLOW UP INSPECTION REQUIRED
- NO FOLLOW UP INSPECTION REQUIRED
- INSPECTOR REQUESTS FORM 42 WHEN CORRECTIVE ACTIONS ARE COMPLETED

Contact Information:

Contact Name	Phone	Email	Comment
BEECHERL, ARTHUR	214-728-1840	abeecherl@beecherl.com	all inspections

Compliance Summary:

QtrQtr: SESW Sec: 30 Twp: 1N Range: 65W

Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
05/25/2016	682400780	XX	CI	SATISFACTORY			No

Inspector Comment:

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
439153	WELL	XX	10/03/2014	LO	123-40329	Johnson 01N-65W-30-3N	ND	<input checked="" type="checkbox"/>
439154	WELL	XX	10/03/2014	LO	123-40330	Johnson 01N-65W-30-2N	ND	<input checked="" type="checkbox"/>
439155	WELL	DG	06/29/2016	LO	123-40331	Johnson 01N-65W-30-8N	WO	<input checked="" type="checkbox"/>
439156	WELL	XX	10/03/2014	LO	123-40332	Johnson 01N-65W-30-5C	ND	<input checked="" type="checkbox"/>
439157	WELL	XX	10/03/2014	LO	123-40333	Johnson 01N-65W-30-1C	ND	<input checked="" type="checkbox"/>
439159	WELL	XX	10/03/2014	LO	123-40334	Johnson 01N-65W-30-7N	ND	<input checked="" type="checkbox"/>
439160	WELL	XX	10/03/2014	LO	123-40335	Johnson 01N-65W-30-9C	ND	<input checked="" type="checkbox"/>
439162	WELL	XX	10/03/2014	LO	123-40336	Johnson 01N-65W-30-6N	ND	<input checked="" type="checkbox"/>
439164	WELL	XX	10/03/2014	LO	123-40337	Johnson 01N-65W-30-4N	ND	<input checked="" type="checkbox"/>

Equipment:

Location Inventory

Special Purpose Pits: _____	Drilling Pits: _____	Wells: <u>9</u>	Production Pits: _____
Condensate Tanks: _____	Water Tanks: <u>2</u>	Separators: <u>4</u>	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: _____	Water Pipeline: _____
Gas Compressors: <u>1</u>	VOC Combustor: <u>2</u>	Oil Tanks: <u>6</u>	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____

Location

Lease Road:

Type	Satisfactory/Action Required	comment	Corrective Action	Date
Main	SATISFACTORY			

Emergency Contact Number (S/AR): _____ Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:

Type	Area	Volume	Corrective action	CA Date
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Multiple Spills and Releases?

Venting:

Yes/No	_____
Comment	_____

Flaring:

Type	_____	Satisfactory/Action Required	_____
Comment:	_____		
Corrective Action:	_____	Correct Action Date:	_____

Predrill

Location ID: 439155

Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____

S/AR: _____

Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:

Group	User	Comment	Date
OGLA	youngr	Operator shall provide notice to COGCC 48 hours prior to commencing construction of this Oil and Gas Location via Form 42.	08/26/2014
OGLA	youngr	The tank battery shall be constructed using a liner.	10/02/2014

S/AR: _____ Comment: _____

CA: _____ Date: _____

Wildlife BMPs:

BMP Type	Comment
Noise mitigation	Lighting abatement measures shall be implemented, including the installation lighting shield devices on all of the more conspicuous lights, low density sodium lighting where practicable; and rig shrouding is not believed necessary as this is an industrial area and the only building unit within 1,000' is owned by the operator, however, at its election the operator may install temporary engineering controls consisting of perimeter sound walls shall be used 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.
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.
Drilling/Completion Operations	Guy line anchors. All guy line anchors shall be brightly marked pursuant to Rule 604.c (2)Q.
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.
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.
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.
Material Handling and Spill Prevention	Load-lines. All load-lines shall be bull-plugged or capped.
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.
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.
Drilling/Completion Operations	Pit level indicators. Not applicable; a closed-loop system will be used and no pits shall be dug.
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.
General Housekeeping	Fencing requirements. A permanent fencing plan will be reviewed by the surface owner, & the applicant.
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.
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.
Final Reclamation	Identification of plugged and abandoned wells. P&A'd wells shall be identified pursuant to 319.a. (5).
Drilling/Completion Operations	Closed Loop Drilling Systems – Pit Restrictions. Not applicable; a closed-loop system will be used for drilling.
Planning	Multi-well Pads. It is a multi-well pad located in a manner which allows for resource extraction while maintaining the highest distances possible from the offsetting residential areas.
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.
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.

Drilling/Completion Operations Drill stem tests. Not applicable; no Drill Stem tests are planned.

S/AR: _____ Comment: _____

CA: _____ Date: _____

Comment: _____

Staking:

On Site Inspection (305):

Surface Owner Contact Information:

Name: _____ Address: _____

Phone Number: _____ Cell Phone: _____

Operator Rep. Contact Information:

Landman Name: _____ Phone Number: _____

Date Onsite Request Received: _____ Date of Rule 306 Consultation: _____

Request LGD Attendance: _____

LGD Contact Information:

Name: _____ Phone Number: _____ Agreed to Attend: _____

Summary of Landowner Issues:

Summary of Operator Response to Landowner Issues:

Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:

Facility

Facility ID: 439153	Type: WELL	API Number: 123-40329	Status: XX	Insp. Status: ND
Facility ID: 439154	Type: WELL	API Number: 123-40330	Status: XX	Insp. Status: ND
Facility ID: 439155	Type: WELL	API Number: 123-40331	Status: DG	Insp. Status: WO
Facility ID: 439156	Type: WELL	API Number: 123-40332	Status: XX	Insp. Status: ND
Facility ID: 439157	Type: WELL	API Number: 123-40333	Status: XX	Insp. Status: ND
Facility ID: 439159	Type: WELL	API Number: 123-40334	Status: XX	Insp. Status: ND
Facility ID: 439160	Type: WELL	API Number: 123-40335	Status: XX	Insp. Status: ND
Facility ID: 439162	Type: WELL	API Number: 123-40336	Status: XX	Insp. Status: ND
Facility ID: 439164	Type: WELL	API Number: 123-40337	Status: XX	Insp. Status: ND

Environmental

Spills/Releases:

Type of Spill: _____ Description: _____ Estimated Spill Volume: _____
 Comment: _____
 Corrective Action: _____ Date: _____
 Reportable: _____ GPS: Lat _____ Long _____
 Proximity to Surface Water: _____ Depth to Ground Water: _____

Water Well: _____ Lat _____ Long _____
 DWR Receipt Num: _____ Owner Name: _____ GPS : _____

Field Parameters: _____

Sample Location: _____

Emission Control Burner (ECB): _____
 Comment: _____
 Pilot: _____ Wildlife Protection Devices (fired vessels): _____

Reclamation - Storm Water - Pit

Interim Reclamation:

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____

Land Use: IRRIGATED

Comment: _____

1003a. Waste and Debris removed? _____
 CM _____
 CA _____ CA Date _____

Unused or unneeded equipment onsite? _____
 CM _____
 CA _____ CA Date _____

Pit, cellars, rat holes and other bores closed? _____
 CM _____
 CA _____ CA Date _____

Guy line anchors marked? _____
 CM _____
 CA _____ CA Date _____

1003b. Area no longer in use? _____ Production areas stabilized ? _____

1003c. Compacted areas have been cross ripped? _____

1003d. Drilling pit closed? _____ Subsidence over on drill pit? _____

Cuttings management: _____

1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? _____

Production areas have been stabilized? _____ Segregated soils have been replaced? _____

RESTORATION AND REVEGETATION

Cropland

Inspector Name: MONTOYA, JOHN

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? _____

Comment: _____

Overall Interim Reclamation

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____ Date Final Reclamation Completed: _____

Final Land Use: IRRIGATED _____

Reminder: _____

Comment: _____

Well plugged _____ Pit mouse/rat holes, cellars backfilled _____

Debris removed _____ No disturbance /Location never built _____

Access Roads Regraded _____ Contoured _____ Culverts removed _____

Gravel removed _____

Location and associated production facilities reclaimed _____ Locations, facilities, roads, recontoured _____

Compaction alleviation _____ Dust and erosion control _____

Non cropland: Revegetated 80% _____ Cropland: perennial forage _____

Weeds present _____ Subsidence _____

Comment: _____

Corrective Action: _____ Date _____

Overall Final Reclamation _____ Well Release on Active Location Multi-Well Location

Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment

S/A/V: _____ Corrective Date: _____

Comment: _____

CA: _____

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
ONLY ONE WELL DRILLED ON THIS LOCATION	montoyaj	09/08/2016

Attached Documents

You can go to COGCC Images (<https://cogcc.state.co.us/weblink/>) and search by document number:

Document Num	Description	URL
685500761	INSPECTION APPROVED	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3946410