



COLORADO

**Oil & Gas Conservation
Commission**

Department of Natural Resources

1120 Lincoln Street, Suite 801
Denver, CO 80203

www.colorado.gov/cogcc

WARNING LETTER # 403377537

04/19/2023

VERDAD RESOURCES LLC (# 10651)

MIKE CUGNETTI

mcugnetti@verdadresources.com

1125 17TH STREET SUITE 550
DENVER, CO 80202

SWSW, 7, 1S, 65W, ADAMS

This Warning Letter is to inform you that VERDAD RESOURCES LLC (“Operator”) may be in violation of the rules and regulations of the Colorado Oil and Gas Conservation Commission (“COGCC”) and corrective action is required.

COGCC has reasonable cause to believe that Operator has committed one or more violations of the Oil and Gas Conservation Act, or of a rule, regulation, or order of the Commission, or of a permit issued by the Commission. Operator is required to comply with this Warning Letter by the **Corrective Action Deadline Date(s)** to resolve the alleged violation(s). Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 525, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

Alleged Violation(s) and Required Corrective Action(s):

912.b. Reporting Spills or Releases of E&P Waste, Gas, or Produced Fluids

Violation Date: 04/04/2023

Violation Discovery Date: 04/14/2023

Description of Alleged Violation: Per Document number 403374468 and Adams County correspondence, Operator discovered a historical spill on 4/3/2022. Operator did not provide COGCC notice of this spill in accordance with Rule 912.b.(1) or 912.b.(4).

Required Corrective Action: Operator shall conduct an internal audit of its current Spill/Release Reporting, LGD Notification, and Surface Owner Notification procedures to ensure ongoing compliance with Rule 912 reporting requirements.

Operator shall provide an overview of its current Spill/Release Reporting, LGD Notification, and Surface Owner Notification procedures including any changes that have been made in response to this warning letter to the COGCC via an eForm 4 Sundry Notice to Area EPS Chris Canfield within 60 days of the issuance of this warning letter.

Future violations of Rule 912 reporting requirements may result in the issuance of a Notice of Alleged Violation (NOAV).

Corrective Action Deadline Date: 04/29/2023



1120 Lincoln Street, Suite 801
 Denver, CO 80203
www.colorado.gov/cogcc

How to Comply with Warning Letter:

Operator shall complete the Required Corrective Action(s) above within the deadline(s) provided. Upon completion of the Corrective Action(s), Operator shall provide notice and evidence of completion to the COGCC staff identified below by the Corrective Action Deadline Date(s):

COGCC Representative: Nikki Graber
 Email: nikki.graber@state.co.us

Title: DJ Basin Environmental Su
 Phone Num: (970) 250-0543x

If you have any questions about this Warning Letter, please contact the COGCC Representative identified above.

Failure to Comply with Warning Letter:

If Operator fails to perform Required Corrective Action(s) on or before the Corrective Action Deadline Date(s) stated above COGCC will issue a Notice of Alleged Violation and seek penalties pursuant to § 34-60-121, C.R.S. and Rule 525, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

Disclaimers:

If the alleged violation(s) in this Warning Letter are the subject of previously issued Notice(s) of Alleged Violation ("NOAV") or Enforcement Order(s) ("Order"), Operator's obligations and the corrective actions and deadlines in such NOAV or Order stand and are not affected by this Warning Letter.

If issued in error, the Enforcement Unit reserves the right to rescind this Warning Letter prior to the COGCC Representative's receipt of Operator's notice and evidence of completion of the Corrective Action.

All well data, rules and forms are available on our website at www.colorado.gov/cogcc.

Sincerely,

Nikki Graber
 DJ Basin Environmental Su

Attachments

View Attachments in Imaged Documents on COGCC website <http://ogccweblink.state.co.us/> Search by Document Number.

Document Number **Description**

| | |
|-----------|------------------------------|
| 403377563 | WARNING LETTER DOCUMENTATION |
|-----------|------------------------------|

Total Attach: 1 Files