

**FORM
INSP**Rev
X/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

Inspection Date:

05/17/2023

Submitted Date:

05/19/2023

Document Number:

708200264

FIELD INSPECTION FORMLoc ID 432694 Inspector Name: Edwardson, Dylan On-Site Inspection ☐ 2A Doc Num: _____**Operator Information:**

OGCC Operator Number: 10651

Name of Operator: VERDAD RESOURCES LLC

Address: 1125 17TH STREET SUITE 550

City: DENVER State: CO Zip: 80202

Status Summary:

- ☒ THIS IS A FOLLOW UP INSPECTION
- ☒ FOLLOW UP INSPECTION REQUIRED
- ☐ NO FOLLOW UP INSPECTION REQUIRED

Findings:

8 Number of Comments

3 Number of Corrective Actions

☒ Corrective Action Response Requested**ANY CORRECTIVE ACTION(S) FROM
PREVIOUS INSPECTIONS THAT HAVE NOT
BEEN ADDRESSED ARE STILL APPLICABLE****Contact Information:**

Contact Name	Phone	Email	Comment
Heibel, Krystal		krystal.heibel@state.co.us	
,		regulatory@verdadoil.com	All Inspections
CUGNETTI, MIKE	303-704-8856	mcugnetti@verdadoil.com	All Inspections

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
432694	LOCATION	AC			-	Shull 1-35-9-60 PAD	RI
432695	WELL	SI	02/01/2023	OW	123-37237	Shull 2-35-9-60	RI
432697	WELL	SI	02/01/2023	OW	123-37239	Shull 1-35-9-60	RI
438512	WELL	SI	02/01/2023	OW	123-40028	Shull 3-35-9-60	RI

General Comment:

This is an Interim Reclamation and Stormwater Inspection for Location ID 432694. This is also a follow-up inspection to FIR (doc #708200079) and FIRR (doc #403379517).

LocationOverall Good: ☐

Emergency Contact Number:

Comment: Corrective Action: Date: **Good Housekeeping:**

Type	OTHER		
Comment:	Unknown fluid located within secondary containment of day tank south of compressor shed appears to have been removed. Previous corrective action has been resolved.		
Corrective Action:		Date:	
Type	OTHER		
Comment:	Operator provided photos (doc #403379566) in FIRR of cleanup efforts on the engine skid and stated that antifreeze has been drained from the equipment. During this inspection, Staff observed unknown fluid within the engine skid containment and is uncertain if the fluid is from recent rain events mixing with residual chemicals in the containment or if the source of fluid is from mechanical failure of the equipment. Previous CA required operator to clean up materials (which appears to have been performed) AND inspect equipment integrity, which was not documented within the FIRR. Therefore, this corrective action has not been addressed in its entirety.		
Corrective Action:	Remove and properly dispose of any remaining free fluids and Securely fasten all valves, pipes, fittings, and Production Facilities to ensure good mechanical condition, inspect at regular intervals and maintain in good mechanical condition per Rule 608.e. Corrective action date is being backdated to when the corrective action should have been performed by.	Date:	04/19/2023
Type	STORAGE OF SUPL		
Comment:	At the time of this inspection, Staff observed multiple vehicles parked on location. Verdad personnel (D. Wagoner) informed Staff that vehicles were temporarily parked on location due to a safety concern at a nearby location (462872) that was in the process of fracking wells. Staff acknowledges the safety concern and also wants to remind the Operator that locations are not to be used for equipment storage; relocate vehicles/equipment when conditions allow safe operation.		
Corrective Action:		Date:	

Overall Good: ☐**Spills:**

Type	Area	Volume		
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In Containment: No

Comment: ☐ Multiple Spills and Releases?**Venting:**

Yes/No			
Comment:			
Corrective Action:		Date:	

Flaring:

Type		
Comment:		
Corrective Action:		Date:

Inspected Facilities									
Facility ID:	<u>432694</u>	Type:	<u>LOCATION</u>	API Number:	<u>-</u>	Status:	<u>AC</u>	Insp. Status:	<u>RI</u>
Facility ID:	<u>432695</u>	Type:	<u>WELL</u>	API Number:	<u>123-37237</u>	Status:	<u>SI</u>	Insp. Status:	<u>RI</u>
Facility ID:	<u>432697</u>	Type:	<u>WELL</u>	API Number:	<u>123-37239</u>	Status:	<u>SI</u>	Insp. Status:	<u>RI</u>
Facility ID:	<u>438512</u>	Type:	<u>WELL</u>	API Number:	<u>123-40028</u>	Status:	<u>SI</u>	Insp. Status:	<u>RI</u>

Environmental**Spills/Releases:**

Type of Spill: _____

Estimated Spill Volume: _____

Comment: At the time of this inspection, Staff observed hydrocarbons mixed with stormwater on the southern portion of the location, near parked vehicles. Staff was unable to determine the approximate volume or source of material. Staff made immediate call and left a message with Verdad personnel (M. Cugnetti at approx. 10:00am, 05/17/2023) explaining the observation of released hydrocarbons. Later in the day, Verdad personnel (D. Wagner) informed Staff that a vac-truck was dispatched to the location for cleanup. M. Cugnetti called on 05/17/2023 and left a message with Staff that explaining that spill might have originated from rain water mixing with fracking equipment/trucks parked on location, that it didn't appear to be a reportable incident, and that it would be cleaned up by the end of the day. After review, Reclamation and Environmental Staff have determined that the spill/release is reportable per Rule 912.b. Refer to attached inspection photos for documentation.

Corrective Action: Report spill or release of E&P waste or produced fluids. Remove free fluids and contact COGCC EPS staff per Rule 912.b. 24 hours to remove free fluids. 24 hours for notification and 72 hours for Initial Form 19 Report. Form 19I shall be submitted by EOB 05/22/2023.

Date: 05/22/2023

Reportable: _____

GPS: Lat _____

Long _____

Proximity to Surface Water: _____

Depth to Ground Water: _____

Water Well Complaint:

Lat

Long

DWR Receipt Num: _____

Owner Name: _____

GPS : _____

Field Parameters:

Sample Location: _____

Comment: _____

Reclamation - Storm Water - Pit**Interim Reclamation:**

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

Land Use: RANGELAND

Comment: _____

1002 SITE PREPARATION AND STABILIZATION

1002a. FENCING _____

Comment _____

Corrective Action _____

Date _____

1002b. SOIL REMOVAL AND
SEGREGATION _____

Comment _____

Corrective Action _____

Date _____

1002c. PROTECTION OF SOILS _____

Comment _____

Corrective Action _____

Date _____

1002E. SURFACE DISTURBANCE MINIMIZATION _____

Comment _____

Corrective Action _____

Date _____

1003a. Waste and Debris removed? _____

Comment _____

Corrective Action _____

Date _____

Unused or unneeded equipment onsite? _____

Comment _____

Corrective Action _____

Date _____

Pit, cellars, rat holes and other bores closed? _____

Comment _____

Corrective Action _____

Date _____

Guy line anchors marked? _____

Comment _____

Corrective Action _____

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 REVEGETATIONCropland

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

Non-Cropland

Top soil replaced Pass Recontoured Pass 80% Revegetation Fail

1003e. INTERIM VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____

VEGETATIVE COVER _____

1003 f. Weeds Noxious weeds? F

Comment

This location does not comply with Rule 1003. During this inspection, Staff observed that the interim reclamation areas do not appear to be progressing towards 1003 standards. Undesirable vegetation (e.g. kochia) and Colorado List B Noxious Weed (e.g. canada thistle) and a List C (e.g. cheatgrass) was observed growing throughout the interim areas and will need to properly managed for during the local growing season to prevent spread onto adjacent lands. Refer to attached inspection photos for documentation.

Corrective Action

Perform reclamation in accordance to Rule 1003. Manage undesirable vegetation (including noxious weeds) and establish vegetation with total perennial, non-invasive uniform plant cover of at least eighty (80) percent of reference area levels. Use a seed mixture requested by the surface owner, or a mixture prescribed by the local county NRCS. Ensure erosion controls are implemented to stabilize the seeded soil, and continue to monitor and manage this site until the location meets Rule 1003 standards.

Date _____

Overall Interim Reclamation Fail**Final Reclamation/ Abandoned Location:**

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

Final Land Use: RANGELAND

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 _____

1004.d. FINAL VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____		
VEGETATIVE COVER _____		
Comment:	<input type="text"/>	
Corrective Action:	<input type="text"/>	Date _____
Overall Final Reclamation	Well Release on Active Location <input type="checkbox"/>	Multi-Well Location <input type="checkbox"/>

Attached Documents

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

Document Num	Description	URL
708200272	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=6119680