

**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:

07/27/2016

Document Number:

685500205

Overall Inspection:

SATISFACTORY**FIELD INSPECTION FORM**

|                     |             |        |                 |                          |             |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection       | 2A Doc Num: |
|                     | 441853      | 441852 | MONTOYA, JOHN   | <input type="checkbox"/> |             |

**Operator Information:**OGCC Operator Number: 10485Name of Operator: VERDAD OIL & GAS CORPORATIONAddress: 5950 CEDAR SPRINGS RD #200City: DALLAS State: TX Zip: 75235

- ☐ 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: NESW Sec: 29 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) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 06/05/2015 | 668703219 | XX         | XX          | <b>ACTION REQUIRED</b>        |          |                | No              |

**Inspector Comment:****Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num   | Facility Name          | Insp Status |                                     |
|-------------|------|--------|-------------|------------|-----------|------------------------|-------------|-------------------------------------|
| 441853      | WELL | PR     | 04/01/2016  | LO         | 123-41541 | Highland 01N-65W-29-1N | PR          | <input checked="" type="checkbox"/> |

**Equipment:**Location Inventory

|                              |                         |                      |                         |
|------------------------------|-------------------------|----------------------|-------------------------|
| Special Purpose Pits: _____  | Drilling Pits: _____    | Wells: <u>1</u>      | Production Pits: _____  |
| Condensate Tanks: _____      | Water Tanks: <u>1</u>   | Separators: <u>1</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>1</u> | Oil Tanks: <u>2</u>  | Dehydrator Units: _____ |
| Multi-Well Pits: _____       | Pigging Station: _____  | Flare: _____         | Fuel Tanks: _____       |

**Location****Lease Road:**

| Type | Satisfactory/Action Required | comment | Corrective Action | Date |
|------|------------------------------|---------|-------------------|------|
| Main | SATISFACTORY                 |         |                   |      |

| <b>Signs/Marker:</b> |                              |   |                                       |            |
|----------------------|------------------------------|---|---------------------------------------|------------|
| Type                 | Satisfactory/Action Required | Comment   | Corrective Action                     | CA Date    |
| BATTERY              | SATISFACTORY                 |   |                                       |            |
| WELLHEAD             | ACTION REQUIRED              | NO SIGN ON WELLHEADSE CORNER<br>40.01190W-104.41484 | Install sign to comply with rule 210. | 08/27/2016 |
| CONTAINERS           | SATISFACTORY                 |   |                                       |            |
| TANK LABELS/PLACARDS | SATISFACTORY                 |   |                                       |            |

Emergency Contact Number (S/AR): SATISFACTORY

Corrective Date: \_\_\_\_\_

Comment: \_\_\_\_\_

Corrective Action: \_\_\_\_\_

**Good Housekeeping:**

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------|------------------------------|---------|-------------------|---------|
|      |                              |         |                   |         |

**Spills:**

| Type | Area | Volume | Corrective action | CA Date |
|------|------|--------|-------------------|---------|
|------|------|--------|-------------------|---------|

☐ Multiple Spills and Releases?**Fencing/:**

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|------|------------------------------|---------|-------------------|---------|
|      |                              |         |                   |         |

**Equipment:**

|                                   |   |                               |              |
|-----------------------------------|---|-------------------------------|--------------|
| Type: Horizontal Heated Separator | # 1   | Satisfactory/Action Required: | SATISFACTORY |
| Comment                           | SE CORNER<br>N40.01206<br>W-104.41507                               |                               |              |
| Corrective Action                 |   |                               | Date:        |
| Type: Bird Protectors             | # 3   | Satisfactory/Action Required: | SATISFACTORY |
| Comment                           |   |                               |              |
| Corrective Action                 |   |                               | Date:        |
| Type: Horizontal Separator        | # 1   | Satisfactory/Action Required: | SATISFACTORY |
| Comment                           | SE CORNER<br>N40.017206<br>W-104.41507                              |                               |              |
| Corrective Action                 |   |                               | Date:        |
| Type: Gas Meter Run               | # 2   | Satisfactory/Action Required: | SATISFACTORY |
| Comment                           | SE CORNER<br>N40.01214<br>W-104.41531<br>2ND METER RUN AT SEPERATOR |                               |              |

|                               |     |  |              |
|-------------------------------|-----|--|--------------|
| Corrective Action             |     | Date:  |              |
| Type: Other                   | # 1 | Satisfactory/Action Required:                          | SATISFACTORY |
| Comment                       |     | CHEMICAL PUMP AT WELLHEAD, STORAGE BBL AND CONTAINMENT |              |
| Corrective Action             |     | Date:  |              |
| Type: Compressor              | # 1 | Satisfactory/Action Required:                          | SATISFACTORY |
| Comment                       |     | SE CORNER<br>N40.01206<br>W-104.41507                  |              |
| Corrective Action             |     | Date:  |              |
| Type: Emission Control Device | # 2 | Satisfactory/Action Required:                          | SATISFACTORY |
| Comment                       |     | SE CORNER<br>N40.01197<br>W-104.41471                  |              |
| Corrective Action             |     | Date:  |              |

**Facilities:** ☐ New Tank Tank ID: \_\_\_\_\_

| Contents       | # | Capacity | Type           | SE GPS |
|----------------|---|----------|----------------|--------|
| PRODUCED WATER | 1 | 400 BBLS | FIBERGLASS AST | ,      |

|                    |              |                  |  |
|--------------------|--------------|------------------|--|
| S/AR               | SATISFACTORY | Comment:         |  |
| Corrective Action: |              | Corrective Date: |  |

Paint

|           |          |
|-----------|----------|
| Condition | Adequate |
|-----------|----------|

Other (Content) \_\_\_\_\_

Other (Capacity) \_\_\_\_\_

Other (Type) \_\_\_\_\_

Berms

| Type  | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
|-------|----------|---------------------|---------------------|-------------|
| Metal | Adequate | Walls Sufficient    | Base Sufficient     | Adequate    |

|                   |  |                 |  |
|-------------------|--|-----------------|--|
| Corrective Action |  | Corrective Date |  |
| Comment           |  |                 |  |

**Facilities:** ☐ New Tank Tank ID: \_\_\_\_\_

| Contents  | # | Capacity | Type      | SE GPS                |
|-----------|---|----------|-----------|-----------------------|
| CRUDE OIL | 3 | 400 BBLS | STEEL AST | 40.012080,-104.414820 |

|                    |              |                  |  |
|--------------------|--------------|------------------|--|
| S/AR               | SATISFACTORY | Comment:         |  |
| Corrective Action: |              | Corrective Date: |  |

Paint

|           |          |
|-----------|----------|
| Condition | Adequate |
|-----------|----------|

Other (Content) \_\_\_\_\_

Other (Capacity) \_\_\_\_\_

Other (Type) \_\_\_\_\_

Berms

| Type  | Capacity | Permeability (Wall) | Permeability (Base) | Maintenance |
|-------|----------|---------------------|---------------------|-------------|
| Metal | Adequate | Walls Sufficient    | Base Sufficient     | Adequate    |

|                   |  |                 |  |
|-------------------|--|-----------------|--|
| Corrective Action |  | Corrective Date |  |
| Comment           |  |                 |  |

**Venting:**

|         |    |
|---------|----|
| Yes/No  | NO |
| Comment |    |

**Flaring:**

|                    |                   |                              |              |
|--------------------|-------------------|------------------------------|--------------|
| Type               | Ignitor/Combustor | Satisfactory/Action Required | SATISFACTORY |
| Comment:           |                   |                              |              |
| Corrective Action: |                   | Correct Action Date:         |              |

**Predrill**

Location ID: 441853

Lease Road Adeq.: \_\_\_\_\_

Pads: \_\_\_\_\_

Soil Stockpile: \_\_\_\_\_

S/AR: \_\_\_\_\_

Corrective Action: \_\_\_\_\_ Date: \_\_\_\_\_ CDP Num.: \_\_\_\_\_

**Form 2A COAs:**

| Group | User    | Comment  | Date       |
|-------|---------|--|------------|
| OGLA  | treitzr | Operator shall provide notice to COGCC 48 hours prior to commencing construction of this Oil and Gas Location via Form 42 per Rule 316C.c. | 05/19/2015 |

S/AR: \_\_\_\_\_ Comment: \_\_\_\_\_

CA: \_\_\_\_\_ Date: \_\_\_\_\_

**Wildlife BMPs:**

| BMP Type                               | Comment  |
|--|--|
| Final Reclamation                      | Identification of plugged and abandoned wells. P&A'd wells shall be identified pursuant to 319.a. (5).   |
| 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.   |
| 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. |
| Traffic control                        | Traffic Plan: If required by the local government, a traffic plan will be coordinated with the local jurisdiction prior to commencement of operations  |
| Material Handling and Spill Prevention | Load-lines. All load-lines shall be bull-plugged or capped.  |

|  |  |
|--|--|
| Drilling/Completion Operations         | <ul style="list-style-type: none"> <li>• DUST CONTROL: Per Rule 805, Oil &amp; 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. MLVT BMPs:</li> <li>• NOISE MITIGATION: Verdad will install a sound barrier to accommodate noise.</li> <li>• In the event of a catastrophic MLVT failure, the Operator shall notify the COGCC as soon as practicable but not more than 24 hours after discovery, submit a Form 22- Accident Report within 10 days after discovery, conduct a "root cause analysis", and provide same to COGCC on a Form 4-Sundry Notice within 30 days of the failure.</li> <li>• The MLVT shall be constructed and operated in accordance with a design package certified and sealed by a Licensed Professional Engineer either in Colorado or the state where the MLVT was designed or manufactured.</li> </ul> |
| 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.   |
| Dust control                           | 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.  |
| 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.   |
| General Housekeeping                   | Per Rule 604c.(2).I. BOPE Testing for Drilling Operations: Upon initial rig-up, BOPE's will be tested at a minimum of every 30-days.   |
| 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         | Pit level indicators. Not applicable; a closed-loop system will be used and no pits shall be dug.  |
| 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.   |
| General Housekeeping                   | Fencing requirements. A permanent fencing plan will be reviewed by the surface owner, & the applicant.   |
| Noise mitigation                       | Lighting abatement measures shall be implemented, including the installation of lighting shield devices on all of the more conspicuous lights, low density sodium lighting where practicable; and rig shrouding if necessary will be used to include perimeter sound walls 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         | Closed Loop Drilling Systems – Pit Restrictions. Not applicable; a closed-loop system will be used for drilling.   |
| 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 | 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.   |
| 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.  |
| 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:**

Inspector Name: MONTOYA, JOHN

|  |                                      |                         |
|--|--------------------------------------|-------------------------|
| Name: _____  | Address: _____                       |                         |
| Phone Number: _____  | Cell Phone: _____                    |                         |
| <u>Operator Rep. Contact Information:</u>  |                                      |                         |
| Landman Name: _____  | Phone Number: _____                  |                         |
| Date Onsite Request Received: _____  | Date of Rule 306 Consultation: _____ |                         |
| Request LGD Attendance: _____  |                                      |                         |
| <u>LGD Contact Information:</u>  |                                      |                         |
| Name: _____  | Phone Number: _____                  | Agreed to Attend: _____ |
| <u>Summary of Landowner Issues:</u>  |                                      |                         |
| _____  |                                      |                         |
| <u>Summary of Operator Response to Landowner Issues:</u>                                 |                                      |                         |
| _____  |                                      |                         |
| <u>Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:</u> |                                      |                         |
| _____  |                                      |                         |

**Facility**

|                     |            |                       |            |                  |
|---------------------|------------|-----------------------|------------|------------------|
| Facility ID: 441853 | Type: WELL | API Number: 123-41541 | Status: PR | Insp. Status: PR |
|---------------------|------------|-----------------------|------------|------------------|

**Producing Well**

Comment: PR

**BradenHead**

Comment: BRADENHEAD PLUMBED TO SURFACE

CA: \_\_\_\_\_

CA Date: \_\_\_\_\_

**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:**

|                        |                   |             |           |            |
|------------------------|-------------------|-------------|-----------|------------|
| DWR Receipt Num: _____ | Owner Name: _____ | GPS : _____ | Lat _____ | Long _____ |
|------------------------|-------------------|-------------|-----------|------------|

**Field Parameters:**

Sample Location: \_\_\_\_\_

Emission Control Burner (ECB): \_\_\_\_\_

Comment: \_\_\_\_\_

Pilot: \_\_\_\_\_ Wildlife Protection Devices (fired vessels): \_\_\_\_\_

**Reclamation - Storm Water - Pit**

**Interim Reclamation:**

Inspector Name: MONTOYA, JOHN

Date Interim Reclamation Started: \_\_\_\_\_ Date Interim Reclamation Completed: \_\_\_\_\_

Land Use: DRY LAND

Comment: \_\_\_\_\_

1003a. Waste and Debris removed? Pass

CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Unused or unneeded equipment onsite? Pass

CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

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

CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

Guy line anchors marked? \_\_\_\_\_

CM \_\_\_\_\_

CA \_\_\_\_\_ CA Date \_\_\_\_\_

1003b. Area no longer in use? \_\_\_\_\_ Production areas stabilized ? Pass

1003c. Compacted areas have been cross ripped? \_\_\_\_\_

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

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

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: DRY LAND

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 \_\_\_\_\_

Inspector Name: MONTOYA, JOHN

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| Gravel           | Pass            | Gravel                  | Pass                  |               |                          |         |

S/A/V: SATISFACTOR \_\_\_\_\_ Corrective Date: \_\_\_\_\_  
Y \_\_\_\_\_

Comment: \_\_\_\_\_

CA: \_\_\_\_\_

**Pits:** ☒ NO SURFACE INDICATION OF PIT

**COGCC Comments**

| Comment                            | User     | Date       |
|------------------------------------|----------|------------|
| INTERMITTER CONTROLLER ON WELLHEAD | montoyaj | 07/27/2016 |

**Attached Documents**

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

| Document Num | Description         | URL   |
|--------------|---------------------|---|
| 685500205    | INSPECTION APPROVED | <a href="http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3913870">http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3913870</a> |