

**FORM
INSP**Rev
X/15**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:

04/25/2018

Submitted Date:

04/30/2018

Document Number:

690100484**FIELD INSPECTION FORM**
 Loc ID 450069 Inspector Name: Maclaren, Joe On-Site Inspection ☐ 2A Doc Num:
Operator Information:OGCC Operator Number: 10651Name of Operator: VERDAD RESOURCES LLCAddress: 5950 CEDAR SPRINGS ROADCity: DALLAS State: TX Zip: 75235**Status Summary:**

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

Findings:3 Number of Comments0 Number of Corrective Actions☐ Corrective Action Response Requested**Contact Information:**

Contact Name	Phone	Email	Comment
Canfield, Chris		chris.canfield@state.co.us	
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Cugnetti, Mike		Mcugnetti@verdadoil.com	
,		Regulatory@verdadoil.com	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
450067	WELL	DG	05/17/2017		123-44624	HOMESTEAD 20	EG
450071	WELL	DG	05/19/2017		123-44627	HOMESTEAD 18	EG
450075	WELL	DG	05/13/2017		123-44631	HOMESTEAD 19	EG
450080	WELL	DG	05/17/2017		123-44636	HOMESTEAD 16	EG
450082	WELL	DG	05/21/2017		123-44638	HOMESTEAD 15	EG
450087	WELL	DG	05/18/2017		123-44643	HOMESTEAD 17	EG
450088	WELL	DG	05/14/2017		123-44644	HOMESTEAD 22	EG
450090	WELL	DG	05/17/2017		123-44646	HOMESTEAD 21	EG

General Comment:

Engineering Integrity Inspection performed on April 25th, 2018 in response to initial form 19 spill report Doc #401616479 received by COGCC on 04/23/2018 that outlines: Approximately 30 BBLs of produced water/freshwater mix was spilled when the transfer line failed at a fitting. The spill source was shut down immediately. The spill did not leave the location and was kept within the facility general containment berms. 2 Vacuum trucks were immediately called in to collect the spilled water and removed impacted soil. Details of observations made during this field inspection are available in the flowline section of this report. Photos uploaded can be accessed at end of report.

Inspected Facilities

Facility ID: <u>450067</u>	Type: <u>WELL</u>	API Number: <u>123-44624</u>	Status: <u>DG</u>	Insp. Status: <u>EG</u>
Facility ID: <u>450071</u>	Type: <u>WELL</u>	API Number: <u>123-44627</u>	Status: <u>DG</u>	Insp. Status: <u>EG</u>
Facility ID: <u>450075</u>	Type: <u>WELL</u>	API Number: <u>123-44631</u>	Status: <u>DG</u>	Insp. Status: <u>EG</u>
Facility ID: <u>450080</u>	Type: <u>WELL</u>	API Number: <u>123-44636</u>	Status: <u>DG</u>	Insp. Status: <u>EG</u>
Facility ID: <u>450082</u>	Type: <u>WELL</u>	API Number: <u>123-44638</u>	Status: <u>DG</u>	Insp. Status: <u>EG</u>
Facility ID: <u>450087</u>	Type: <u>WELL</u>	API Number: <u>123-44643</u>	Status: <u>DG</u>	Insp. Status: <u>EG</u>
Facility ID: <u>450088</u>	Type: <u>WELL</u>	API Number: <u>123-44644</u>	Status: <u>DG</u>	Insp. Status: <u>EG</u>
Facility ID: <u>450090</u>	Type: <u>WELL</u>	API Number: <u>123-44646</u>	Status: <u>DG</u>	Insp. Status: <u>EG</u>

Flowline

#1	Type: Process Piping	1 of Lines
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Flowline Description

Flowline Type: Process Piping Size: 10" Material: Other
 Variance: Age: Contents: Produced Water

Integrity Summary

Failures: Other Spills: Yes Repairs Made:
 Coatings: H2S: Cathodic Protection:

Pressure Testing

Witnessed: Test Result: Charted:

COGCC Rules(check all that apply)

☐ 1101. Installation and Reclamation ☒ 1102. Operations, Maintenance, and Repair ☐ 1103. Abandonment

Comment: COGCC Inspector met with the Verdad Resources contract well site supervisor (Jason Turner with CMT Industries) on location. The release occurred as a result of a failed hose connection (barbed compression fitting/ clamp style) on a 10" lay flat hose transferring produced water between settling tanks to coiled tubing supply tanks (PW recycle loop). The failure occurred due to an overpressure and/ or excessive vibration condition; the hose connection parted. The 10" lay flat hose/ equipment has been removed from service. Equipment replacement options are currently being evaluated; equipment change out may be completed using smaller diameter hose (4") or via truck transfer. Approximately 22-30 bbls of produced/ fresh water mix was spilled on the south side of location, fluid migrated under the soundwall and was contained within the perimeter location berming. Cleanup and remediation activities are in progress.

Corrective Action:

Date:

COGCC Comments

Comment	User	Date
Note: Document the root cause of failure, measures taken to prevent the problem from reoccurring and description of all equipment replacements completed (*add this information to supplemental form 19); confirm integrity of all equipment replacements completed prior to returning to service.	maclarej	04/30/2018

Attached Documents

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

Document Num	Description	URL
690100503	Photo Log	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4448705