

Objective Criteria Review Memo Verdad Resources LLC, Fiscus Fed 2627, Form 2A, Document #402052168

This summary explains how COGCC staff conducted its technical review of the Verdad Resources LLC (Verdad), Fiscus Fed 2627 Form 2A, document # 402052168 within the context of SB 19-181 and for the required Objective Criteria. This is a new Location with five proposed wells, ten oil tanks, five water tanks, one modular large volume tank (MLVT), five separators, one gas compressor, two vapor recovery units, four VOC combustors, and meets the following Objective Criteria:

- (Criteria #8) Location with storage of hydrocarbon or produced liquid in more than 18 tanks or in excess of 5,200 barrels (bbl).

COGCC staff met with the Director to discuss whether the Objective Criteria were sufficiently addressed and whether the Form 2A could be approved with the proposed Best Management Practices (BMPs) and applied Conditions of Approval (COAs). The following sections provide details regarding the evaluation of each criterion.

Criteria 8: Oil and Gas Locations with storage of hydrocarbon or produced liquid in more than 18 tanks or in excess of 5,200 bbl.

Site Specific Description of Applicability of Criteria 8: Objective Criteria 8 was met since the Location has ten oil tanks and five produced water tanks each with a capacity of 400 barrels, for a total storage capacity of 6,000 bbl.

Site Specific Measures to Address Criteria 8: Verdad placed best management practices (BMPs) on the Form 2A that address Objective Criteria 8 hydrocarbon and produced liquid storage.

- An Emergency Action and Tactical Response Plan has been established with Weld County.
- Operator has a contract to tie-into a nearby Sterling gas line for permanent facilities.
- Operator will employ automated tank gauges to allow for the gauging of liquids without opening the thief hatch which will reduce the vapor emissions from the tank.
- Location will have remote shut-in capabilities to mitigate spills and safety issues. Remote shut-in will allow Operator to immediately shut a well in the event of a reported problem on Location or in the event of a potential threat such as a grass fire or flood.
- Separators shall be encompassed by steel berm secondary containment, and surrounded by compacted road base. Secondary containment will be lined with an impervious poly or spray-in liner.
- The Location will have stormwater control measures consisting of a berm around the perimeter of the Location to divert clean water away from disturbed areas to divert onsite runoff into a sediment trap, a ditch around the Location to collect and divert runoff to a sediment trap, and other control measures to further filter runoff. The control measures will be inspected at the following frequencies: Storm water controls are inspected every 14 days during construction, drilling, and completions. Once per month after that until interim

reclamation is completely established - estimated to be approximately 2 years; once per year after that until the facility is reclaimed.

- A Leak Detection Plan will be in place to address any possible spill associated with oil and gas operations. Audio, visual, olfactory (AVO) inspections of pipe and connections will be performed daily on production equipment to detect leaks which will be immediately corrected, repaired, and reported to COGCC as required.

Summary: Verdad provided BMPs that address the volume of oil and produced liquid storage at the Location. The BMP include preparing leak detection and spill plans and implementing the necessary control measures to prevent and control oil spills, implement stormwater management control measures, conduct routine and periodic inspections to identify, control, and cleanup oil and produced fluid spills quickly, have remote sensing, automated gauges, and shut-in capabilities to shut-in production in the event of upset conditions. Control measures include lined berms and steel secondary containment structures to contain spills and leaks from tanks and associated piping.

Director Determination: Based on the Objective Criteria review, the Director has determined that this permit application meets the standard for protection of public health, safety, welfare, the environment and wildlife resources set by SB 19-181.