

**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:

10/11/2022

Submitted Date:

11/01/2022

Document Number:

696105546

FIELD INSPECTION FORMLoc ID 462872 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:**

7 Number of Comments

4 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
,		regulatory@verdadoil.com	All Inspections
		denise.arthur@state.co.us	
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
462872	LOCATION	AC			-	PEGGY 2501 PAD	RI
462874	WELL	PR	08/31/2019	OW	123-49839	PEGGY 2501-02H	RI
462875	WELL	PR	08/29/2019	OW	123-49840	PEGGY 2501-01H	RI

General Comment:

This Inspection Report is an update to the previous FIR (Doc #696105532) that contained an administrative error. A Corrective Action date for the "Interim Reclamation Comment Section" read 10/11/2022, when it should have read 11/18/2019.

This is an Interim and Stormwater Inspection for Location ID (462872). Any corrective actions from previous inspections are still applicable.

LocationOverall Good: ☐

Emergency Contact Number:

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

Type	OTHER		
Comment:	Fencing material was observed in the ditch, in the southeast corner of the location. Refer to attached inspection photos.		
Corrective Action:	Comply with Rule 606 and remove/dispose of fencing material.	Date:	10/11/2022
	Corrective action date is the date the locaiton was observed out of compliance.		
Type	WEEDS		
Comment:	Undesirable plant species (e.g. kochia) was observed throughout the disturbance area. Refer to attached inspection photos.		
Corrective Action:	Comply with Rule 606 and manage weedy vegetation.	Date:	10/11/2022
	Corrective action date is the date the locaiton was observed out of compliance.		

Overall Good: ☐**Spills:**

Type	Area	Volume		
------	------	--------	--	--

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>462872</u>	Type:	<u>LOCATION</u>	API Number:	<u>-</u>	Status: <u>AC</u>	Insp. Status: <u>RI</u>
Facility ID:	<u>462874</u>	Type:	<u>WELL</u>	API Number:	<u>123-49839</u>	Status: <u>PR</u>	Insp. Status: <u>RI</u>
Facility ID:	<u>462875</u>	Type:	<u>WELL</u>	API Number:	<u>123-49840</u>	Status: <u>PR</u>	Insp. Status: <u>RI</u>

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 _____ Fail _____

Comment _____

This location does not comply with the 1002.c. Rule. It was observed that the soil stockpiles were not stabilized and it appeared that wind erosion had occurred.

Corrective Action _____

Operator must implement soil stockpile protections and stabilization. Implement weed controls and weed maintenance program.

The location should be in compliance at all times. Therefore the corrective action date is set for the date the location was observed out of compliance.

Date **10/11/2022**

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 _____ Recontoured _____ 80% Revegetation _____

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? _____

Comment

The operator is currently drilling additional wells, however it is evident that the operator did not conduct Interim Reclamation per 1003 Rules. Interim Reclamation activities should have been completed by 11/18/2019 and no evidence the Operator submitted Interim Reclamation Variance Request was found on file.

Corrective Action

Operator shall submit a Variance Request per the NTO for Delayed Interim Reclamation with bonding through the hearing process for the location. The Operator will remain out of compliance until the hearing variance application has been submitted. Corrective action date is being backdated to when the Interim Reclamation activities should have been performed (11/18/2019) per 1003 Rules.

Date **11/18/2019**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:			
Corrective Action:			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
403215863	INSPECTION SUBMITTED	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5902876
696105547	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5902858