

**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:

05/23/2023

Document Number:

708200265

FIELD INSPECTION FORMLoc ID 466345 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:**

13 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 |
| 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 |
|-------------|----------|--------|-------------|------------|-----------|-------------------|-------------|
| 466340 | WELL | DG | 07/28/2022 | LO | 123-50303 | Boydston 3535-08H | RI |
| 466341 | WELL | DG | 10/24/2022 | LO | 123-50304 | Boydston 3535 01H | RI |
| 466342 | WELL | DG | 10/24/2022 | LO | 123-50305 | Boydston 3535-05H | RI |
| 466343 | WELL | DG | 10/24/2022 | LO | 123-50306 | Boydston 3535-02H | RI |
| 466344 | WELL | DG | 07/27/2022 | LO | 123-50307 | Boydston 3535-06H | RI |
| 466345 | LOCATION | AC | | | - | Boydston 3535 | RI |
| 466346 | WELL | DG | 10/24/2022 | LO | 123-50308 | Boydston 3535-04H | RI |
| 466347 | WELL | DG | 10/24/2022 | LO | 123-50309 | Boydston 3535-03H | RI |

General Comment:

This is an Interim Reclamation and Stormwater Inspection for Location ID 466345. This is also a follow-up inspection to FIR (doc #708200080) conducted on 03/31/2023.

The operator has not provided/submitted an FIRR to the previous inspection to document corrective action resolutions, therefore, any previous corrective actions that have not been addressed are still applicable.

LocationOverall Good: ☐

Emergency Contact Number:

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

| | | | |
|--------------------|--|-------|------------|
| Type | STORAGE OF SUPL | | |
| Comment: | <p>03/31/2023 Comment: Equipment and materials were observed parked/stored within recently seeded and reclaimed areas will need to be moved/removed.</p> <p>05/17/2023 Comment: It appears the Operator has performed the corrective action and removed the heavy equipment from the location. No further action required at this time.</p> | | |
| Corrective Action: | | Date: | |
| Type | TRASH | | |
| Comment: | <p>03/31/2023 Comment: Trash was observed throughout the location and has blown off location; this compliance issue was also observed in a previous inspection (Doc #696105527). This region and location experience severe wind and every attempt should be made to keep trash and debris from leaving location.</p> <p>05/17/2023 Comment: It appears the Operator has removed all trash from the location as none was identified at the time of this inspection. No further action required at this time.</p> | | |
| Corrective Action: | | Date: | |
| Type | OTHER | | |
| Comment: | <p>03/31/2023 Comment: Subsidence/open trenching was observed in the southwestern portion of the pad near the electrical boxes and transformer.</p> <p>05/17/2023 Comment: It appears the subsidence/open excavation has been corrected and filled in. No further action required at this time.</p> | | |
| Corrective Action: | | Date: | |
| Type | OTHER | | |
| Comment: | No netting observed on secondary containment at day tank. | | |
| Corrective Action: | Install or repair wildlife protection equipment Per Rule 608.a.(13). | Date: | 05/31/2023 |
| Type | DEBRIS | | |
| Comment: | <p>03/31/2023 Comment: Debris and equipment was observed within the stormwater ditch that surrounds the working pad and will need to be removed.</p> <p>05/17/2023 Comment: It appears the Operator has performed the corrective action and removed the debris previously identified. However, during this inspection a section of pipe was observed on the eastern side of the location that will need to be removed. Refer to inspection photos.</p> | | |
| Corrective Action: | Comply with Rule 606 and remove debris. | Date: | 05/31/2023 |

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>466340</u> | Type: <u>WELL</u> | API Number: <u>123-50303</u> | Status: <u>DG</u> | Insp. Status: <u>RI</u> |
| Facility ID: <u>466341</u> | Type: <u>WELL</u> | API Number: <u>123-50304</u> | Status: <u>DG</u> | Insp. Status: <u>RI</u> |
| Facility ID: <u>466342</u> | Type: <u>WELL</u> | API Number: <u>123-50305</u> | Status: <u>DG</u> | Insp. Status: <u>RI</u> |
| Facility ID: <u>466343</u> | Type: <u>WELL</u> | API Number: <u>123-50306</u> | Status: <u>DG</u> | Insp. Status: <u>RI</u> |
| Facility ID: <u>466344</u> | Type: <u>WELL</u> | API Number: <u>123-50307</u> | Status: <u>DG</u> | Insp. Status: <u>RI</u> |
| Facility ID: <u>466345</u> | Type: <u>LOCATION</u> | API Number: <u>-</u> | Status: <u>AC</u> | Insp. Status: <u>RI</u> |
| Facility ID: <u>466346</u> | Type: <u>WELL</u> | API Number: <u>123-50308</u> | Status: <u>DG</u> | Insp. Status: <u>RI</u> |
| Facility ID: <u>466347</u> | Type: <u>WELL</u> | API Number: <u>123-50309</u> | Status: <u>DG</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 _____ Fail _____

Comment 03/31/2023 Comment: This location does not comply with Rule 1002.b. During this inspection, it was observed that the Operator has excavated an unknown amount of material from the topsoil stockpile. There is evidence that an area approximately 40'W x 10'D x 4'H in size is missing from the stockpile. Additionally, unknown material piles were at the north and south ends of the topsoil stockpile and are not marked/identified or segregated.

05/17/2023 Comment: The Operator did not provide a response as to the missing topsoil previously identified. Therefore, this corrective action remains.

Corrective Action _____

Comply with Rule 1002.b. Operator shall report missing topsoil quantities and use, and import Date topsoil of equal or greater agronomic properties to replace the deficit. Operator shall submit soil analytical data on the imported topsoil, and from adjacent reference area, no later than 1 month before importation, via Form 4 Sundry. Operator should use the COGCC Topsoil Protection Plan guidance for agronomic properties and analyte testing (page 4) and compare those results with a topsoil assessment for reference areas to ensure equivalent topsoil is being imported. Corrective action date is the date the location was observed out of compliance.

Date **03/31/2023**

1002c. PROTECTION OF SOILS _____ In Process _____

Comment 03/31/2023 Comment: During this inspection, it was observed that the western side of the topsoil stockpile is void of protections against wind or water erosion with no evidence of temporary BMPs (e.g. equipment tracking) or longer term stabilization efforts (e.g. mulch/seeding). Storage of equipment and vehicle traffic was also observed on topsoil that has not been salvaged. All stockpiles shall be protected from degradation due to contamination, compaction and, to the extent practicable, from wind and water erosion during drilling and production operations.

05/17/2023 Comment: Staff observed on-site crews in the process of performing interim reclamation activities for long term stabilization (e.g. seeding, mulching, etc).

Corrective Action _____

Date _____

1002E. SURFACE DISTURBANCE MINIMIZATION _____ In Process _____

Comment 03/31/2023 Comment: The well pad area, access road, topsoil stockpiles, and interim areas have not been stabilized and wind erosion is evident, as dust/soil was observed blowing off location at the time of this inspection. Refer to attached inspection photos for documentation.

05/17/2023 Comment: Staff observed crews performing interim reclamation activities for long term stabilization of the location. No fugitive dust or wind erosion was identified at the time of this inspection. No further action required at this time.

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? InProduction areas stabilized ? Pass

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-CroplandTop soil replaced InRecontoured In80% Revegetation In

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

During this inspection, Staff observed that on site crews were in the process of performing interim reclamation activities. It appears that production areas were reduced in size, topsoil moved back to its relative position and recontoured, and soil amendments were being added. Staff anticipates the soil amendments will be incorporated and then the interim areas will be seeded/mulched for long term stabilization. Operator shall continue with the interim reclamation activities and timing requirements. A future site inspection will be conducted at a later date to ensure compliance with Rule 1003, therefore, this is being left "In-Process" at this time.

Corrective Action _____

Date _____

Overall Interim Reclamation In Process**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 _____

Inspector Name: Edwardson, Dylan

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 ☐

Multi-Well Location ☐

Storm Water:

| Loc Erosion BMPs | BMP Maintenance | Lease Road Erosion BMPs | Lease BMP Maintenance | Chemical BMPs | Chemical BMP Maintenance | Comment |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| | | | | | | |

Comment: This location does not comply with Rule 1002.f. During this inspection, Staff observed that areas being actively reclaimed, and other portions of the location in the northeast corner, had evidence of rill erosion and sediment transport. No apparent stormwater controls were identified on the northeastern portion of the location. More robust stormwater BMPs should be implemented to prevent sediment laden stormwater from entering adjacent lands. A follow-up inspection will be conducted to ensure compliance with Rule 1002.f. Refer to attached inspection photos.

Corrective Action: Install or repair required BMPs per Rule 1002.f.(2)C.

Date: 05/25/2023

Pits: ☐ NO SURFACE INDICATION OF PIT

Attached Documents

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

| Document Num | Description | URL |
|--------------|-------------------|---|
| 708200280 | Inspection Photos | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=6123702 |