

**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:

05/26/2023

Submitted Date:

05/31/2023

Document Number:

708200282

FIELD INSPECTION FORMLoc ID 432694 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:

9 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
Anderson, Laurel		laurel.anderson@state.co.us	
CUGNETTI, MIKE	303-704-8856	mcugnetti@verdadoil.com	All Inspections
Waggoner, Kyle		kyle.waggoner@state.co.us	
,		regulatory@verdadoil.com	All Inspections
Heibel, Krystal		krystal.heibel@state.co.us	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
432694	LOCATION	AC			-	Shull 1-35-9-60 PAD	RI
432695	WELL	SI	02/01/2023	OW	123-37237	Shull 2-35-9-60	RI
432697	WELL	SI	02/01/2023	OW	123-37239	Shull 1-35-9-60	RI
438512	WELL	SI	02/01/2023	OW	123-40028	Shull 3-35-9-60	RI

General Comment:

This is an Interim Reclamation and Stormwater Inspection for Location ID 432694. This is also a follow-up inspection to FIR (doc #708200264) and FIRR (doc #403408347).

The following compliance issues were observed during this inspection:

- Stormwater
- Reclamation
- Good Housekeeping

Refer to Environmental Inspection Report (doc #709100048) for additional documentation.

LocationOverall Good: ☐

Emergency Contact Number:

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

Type	STORAGE OF SUPL		
Comment:	During this inspection, Staff was informed by Liberty Energy personnel that this location (432694) is being used as a storage yard for excess equipment (e.g. trucks and vertical tanks) from a fracking job at a nearby location (462872). It appears the Operator is using this location to store equipment and it does not appear to be associated with any work being performed on this location (432694). Operator shall remove all equipment immediately.		
Corrective Action:	Comply with Rule 606. Corrective action date is the date the location was observed out of compliance.	Date:	05/26/2023
Type	OTHER		
Comment:	Staff agrees with the Operator that fluid observed within the secondary containment "gutter" of the engine skid appears to be rainwater. Refer to Environmental Inspection report (doc #709100048) for additional information.		
Corrective Action:		Date:	

Overall Good: ☐**Spills:**

Type	Area	Volume		
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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>432694</u>	Type:	<u>LOCATION</u>	API Number:	<u>-</u>	Status:	<u>AC</u>	Insp. Status:	<u>RI</u>
Facility ID:	<u>432695</u>	Type:	<u>WELL</u>	API Number:	<u>123-37237</u>	Status:	<u>SI</u>	Insp. Status:	<u>RI</u>
Facility ID:	<u>432697</u>	Type:	<u>WELL</u>	API Number:	<u>123-37239</u>	Status:	<u>SI</u>	Insp. Status:	<u>RI</u>
Facility ID:	<u>438512</u>	Type:	<u>WELL</u>	API Number:	<u>123-40028</u>	Status:	<u>SI</u>	Insp. Status:	<u>RI</u>

Environmental			
Spills/Releases:			
Type of Spill: _____		Estimated Spill Volume: _____	
Comment: <div>Refer to Environmental Inspection Report (doc #709100048) for additional information.</div>			
Corrective Action: _____		Date: _____	
Reportable: _____		GPS: Lat _____	Long _____
Proximity to Surface Water: _____		Depth to Ground Water: _____	
Water Well Complaint:			
DWR Receipt Num: _____		Owner Name: _____	GPS : _____
Field Parameters: <div></div>			
Sample Location: _____		Comment: _____	

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 _____

The topsoil stockpiles appear to be predominantly bare soil with no evidence of uniform vegetation cover. Undesirable vegetation (e.g. kochia) was also observed growing within the stockpile areas. Refer to attached inspection photos.

Corrective Action _____

Comply with Rule 1002.c. Corrective action date is the date the location was observed out of compliance.

Date **05/26/2023**

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 Pass Recontoured Pass 80% Revegetation Fail

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? _____ F _____

Comment

This location does not comply with Rule 1003. During this inspection, Staff observed that the interim reclamation areas do not appear to be progressing towards 1003 standards. Undesirable vegetation (e.g. kochia) and Colorado List B Noxious Weed (e.g. canada thistle) and a List C (e.g. cheatgrass) was observed growing throughout the interim areas. Refer to attached inspection photos for documentation. NOTE: Staff forgot to include a CA date in the previous inspection, therefore, this corrective action is being backdated to when the location was previously observed out of compliance (refer to doc #708200264).

Corrective Action

Perform reclamation in accordance to Rule 1003. Manage undesirable vegetation (including noxious weeds) and establish vegetation with total perennial, non-invasive uniform plant cover of at least eighty (80) percent of reference area levels. Use a seed mixture requested by the surface owner, or a mixture prescribed by the local county NRCS. Ensure erosion controls are implemented to stabilize the seeded soil, and continue to monitor and manage this site until the location meets Rule 1003 standards.

Date **05/17/2023**

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 ☐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. At the time of this inspection, Staff observed that the stormwater BMPs do not appear to be properly functioning as stormwater is pooling throughout the location and leading to unstabilized production areas. Additionally, berm BMPs around the location are breached, have equipment parked on them, and are stained with apparent hydrocarbons. Refer to attached inspection photos.

Corrective Action: Install or repair required BMPs per Rule 1002.f.(2)C. Corrective action date is the date the location was observed out of compliance.

Date: 05/26/2023

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
403418654	INSPECTION SUBMITTED	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=6131145
708200300	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=6131116