

**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:

709100048

FIELD INSPECTION FORMLoc ID 432694 Inspector Name: Heibel, Krystal 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:**

11 Number of Comments

8 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
Cugnetti, Mike		Mcugnetti@verdadoil.com	
Regulatory		Regulatory@verdadoil.com	ALL INSPECTIONS
Krystal Heibel	303-817-5217	krystal.heibel@state.co.us	
Dylan Edwardson		dylan.edwardson@state.co.us	
Laurel Anderson		laurel.anderson@state.co.us	
Conor Pesicka		conor.pesicka@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	EI
432695	WELL	PR	08/01/2019	OW	123-37237	Shull 2-35-9-60	EI
432697	WELL	PR	09/01/2019	OW	123-37239	Shull 1-35-9-60	EI
438512	WELL	PR	05/01/2021	OW	123-40028	Shull 3-35-9-60	EI
464519	SPILL OR RELEASE	CL	05/21/2019		-	Shull 1-35-9-60 Pad	EI

General Comment:

COGCC Environmental Inspection Report Summary:

On May 26, 2023, at approximately 8:30 am COGCC representatives (Krystal Heibel, Laurel Anderson, and Dylan Edwardson) conducted an on-site inspection.

Location: Shull 1-35-9-60 Pad

Operator: Verdad Resources LLC

Location ID # 432694

County: Weld

Stormwater and Reclamation issues are addressed in Reclamation Specialist Dylan Edwardson inspection (Doc# 708200282).

Note: Any corrective action(s) from previous inspections that have not been addressed are still applicable.

COGCC collected a composite soil sample (SS-1) from stained soil along the earthen secondary containment berm where oil was observed in contact with stormwater during the previous inspection (Doc #708200264). The soil sample was packed in laboratory provided jars using standard environmental practices and immediately placed on ice and submitted to Eurofins Analytical under standard chain of custody. The sample was analyzed for TPH, Napthalene, SAR, EC, 1,2,4-trimethylbenzene and 1,3,5-trimethylbenzene. The Laboratory Analytical results are pending.

LocationOverall Good: ☐**Signs/Marker:**

Type	TANK LABELS/PLACARDS		
Comment:	Former operator and current operator listed.		
Corrective Action:	Comply with Rule 605 series rules.	Date:	06/07/2023
Type	WELLHEAD		
Comment:	Former operator and current operator listed, no API listed. Signage present only for Shull 2-35-9-60 wellhead.		
Corrective Action:	Comply with Rule 605 series rules.	Date:	06/07/2023
Type	OTHER		
Comment:	Former operator and current operator listed on location entrance signage. No location ID on signage.		
Corrective Action:	Comply with Rule 605 series rules.	Date:	06/07/2023

Emergency Contact Number:

Comment:

Corrective Action:

Date: _____

Good Housekeeping:

Type			
Comment:	Non E&P Waste not properly stored, handled, transported, treated, or disposed per Rule 906. Require appropriate cleanup. Pooled oil was observed on the compressor skid and stained soils were observed throughout the location.		
Corrective Action:	Handle waste in accordance with Rule 906 and conduct maintenance on equipment, cleanup stained material and review self inspection processes per Rule 1002.f.(2).D.	Date:	06/07/2023

Overall Good: ☐**Spills:**

Type	Area	Volume		
Other				
Comment:	A suspected spill of unknown volume was previously noted on May 17, 2023, (see Field Inspection Form Doc# 708200264 for photo documentation of initial spill discovery). During this inspection COGCC personnel observed stained soil along the earthen secondary containment berm (and adjacent soils).			
Corrective Action:	In accordance with 913.d.(1) Operator will investigate impacts to soil, groundwater, and surface water as soon as the impacts are discovered. Additionally, Operator shall provide an explanation of how the volume of liquids spilled was calculated on the next Form 19 Supplemental Report and comply with Rule 912 series rules for Spills and Releases.			Date: 07/03/2023

In Containment: Yes

Comment:

☒ Multiple Spills and Releases?**Equipment:**

Type: Other	# 1		corrective date
Comment:	Evidence of leaks from the vapor recovery line running from the above ground storage tanks to the ECD were noted during an AVO inspection (primarily audible and olfactory) while on location.		
Corrective Action:	Comply with Rule 608.e. and 609.d.		
Type: Other	#		Date: 06/02/2023

Comment:	Vertical tanks on southwest side of production area, that are being stored on location and not connected, are not OOSLAT. Refer to inspection photos for documentation.		
Corrective Action:	Comply with Rule 609.c.	Date:	06/02/2023

Tanks and Berms:

Contents	#	Capacity	Type	Tank ID	SE GPS	
CRUDE OIL		400 BBLS	STEEL AST		,	
Comment:	AST's have corroded tank bottoms.					
Corrective Action:	Inspect, maintain and repair tanks to comply with rule 609.b.					Date: 06/16/2023

Paint

Condition	Inadequate	
Other (Content)		
Other (Capacity)		
Other (Type)		

Berms

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance	
Other					
Comment:	Standing water observed within shared crude oil and produced water secondary containment.				
Corrective Action:					Date:

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>EI</u>
Facility ID: <u>432695</u>	Type: <u>WELL</u>	API Number: <u>123-37237</u>	Status: <u>PR</u>	Insp. Status: <u>EI</u>
Facility ID: <u>432697</u>	Type: <u>WELL</u>	API Number: <u>123-37239</u>	Status: <u>PR</u>	Insp. Status: <u>EI</u>
Facility ID: <u>438512</u>	Type: <u>WELL</u>	API Number: <u>123-40028</u>	Status: <u>PR</u>	Insp. Status: <u>EI</u>
Facility ID: <u>464519</u>	Type: <u>SPILL OR</u>	API Number: <u>-</u>	Status: <u>CL</u>	Insp. Status: <u>EI</u>

Attached Documents

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

Document Num	Description	URL
403418668	INSPECTION SUBMITTED	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=6131155
709100049	photo log	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=6131121