

FORM INSP
Rev 05/11

**State of Colorado
Oil and Gas Conservation Commission**

1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109



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Inspection Date:
10/07/2014

Document Number:
675200644

Overall Inspection:

ACTION REQUIRED

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>436810</u>	<u>436810</u>	<u>CONKLIN, CURTIS</u>	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number:	<u>10456</u>
Name of Operator:	<u>CAERUS PICEANCE LLC</u>
Address:	<u>600 17TH STREET #1600N</u>
City:	<u>DENVER</u> State: <u>CO</u> Zip: <u>80202</u>

- THIS IS A FOLLOW UP INSPECTION
- FOLLOW UP INSPECTION REQUIRED
- NO FOLLOW UP INSPECTION REQUIRED
- INSPECTOR REQUESTS FORM 42 WHEN CORRECTIVE ACTIONS ARE COMPLETED

Contact Information:

Contact Name	Phone	Email	Comment
Kellerby, Shaun		shuan.kellerby@state.co.us	NW Supervisor
Lujan, Carlos		carlos.lujan@state.co.us	
Schmitz, Steve		sschmitz@caerusoilandgas.com	Drilling Manager
Winters, Ed		ewinters@caerusoilandgas.com	EHS

Compliance Summary:

QtrQtr:	<u>Lot 11</u>	Sec:	<u>13</u>	Twp:	<u>7S</u>	Range:	<u>96W</u>
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Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
07/07/2014	663903418			SATISFACTORY			No
06/12/2014	675100052			SATISFACTORY			No
05/15/2014	663903192			SATISFACTORY			No

Inspector Comment:

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
437038	WELL	DG	05/30/2014		045-22393	ISLAND RANCH 23D-13	PR	<input checked="" type="checkbox"/>
437039	WELL	DG	06/06/2014		045-22394	ISLAND RANCH 24B-13	PR	<input checked="" type="checkbox"/>
437040	WELL	XX	05/03/2014		045-22395	ISLAND RANCH 21D-24	PR	<input checked="" type="checkbox"/>
437041	WELL	DG	06/13/2014		045-22396	ISLAND RANCH 24D-13	PR	<input checked="" type="checkbox"/>
437042	WELL	DG	07/04/2014		045-22397	ISLAND RANCH 21A-24	PR	<input checked="" type="checkbox"/>
437043	WELL	DG	06/02/2014		045-22398	ISLAND RANCH 24A-13	PR	<input checked="" type="checkbox"/>
437044	WELL	DG	05/26/2014		045-22399	ISLAND RANCH 23C-13	PR	<input checked="" type="checkbox"/>
437045	WELL	DG	05/18/2014		045-22400	ISLAND RANCH 23A-13	WK	<input checked="" type="checkbox"/>
437046	WELL	DG	06/17/2014		045-22401	ISLAND RANCH 21B-24	PR	<input checked="" type="checkbox"/>
437047	WELL	DG	06/21/2014		045-22402	ISLAND RANCH 21C-24	PR	<input checked="" type="checkbox"/>

437048	WELL	DG	05/22/2014		045-22403	ISLAND RANCH 23B-13	WK	<input checked="" type="checkbox"/>
437049	WELL	DG	06/10/2014		045-22404	ISLAND RANCH 24C-13	PR	<input checked="" type="checkbox"/>
437686	WELL	DG	06/25/2014		045-22437	ISLAND RANCH 11D-24	PR	<input checked="" type="checkbox"/>
439101	SPILL OR RELEASE	AC	09/26/2014		-	SPILL/RELEASE POINT	AC	<input type="checkbox"/>

Equipment: Location Inventory

Special Purpose Pits: _____	Drilling Pits: _____	Wells: <u>13</u>	Production Pits: _____
Condensate Tanks: <u>1</u>	Water Tanks: <u>3</u>	Separators: <u>4</u>	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: _____	Water Pipeline: _____
Gas Compressors: _____	VOC Combustor: <u>1</u>	Oil Tanks: <u>1</u>	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: <u>1</u>	Flare: <u>1</u>	Fuel Tanks: _____

Location

Lease Road:

Type	Satisfactory/Action Required	comment	Corrective Action	Date
Access	SATISFACTORY			

Signs/Marker:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
TANK LABELS/PLACARDS	ACTION REQUIRED	No signage on tanks.	Install sign to comply with rule 210.	10/13/2014
WELLHEAD	ACTION REQUIRED	Insufficient signs at wellhead	Install sign to comply with rule 210.	10/13/2014

Emergency Contact Number (S/A/V): _____ Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
UNUSED EQUIPMENT	ACTION REQUIRED	Frac tree w/ mandrel stored off location without containment.	Store on location or in containment	10/13/2014

Spills:

Type	Area	Volume	Corrective action	CA Date
<input type="checkbox"/> Multiple Spills and Releases?				

Equipment:

Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Horizontal Heated Separator	13	SATISFACTORY	No containment		
Bird Protectors	8	SATISFACTORY			
Emission Control Device	1	SATISFACTORY	Not lit at time of inspection		

Facilities: <input type="checkbox"/> New Tank		Tank ID: _____		
Contents	#	Capacity	Type	SE GPS
OTHER	5		STEEL AST	,
S/AV:	ACTION REQUIRED		Comment:	No signage
Corrective Action:	Install sign to comply with rule 210.			Corrective Date:
Paint				
Condition	Adequate			
Other (Content)	_____			
Other (Capacity)	_____			
Other (Type)	_____			
Berms				
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Metal	Adequate	Walls Sufficient	Base Sufficient	Adequate
Corrective Action				Corrective Date
Comment				
Venting:				
Yes/No	Comment			
NO				
Flaring:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill				
Location ID: 436810				
Site Preparation:				
Lease Road Adeq.:	_____	Pads:	_____	Soil Stockpile: _____
S/AV: _____				
Corrective Action:	_____	Date:	_____	CDP Num.: _____
Form 2A COAs:				
Group	User	Comment	Date	
OGLA	kubeczkd	Notify the COGCC 48 hours prior to start of pad construction, rig mobilization, spud, and start of hydraulic stimulation operations using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).	03/24/2014	
S/AV: _____ Comment: _____				
CA: _____				Date: _____
Wildlife BMPs:				
BMP Type	Comment			
Storm Water/Erosion Control	<ul style="list-style-type: none"> Run-on protection and run-off controls will be installed prior to the beginning of construction activities, as practicable, with consideration given to worker safety and site access. Additional structural and non-structural Best Management Practices (BMPs) will likely need to be installed during and following construction. No stormwater run-off will be discharged to the Colorado River. 			

<p>Construction</p>	<ul style="list-style-type: none"> • Stockpiles for topsoil, excess cut material, and drill cuttings will be located in work areas within perimeter BMPs. • Stormwater BMPs will be installed per details in the Stormwater BMP manual. • Disturbed area of site will be left in a surface roughened condition when feasible. • BMPs will be protected, inspected and repaired as necessary. • Dust mitigation practices will be utilized. • The access road will be constructed and maintained as to not allow any sediment to migrate from the access road to nearby surface water or any drainages leading to surface water. • Berms or other containment devices shall be constructed to be sufficiently impervious (preferably corrugated steel with poly liner) to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.
<p>Final Reclamation</p>	<ul style="list-style-type: none"> • BMPs installed during previous phases will be maintained and repaired as necessary. • Surface will be stabilized with gravel when feasible • BMPs will be inspected. • Seeding and mulching or the installation of erosion control blankets will take place where applicable. • All non-biodegradable temporary BMPs will be removed when applicable. • Dust mitigation practices will be utilized.
<p>General Housekeeping</p>	<ul style="list-style-type: none"> • Caerus will routinely inspect the surface pipeline to ensure integrity and conduct daily inspections of surface poly pipeline routes for leaks during active transfer of fluids. Inspections shall be conducted by viewing the length of the pipeline. • Caerus will comply with Rule 609 Statewide Groundwater Baseline Sampling and Monitoring
<p>Interim Reclamation</p>	<ul style="list-style-type: none"> • Top soil, where present, will be segregated from deeper soils and replaced as top soil on the final grade, a process known as live topsoil handling. • In all cases, temporary disturbance will be kept to an absolute minimum. • Equipment and materials handling will be done on established sites to reduce area and extent of soil compaction. • Disturbances will be reseeded as soon as practical with the recommended mix in the re-vegetation section. • Topsoil stockpiles will be seeded with non-invasive sterile hybrid grasses, if stored longer than one growing season. • Prior to delivery to the site, equipment will be cleaned of soils remaining from previous construction sites which may be contaminated with noxious weeds. • If working in sites with weed-seed contaminated soil, equipment will be cleaned of potentially seed-bearing soils and vegetative debris prior to moving to uncontaminated terrain.
<p>Pre-Construction</p>	<ul style="list-style-type: none"> • A stabilized staging area will be prepared. • Vehicle tracking pads, geotextiles, or mud mats will be installed where applicable to provide designated access into the ROW. • Perimeter control BMPs will be installed. • Access to areas that are not to be disturbed will be limited to protect the existing vegetation. • Dust mitigation practices will be utilized.
<p>Wildlife</p>	<ul style="list-style-type: none"> • All garbage and any food items will be placed in bear proof trash containers. Personnel will not feed bears at any time. Bears will not be approached if encountered in the project area. • Seed mix used for interim and final reclamation is prescribed by the landowner. • Other considerations as described in the Wildlife Mitigation Plan with Colorado Division of Parks and Wildlife.
<p>Drilling/Completion Operations</p>	<ul style="list-style-type: none"> • Topsoil will be stockpiled as appropriate to maintain microbial viability. • Run-off from the facility will be controlled per Stormwater Management Plan. • Pooled water will be treated for mosquitoes to minimize the spread of the West Nile virus. • Caerus will ensure 110 percent secondary containment for any potential volume of fluids that may be released from the surface pipeline at all sensitive area crossings, including, but not limited to stream, intermittent stream, ditch, and drainage crossings.

S/AV: _____ **Comment:** Stormwater run on is not being prevented. See stormwater section of inspection.

CA: _____ **Date:** _____

Stormwater:

Comment: _____

Staking:

On Site Inspection (305):

Surface Owner Contact Information:
 Name: _____ Address: _____
 Phone Number: _____ Cell Phone: _____

Operator Rep. Contact Information:
 Landman Name: _____ Phone Number: _____
 Date Onsite Request Received: _____ Date of Rule 306 Consultation: _____
 Request LGD Attendance: _____

LGD Contact Information:
 Name: _____ Phone Number: _____ Agreed to Attend: _____

Summary of Landowner Issues:

Summary of Operator Response to Landowner Issues:

Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:

Facility

Facility ID: 437038 Type: WELL API Number: 045-22393 Status: DG Insp. Status: PR

Workover

Comment: Flowback

Facility ID: 437039 Type: WELL API Number: 045-22394 Status: DG Insp. Status: PR

Workover

Comment: Flowback

Facility ID: 437040 Type: WELL API Number: 045-22395 Status: XX Insp. Status: PR

Workover

Comment: Flowback

Facility ID: 437041 Type: WELL API Number: 045-22396 Status: DG Insp. Status: PR

Workover

Comment: _____

Facility ID: 437042 Type: WELL API Number: 045-22397 Status: DG Insp. Status: PR

Workover

Comment: Flowback

Facility ID: 437043 Type: WELL API Number: 045-22398 Status: DG Insp. Status: PR

Workover

Comment: **Flowback**

Facility ID: 437044 Type: WELL API Number: 045-22399 Status: DG Insp. Status: PR

Workover

Comment: **Flowback**

Facility ID: 437045 Type: WELL API Number: 045-22400 Status: DG Insp. Status: WK

Workover

Comment: **Workover rig had just drilled plug.**

Facility ID: 437046 Type: WELL API Number: 045-22401 Status: DG Insp. Status: PR

Workover

Comment: **Flowback**

Facility ID: 437047 Type: WELL API Number: 045-22402 Status: DG Insp. Status: PR

Workover

Comment: **Flowback**

Facility ID: 437048 Type: WELL API Number: 045-22403 Status: DG Insp. Status: WK

Workover

Comment: **Workover rig nipping up at time of inspection.**

Facility ID: 437049 Type: WELL API Number: 045-22404 Status: DG Insp. Status: PR

Workover

Comment: **Flowback**

Facility ID: 437686 Type: WELL API Number: 045-22437 Status: DG Insp. Status: PR

Workover

Comment: **Flowback**

Environmental

Spills/Releases:

Type of Spill: _____ Description: _____ Estimated Spill Volume: _____

Comment: _____

Corrective Action: _____ Date: _____

Reportable: _____ GPS: Lat _____ Long _____

Proximity to Surface Water: _____ Depth to Ground Water: _____

Water Well:

DWR Receipt Num: _____ Owner Name: _____ GPS : _____ Lat _____ Long _____

Field Parameters:

Sample Location: _____

Emission Control Burner (ECB): _____

Comment: _____

Pilot: _____ Wildlife Protection Devices (fired vessels): _____

Reclamation - Storm Water - Pit

Interim Reclamation:

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____

Land Use: DRY LAND

Comment: _____

1003a. Debris removed? _____ CM _____

CA _____ CA Date _____

Waste Material Onsite? _____ CM _____

CA _____ CA Date _____

Unused or unneeded equipment onsite? _____ CM _____

CA _____ CA Date _____

Pit, cellars, rat holes and other bores closed? _____ CM _____

CA _____ CA Date _____

Guy line anchors removed? _____ CM _____

CA _____ CA Date _____

Guy line anchors marked? _____ CM _____

CA _____ CA 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 REVEGETATION

Cropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? _____

Comment: _____

Overall Interim Reclamation _____

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____ Date Final Reclamation Completed: _____

Final Land Use: DRY LAND

Reminder: _____

Comment: _____

Inspector Name: CONKLIN, CURTIS

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 _____
 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

S/A/V: **ACTION REQUIRED** Corrective Date: **11/04/2014**

Comment: **Stormwater run on to location. Rilling on cut slope. Water pooling behind frac tanks and at base of cutting. See attached photos.**

CA: **Use BMPs to prevent water pooling and stormwater run on. Repair and prevent future rilling.**

Pits: NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
See attached photos.	conklinc	10/07/2014

Attached Documents

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

Document Num	Description	URL
675200645	Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3453038

ACTION REQUIRED

ANY ACTION REQUIRED items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator’s compliance with this Inspection Report is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)