

**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

DE	ET	OE	ES
----	----	----	----

Inspection Date:

03/19/2015

Document Number:

677900017

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	439130	335618	FISCHER, ALEX	<input type="checkbox"/>	

Operator Information:

OGCC Operator Number: 10456

Name of Operator: CAERUS PICEANCE LLC

Address: 600 17TH STREET #1600N

City: DENVER State: CO Zip: 80202

- ☐ 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
Spencer, Stan		stan.spencer@state.co.us	
Janicek, Jake		JJanicek@caerusoilandgas.com	
Lujan, Carlos		carlos.lujan@state.co.us	

Compliance Summary:

QtrQtr: Sec: Twp: Range:

Inspector Comment:

On March 19, 2015 COGCC Environmental Staff (Alex Fischer, Carlos Lujan, and Stan Spencer) conducted an environmental field inspection of Caerus Piceance LLC Valley Transfer Facility (CE&P Facility ID: 439130). Daniel Treto (Caerus) was present at the beginning of the inspection. The Facility is active at this time with the gate being locked and secured. This Facility is being converted to a CE&P Facility. The following is a summary: •Trash (sheet metal, insulation near the load out rack, uphill of the tank battery and downhill of the tank battery) and golf ball on pallets near most SW tank. •Visual oil staining near load out rack •Some standing water (1"-2" in depth) in secondary containment along the northeast area of the tank battery. •2" PVC monitoring well located in the SE corner of the location is not properly sealed at the surface. •6" dia by approximate 5' length of PCV pipe setting on secondary containment liner resting against SW corner of the secondary containment. Steel pipe support in direct contact with liner. •steel and wooden pipe supports in direct contact with secondary containment liner. Some supports have felt in between liner and support material. •Possible puncture(s) in liner. Verified by Caerus this is not the case. •The middle tank of the southern row of tanks has conflicting capacity signs. Reads 400 bbl and 500 bbl.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
287572	WELL	PR	08/31/2010	GW	045-13001	UNOCAL-ENCANA 23D-4D	PR
288397	WELL	PR	08/31/2010	GW	045-13237	UNOCAL-ENCANA 24B-4D	PR
288398	WELL	PR	08/31/2010	GW	045-13236	UNOCAL-ENCANA 23B-4D	PR
288399	WELL	PR	08/31/2010	GW	045-13235	UNOCAL-ENCANA 24A-4D	PR
288400	WELL	PR	09/28/2007	GW	045-13234	UNOCAL-ENCANA 23A-4D	PR
439130	CENTRALIZED EP WASTE MGMT FAC	XX	09/30/2014		-	VALLEY TRANSFER FACILITY 439130	EI

Equipment:

Location Inventory

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

Location

Emergency Contact Number (S/A/V): ACTION

Corrective Date: 05/02/2015

Comment: The middle tank of the southern row of tanks has conflicting capacity signs. Reads 400 bbl and 500 bbl.

Corrective Action: Correct sign(s) for accuracy.

Good Housekeeping:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
OTHER	ACTION REQUIRED	6" dia by approximate 5' length of PCV pipe setting on secondary containment liner resting against SW corner of the secondary containment. Steel pipe support in direct contact with liner.	Remove material not essential to the operation off of the liner of the secondary containment.	04/07/2015
TRASH	ACTION REQUIRED	Trash sheet metal, insulation near the load out rack and location.	Remove Trash and debris.	04/30/2015
OTHER	ACTION REQUIRED	2" PVC monitoring well in SE corner of the location is not properly sealed at the surface.	Inspect all other MWs and provide proper surface seal at ground surface.	04/07/2015

Spills:

Type	Area	Volume	Corrective action	CA Date
Other	Truck Loadout	<= 5 bbls	Removed material and prevent spills.	04/30/2015

☐ Multiple Spills and Releases?**Venting:**

Yes/No	Comment

Flaring:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Predrill

Location ID: 439130

Site Preparation:

Lease Road Adeq.: _____ Pads: _____ Soil Stockpile: _____

S/A/V: _____

Corrective Action: _____ Date: _____ CDP Num.: _____

Form 2A COAs:**S/A/V:** _____ **Comment:** _____**CA:** _____ **Date:** _____**Wildlife BMPs:****S/A/V:** _____ **Comment:** _____**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: 439130 Type: CENTRALIZE API Number: - Status: XX Insp. Status: EI

Environmental**Spills/Releases:**

Type of Spill: FLUID Description: staining near load out Estimated Spill Volume: _____

Comment: Take precautions to prevent spills.

Corrective Action: Clean up as necessary. Date: 04/30/2015

Reportable: _____ GPS: Lat _____ Long _____

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

Water Well:

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

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 REVEGETATIONCropland

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: _____

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 _____

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: _____ Corrective Date: _____

Comment: _____

CA: _____

Pits: ☐ NO SURFACE INDICATION OF PIT**COGCC Comments**

Comment	User	Date
<p>On March 19, 2015 COGCC Environmental Staff (Alex Fischer, Carlos Lujan, and Stan Spencer) conducted an environmental field inspection of Caerus Piceance LLC Valley Transfer Facility (CE&P Facility ID: 439130). Daniel Treto (Caerus) was present at the beginning of the inspection.</p> <p>The Facility is active at this time with the gate being locked and secured. This Facility is being converted to a CE&P Facility. The following is a summary:</p> <ul style="list-style-type: none"> •Trash (sheet metal, insulation near the load out rack, uphill of the tank battery and downhill of the tank battery) and golf ball on pallets near most SW tank. •Visual oil staining near load out rack •Some standing water (1"-2" in depth) in secondary containment along the northeast area of the tank battery. •2" PVC monitoring well located in the SE corner of the location is not properly sealed at the surface. •6" dia by approximate 5' length of PCV pipe setting on secondary containment liner resting against SW corner of the secondary containment. Steel pipe support in direct contact with liner. •steel and wooden pipe supports in direct contact with secondary containment liner. Some supports have felt in between liner and support material. •Possible puncture(s) in liner. Verified by Caerus this is not the case. •The middle tank of the southern row of tanks has conflicting capacity signs. Reads 400 bbl and 500 bbl. 	fischera	03/31/2015

Attached Documents

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

Document Num	Description	URL
677900018	Valley Water Transfer Facility	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3580630
677900019	Unocal 23A-4D LOCATION 20150319	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3580631
677900020	Trash and debris near load out and across site 20150319	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3580632
677900021	Soil staining near load out 20150319	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3580633
677900022	PVC on liner 20150319	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3580634
677900023	Potential Liner penetration 2 20150319	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3580635
677900024	Potential Liner penetration 1 20150319	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3580636
677900025	Pipe Rack on liner 20150319	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3580637
677900026	MW exposed at surface 20150319	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3580638

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.)