

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



Inspection Date:
04/02/2016
Document Number:
680100717
Overall Inspection:
SATISFACTORY

FIELD INSPECTION FORM

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	<u>413221</u>	<u>413221</u>	<u>Colby, Lou</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
Janicek, Jake		JJanicek@caerusoilandgas.com	

Compliance Summary:

QtrQtr:	<u>NWSW</u>	Sec:	<u>17</u>	Twp:	<u>7S</u>	Range:	<u>94W</u>
Insp. Date	Doc Num	Insp. Type	Insp Status	Satisfactory /Action Required	PA P/F/I	Pas/Fail (P/F)	Violation (Y/N)
05/14/2013	663801019			SATISFACTORY			No

Inspector Comment:

This is a Construction Inspection. The Location 2A was originally approved 9/27/2009. 2A to Ammend the existing Location was approved 11/19/2015, Construction commenced 4/13/2016. At time of Inspection the first stages of Construction had just commenced, with grubbing/clearing of Oak brush in planned Extension area at south end of Location.

Related Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
413207	WELL	XX	08/06/2015	LO	045-18739	Jones 23A-17	CI	<input checked="" type="checkbox"/>
413208	WELL	XX	08/06/2015	LO	045-18740	Jones 24B-17	CI	<input checked="" type="checkbox"/>
413210	WELL	XX	08/06/2015	LO	045-18741	Jones 23B-17	CI	<input checked="" type="checkbox"/>
413214	WELL	XX	08/06/2015	LO	045-18743	Rulison Federal 33C-17	CI	<input checked="" type="checkbox"/>
413216	WELL	XX	08/06/2015	LO	045-18744	Rulison Federal 33A-17	CI	<input checked="" type="checkbox"/>
413218	WELL	XX	08/06/2015	LO	045-18746	Jones 24A-17	CI	<input checked="" type="checkbox"/>
413222	WELL	XX	08/06/2015	LO	045-18748	Rulison Federal 13B-17	CI	<input checked="" type="checkbox"/>
413225	WELL	XX	08/06/2015	LO	045-18751	Rulison Federal 33B-17	CI	<input checked="" type="checkbox"/>
413233	WELL	XX	08/06/2015	LO	045-18757	Jones 23D-17	CI	<input checked="" type="checkbox"/>

413236	WELL	XX	08/06/2015	LO	045-18759	Rulison Federal 14B-17	CI	<input checked="" type="checkbox"/>
413238	WELL	XX	08/06/2015	LO	045-18761	Rulison Federal 13A-17	CI	<input checked="" type="checkbox"/>
413240	WELL	XX	08/06/2015	LO	045-18763	Rulison Federal 14A-17	CI	<input checked="" type="checkbox"/>
413242	WELL	XX	08/06/2015	LO	045-18765	Jones 23C-17	CI	<input checked="" type="checkbox"/>
413245	WELL	XX	08/06/2015	LO	045-18766	Rulison Federal 33D-17	CI	<input checked="" type="checkbox"/>
413246	WELL	XX	08/06/2015	LO	045-18767	Rulison Federal 13C-17	CI	<input checked="" type="checkbox"/>
413247	WELL	XX	08/06/2015	LO	045-18768	Rulison Federal 13D-17	CI	<input checked="" type="checkbox"/>

Equipment:

Location Inventory

Special Purpose Pits: _____	Drilling Pits: <u>1</u>	Wells: <u>17</u>	Production Pits: _____
Condensate Tanks: <u>2</u>	Water Tanks: <u>4</u>	Separators: <u>16</u>	Electric Motors: _____
Gas or Diesel Mortors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: _____
Electric Generators: <u>1</u>	Gas Pipeline: <u>1</u>	Oil Pipeline: _____	Water Pipeline: <u>1</u>
Gas Compressors: _____	VOC Combustor: <u>1</u>	Oil Tanks: <u>9</u>	Dehydrator Units: _____
Multi-Well Pits: _____	Pigging Station: _____	Flare: <u>1</u>	Fuel Tanks: _____

Location

Lease Road:

Type	Satisfactory/Action Required	comment	Corrective Action	Date

Signs/Marker:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Emergency Contact Number (S/AR): _____

Corrective Date: _____

Comment: _____

Corrective Action: _____

Good Housekeeping:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date

Spills:

Type	Area	Volume	Corrective action	CA Date

Multiple Spills and Releases?

Fencing/:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
LOCATION	SATISFACTORY			

Equipment:			
Type:	#	Satisfactory/Action Required:	
Comment			
Corrective Action			Date:

Venting:	
Yes/No	
Comment	

Flaring:			
Type		Satisfactory/Action Required	
Comment:			
Corrective Action:		Correct Action Date:	

Predrill

Location ID: 413221

Site Preparation:
 Lease Road Adeq.: SATISFACTORY Pads: _____ Soil Stockpile: SATISFACTORY

S/AR: SATISFACTORY

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

Form 2A COAs:

Group	User	Comment	Date
Final Review	andrewd	Operator shall provide complete well-specific emergency contact information to COGCC via email prior to spudding wells on this pad. Rulison.Submittal@state.co.us	11/05/2015
OGLA	kubeczkd	Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service any temporary surface or permanent buried pipelines and following any reconfiguration of the pipeline network.	09/29/2015
OGLA	kubeczkd	Approval of this Form 2A and the Form 2 for the injection well (Form 2# 400854939) does not authorize operator the right to inject. Authorization to inject into the selected Formation(s) requires approval of both the Form 31 and the Form 33. Operator will use qualified containment devices for all appropriate chemicals/hazardous materials and injection equipment (pumps) used onsite during the operation of the injection well. All tanks and aboveground vessels containing fluids must have secondary containment structures. All secondary containment structures/areas must be lined. Operator must ensure a minimum of 110 percent secondary containment for the largest structure containing fluids within each bermed area at the facility during operations. The construction and lining of the secondary containment structures/areas shall be supervised by a professional engineer or their agent. Operator shall equip and maintain on all tanks an electronic level monitoring device. Unless otherwise determined by COGCC staff (Bob Koehler) that a water sample of the proposed injection formation is not required, before hydraulic stimulation of the injection well, operator shall collect a groundwater sample from the Cozzette-Corcoran Formation and the Ohio Creek Formation and analyze for total dissolved solids (TDS); submit laboratory analytical results to COGCC (emails: bob.koehler@state.co.us and arthur.koelspell@state.co.us).	09/29/2015

<p>OGLA</p>	<p>kubeczkd</p>	<p>Operator must ensure secondary containment for any volume of fluids contained at well site during drilling and completion operations (as shown on the Construction Layout Drawings, Facility Layout Drawing, Proposed BMPs, and Location Drawing attachments); including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals (at least every 14 days per CDPHE requirements and after precipitation events), and maintained in good condition.</p> <p>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.</p> <p>Strategically apply fugitive dust control measures, including encouraging established speed limits on private roads, to reduce fugitive dust and coating of vegetation and deposition in water sources.</p> <p>The location is in an area of moderate to high run-on/run-off potential; therefore standard stormwater BMPs must be implemented; prior to, during, and after construction, as well as during drilling, completion, and production operations; at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater run-off.</p> <p>Berms or other containment devices shall be constructed to be sufficiently impervious (corrugated steel with poly liner or equivalent) to contain any spilled or released material around permanent crude oil, condensate, and produced water storage tanks.</p>	<p>09/29/2015</p>
<p>OGLA</p>	<p>kubeczkd</p>	<p>Notify the COGCC 48 hours prior to start of pad construction, rig mobilization, pipeline testing, start of hydraulic stimulation operations, and start of flowback operations (if different that stimulation) using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations). In lieu of standard Form 42 spud notices, submit Form 42 Rulison SAP / Rio Blanco SAP - Spud Notices, specifying the bottom hole location sector and tier.</p> <p>The operator shall follow all requirements of the Project Rulison Sampling and Analysis Plan (SAP), Revision 3.0, dated July 2010.</p> <p>The operator shall submit, and receive approval of, a reuse and recycling plan per Rule 907.a.(3), prior to any offsite reuse/recycling of cuttings.</p>	<p>09/29/2015</p>

<p>OGLA</p>	<p>kubeczkd</p>	<p>The moisture content of drill cuttings managed onsite shall be kept as low as practicable to prevent accumulation of liquids greater than de minimis amounts. After drilling and completion operations have been completed, the drill cuttings that will remain on the well pad location (cuttings management area, the cut portion of the pad, cuttings trench, dry cuttings drilling pit), must meet the applicable standards of Table 910-1. After the drill cuttings have been amended (if necessary) and placed on the well pad, sampling frequency of the drill cuttings (to be determined by the operator) shall be representative of the material left on location. No offsite disposal of cuttings to another oil and gas location shall occur without prior approval of a Waste Management Plan (submitted via a Form 4 Sundry Notice) specifying disposal location and waste characterization method. Commercial disposal of drill cuttings will only require notification to COGCC via a Form 4 Sundry Notice.</p> <p>Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline, storage vessel, or lined pit (only if an amended Form 2A has been submitted/approved and a Form 15 Earthen Pit Permitted has been submitted/approved) located on the well pad; or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks, separators, or other containment/filtering equipment must be placed on the well pad in an area constructed to be sufficiently impervious to contain any spilled or released material.</p> <p>Potential odors associated with the completions process and/or with long term production operations must be controlled/mitigated.</p>	<p>09/29/2015</p>
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S/AR: _____ **Comment:** _____

CA: _____ **Date:** _____

Wildlife BMPs:

BMP Type	Comment
<p>Drilling/Completion Operations</p>	<p>Closed loop system will be used. No pits will be built. Completion operations will be performed to ensure adequate prevention of significant adverse environmental impacts. Caerus will ensure 110 percent secondary containment for any potential volume of fluids that may be released.</p>
<p>Construction</p>	<p>Stockpiles for topsoil and excess cut material will be located in work areas surrounded by a BMP. Stormwater BMPs will be installed per details in the Stormwater Management Plan (SWMP). 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. New flowline installations will be performed in accordance with new flowline guidance provided by the COGCC concerning Rules 1101 and 1102. Berms or other containment devices shall be constructed to be sufficiently impervious (corrugated steel with synthetic liner) to adequately contain any spilled or released material around crude oil, condensate, and produced water storage tanks, while also ensuring the adequate prevention of significant adverse environmental impacts.</p>
<p>Wildlife</p>	<p>March 2015 - Caerus Piceance LLC (Caerus) formally requested and received authorization from Colorado Parks and Wildlife (CPW) to transfer the Noble Energy, Inc. (Noble) Wildlife Mitigation Plan Agreement (WMPA) to Caerus' existing WMPA. Caerus is currently adhering to all aspects of both WMPAs through Caerus' current best management practices. All garbage and any food items will be placed in bear proof trash containers.</p>

Interim Reclamation	<p>Once all topsoil has been distributed across the site, the location is then seeded by drill seeding methods or broadcast seeding. All reclaimed areas except areas needed for production will comply with the landowner's requested seed mix containing grasses "be planted for elk in the area"; or the recommend BLM seed mix that will be used is "Mixed Mountain Shrubland, including Oakbrush".</p> <p>Re-vegetation is accomplished as soon as practical following the preparation of a site for final stabilization. Seeding will be done when seasonal or weather conditions are most favorable. On terrain where drill seeding is appropriate, seed may be planted using a drill equipped with a depth regulator to ensure proper depth of planting.</p>
Storm Water/Erosion Control	<p>Stormwater is addressed under a field-wide Stormwater Management Plan (CDPHE Certification #COR039527).</p> <p>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, wildlife, and site access.</p>

<p>PROPOSED BMPs</p>	<p>In accordance with applicable Federal, state, and local regulations as well as generally- accepted 10898</p> <p>industry standards, Noble will implement the following Best Management Practices (BMPs) with regard to its exploration and production activities at the aforementioned location(s)</p> <ul style="list-style-type: none"> • Stormwater management practices during construction and reclamation phases in accordance with CDPHE regulations • Stormwater management practices in accordance with COGCC rules throughout the operating life of the location • Spill Prevention, Control, and Countermeasure (SPCC) Plans in accordance with 40 CFR Part 112 • Secondary containment for oil and produced water vessels in accordance with COGCC rules • Spill reporting and cleanup per COGCC guidelines, EPA regulations, CDPEH regulations, and Noble policies • Waste minimization practices including re-use and recycling when practicable • Waste management (handling and disposal) practices in accordance with COGCC rules and RCRA guidelines as applicable • Traffic minimization practices whenever possible in order to reduce dust, noise, congestion, road maintenance • Noise minimization • Good housekeeping practices relative to overall site condition • Use of multi-well pad sites for the purpose of minimizing areas of disturbance, traffic, and environmental impact • Proper reclamation and reseeding practices in accordance with COGCC rules, landowner requirements, and BLM stipulations as applicable • Use of portable toilets whenever long-term activities are occurring onsite • Bird protection practices in accordance with the Migratory Bird Act
<p>General Housekeeping</p>	<p>Caerus will comply with Rule 609 Statewide Groundwater Baseline Sampling and Monitoring Caerus will comply with Rule 603.f statewide equipment, weeds, waste, and trash requirements.</p>
<p>Planning</p>	<p>Minimize the number, length, and footprint of oil and gas development roads. Use existing roads where possible. Maximize the use of directional drilling to minimize habitat loss/fragmentation. Maximize use of long-term centralized tank batteries to minimize traffic. Maximize use of remote completion/frac operations to minimize traffic. Maximize use of remote telemetry for well monitoring to minimize traffic.</p>

Final Reclamation	<p>Re-contouring: Unless an agreement is made with the landowner to keep the road and/or pad in place, the disturbed areas surrounding the well location, including the access road will be re-contoured to blend as nearly possible with the natural topography. Final grading of back-filled and cut slopes will be done to prevent erosion and encourage establishment of vegetation. Existing drainages will be re-established.</p> <p>Re-vegetation: The long term objective is to establish a self-perpetuating plant community that is compatible with and capable of supporting the identified land use. Noxious weeds will be treated in accordance with applicable COGCC rules.</p>
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S/AR: _____ Comment: _____

CA: _____ Date: _____

Stormwater:

Erosion BMPs	Present	Other BMPs	Present
DITCHES	Yes		

S/AR: _____
 Corrective Action: _____ Date: _____

Comments: Erosion BMPs: At present any SW runoff from extension to pad being constructed at South end of Location will drain to existing BMPs servicing constructed Location.

Other BMPs: _____

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: 413207 Type: WELL API Number: 045-18739 Status: XX Insp. Status: CI

Facility ID: 413208 Type: WELL API Number: 045-18740 Status: XX Insp. Status: CI

Inspector Name: Colby, Lou

Facility ID:	413210	Type:	WELL	API Number:	045-18741	Status:	XX	Insp. Status:	CI
Facility ID:	413214	Type:	WELL	API Number:	045-18743	Status:	XX	Insp. Status:	CI
Facility ID:	413216	Type:	WELL	API Number:	045-18744	Status:	XX	Insp. Status:	CI
Facility ID:	413218	Type:	WELL	API Number:	045-18746	Status:	XX	Insp. Status:	CI
Facility ID:	413222	Type:	WELL	API Number:	045-18748	Status:	XX	Insp. Status:	CI
Facility ID:	413225	Type:	WELL	API Number:	045-18751	Status:	XX	Insp. Status:	CI
Facility ID:	413233	Type:	WELL	API Number:	045-18757	Status:	XX	Insp. Status:	CI
Facility ID:	413236	Type:	WELL	API Number:	045-18759	Status:	XX	Insp. Status:	CI
Facility ID:	413238	Type:	WELL	API Number:	045-18761	Status:	XX	Insp. Status:	CI
Facility ID:	413240	Type:	WELL	API Number:	045-18763	Status:	XX	Insp. Status:	CI
Facility ID:	413242	Type:	WELL	API Number:	045-18765	Status:	XX	Insp. Status:	CI
Facility ID:	413245	Type:	WELL	API Number:	045-18766	Status:	XX	Insp. Status:	CI
Facility ID:	413246	Type:	WELL	API Number:	045-18767	Status:	XX	Insp. Status:	CI
Facility ID:	413247	Type:	WELL	API Number:	045-18768	Status:	XX	Insp. Status:	CI

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:

Lat _____ Long _____
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: RANGELAND

Comment: _____

1003a. Waste and Debris removed? _____

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 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: RANGELAND

Reminder: _____

Comment: _____

Well plugged _____ Pit mouse/rat holes, cellars backfilled _____

Debris removed _____ No disturbance /Location never built _____

Access Roads Regraded _____ Contoured _____ Culverts removed _____

Inspector Name: Colby, Lou

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
Follow up Inspection will be conducted to monitor progress of project and BMP installations.	colbyl	04/16/2016

Attached Documents

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

Document Num	Description	URL
680100719	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3835494