

**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:

05/16/2022

Submitted Date:

05/17/2022

Document Number:

696203710

FIELD INSPECTION FORMLoc ID 458475 Inspector Name: Trujillo, Aaron On-Site Inspection ☐ 2A Doc Num: _____**Operator Information:**

OGCC Operator Number: 10456

Name of Operator: CAERUS PICEANCE LLC

Address: 1001 17TH STREET #1600

City: DENVER State: CO Zip: 80202

Status Summary:☐ THIS IS A FOLLOW UP INSPECTION☒ FOLLOW UP INSPECTION REQUIRED☐ NO FOLLOW UP INSPECTION REQUIRED**Findings:**

8 Number of Comments

6 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
Arauz, Steven		steven.arauza@state.co.us	
Arthur, Denise		denise.arthur@state.co.us	
,		COGCC.inspections@caerus oilandgas.com	All Inspections

General Comment:

On 5/16/2022, Reclamation Specialist Trujillo conducted an interim reclamation and stormwater inspection at Caerus Piceance LLC's ELU A24-496 Pad Location in Garfield County, Colorado.

The following compliance issues were observed during this inspection:

- Active spill and stained soils at temporary produced water tank
- Labeling information
- Good Housekeeping
- Interim Reclamation and storage of equipment not necessary for production on the Location
- Protection of topsoil
- Inadequate secondary containment

Refer to the "Location", "Environmental" and "Reclamation" sections of this inspection report for additional details.

Refer to the photo-documentation of the observed compliance issues attached to this report.

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

A follow up inspection on this site will be conducted to ensure the compliance issues have been corrected to comply with COGCC rules.

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

Type	TANK LABELS/PLACARDS		
Comment:	Produced water tank on the south end of the wells missing correct Operator and capacity information.		
Corrective Action:	Install sign to comply with Rule 605.h.	Date:	06/17/2022

Emergency Contact Number:

Comment:			
Corrective Action:		Date:	

Good Housekeeping:

Type			
Comment:	Various trash, debris and equipment not necessary for production observed stored throughout the Location. See photos 4-7		
Corrective Action:	Comply with Rule 606	Date:	06/17/2022

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:	

Environmental**Spills/Releases:**

Type of Spill: PRODUCED WATER

Estimated Spill Volume: _____

Comment: Fluids observed spilling from the top line at the produced water tank adjacent to the wells; stained soils also evident at base of the tank; no secondary containment implemented at the tank. Caerus' pumper onsite (Eric Carillo) was made aware of the active spill at time of discovery. See photos 2-3

Corrective Action: Control and contain spills/releases by 5/17/2022. Clean up per Rule 912.a by 6/17/2022

Date: 05/17/2022

Reportable: _____

GPS: Lat _____

Long _____

Proximity to Surface Water: _____

Depth to Ground Water: _____

Water Well Complaint:

Lat

Long

DWR Receipt Num: _____

Owner Name: _____

GPS : _____

Field Parameters:

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 _____

Comment

It was observed in this inspection that Operator has constructed a pipeline on the east and north end of the Location; pipeline has been constructed and placed directly upon areas of the topsoil stockpiles along the perimeter of the Location. This does not appear to be protective of soils per Rule 1002.c. Additionally, soils are currently bare and exposed along many sections of the topsoil stockpile, and are at risk to erosion. Topsoil to be replaced during interim reclamation of location

Corrective Action

Comply with 1002.c and implement BMPs to protect soil stockpiles

Date **05/24/2022**

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? Fail Production areas stabilized ? _____
- 1003c. Compacted areas have been cross ripped? Fail
- 1003d. Drilling pit closed? _____ Subsidence over on drill pit? _____
- Cuttings management: Approved 915.b #402679796 to bury cuttings onsite
- 1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? Fail
- Production areas have been stabilized? _____ Segregated soils have been replaced? Fail

RESTORATION AND REVEGETATION

Cropland

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

Non-Cropland

Top soil replaced Fail Recontoured Fail 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? _____

Comment Pursuant to Rule 1003.b, interim reclamation shall occur no later than 6 months on non-cropland after drilling or subsequent operations.

It was observed in this inspection that interim reclamation of the Location has not been conducted in accordance with 1003 rules; records show all wells on the location have either been plugged, or drilled and producing since 11/3/2020; pursuant to Rule 1003.b, interim reclamation was required by 5/3/2021.

Corrective Action Comply with 1003 RulesDate 05/03/2021Overall 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 _____

Inspector Name: Trujillo, Aaron

Comment:						
Corrective Action:						Date
Overall Final Reclamation		Well Release on Active Location <input type="checkbox"/>		Multi-Well Location <input type="checkbox"/>		
Storm Water:						
Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
				Material Handling And Spill Prevention	Fail	
Comment:	Secondary containment BMP observed at white tank on the east end of the Location not in proper functioning condition.					
Corrective Action:	Comply with 1002.f					Date: 05/24/2022
Pits:	<input type="checkbox"/> 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
696203711	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5756221