

**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:

06/28/2023

Submitted Date:

07/06/2023

Document Number:

696205079

FIELD INSPECTION FORMLoc ID 479149 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:

20 Number of Comments

12 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
Fischer, Alex		alex.fischer@state.co.us	
,		COGCC.inspections@caerus oilandgas.com	All Inspections
Arauza, Steven		steven.arauza@state.co.us	
Arthur, Denise		denise.arthur@state.co.us	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
479149	LOCATION	AC			-	BJU B26-496 Pad	CI

General Comment:

On 6/28/2023, Reclamation Specialist Trujillo inspected Caerus Piceance LLC's BJU/B26-496 location in Garfield County, Colorado.

Ongoing frac and workover operations were observed during this inspection.

This inspection is a follow-up to Inspection Nos. #696203134, #696203716, #696203783, #696203898, and #696203991 to document compliance with the following corrective actions:

- Stormwater
- Protection of topsoil
- Material spill/spill prevention

It was observed in this inspection that the Location remains out of compliance with COGCC Rules and Corrective actions

The following new compliance issues were observed during this inspection:

- Requirement to post location assessment
- Good Housekeeping
- Signage/labeling
- Spills
- Permitting requirements- cuttings trench.

Refer to the "Location" 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	OTHER		
Comment:	Location entrance		
Corrective Action:		Date:	
Type	BATTERY		
Comment:	Signage not posted at the tank battery facility on the northeast end of the Location.		
Corrective Action:	Comply with Rule 605.e. The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.	Date:	06/28/2023
Type	TANK LABELS/PLACARDS		
Comment:	Two tanks at the tank battery facility on the north east end of the Location missing required labeling.		
Corrective Action:	Comply with Rule 605.h. The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.	Date:	06/28/2023
Type	TANK LABELS/PLACARDS		
Comment:	Required labeling missing from five (5) of the six (6) frac/produced water tanks on the Location.		
Corrective Action:	Comply with Rule 605.h. The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.	Date:	06/28/2023

Emergency Contact Number:

Comment: 970-285-2615 (Location Entrance)

Corrective Action:

Date: _____

Good Housekeeping:

Type	TRASH		
Comment:	See "Comment #1" under "COGCC Comments" at the end of this report.		
Corrective Action:	Comply with Rule 606- remove and properly dispose of trash/rubbish/waste material improperly stored on the Location; remove and properly dispose of potentially impacted trash/rubbish/waste material improperly buried and placed within the Cuttings Trench. The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.	Date:	06/28/2023

Overall Good: ☐

Spills:			
Type	Area	Volume	
Comment:	It was observed in this inspection that cuttings materials appear to have spilled over and beyond the containment berm on the east end of the cuttings trench. Stained soils were also observed throughout the remaining Location including areas around the well. Produced water appears to have previously spilled from the produced water/frac tank- stained soils apparent at base of tank.		

Corrective Action:	Control spills and clean/remediate stained soils to Table 915-1 standards. Due to the ammount of spills observed throughout the Location, and the size of the apparent staining observed at the base of the tanks, Operator shall submit a Form 19, Spill/Release report pursuant to Rule 912.b.(1)G The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.	Date:	06/28/2023
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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:	

Location Construction

Location ID: 479149 CDP:

Comment: Previous inspections observed that a copy of the approved Form 2A had been posted within the company trailer during construction and drilling Operations. It was observed in this inspection that the trailer has since been removed; Operator and contractors on site was unable to provide copy of permit; Form 2A and any associated Form 4 information no longer posted on the Location.

Corrective Action: Comply with Rule 406.c. The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.

Date: 06/28/2023

Form 2A COAs:

Comment:

Corrective Action:

Date:

Wildlife BMPs:

Comment:

Corrective Action:

Date:

Stormwater:

Erosion BMPs	Present	Other BMPs	Present
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		Material Handling And Spill Prevention	No
<p>Comments: Erosion BMPs: Previous inspections observed various materials, including and what appears to be cement, spilled on the surface of the southeast end of the Location. Inspections required Operator to Clean spills and implement/maintain BMPs.</p> <p style="color: red;">It was observed in this inspection that the cement spill appears to have been cleaned, however material spills remain evident on the southeast end of the Location.</p> <p style="color: red;">Corrective action has not been addressed and remains applicable.</p> <p>Other BMPs: </p>			
Corrective Action: Clean/remediate spills to Table 915-1 standards; implement/maintain BMPs per good engineering and spill prevention practices.		Date: 08/03/2022 2	

BERMS		Material Handling And Spill Prevention	
<p>Comments: Erosion BMPs: It was observed that the berm constructed along the perimeter of the cuttings trench is not in proper functioning condition. Berm is largely unconsolidated materials and appears to have been mixed with E&P waste in areas; BMPs to contain E&P waste are inadequate</p> <p>Other BMPs: There are areas on the east end of the pit where cutting materials appear to have spilled over the containment berm.</p>			
Corrective Action: Comply with Rule 1002.f and Rule 902. The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.		Date: 06/28/2022 3	

		Material Handling And Spill Prevention	No
<p>Comments: Erosion BMPs: BMPs to prevent and contain a spill were observed to be missing or insufficient at six (6) 500 bbl frac/produced water tanks on the Location.</p> <p>Other BMPs: </p>			
Corrective Action: Comply with Rule 1002.f and Rule 902. The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.		Date: 06/28/2022 3	

		Material Handling And Spill Prevention	No
<p>Comments: Erosion BMPs: BMPs to prevent and contain a spill were observed to be missing or insufficient at several tote containers/barrels on the Location</p> <p>Other BMPs: Container/bucket also observed containing unknown fluids; container not labeled, is missing wildlife protection BMPs, as well as spill prevention/containment BMPs.</p>			
Corrective Action: Comply with Rule 1002.f and Rule 902. The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.		Date: 06/28/2022 3	

		Material Handling And Spill Prevention	No
<p>Comments: Erosion BMPs: BMPs to prevent and contain a spill were observed to be missing or insufficient at four (4) porta-john units stored on the Location.</p> <p>Other BMPs: </p>			
Corrective Action: Comply with Rule 1002.f and Rule 902. The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.		Date: 06/28/2022 3	

Comment: Material handling and spill prevention procedures remain inadequate on the Location.

Corrective Action: **Date:** _____

Inspector Name: Trujillo, Aaron

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:

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 _____

Comment _____

Corrective Action _____

Date _____

1002c. PROTECTION OF SOILS _____ Pass _____

Comment _____

[See "Comment #2" under "COGCC Comments" at the end of this report.](#)

Corrective Action _____

Date _____

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? _____ 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 _____

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 _____

Corrective Action _____ Date _____

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 _____

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 _____

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

Comment: Corrective Action: Date: **Pits:** ☐ NO SURFACE INDICATION OF PIT

Type:	Lined:	Pit ID:	Lat:	Long:
Reference Point: <input type="text"/>	Other: <input type="text"/>	Length: <input type="text"/>	Width: <input type="text"/>	

Lining:Liner Type: Liner Condition: Comment: Corrective Action: Date: **Fencing:**Fencing Type: Fencing Condition: Comment: Corrective Action: Date: **Netting:**Netting Type: Netting Condition: Comment: Corrective Action: Date: Anchor Trench Present: Oil Accumulation: 2+ feet Freeboard: Comment:

Cuttings Trench has been constructed on the south end of the Location for the management of drill cuttings.

Unable to find record of a Form 15 being submitted within 30 days after constructing cuttings trench.

Comply with Rule 908.c.

Corrective Action:

-Submit a Form 15 for Cuttings Trench permitting requirements

-Submit a Form 27 for the cuttings remediation work completed to date.

The "Date of Discovery" is being provided as the corrective action date. Location will remain out of compliance until corrective action is resolved.

Date: 06/28/2023**COGCC Comments**

Comment	User	Date
<p>COMMENT #2- PROTECTION OF SOILS</p> <p>Previous inspections observed that topsoil stockpiles have been placed in such a manner that the topsoil stockpiles are functioning as unconsolidated and inadequate stormwater controls; topsoil stockpiles incorporated as part of the sediment traps/ponds, as well as part of the stormwater diversion ditch/berm along the perimeter of the Location. Inspections also observed that the hydromulch applied to the topsoil stockpiles to protect/stabilize the soils was not maintained. Operator was notified that use of topsoil as a stormwater BMP puts the resource at risk of compaction, contamination due to mixing with sediment/subsoil, and at risk for loss due to stormwater discharge displacing the topsoil.</p> <p>It was observed in this inspection Operator has implemented additional BMPs to protect the topsoil stockpiles.</p> <p>-Additional berms used in conjunction with erosion logs implemented to ensure fill material remains separated from topsoil.</p> <p>-Topsoil hydromulched and seeded. It is noted however, that hydromulch is showing signs of degradation. Maintenance advised to ensure soils remain stabilized/protected until long-term stabilization has been achieved.</p> <p>This corrective action is considered "resolved".</p>	trujilloam	07/05/2023
<p>COMMENT #1- TRASH</p> <p>Pursuant to Rule 606.d, Operators will properly dispose of all trash, rubbish, and other waste materials ("Trash") as nonhazardous/non-E&P solid waste, pursuant to Rule 906.c. All trash will be properly contained until removed. No trash will be burned or buried on Location. At no time will trash be placed/remain on the ground.</p> <p>It was observed in this inspection that Operator is burying/disposing of various trash/rubbish/waste within the Cuttings Trench on the south end of the Location. Any trash/debris intermixed within the cuttings material is now potentially impacted by E&P, Oily waste.</p> <p>The cuttings trench is to be used for dried cuttings only.</p> <p>It was also observed that various trash/rubbish/waste, including unused materials, are being improperly stored throughout the Location, including the current working pad areas, and along the perimeter of the Location (including the perimeter stormwater controls). There are various other trash/rubbish (tarps, bags, etc...) stained with what appears to be oily material stored throughout the Location's surface.</p>	trujilloam	07/05/2023

Attached Documents

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

Document Num	Description	URL
696205080	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=6171485