

**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:

03/11/2015

Document Number:

674701065

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

| | | | | | |
|---------------------|-------------|--------|-----------------|--------------------------|-------------|
| Location Identifier | Facility ID | Loc ID | Inspector Name: | On-Site Inspection | 2A Doc Num: |
| | 335814 | 335814 | LONGWORTH, MIKE | <input type="checkbox"/> | |

Operator Information:OGCC Operator Number: 10456Name of Operator: CAERUS PICEANCE LLCAddress: 600 17TH STREET #1600NCity: 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 |
|----------------|-------|------------------------------|------------------------------|
| Janicek, Jake | | JJanicek@caerusoilandgas.com | |
| Naeve, Natalie | | NNaeve@caerusoilandgas.com | Piceance Operations Engineer |
| McKee, Michael | | MMckee@caerusoilandgas.com | EHS Engineer |

Compliance Summary:QtrQtr: SWNW Sec: 4 Twp: 6S Range: 96W

| Insp. Date | Doc Num | Insp. Type | Insp Status | Satisfactory /Action Required | PA P/F/I | Pas/Fail (P/F) | Violation (Y/N) |
|------------|-----------|------------|-------------|-------------------------------|----------|----------------|-----------------|
| 08/19/2013 | 663901653 | | | SATISFACTORY | | | No |
| 08/19/2013 | 663901654 | | | SATISFACTORY | I | | No |

Inspector Comment:**Related Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|-------------|--------|-------------|------------|-----------|----------------------|--|
| 265196 | WELL | AL | 12/08/2005 | LO | 045-08990 | CHEVRON 41-5D | AL <input type="checkbox"/> |
| 265355 | WELL | PR | 07/23/2013 | GW | 045-08989 | CHEVRON 42-5D | PR <input checked="" type="checkbox"/> |
| 265619 | WELL | AL | 10/18/2004 | LO | 045-09039 | CHEVRON 12-4 | AL <input type="checkbox"/> |
| 281978 | WELL | PR | 08/31/2009 | GW | 045-11607 | CHEVRON 2F-4D | PR <input checked="" type="checkbox"/> |
| 281979 | WELL | PR | 03/01/2006 | GW | 045-11606 | CHEVRON 12-4 | PR <input checked="" type="checkbox"/> |
| 435733 | NONFACILITY | AC | 01/06/2014 | | - | Chevron 42-5D 435733 | AC <input type="checkbox"/> |

Equipment:**Location Inventory**

Inspector Name: LONGWORTH, MIKE

| | | | |
|------------------------------|------------------------|---------------------|-------------------------|
| Special Purpose Pits: _____ | Drilling Pits: _____ | Wells: _____ | Production Pits: _____ |
| Condensate Tanks: _____ | Water Tanks: _____ | Separators: _____ | Electric Motors: _____ |
| Gas or Diesel Mortors: _____ | 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

Signs/Marker:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|----------------------|------------------------------|--|---------------------------|------------|
| TANK LABELS/PLACARDS | ACTION REQUIRED | Tank volume not posted on tank. Commet also on previous inspection 08/19/2013 doc #663901654 | Post tank volume on tank. | 04/11/2015 |
| BATTERY | SATISFACTORY | | | |
| WELLHEAD | SATISFACTORY | | | |

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

Corrective Date: _____

Comment: _____

Corrective Action: _____

Spills:

| Type | Area | Volume | Corrective action | CA Date |
|------|------|--------|-------------------|---------|
|------|------|--------|-------------------|---------|

☐ Multiple Spills and Releases?

Fencing/:

| Type | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|--------------|------------------------------|---------|-------------------|---------|
| WELLHEAD | SATISFACTORY | | | |
| SEPARATOR | SATISFACTORY | | | |
| TANK BATTERY | SATISFACTORY | | | |

Equipment:

| Type | # | Satisfactory/Action Required | Comment | Corrective Action | CA Date |
|-----------------------------|---|------------------------------|---------|-------------------|---------|
| Horizontal Heated Separator | 3 | SATISFACTORY | | | |
| Bird Protectors | 3 | SATISFACTORY | | | |
| Plunger Lift | 3 | SATISFACTORY | | | |

Facilities:

☐ New Tank

Tank ID: _____

| Contents | # | Capacity | Type | SE GPS |
|------------|---|----------|-----------|--------|
| CONDENSATE | 1 | 400 BBLs | STEEL AST | , |

S/A/V: SATISFACTORY Comment: _____

Corrective Action: _____ Corrective Date: _____

Paint

Inspector Name: LONGWORTH, MIKE

| | | | | | |
|-------------------|----------|---------------------|---------------------|-----------------|--|
| 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: 335814

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: 265355 Type: WELL API Number: 045-08989 Status: PR Insp. Status: PR

Producing Well

Comment: Producing well

Facility ID: 281978 Type: WELL API Number: 045-11607 Status: PR Insp. Status: PR

Producing Well

Comment: Producing well

Facility ID: 281979 Type: WELL API Number: 045-11606 Status: PR Insp. Status: PR

Producing Well

Comment: Producing well

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: _____

Comment: _____

1003a. Debris removed? Pass CM _____ CA _____ CA Date _____
 Waste Material Onsite? Pass CM _____ CA _____ CA Date _____
 Unused or unneeded equipment onsite? Pass 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? _____

Inspector Name: LONGWORTH, MIKE

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: _____

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 |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------------------------|
| | | Check Dams | Pass | | | |
| | | Compaction | Pass | | | |
| Gravel | Pass | | | | | |
| | | Culverts | Pass | | | |
| | | Gravel | Pass | | | |
| Compaction | Pass | | | | | |
| | | | | VT | Pass | Speed limit set at 20 mph |
| | | Ditches | Fail | | | Traffic damage to ditch |
| Seeding | Pass | | | | | |

S/A/V: **ACTION REQUIRED** Corrective Date: **04/11/2015**

Comment: **Traffic damage to road ditch. 39.54510 -108.12209**

CA: **Maintain ditch.**

Inspector Name: LONGWORTH, MIKE

Pits: ☒ 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 |
|--------------|--|---|
| 674701066 | No volume on tank and damaged road ditch | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3568949 |

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.)