

FORM INSP Rev X/15	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: <u>12/04/2017</u> Submitted Date: <u>12/07/2017</u> Document Number: <u>689100103</u>
FIELD INSPECTION FORM			

Loc ID	Inspector Name: LUJAN, CARLOS	On-Site Inspection <input type="checkbox"/>	2A Doc Num:	Status Summary:
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Operator Information:

OGCC Operator Number: 10456

Name of Operator: CAERUS PICEANCE LLC

Address: 1001 17TH STREET #1600

City: DENVER State: CO Zip: 80202

THIS IS A FOLLOW UP INSPECTION

FOLLOW UP INSPECTION REQUIRED

NO FOLLOW UP INSPECTION REQUIRED

Findings:

7 Number of Comments

0 Number of Corrective Actions

Corrective Action Response Requested

Contact Information:

Contact Name	Phone	Email	Comment
Lujan, Carlos		carlos.lujan@state.co.us	EPS, NW Region
Middleton, Brett		Bmiddleton@caerusoilandgas.com	Environmental Specialist
Fischer, Alex		alex.fischer@state.co.us	Environmental Supervisor, NW
Spencer, Stan		stan.spencer@state.co.us	EPS, NW Region
Janicek, Jake		jjanicek@caerusoilandgas.com	EHS Professional

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
453066	SPILL OR RELEASE	CL	11/20/2017		-	SPILL/RELEASE POINT	EI

General Comment:

This inspection report covers three sites visits to the Divide Road WTF Pipeline Release area. Inspections were conducted on Nov 28, Dec 01, and Dec 04 2017.

On Nov 28, 2017, a site visit was conducted after a meeting in the Caerus office in Parachute. The objective of the meeting was to discuss Caerus plan to inspect/test the network of pipelines in view of the recent pipeline spills in the area. On site with Mike McKee, Brett Middleton from Caerus, Greg Deranleau, Joe Maclaren, and Carlos Lujan from COGCC. Potholing was used to find and expose the 10" pipeline near but not at the Point of Release (POR). Caution was required because the release occurred in a pipelines corridor. Caerus and COGCC staff drove down the A27 CDP road where Caerus was installing monitoring wells (as planned in their Site Assessment). Free-product was observed in MW-02.

On November 01, 2017 another site visit was conducted, after the POR had been exposed. On Site with Brett Middleton from Caerus. By the time COGCC staff arrived on site, the damaged section of pipeline had been cut and replaced. Dark areas at the bottom and on the walls of the excavation were observed. It could not be confirmed if it was due to the condensate release or moisture from recent snowfall. There was a distinctive hydrocarbon odor near the excavation. It was observed that the lower part of the excavation consisted of fractured fairly competent sandstone, overlain by weathered rock and soil overburden. From there, Caerus and COGCC staff drove to the bottom of the valley, on the A27 CDP road to observe the drilling of monitoring wells. Most MWs were clean (no staining, HC odor, etc). Caerus reports will present the results of the site assessment.

On November 04, 2017, another site visit was conducted. Pipeline pressure test was ongoing. By the time COGCC staff left the area, pressure was holding indicating no leak on the pipeline. Pressure test activities were going to continue the following day, using a crystal gauge for precision pressure measurement.

See Attached Photo Report.

Inspected FacilitiesFacility ID: 453066 Type: SPILL OR API Number: - Status: CL Insp. Status: EI**COGCC Comments**

Comment	User	Date
Unknown volume of condensate spilled from a 10" condensate pipeline. Release was discovered during pressure test. According to Caerus personnel, pressure was holding steady and suddenly dropped, indicating a pipeline failure. The results of the test implied that leak increased with the test pressure (twice the operating pressure).	lujanc	12/07/2017

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

Document Num	Description	URL
689100104	Photo Report Caerus Divide Rd	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4320713