

**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:

04/09/2020

Submitted Date:

04/14/2020

Document Number:

696201185

FIELD INSPECTION FORMLoc ID 448472 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:**

7 Number of Comments

5 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
		jjanicek@caerusoilandgas.com	
Arauza, Steven		steven.arauza@state.co.us	
, Caerus		COGCC.inspections@caerusoilandgas.com	
,		dnr_cogccenforcement@state.co.us	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
448472	LOCATION	AC			-	Mesa F26-697	RI
457716	LAND APPLICATION SITE	CL	10/09/2019		-	Mesa F26-697 pad Land Treatment	RI

General Comment:

On 4/09/2020, Reclamation Specialist Trujillo conducted an interim reclamation and stormwater inspection at Caerus Piceance's Mesa F26 -697 Location in Garfield County, Colorado.

It was observed in this inspection that the Location is out of compliance with 1000 series rules and 603.f.

The following compliance issues were observed during this inspection:

603.f/1003.a: Storage of equipment, trash debris

907.e.(2)H: Land treatment conducted in a manner that does not preclude compliance with reclamation rules

1002.b.(2): Soil removal and segregation on non crop-land

1002.c: Protection of soils

1002.f: Stormwater

1003.b: Interim Reclamation

Due to the significant nature, extent, or duration of alleged rule violations identified in this inspection report, this location is being referred for enforcement. Portions of this inspection is being entered for notification and documentation only and is not intended to provide the Operator the potential opportunity to resolve the alleged violation(s) without the imposition of penalty, pursuant to Rule 522.c., therefore some of the corrective actions have no corrective action date. However, Operator is advised to immediately address all corrective actions in a timely manner to avoid potential penalties.

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

Inspected Facilities								
Facility ID:	<u>448472</u>	Type:	<u>LOCATION</u>	API Number: <u>-</u>	Status:	<u>AC</u>	Insp. Status:	<u>RI</u>
Facility ID:	<u>457716</u>	Type:	<u>LAND</u>	API Number: <u>-</u>	Status:	<u>CL</u>	Insp. Status:	<u>RI</u>

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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 _____ Fail _____

Comment _____

It was observed in this inspection that Operator has placed drill cuttings (as indicated in figure document #402174440) upon the topsoil stockpile on the west end of the Location. It was also observed that the Operator has pushed drill cuttings onto the perimeter of the northern corner of the Location. See photos 5, 8-14, and 17-20. No BMPs appear to have been installed to ensure proper segregation of the topsoil from the drill cuttings; This does not comport with Rule 1002.b.(2) requiring separation, segregation and storage of topsoil.

Corrective Action _____

Comply with Rule 1002.b.(2) and remove/separate drill cuttings from topsoil.

Date _____

1002c. PROTECTION OF SOILS _____ Fail _____

Comment _____

It was observed in this inspection that Operator has placed drill cuttings (as indicated in figure document #402174440) upon the topsoil stockpile on the west end of the Location. It was also observed that the Operator has pushed drill cuttings onto the perimeter of the northern corner of the Location; No BMPs appear to have been installed to ensure all stockpiled soils are protected from degradation due to contamination in violation of Rule 1002.c

Corrective Action _____

Comply with Rule 1002.c and remove/separate drill cuttings from topsoil.

Date _____

1002E. SURFACE DISTURBANCE MINIMIZATION _____

Comment _____

Corrective Action _____

Date _____

1003a. Waste and Debris removed? _____

Comment _____

Corrective Action _____

Date _____

Unused or unneeded equipment onsite? _____ Fail _____

Comment _____

Various trash debris, unused materials and unused equipment were observed being stored on the Location in violation of Rule 603.f and 1003.a. See photos 21-23 and 28-33 in the attached photo document.

Corrective Action _____

Comply with Rules 603.f and 1003.a

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: _____
- 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 Fail Recontoured Fail 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 See "COGCC Comments" for comments regarding reclamation.

Corrective Action Comply with COGCC 1000 series rules and conduct interim reclamation.

Date _____

Overall 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 _____

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: It was observed that the Operator has pushed drill cuttings onto the perimeter of the northern corner of the Location; BMPs have been installed, or maintained in proper functioning condition to either protect soils on the adjacent lands, or prevent transport of sediment/drill cuttings off Location. See photos 17-20.

Corrective Action: Install or repair required BMPs in accordance with Rule 1002.f. Ensure BMPs are installed in accordance with good engineering practices, and maintained in proper functioning condition.

Date: _____

Pits: ☐ NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
<p>RECLAMATION COMMENTS</p> <p>Records indicate all wells have been drilled and show as "producing" in 2018.</p> <p>On 10/11/2018, COGCC approved Form 27 #401759316 for onsite land treatment of cuttings. A Condition of Approval was listed requiring that "Per Rule 907.e.(2).H, land treatment shall be conducted in a manner that does not preclude compliance with reclamation Rules 1003 and 1004".</p> <p>On 3/20/2019, Operator submitted Form 27 #402187161 stating that in July/August of 2019 cuttings "were spread out into four different landfarm treatment units". The attached cuttings map doc. #402187193 indicates areas of the location utilized include areas not needed for production subject to 1003 rules.</p> <p>On 9/12/2019, Operator submitted Form 4 #402163224 with a "Beneficial Reuse Plan" per COAs on Form 27 #402083168. COAs listed on the Sundry required that "Surface disturbances shall be reclaimed in accordance with the 1000 Series Reclamation Regulations".</p> <p>On 10/5/2019, Operator submitted Form 27 #402198325 indicating no further remediation is necessary. On 10/9/2019, COGCC approved the Form 27 and closed project #11915 with COAs stating that "After review of the data presented, elevated levels of [SAR/EC/pH] will exist deeper than three feet below ground surface, once work plan is implemented. Per guidance in FAQ 32, elevated levels of [SAR/EC/pH] at three feet below ground surface or deeper should not adversely affect the successful reclamation of the site". NOTE: Since cuttings have been placed on top of topsoil, then this E&P waste is contaminating the topsoil stored on the Location; No mixing of the topsoil and cutting should have occurred. Additionally, a second COA was listed within the 27 also requiring compliance with 1000 series rules.</p> <p>It was observed in this inspection that Location does not meet 1000 series reclamation requirements; areas not needed for production have not been reduced and reclaimed; It was observed that Operator appears to have placed drill cuttings on top of the topsoil pile on the west end of the location, and soils on the north end of the location (see "1002.b", "1002.c" and "stormwater"); various trash debris and unused materials/equipment observed on Location; Operator has failed to comply with COAs per Form 27 #401759316 and conducted land treatment in a manner that precluded compliance with 1003 reclamation rules; Operator failed to comply with COAs per Form 4 #402163224, and Form 27 #402198325 requiring compliance with 1000 series reclamation requirements.</p> <p>Rule 1003.b requires Operators to conduct interim reclamation within six (6) months of drilling or subsequent operations. COGCC records indicate that the last, "first date of production" for wells on the Location appears to be 11/19/2018.</p>	trujilloam	04/14/2020

Attached Documents

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

Document Num	Description	URL
402370712	INSPECTION SUBMITTED	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5123842
696201186	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5123835