

**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:

08/04/2020

Submitted Date:

08/11/2020

Document Number:

696201629

FIELD INSPECTION FORMLoc ID 335512 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:**

5 Number of Comments

2 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
,		COGCC.inspections@caerus oilandgas.com	All Inspections
Arauza, Steven		steven.arauza@state.co.us	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
335512	LOCATION	AC			-	Mesa C23-697	RI

General Comment:

On 8/4/2020, Reclamation Specialist Trujillo conducted an interim reclamation and stormwater inspection at Caerus' Mesa C23-697 location in Garfield County, Colorado

It was observed in this inspection that Location is out of compliance with 1003 Rules.

The following compliance issues were observed during this inspection:

1003: Interim Reclamation

§34-60-121(1)(a), C.R.S.: Failed to comply with Form 27 Conditions

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.

Reclamation - Storm Water - Pit**Interim Reclamation:**

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____

Land Use: OTHER, 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 _____ Fail _____

Comment _____

It was observed that BMPs appear missing, on insufficient to properly segregate and protect the topsoil stockpiles on the west end of the Location, from the drill cutting remediation areas. See photos 8-9

Corrective Action _____

Implement BMPs to prevent commingling of cuttings and topsoil, such that the sources remain separate.

Date **08/26/2020**

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: _____

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 See "COGCC Comments" For Comments regarding Interim Reclamation

Corrective Action See "COGCC Comments" for details regarding Interim Reclamation corrective actions

Date 08/25/2020

1) Submit by 8/25/2020, attached to a Form 4 Sundry Notice, a reclamation plan to COGCC Reclamation Staff

2) Conduct Interm Reclamation pursuant to 1003 Rules by 10/15/2020

2) Submit "Self Audit" information by 8/25/2020

Overall Interim Reclamation Fail

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____

Date Final Reclamation Completed: _____

Final Land Use: OTHER, 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	<input type="checkbox"/>
		Multi-Well Location	<input type="checkbox"/>

COGCC Comments

Comment	User	Date
<p>INTERIM RECLAMATION COMMENTS</p> <p>On 9/12/2018, Operator Submitted Form 27(s) #401740274 requesting closure of Cuttings Remediation Project #11051. Operator states, pending approval of NFA, interim reclamation of the Location will be conducted in the Spring of 2019. The Form 27 (s) NFA request was approved, and remediation project closed on 10/09/2018 with the following COAs; 1) Operator shall submit Reclamation Plan via Form 4 Sundry Notice, per Rule 1003.e.(3), for review by COGCC Reclamation Specialist, 2) Operator shall submit Beneficial Reuse plan via Form 4 Sundry, per Rule 907.a.3, for COGCC approval of beneficial reuse of land-treated cuttings, and 3) Operator shall conduct interim reclamation of Mesa C23-697 well pad (Location ID #335512) in accordance with COGCC 1000-Series reclamation requirements.</p> <p>It was observed in this inspection that Operator/Location is out of compliance with 2 COAs, and COGCC 1003 interim reclamation requirements; Operator submitted "Beneficial Reuse Plan" Form 4 #402163215 on 9/11/2019 per COA #2, 11 months after remediation closure; Operator failed to submit a Reclamation plan via Form 4 to Reclamation Staff per COA #1; Operator failed to conduct interim reclamation by Spring 2019 as stated in the Form 27(s), per COA #3 and in accordance with COGCC 1003 Rules.</p> <p>Since April of 2020, this is the third (3rd) Location documented by COGCC Reclamation Staff with a closed cuttings remediation project, in which the Location/Operator was observed to be out of compliance with Form 27 Conditions, 1003 Interim Reclamation Rules, or both. Therefore, in addition to corrective actions requiring compliance with Form 27 COAs and 1003 Rules, the COGCC will also be requiring Caerus to submit "self audit" information regarding current Locations with closed cuttings remediation projects that are out of compliance with COAs and 1003 rules.</p>	trujilloam	08/11/2020
<p>CORRECTIVE ACTIONS</p> <p>Multiple Corrective Actions are being provided.</p> <p>1) Per Form 27 #401740274, comply with COA and submit by 8/25/2020 attached to a Form 4 Sundry Notice, a reclamation plan to COGCC Reclamation Staff.</p> <p>The plan shall include information detailing how compliance with 1003 requirements will be met, including but not limited to, cross-ripping, contouring/grading, reseeding activities, etc... The plan shall also include figures of the Mesa C23-697 showing cut/fill balances as well as the existing, post interim and final reclamation contours.</p> <p>Location Interim reclamation will need to be completed no later 10/15/2020.</p> <p>2) Caerus shall conduct a review and submit a "Self Audit" by 8/25/2020 for all Locations in which a cuttings remediation project has been closed and interim reclamation has not been conducted pursuant to COGCC 1003 Rules. Caerus shall also include information identifying any associated Conditions of Approval that remain outstanding on a Location; Any outstanding COAs that required submission of a reclamation plan to COGCC Staff will remain applicable, and will need to include, at a minimum, the information as required under "Corrective Action #1" above.</p> <p>Caerus shall submit a schedule of reclamation operations outlining reclamation completion dates and anticipated compliance.</p>		

Attached Documents

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

Document Num	Description	URL
696201630	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5221380