

Objective Criteria Review Memo - Caerus Piceance LLC (Caerus), BJU N23-496 Central Delivery Point (CDP) Production Pad Location; Form 2A #402468404.

This summary explains how COGCC staff conducted its technical review of the proposed Caerus BJU N23-496 CDP Production Pad Location; Form 2A #402468404, within the context of SB 19-181 and for the required Objective Criteria.

Caerus plans to construct the 2.4-acre BJU N23A-496 CDP fee surface / federal minerals oil and gas production pad in Garfield County to accommodate three-phase separation, storage, and transfer of produced gas, condensate, and produced water from the nearby BJU M23A-496 (2A #402340830 [approved 10-13-20]; Location ID #478266) well pad (27 wells) and the BJU B26-496 (2A #402340696) well pad (30 wells). No product separation or fluid storage will take place on these well pads. Caerus plans on installing new 12-inch steel three-phase pipelines (along the existing two-track road and pipeline right-of-ways) from each well pad to the N23-496 CDP production pad. All three new oil and gas locations are currently being processed by COGCC. The White River Field Office of the BLM is has approved the NEPA Environmental Assessment in December 2020.

This proposed production pad will have one (1) bulk three-phase inlet low pressure separator, one (1) off load gun barrel tank, four (4) produced water and two (2) oil/condensate storage tanks with secondary containment, four (4) water cooling units, two (2) generators, two (2) cavity pumps, one (1) inlet slug catcher, one (1) fuel gas skid, one (1) master control center (MCC) skid, one (1) gas meter skid, one (1) compressed air skid, one (1) oil LACT unit, and one (1) VOC combuster. Caerus plans to begin construction of the well pads, production pad, and offsite pipelines in August 2021. This Form 2A permit application met the following Objective Criteria -

1. *(Criteria 6) The existing oil and gas location falls within CPW mapped 'sensitive wildlife habitat' (SWH) areas for elk production and greater sage production habitat.*
2. *(Criteria 12) The proposed extension and existing access road (the road constructed from Garfield County Road 401 to the oil and gas location) falls within CPW mapped 'sensitive wildlife habitat' (SWH) areas for elk production and greater sage production habitat.*

COGCC staff met with the Director to discuss whether the Objective Criteria were sufficiently addressed and whether the Form 2A could be approved with the proposed Best Management Practices (BMPs) and applied Conditions of Approval (COAs). The following sections provide details regarding the evaluation of each criterion.

Criteria 6: Oil and Gas Locations within a Colorado Parks and Wildlife (“CPW”) mapped Restricted Surface Occupancy Area (“RSO”) or Sensitive Wildlife Habitat (“SWH”), or locations receiving site- or species-specific CPW comments.

Criteria 12: Oil and Gas Locations with an access road (the road constructed from the public road to the Oil and Gas Location) within a RSO, SWH, 317B buffer zone, or within 200' feet of a Building Unit on lands not subject to a Surface Use Agreement.

Site Specific Description of Applicability of Criteria 6 and 12: Based on the onsite consultation, technical review, and desktop evaluation, staff determined that this proposed oil and gas location and access road fall within CPW mapped 'sensitive wildlife habitat' (SWH) areas for elk production and greater sage grouse production. The closest CPW-mapped leks (0.6 mile edge from the approximate center of lek activities) are

approximately 1.1 miles to the northwest (multiple active), 1.0 miles to the west (multiple active), 3.4 miles to the southwest multiple active), and 1.6 miles to the northeast (single inactive).

Site Specific Measures to Address Criteria 6 and 12: CPW and BLM staff attended an onsite of this location with the operator on May 28, 2020 as part of the BLM notice of staking (NOS) and wildlife consultation process. Caerus has committed to avoiding, minimizing, and mitigating impacts to wildlife and uses the North Parachute Ranch (NPR) Wildlife Mitigation Plan (WMP) to guide timing of construction, drilling, and completion activities and implementation of best management practices (BMPs) for the protection of wildlife resources.

COGCC contacted Caerus to determine the timeframe and duration of the planned activities (access road, well pad, and production pad construction; well drilling; and well completion). The activities will start in mid-August 2021 and are planned for one occupation. Construction will take two to three months to complete (mid-August to mid-November 2021). Interim reclamation will start after the production equipment has been set (December 2021); tentatively scheduled to begin during the 2022 summer growing season.

These planned oil and gas operations were assessed and evaluated using the WMP's Wildlife Resources Matrix and through multiple consultations between Caerus and CPW/BLM. In response to CPW and BLM concerns, Caerus provided 25 wildlife BMPs of the Form 2A. The following area-wide and species-specific (greater sage grouse and elk) BMPs were developed to protect wildlife through avoidance, minimizing direct impacts, and mitigating any residual impacts:

Area-Wide:

- Caerus will perform onsite biological site surveys (wildlife and aquatic) for each new development.
- Caerus will perform pre-disturbance surveys when the onsite inspection and commencement of disturbance occur during different field seasons.
- Caerus will use the Wildlife Resources Matrix in the current North Parachute Ranch (NPR) Wildlife Mitigation Plan (WMP) to identify and document potential impacts or concerns during the project planning phase.
- Caerus will follow the NPR Vegetation Guidance for interim and final reclamation practices, including identifying appropriate seed mixes and invasive weed control measures.
- Caerus will manage all grazing lease agreements for the North Parachute Ranch under a consistent monitoring program to ensure that livestock utilization does not negatively impact other natural wildlife resources.
- Caerus will implement weed management programs for offsite weed treatment and onsite weed treatment for well pads, support pads, production and central delivery point pads, pipeline corridors, and access roads.
- Caerus will implement three-phase gathering on existing and proposed well pad locations to reduce the need for production facilities on well pads and increase the acreage put into interim reclamation.

Mule Deer and Elk:

- Caerus will place multiple gathering lines into a single trench to minimize disturbance and construction; and will install escape trench ramps to allow wildlife or livestock to exit the trench.

- Caerus will complete pad construction, drilling/completion prep construction, and interim/final reclamation activities between July 15 and December 15; avoiding the elk production period of April 15 to July 15.
- Caerus will continue to develop and maintain water sources (two water wells were drilled in 2017) to supply water to impoundments for wildlife consumption.
- Caerus will maintain open space (no permanent surface structures) on 20 acres of the Parachute Creek property.
- Caerus will continue to provide access to CPW research personnel for ongoing mule deer and predator research on the North Parachute Ranch and other operator-owned property.

Greater Sage Grouse:

- Caerus will complete pad construction, drilling and completion prep construction, and interim/final reclamation activities between July 15 and December 15, avoiding the greater sage grouse wintering, breeding, and nesting periods of December 15 to July 15.
- Caerus will restrict site visits during the grouse production period of March 1 to May 15 to between the hours of 10:00 a.m. and 4:00 p.m.
- Caerus has agreed to avoid development along the top of Barnes Ridge, an important resource for the greater sage grouse population.
- Caerus will continue to provide access to CPW research personnel for ongoing greater sage grouse population research on the North Parachute Ranch (NPR) and other operator-owned property.

The operator's mitigation efforts are consistent with the North Parachute Ranch Wildlife Mitigation Plan, which was signed and approved by both CPW and Caerus in October 2019. There are no additional CPW recommendations for wildlife BMPs at this time.

Summary: During the technical review process for the Form 2A, COGCC staff requested additional information, clarification, and timing regarding the applicant's proposed construction activities. CPW's and BLM's technical reviews indicate that all concerns discussed at the onsites have been addressed by the operator's proposed wildlife BMPs for protection, avoidance, and mitigation submitted on the COGCC Form 2A. Caerus's BMPs include elk production and greater sage grouse timing limitations for construction, drilling, and completions outside of December 15 to July 15; restricted site visits during elk and grouse production periods of March 1 to May 15 to between 10:00 a.m. and 4:00 p.m.; weed management; and continued access to CPW for ongoing greater sage grouse population, big game, and predator research on the North Parachute Ranch and other operator-owned property. There are no additional CPW recommendations for wildlife BMPs at this time.

Director Determination: Staff met with the Director to discuss Objective Criteria that are met by this Oil and Gas Location.

Based on the additional analysis from the Objective Criteria, the Director has determined that this permit application meets the standard for protection of public health, safety, welfare, the environment and wildlife resources set by SB 19-181.