

**FORM
INSP**Rev
X/20**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:

03/19/2021

Submitted Date:

03/22/2021

Document Number:

698100232

FIELD INSPECTION FORMLoc ID 335573 Inspector Name: Arauza, Steven 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

3 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
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Trujillo, Aaron		aaron.trujillo@state.co.us	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
274028	WELL	PR	04/12/2005	GW	045-10314	N. PARACHUTE EF07D H29 595	EI

General Comment:

COGCC Environmental field inspection of cuttings management area in southeast corner of pad, follow-up to Reclamation inspection dated 3/9/2021, doc #696202456.

Form 04 Sundry Notice (doc #401074167) dated 7/7/2016 indicates that previous Operator's, Encana Oil & Gas (USA) Inc, intent to bury approximately 11,000 cubic yards of drill cuttings on the south side of the pad. Analytical results (doc #401074170) attached to the Sundry documented Table 910-1 exceedances for benzo(a)anthracene, benzo(b)fluoranthene, benzo(a)pyrene, dibenzo(a,h)anthracene, ideno (1,2,3,c,d)pyrene, sodium adsorption ratio, and arsenic. The Sundry was approved with the condition of approval for the Operator to remediate the cuttings for PAH or to provide site-specific background data for PAH compounds.

The previous Operator submitted basin-wide background data (doc #401089094) via Form 04 Sundry Notice (doc #401089087) dated 8/4/2016 along with a request for No Further Action (NFA) designation and permission to bury the cuttings on the south side of the pad. The Operator's NFA request was denied by the COGCC and a recommendation was made to consider an alternative remediation method to landfarming or disposal of the cuttings in an authorized landfill.

The previous Operator also submitted a Form 04 Sundry Notice (doc #401108183) dated 9/13/2016 requesting permission to transport approximately 600 additional cubic yards of cuttings with PAH exceedances from the D28 pad (Location ID #335822) to the G29 pad (Location ID #335573) for burial and interim reclamation followed by installation of a remediation system and submittal Form 27 Site Investigation and Remediation Workplan. On 9/21/2016, the COGCC approved the transport of cuttings but NOT burial and included COAs for the Operator to submit representative analytical data for the onsite cuttings as well as a detailed Form 27 for land treatment.

Location IDs #335573 and #335822 were transferred from Encana Oil & Gas (USA) Inc to Caerus Piceance LLC with an effective date of 7/1/2017 (docs #401353684 and #401353756). In light of the history outlined above, continued management of cuttings without a workplan approved by the COGCC (the required F27) means that this location has been out of compliance with previous COGCC Rules 907.e E&P Waste Management and Rule 909 Site Investigation and Remediation rules since approximately Q4 of 2016.

In response to Corrective Actions provided on the 3/9/2021 Reclamation inspection (see attached), the current Operator, Caerus Piceance LLC indicated that Caerus Piceance LLC had considered alternative remediation approaches in 2017 and conducted a bench test on 4/26/2018 to address PAH exceedances. The previous area EPS had been notified of the tests via email on August 21, 2017 but neither a Form 27 nor Form 4 had been submitted to document remediation efforts with the COGCC.

SEE ENVIRONMENTAL SECTION FOR CORRECTIVE ACTIONS.

Inspected Facilities									
Facility ID:	274028	Type:	WELL	API Number:	045-10314	Status:	PR	Insp. Status:	EI

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Environmental**Waste Management:**

Type	Management	Condition	GPS (Lat)	(Long)
Drill Cuttings Oily	Piles	Inadequate		
Comment	On 3/22/2021, Operator indicated via phone to COGCC Reclamation Staff that regular project status updates had been provided to COGCC Environmental staff. Project updates do not appear to have been provided via a Form 4 Sundry or under an Approved Form 27.			
Corrective Action	Operator shall provide documentation of previous project update submittals(document numbers and submit dates) via an Field Inspection Report Resolution Form (FIRR).			Date: 03/29/2021
Drill Cuttings Oily	Piles	Inadequate		
Comment	On inspection date, two stockpiles of cuttings were observed inside of bermed cells in the southeast corner of the pad. See photos. Cuttings management cells appear to meet COGCC 100-Series definition of a cuttings trench - a depression used specifically for the onsite storage and disposal of dried cuttings generated from drilling a Well.			
Corrective Action	Operator shall contact COGCC OGLA to discuss construction of cuttings management cells in addition to Form 15 and Form 2A permitting requirements for cuttings trenches pursuant to Rule 908.c.(2).			Date: 03/26/2021

Spill/Remediation:

Comment:	The Operator was contacted via phone on 3/19/2021 to discuss F27 and bonding requirements. Note that the Corrective Action below is intended to document the Operator's plan for Remediation of cuttings. Additional information may be required for reuse of cuttings after successful remediation per Rule 905.a.(3).		
Corrective Action:	Operator shall submit a Form 27 Site Investigation and Remediation Workplan that includes the following information: 1) a comprehensive project summary including total cuttings volume and cuttings management cell construction information 2) remediation workplan with implementation schedule and anticipated completion date 3) comprehensive analytical summary table comparing cuttings samples collected to date to the complete Table 915-1 list using the Protection of Groundwater Screening Level Concentrations 4) documentation and demonstration of compliance with the 1/5/2017 COGCC NTO for Interim Reclamation Procedures for Delayed Operations, this would include estimates for removal, transport and disposal in addition to the cost to perform interim reclamation. 5) information required by Rule 915.b if the Operator intends to request to utilize cuttings with exceedances for EC, SAR, pH, and/or boron for interim reclamation. Note that Corrective Action date has been backdated to the effective date of the facility transfer to Caerus Piceance LLC.		
			Date: 07/01/2017

Emission Control Burner (ECB): _____

Comment: _____

Pilot: _____ Wildlife Protection Devices (fired vessels): _____

COGCC Comments

Comment	User	Date
Historical and ongoing cuttings management projects similar to that documented on this Field Inspection Report may be subject to the April 15, 2021 project summary and status update reporting requirements outlined in Rule 913.e.(2). It is recommended that the Operator conduct an internal audit for legacy projects in order to bring them into compliance with COGCC reporting regulations.	arauzas	03/22/2021

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

Document Num	Description	URL
402635546	INSPECTION SUBMITTED	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5382616

698100233	20210319 field photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5382609
698100234	COGCC-Operator correspondence	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5382610