

**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:

09/03/2021

Submitted Date:

09/08/2021

Document Number:

696203134

FIELD INSPECTION FORMLoc ID 479149 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:

8 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 |
|----------------|-------|---|-----------------|
| , | | COGCC.inspections@caerus oilandgas.com | All Inspections |
| Arthur, Denise | | denise.arthur@state.co.us | |

Inspected Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|----------|--------|-------------|------------|---------|-----------------|-------------|
| 479149 | LOCATION | AC | | | - | BJU B26-496 Pad | CI |

General Comment:

On 9/3/2021, Reclamation Specialist Trujillo conducted a pre-drill stormwater and construction inspection at Caerus Piceance LLC's BJ B26-496 Pad location in Garfield County, Colorado.

The following compliance issues were observed during this inspection:

605.a: O&G Location Signage
1002.b: Soil removal and segregation
1002.f: Stormwater

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

Location Construction

Location ID: 479149 CDP: _____

Comment: Pursuant to Rule 605.a, signage is required at the entrance to the Location from the time of construction. Inspection #696203027 observed that signage was missing at the Location, and required Operator to comply with Rule 605.a by 9/11/2021. Signage remains missing at Location entrance; corrective action remains applicable.

Corrective Action: **Comply with Rule 605.a**Date: **09/11/2021****Form 2A COAs:**

Comment: _____

Corrective Action: _____ Date: _____

Wildlife BMPs:

Comment: _____

Corrective Action: _____ Date: _____

Stormwater:

| | | | |
|--------------|---------|------------|---------|
| Erosion BMPs | Present | Other BMPs | Present |
| WADDLES | Yes | | No |

Comments: Erosion BMPs: **See "Comment #1" under "COGCC Comments" at end of this report.**
 Other BMPs: _____

Corrective Action: **Comply with Rule 1002.f and implement perimeter stormwater and erosion control BMPs to manage runoff, and to allow for sediment laden-free discharge from the Location; ensure BMPs are installed accordance with good engineering practices, are adequate for the sites conditions, and are maintained in a proper functioning conditions. Ensure stockpiled topsoil is not incorporated with the BMPs, and remain protected.** Date: 09/10/2021

| | | | |
|--|----|--|----|
| | No | | No |
|--|----|--|----|

Comments: Erosion BMPs: **It was observed in this inspection that stormwater and erosion control BMPs to protect and stabilize the fill slopes of the Location are missing, or insufficient.**
 Other BMPs: _____

Corrective Action: **Comply with Rule 1002.f.(2)** Date: 09/10/2021

Comment: _____

Corrective Action: _____ **Date:** _____

On Site Inspection (305):Surface Owner Contact Information:

Name: _____ Address: _____
 Phone Number: _____ Cell Phone: _____

Operator Rep. Contact Information:

Landman Name: _____ Phone Number: _____
 Date Onsite Request Received: _____ Date of Rule 306 Consultation: _____

Request LGD Attendance: _____

LGD Contact Information:

Name: _____ Phone Number: _____ Agreed to Attend: _____

Summary of Landowner Issues:

Summary of Operator Response to Landowner Issues:

Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:

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 _____ Fail _____

Comment _____

BMPs to stabilize soils, and to ensure soil horizons remain segregated are missing or insufficient; BMPs to prevent mixing of the segregated/salvaged topsoils, from the soils of the fill slopes are missing.

It was also observed in this inspection that soil salvage of all the topsoil on the Location appears inadequate; Inspector observed soils beneath fill material containing organic matter typical of topsoil horizons; Operator does not appear to have salvaged and segregated all of the topsoil from the disturbed areas during construction activities.

Corrective Action _____

Two (2) CAs are being provided:

Date **09/02/2021**

1) Comply with Rules 1002.b.(2) and implement BMPs to stabilize/protect salvaged soils, and to ensure soil horizons remain properly segregated from separate soil horizons.

2) Operator shall submit documentation (calculations, figures, etc..) showing the topsoil depths over the entire disturbance area prior to construction operations, methods used to determine topsoil depth, the actual depth Operator salvaged to, and justifications as to why Operator salvaged to that depth. Operator shall also include the total amount of topsoil (cubic yards) that was salvaged, and figures showing where the material is stored. Operator shall submit documentation to Reclamation Specialist attached to a Form 4 sundry.

1002c. PROTECTION OF SOILS _____ Fail _____

Comment _____

It was observed in this inspection that BMPs to protect, stabilize and prevent sediment transport at the stockpiled soils are missing or insufficient; sections of erosion logs implemented at stockpiled soils on the south end of the Location observed to not be installed or maintained in accordance with good engineering practices. There are areas on the north end of the Location where a single row of wattle was observed installed within undisturbed areas, and ~100+ feet from the stockpiled soils; BMP is inadequate as a perimeter control, and as sediment barrier to intercept immediate runoff/sediment from stockpiled soils.

Corrective Action _____

Comply with Rules 1002.c and 1002.f.

Date **09/08/2021**

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? _____

Production areas stabilized ? _____

1003c. Compacted areas have been cross ripped? _____

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 _____

Recontoured _____

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 _____

Corrective Action _____

Date _____

Overall Interim Reclamation**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 ☐**COGCC Comments**

| Comment | User | Date |
|--|------------|------------|
| <p>COMMENT #1</p> <p>It was observed in this inspection that perimeter controls measures to properly manage stormwater runoff, and to allow for sediment laden-free discharge is missing or insufficient at the Location; a single row of erosion log (straw wattle) observed along perimeter of disturbance, and appears to be the only BMP in place to manage runoff; there are areas on the north end where logs were not installed at the perimeter disturbance, but rather ~100+ feet off the Location; wattle alone is inadequate to properly manage runoff from the large disturbance area.</p> <p>Operator appears to be in the process of implementing the topsoil stockpiles along the perimeter of the Location as a part of their perimeter stormwater BMPs; Operator has been previously notified verbally, and in other FIRs that the utilization of topsoil as stormwater control measures does not comport with Rule 1002.b and 1002.c, as the use of topsoil as a stormwater BMP puts the resource at risk of compaction, contamination due to mixing with sediment/subsoil, and places the resource at risk for loss due to stormwater discharge displacing the topsoil. See the "Reclamation" section regarding 1002.c "Protection of Soil".</p> | trujilloam | 09/08/2021 |

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

| Document Num | Description | URL |
|--------------|-------------------|---|
| 696203135 | Inspection Photos | http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5526008 |