

**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:

05/16/2022

Submitted Date:

05/23/2022

Document Number:

696203716

FIELD INSPECTION FORM

Loc ID: 479149 Inspector Name: Trujillo, Aaron On-Site Inspection: 2A Doc Num: _____

Status Summary:
 THIS IS A FOLLOW UP INSPECTION
 FOLLOW UP INSPECTION REQUIRED
 NO FOLLOW UP INSPECTION REQUIRED
Findings:
 10 Number of Comments
 4 Number of Corrective Actions
 Corrective Action Response Requested

Operator Information:
 OGCC Operator Number: 10456
 Name of Operator: CAERUS PICEANCE LLC
 Address: 1001 17TH STREET #1600
 City: DENVER State: CO Zip: 80202

**ANY CORRECTIVE ACTION(S) FROM
PREVIOUS INSPECTIONS THAT HAVE NOT
BEEN ADDRESSED ARE STILL APPLICABLE**

Contact Information:

Contact Name	Phone	Email	Comment
, "		COGCC.inspections@caerusoilandgas.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
479127	WELL	XX	01/11/2021		045-24432	BJU B26 FED 13A-26-496	CI
479128	WELL	XX	01/11/2021		045-24433	BJU B26 FED 12B-26-496	CI
479129	WELL	XX	01/11/2021		045-24434	BJU B26 FED 14D-26-496	CI
479130	WELL	XX	01/11/2021		045-24435	BJU B26 FED 13B-26-496	CI
479131	WELL	XX	01/11/2021		045-24436	BJU B26 FED 24A-26-496	CI
479132	WELL	XX	01/11/2021		045-24437	BJU B26 FED 11A-26-496	CI
479133	WELL	XX	01/11/2021		045-24438	BJU B26 FED 21D-26-496	CI
479134	WELL	XX	01/11/2021		045-24439	BJU B26 FED 22D-26-496	CI
479135	WELL	XX	01/11/2021		045-24440	BJU B26 FED 11B-26-496	CI
479136	WELL	XX	01/11/2021		045-24441	BJU B26 FED 24D-26-496	CI
479137	WELL	XX	01/11/2021		045-24442	BJU B26 FED 25A-26-496	CI
479138	WELL	XX	01/11/2021		045-24443	BJU B26 FED 15B-26-496	CI
479139	WELL	XX	01/11/2021		045-24444	BJU B26 FED 14A-26-496	CI
479140	WELL	XX	01/11/2021		045-24445	BJU B26 FED 24C-26-496	CI
479141	WELL	XX	01/11/2021		045-24446	BJU B26 FED 23A-26-496	CI
479142	WELL	XX	01/11/2021		045-24447	BJU B26 FED 21B-27-496	CI
479143	WELL	XX	01/11/2021		045-24448	BJU B26 FED 22C-26-496	CI
479144	WELL	XX	01/11/2021		045-24449	BJU B26 FED 11C-26-496	CI
479145	WELL	XX	01/11/2021		045-24450	BJU B26 FED 13D-26-496	CI
479146	WELL	XX	01/11/2021		045-24451	BJU B26 FED 21C-27-496	CI

479147	WELL	XX	01/11/2021		045-24452	BJU B26 FED 22A-26-496	CI
479148	WELL	XX	01/11/2021		045-24453	BJU B26 FED 23D-26-496	CI
479149	LOCATION	AC			-	BJU B26-496 Pad	CI
479150	WELL	XX	01/11/2021		045-24454	BJU B26 FED 15A-26-496	CI
479151	WELL	XX	01/11/2021		045-24455	BJU B26 FED 21D-27-496	CI
479152	WELL	XX	01/11/2021		045-24456	BJU B26 FED 12D-26-496	CI
479153	WELL	XX	01/11/2021		045-24457	BJU B26 FED 24B-26-496	CI
479154	WELL	XX	01/11/2021		045-24458	BJU B26 FED 22B-26-496	CI
479155	WELL	XX	01/11/2021		045-24459	BJU B26 FED 11D-26-496	CI
479156	WELL	XX	01/11/2021		045-24460	BJU B26 FED 25B-26-496	CI
479157	WELL	XX	01/11/2021		045-24461	BJU B26 FED 23B-26-496	CI

General Comment:

On 5/16/2022, Reclamation Specialist Trujillo conducted a pre-drill stormwater and construction inspection at Caerus Piceance LLC's BJ B26-496 Pad Location in Rio Blanco County, Colorado.

This inspection is a follow-up to #696203134 to document compliance with the following corrective actions:

- Location Signage
- Stormwater
- Soil removal, segregation and protection of topsoil

It was observed in this inspection that the Location remains out of compliance with COGCC Rules and Corrective actions.

The following NEW compliance issues observed per this inspection

- Conductors and reclamation

Refer to the "Location Construction", and "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 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: Previous inspection required Operator to install signage at the Location entrance by 9/11/2021. It was observed in this inspection that signage has been installed. This CA has been addressed.

Corrective Action: _____ Date: _____

Form 2A COAs:

Comment: _____

Corrective Action: _____ Date: _____

Wildlife BMPs:

Comment: _____

Corrective Action: _____ Date: _____

Stormwater:

Erosion BMPs	Present	Other BMPs	Present

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

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:

Inspected Facilities

Facility ID: <u>479127</u>	Type: <u>WELL</u>	API Number: <u>045-24432</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479128</u>	Type: <u>WELL</u>	API Number: <u>045-24433</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479129</u>	Type: <u>WELL</u>	API Number: <u>045-24434</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479130</u>	Type: <u>WELL</u>	API Number: <u>045-24435</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479131</u>	Type: <u>WELL</u>	API Number: <u>045-24436</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479132</u>	Type: <u>WELL</u>	API Number: <u>045-24437</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479133</u>	Type: <u>WELL</u>	API Number: <u>045-24438</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479134</u>	Type: <u>WELL</u>	API Number: <u>045-24439</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479135</u>	Type: <u>WELL</u>	API Number: <u>045-24440</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479136</u>	Type: <u>WELL</u>	API Number: <u>045-24441</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479137</u>	Type: <u>WELL</u>	API Number: <u>045-24442</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479138</u>	Type: <u>WELL</u>	API Number: <u>045-24443</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479139</u>	Type: <u>WELL</u>	API Number: <u>045-24444</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479140</u>	Type: <u>WELL</u>	API Number: <u>045-24445</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479141</u>	Type: <u>WELL</u>	API Number: <u>045-24446</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479142</u>	Type: <u>WELL</u>	API Number: <u>045-24447</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479143</u>	Type: <u>WELL</u>	API Number: <u>045-24448</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479144</u>	Type: <u>WELL</u>	API Number: <u>045-24449</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>
Facility ID: <u>479145</u>	Type: <u>WELL</u>	API Number: <u>045-24450</u>	Status: <u>XX</u>	Insp. Status: <u>CI</u>

Facility ID:	<u>479146</u>	Type:	<u>WELL</u>	API Number:	<u>045-24451</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479147</u>	Type:	<u>WELL</u>	API Number:	<u>045-24452</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479148</u>	Type:	<u>WELL</u>	API Number:	<u>045-24453</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479149</u>	Type:	<u>LOCATION</u>	API Number:	<u>-</u>	Status:	<u>AC</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479150</u>	Type:	<u>WELL</u>	API Number:	<u>045-24454</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479151</u>	Type:	<u>WELL</u>	API Number:	<u>045-24455</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479152</u>	Type:	<u>WELL</u>	API Number:	<u>045-24456</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479153</u>	Type:	<u>WELL</u>	API Number:	<u>045-24457</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479154</u>	Type:	<u>WELL</u>	API Number:	<u>045-24458</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479155</u>	Type:	<u>WELL</u>	API Number:	<u>045-24459</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479156</u>	Type:	<u>WELL</u>	API Number:	<u>045-24460</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>
Facility ID:	<u>479157</u>	Type:	<u>WELL</u>	API Number:	<u>045-24461</u>	Status:	<u>XX</u>	Insp. Status:	<u>CI</u>

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 [See "Comment #2" under "COGCC Comments" at end of this report.](#)

Corrective Action **Two (2) CAs are being provided:**

Date **09/10/2021**

1) Comply with Rules 1002.b.(2), 1002.c, 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 [Inspection No. 696203134 observed that BMPs to protect, stabilize and prevent sediment transport at the stockpiled soils are missing or insufficient. It was observed in this inspection that Operator applied a hydromulch to the stockpiled soils on the Location, however BMP has not been maintained in proper functioning condition, and has degraded along sections of the stockpiles, resulting in erosion and degradation.](#)

[It was also observed that BMPs to protect from mixing/contamination and stormwater remain missing or inadequate; See "Comment #2" and "Soil removal and Segregation" for additional comments/corrective actions regarding inadequate topsoil protection BMPs.](#)

Corrective Action **Implement and maintain BMPs as required by Rules 1002.c and 1002.f.**

Date **06/06/2022**

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 REVEGETATION

Cropland

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 **06/06/2022**

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

COGCC Comments

Comment	User	Date
<p>COMMENT #3</p> <p>Records show conductors on Location were set 9/28/2021. Operator submitted Form 4 #402862920 on 11/6/2021 requesting to keep conductors on the Location, stating wells would be drilled in December (2021); Form was approved.</p> <p>It was observed in this inspection that wells on the Location have not been drilled; form is no longer applicable.</p> <p>It was also observed that several conductors did not have a properly welded plate on top of the pipe, and that the cellars were not covered or fenced in accordance with 406.e.(3).</p> <p>Additionally, it has been more than 6 months since the conductors were set; conductors have not been plugged, and reclamation of the Location has not performed pursuant to Rule 1003 or 1004; this work was required by 3/28/2022 pursuant to Rule 406.e.(4)F</p> <p>Location / wells are out of compliance with Rule 406.e, the Procedures for Preset Conductors NTO (dated 9/1/2016, revised 10/6/2016), and the Delayed Operations, Interim Reclamation Variance NTO (dated 1/5/2017).</p>	<p>trujilloam</p>	<p>05/23/2022</p>

<p>COMMENT #2</p> <p>Inspection No. 696203134 observed that soil salvage of ALL the topsoil on the Location does not appear to have been conducted; soils observed beneath fill material containing organic matter typical of topsoil horizons. Inspection required Operator to implement BMPs to stabilize/protect salvaged soils, and to ensure soil horizons remain properly segregated. Inspection also required Operator to submit documentation showing topsoil depths over the entire disturbance area, and actual amount salvaged.</p> <p>It was observed in this inspection that the Operator excavated additional soils during construction of a ditch along the base of the topsoil stockpiles; soils within ditch also appears to include topsoil, as color, texture and organic matter observed are similar to the soils at the topsoil stockpiles.</p> <p>It was also observed in this inspection that Operator applied a hydromulch to stabilize stockpiled soils; BMP has not been maintained, or has been insufficient/inadequate to minimize erosion and degradation. Topsoil berms have been implemented as part of the Location's perimeter stormwater BMPs; BMPs to ensure soils remain segregated, protected from mixing/contamination with subsoils, as well as stormwater runoff, are missing or insufficient/inadequate.</p> <p>It is also being noted that (as documented in Inspection #696203136) during construction of the access road that travels north from the BJU B26-496 Pad to the BJU N26-496 location, Operator failed to properly salvage, segregate and protect topsoil from the areas beneath the access road disturbance.</p> <p>Operator has also failed to submit documentation identifying topsoil depths, the amount salvaged and related figures per the corrective action.</p> <p>Corrective actions from Inspection #696203134 have not been addressed and remains applicable.</p>	<p>trujilloam</p>	<p>05/18/2022</p>
---	-------------------	-------------------

<p>COMMENT #1</p> <p>Inspection #696203134 observed that stormwater and erosion control BMPs to properly manage stormwater runoff, and to allow for sediment laden-free discharge were missing or insufficient at the Location. Inspection noted that Operator appeared, at time of inspection, to be in the process of incorporating topsoil stockpiles as part of their Location's perimeter stormwater BMPs. Operator was notified that use of topsoil as a stormwater BMP puts the resource at risk of compaction, contamination due to mixing with sediment/subsoil, and at risk for loss due to stormwater discharge displacing the topsoil. Inspection required Operator to comply with Rule 1002.f by 9/10/2021.</p> <p>It was observed in this inspection that Operator has incorporated the topsoil stockpiles as part of the three (3) sediment traps/ponds, as well as the perimeter stormwater berm. Traps/ponds have not been constructed with an engineered outlet. Operator has also constructed a ditch at the base of the berms leading into the traps/ponds; ditch has been constructed with vertical slopes, and/or soils have not been consolidated per good engineering practices; soils within ditch also appears to contain topsoil (see "Comment 2", and 1002.c for comment regarding inadequate topsoil salvage and protections).</p> <p>Stormwater and erosion control BMPs to manage runoff in such a manner that is both protective of topsoil, and allows for sediment laden-free discharge from the Location remain missing or insufficient.</p>	<p>trujilloam</p>	<p>05/19/2022</p>
--	-------------------	-------------------

Attached Documents

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

Document Num	Description	URL
403056628	INSPECTION SUBMITTED	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5760580
696203717	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=5760577