

State of Colorado
Energy & Carbon Management Commission

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Date Issued:

05/01/2024

NOTICE OF ALLEGED VIOLATION - ISSUED

Per Rule 523, the Director has reasonable cause to believe that a violation of the Act, or of any Commission rule, order, or permit has occurred, the Director will require the operator to remedy the violation and may commence an enforcement action seeking penalties by issuing a Notice of Alleged Violation (NOAV). Per Rule 525, an operator who violates the Act, or a Commission rule, order, or permit may be subject to a penalty imposed by Commission order.

OPERATOR INFORMATION

ECMC Operator Number: 10456

Name of Operator: CAERUS PICEANCE LLC

Address: 1001 17TH STREET #1600

City: DENVER State: CO Zip: 80202

Contact Name and Telephone:

Name: KRISTEN LINGLEY

Phone: (720) 547-8746 Fax: ()

Email: klingley@caerusoilandgas.com

Well Location, or Facility Information (if applicable):

API Number: 05- -00

Facility or Location ID: 484391

Name: LOVE RANCH 8 Off-Location
Flowline

Number:

QtrQtr: SWNW Sec: 9

Twp: 2S

Range: 97W

Meridian: 6

County: RIO BLANCO

ALLEGED VIOLATION

Rule: 902.

Rule Description: Pollution

Initial Discovery Date: 05/02/2023

Was this violation self-reported by the operator? No

Date of Violation: 05/02/2023

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 902.d, no Operator, including Caerus Piceance, LLC ("Operator"), in the conduct of any Oil or Gas Operation, may violate numeric or narrative water quality standards or classifications established by the Water Quality Control Commission ("WQCC") for Waters of the State, or any Point of Compliance established by the Director pursuant to Rule 914.

On May 2, 2023, Operator submitted an Initial Form 19, Spill Release Report (document no. 403391282), reporting the discovery of a sheen on Piceance Creek along a known pipeline corridor. The Operator reported initial response procedures including deployment of absorbent booms along the waterway, fluid recovery, regulatory notifications, and shut-in and testing of flowlines.

On May 3, 2023, ECMC Staff conducted an inspection (document no. 698100289) of the reported Love Ranch 8 Off-Location Flowline Spill/Release (ECMC Spill/Release ID: 484391) and observed Operator's continued initial response efforts. Hydrocarbon sheens were observed near the identified Point of Release ("POR") of the Spill/Release area, but no hydrocarbon sheens, stains, or odors were observed in downgradient areas.

On May 12, 2023, Operator submitted a Supplemental Form 19, Spill Release Report (document no. 403398312), reporting documentation of cleanup efforts, which included analytical results for surface water samples collected upon discovery of the spill/release, indicating the presence of hydrocarbons.

On July 28, 2023, Operator submitted an Initial Form 27, Site Investigation and Remediation Workplan (document no. 403479868) to

document analytical results (document no. 403480436) for weekly surface water sampling and initial soil investigation. Analytical results for soil sample SB01 (document no. 403401872) confirmed exceedances of Table 915-1, Protection of Groundwater Soil Screening Level Concentrations for benzene, toluene, 1,2,4-trimethylbenzene, 1,3,5-trimethylbenzene, 1-methylnaphthalene, 2-methylnaphthalene, and naphthalene collected near the POR on June 27, 2023. Additional soil samples exhibited exceedances of Table 915-1 at locations: MOI01 (associated with the POR), SB21 (located across Piceance creek to the NE), and STOCK01 (the soil stockpile).

On December 7, 2023, Operator submitted a Supplemental Form 27, Site Investigation and Remediation Workplan (document no. 403615334) to provide a quarterly update for the third quarter of 2023. Operator's attached report (document no. 403615400) documents weekly surface water sampling results that continued from July through September of 2023 (and transitioned to monthly sampling in October). Analytical results for surface water samples indicate the continued presence of hydrocarbons. This report included documentation of groundwater assessments initiated in September 2023, which exhibited Table 915-1 exceedances for benzene at the locations of temporary monitor wells TW02, TW03, TW05, TW06, and TW07 as well as permanent monitor well MW02. In addition to benzene, samples from TW02 and TW03 indicated the presence of 1,2,4-trimethylbenzene, 1,3,5-trimethylbenzene, 1-methylnaphthalene, and 2-methylnaphthalene. TW03 exhibited the highest concentrations of hydrocarbon impacts including the presence of toluene, ethylbenzene, and total xylenes. Analytical results for soil samples documented exceedances of Table 915-1 Protection of Groundwater Soil Screening Level concentrations for hydrocarbons, metals, and inorganic compounds.

As of April 30, 2024, Operator has not filed a Supplemental Form 27 to provide a project update for the fourth quarter of 2023 or the first quarter of 2024. The extent of soil and groundwater impacts remain undelineated in the project area.

Pursuant to Colorado WQCC Rule 31.11(1)(a), Basic Standards Applicable to Surface Waters of the State, state surface waters shall be free from substances attributable to human-caused point source or nonpoint source discharge in amounts, concentrations, or combinations which are harmful to the beneficial uses or toxic to humans, animals, plants, or aquatic life; or cause a film on the surface or produce a deposit on shorelines.

Operator violated narrative water quality standards established by the WQCC for Waters of the State, pursuant to WQCC Rule 31.11(1)(a), violating Rule 902.d.

Abatement or Corrective Action Required to be Performed by Operator: Corrective Action Due Date: 05/01/2024

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator will immediately submit a Supplemental Form 27, Site investigation and Remediation Workplan to complete horizontal and vertical delineation of documented soil and groundwater exceedances and to provide an update to Remediation Project # 31518.

Rule: 902.

Rule Description: Pollution

Initial Discovery Date: 05/02/2023

Was this violation self-reported by the operator? No

Date of Violation: 05/02/2023

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant Rule 902.a., Caerus Piceance, LLC ("Operator") will prevent Pollution. Pursuant to 902.b., Operator will prevent adverse environmental impacts on any air, water, soil, or biological resource resulting from Oil and Gas Operations and will protect and minimize adverse impacts to public health, safety, welfare, the environment, and wildlife resources. Pursuant to Rule 902.c., Operator will prevent the unauthorized discharge or disposal of oil, condensate, gas, E&P Waste, Chemical substances, trash, discarded equipment, and other oil field waste.

On May 2, 2023, Operator submitted an Initial Form 19, Spill Release Report (document no. 403391282), reporting the discovery of a sheen on Piceance Creek along a known pipeline corridor. The Operator reported initial response procedures including deployment of absorbent booms along the waterway, fluid recovery, regulatory notifications, and shut-in and testing of flowlines.

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As of April 30, 2024, Operator has not filed a Supplemental Form 27 to provide a project update for the fourth quarter of 2023 or the first quarter of 2024. The extent of soil and groundwater impacts remain undelineated in the project area.

Operator failed to prevent pollution and adverse environmental impacts on air, water, soil, or biological resources resulting from Oil and Gas Operations and failed to protect and minimize adverse impacts to public health, safety, welfare, the environment, and wildlife resources, and prevent the unauthorized discharge of E&P Waste and Chemical substances, violating Rule 902.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 05/01/2024

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator will immediately submit a Supplemental Form 27, Site investigation and Remediation Workplan to complete horizontal and vertical delineation of documented soil and groundwater exceedances and to provide an update to Remediation Project # 31518.

Rule: 913.

Rule Description: Site Investigation, Remediation, and Closure

Initial Discovery Date: 05/01/2023

Was this violation self-reported by the operator? No

Date of Violation: 05/01/2023

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 913.b.(2)., Caerus Piceance, LLC ("Operator") will conduct sampling and analysis of soil and Groundwater pursuant to Rule 915 to determine the horizontal and vertical extent of any contamination in excess of the cleanup concentrations in Table 915-1 or in WQCC Regulation 41 numeric and narrative Groundwater quality standards and classifications.

On May 2, 2023, Operator submitted an Initial Form 19, Spill Release Report (document no. 403391282), reporting the discovery of a sheen on Piceance Creek along a known pipeline corridor. The Operator reported initial response procedures including deployment of absorbent booms along the waterway, fluid recovery, regulatory notifications, and shut-in and testing of flowlines.

On May 3, 2023, ECMC Staff conducted an inspection (document no. 698100289) of the reported Love Ranch 8 Off-Location Flowline Spill/Release (ECMC Spill/Release ID: 484391) and observed Operator's continued initial response efforts. Hydrocarbon sheens were observed near the identified Point of Release ("POR") of the Spill/Release area, but no hydrocarbon sheens, stains, or odors were observed in downgradient areas.

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As of April 30, 2024, Operator has not filed a Supplemental Form 27 to provide a project update for the fourth quarter of 2023 or the first quarter of 2024. The extent of soil and groundwater impacts remain undelineated in the project area.

Operator failed to determine the horizontal and vertical extent of documented soil and groundwater impacts, violating Rule 913.b.(2).

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 05/01/2024

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator will immediately submit a Supplemental Form 27, Site investigation and Remediation Workplan to complete horizontal and vertical delineation of documented soil and groundwater exceedances and to provide an update to Remediation Project # 31518.

Rule: 913.

Rule Description: Site Investigation, Remediation, and Closure

Initial Discovery Date: 05/01/2023

Was this violation self-reported by the operator? No

Date of Violation: 05/01/2023

Approximate Time of Violation:

Was this a discrete violation of obvious duration? Unknown

Description of Alleged Violation:

Pursuant to Rule 913.e., Caerus Piceance LLC ("Operator") will provide quarterly update reports in a Supplemental Form 27 to document progress of site investigation and Remediation unless an alternative reporting schedule has been requested by the Operator and approved by the Director.

On May 2, 2023, Operator submitted an Initial Form 19, Spill Release Report (document no. 403391282), reporting the discovery of a sheen on Piceance Creek along a known pipeline corridor. The Operator reported initial response procedures including deployment of absorbent booms along the waterway, fluid recovery, regulatory notifications, and shut-in and testing of flowlines.

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As of April 30, 2024, Operator has not filed a Supplemental Form 27 to provide a project update for the fourth quarter of 2023 or the first quarter of 2024. The extent of soil and groundwater impacts remain undelineated in the project area.

Operator has failed to provide quarterly update reports to document progress of site investigation and Remediation, violating Rule 913.e.

Abatement or Corrective Action Required to be Performed by Operator:

Corrective Action Due Date: 05/01/2024

Proper and timely abatement does not preclude the assessment of penalties and an Order Finding Violation.

Operator will immediately submit a Supplemental Form 27, Site investigation and Remediation Workplan to complete horizontal and vertical delineation of documented soil and groundwater exceedances and to provide an update to Remediation Project # 31518.

PENALTY

Penalties for violations alleged in this NOAV will be calculated pursuant to Rule 525, with daily penalties accruing pursuant to Section 34-60-121(1), C.R.S.

ANSWER

Pursuant to Rule 523.c.(2), the operator must file an Answer to this NOAV within 28 days of its receipt, or a default judgment may be entered. Answers are filed by email to dnr_ecmc_enforcement@state.co.us.

NOAV ISSUED

NOAV Issue Date: 05/01/2024

ECMC Representative Signature: 

ECMC Representative: Trent Lindley

Title: NOAV Specialist

Email: trent.lindley@state.co.us

Phone Num: (720) 765-0031

ATTACHMENT LIST

View Attachments in Imaged Documents on ECMC website (<http://ecmcweblink.state.co.us/>) - Search by Document Number.

<u>Document Number</u>	<u>Description</u>
403775236	NOAV CERTIFIED MAIL RECEIPT

Total Attach: 1 Files