

BEFORE THE ENERGY AND CARBON MANAGEMENT COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION BY CAERUS) CAUSE NO. 1
PICEANCE LLC, FOR A RULE 502 VARIANCE FROM)
RULE 1004.A AND 1104.D RECLAMATION) DOCKET NO. 230900303
REQUIREMENTS FOR THE JACKMORE)
610S96W/21NESW LOCATION, PLATEAU FIELD,) TYPE: VARIANCE
MESA COUNTY, COLORADO)
) ORDER NO. 1-398
)

REPORT OF THE COMMISSION

The Commission heard this matter on June 11, 2025, at the Colorado Energy and Carbon Management Commission, 1120 Lincoln St., Suite 801, Denver, Colorado, upon application for an order approving a Rule 502 variance from the final reclamation requirements of Rule 1004.a and 1004.d for the Jackmore 610S96W/21NESW Oil and Gas Location (Location ID 312661) (the “Jackmore Location”):

Township 10 South, Range 96 West, 6th P.M.
Section 21: NE¹/₄SW¹/₄

FINDINGS

The Commission finds as follows:

1. Caerus Piceance LLC (Operator No. 10456) (“Caerus” or “Applicant”), as applicant herein, is an interested party in the subject matter of the above-referenced proceeding.
2. Due notice of the time, place, and purpose of the proceeding has been given in all respects as required bylaw.
3. The Commission has jurisdiction over the subject matter embraced in said notice, and of the parties interested therein, and jurisdiction to promulgate the hereinafter prescribed order pursuant to the Colorado Oil and Gas Conservation Act.
4. Pursuant to C.R.S. § 34-60-106(12), the Commission promulgated its 1000-Series Rules to govern reclamation of the land and soil affected by oil and gas operations. See Rule 1001.a. Generally, the Commission’s reclamation regulations require the surface of land affected by oil and gas operations to “be restored as nearly as practicable to its condition at the commencement of drilling operations.” *Id.*
5. Rule 1004 addresses final reclamation of well sites and associated production facilities. Rule 1004.a provides that “[a]ll access roads to plugged and abandoned wells and associated production facilities shall be closed, graded and recontoured. Culverts and any other obstructions that were part of the access road(s) shall be removed. Well locations, access roads and associated facilities shall be reclaimed.”
6. Rule 1001.c provides that the Commission “shall not require compliance with” the reclamation requirements of Rule 1004 (except Rules 1004.c.(4) and 1004.c.(5)) “if the operator

can demonstrate . . . both that compliance with such rules is not necessary to protect the public health, safety and welfare, including prevention of significant adverse environmental impacts, and that the operator has entered into an agreement with the surface owner regarding topsoil protection and reclamation of the land.” Prior to final reclamation approval, the operator “shall either comply with the rules or obtain a variance.” Rule 1001.c.

7. Rule 502.a provides that “[r]equests for variances to any of the Commission’s Rules or orders will be filed with the Commission.”

8. Rule 502.c provides that an applicant requesting a variance from the Commission pursuant to Rule 502.a must show:

- A. It has made a good faith effort to comply, or is unable to comply, with the specific requirements contained in the Commission’s Rule or order from which it seeks a variance, including, without limitation, securing a waiver or an exception, if any;
- B. That the requested variance will not violate the basic intent of the Act;
- C. The requested variance is necessary to avoid an undue hardship;
- D. Granting the variance will result in no net adverse impact to public health, safety, welfare, the environment, or wildlife resources; and
- E. The requested variance contains reasonable conditions of approval or other mitigation measures to avoid, minimize, or mitigate adverse impacts to public health, safety, welfare, the environment, and wildlife resources.

9. On September 27, 2023, Caerus, through counsel, filed a verified application (“Application”) pursuant to Rules 502 and 503.g.(9) for a variance from the final reclamation requirements of Rule 1004.a and 1004.d. Specifically, Caerus requests a variance from reclaiming the access road and re-contouring the Location to a moderate gradient, but not to the pre-existing countour. Caerus alleges that pursuant to the Final Reclamation Agreement (“Agreement”), the surface owner desires to use the location for a future building site and uses the portion of the access road for continued use and enjoyment of the property.

10. On October 11, 2023, the Colorado Energy and Carbon Management Commission (“ECMC”) Permitting Group provided its review of the Application, stating that the Permitting Group “has no concerns with this application.”

11. On June 4, 2025, the Director issued her recommendation on the Application. The Director recommended approval of the variance; however, the Director determined that the variance was not “ministerial in nature, in that it results in a potentially permanent impact that will have to be managed by the landowner and local relevant government.” Accordingly, a hearing before the ECMC was held.

12. The Commission has not received any petitions pursuant to Rule 507. Therefore, the Application is uncontested.

13. The Application requests a variance from specific final reclamation requirements of Rule 1004.a and 1004.d for the location and access road on the Jackmore Location. The

Application alleges that the Commission approved the Form, 6, Well Abandonment Report – Subsequent Report of Abandonment for the associated Jackmore #21-32 Well (API No. 05-077-08707).

14. Based on the Application, Final Reclamation Agreement, and other written filings, the Commission concludes the Application satisfies the requirements of Rule 502.c. because:

- A. Caerus has made a good faith effort to comply with Rule 1004.a and 1004.d at the Jackmore Location. See Rule 502.c.(1). Caerus has completed all other reclamation requirements except for those explicitly requested by the surface owner.
 - B. Caerus's requested variance will not violate the basic intent of the Oil and Gas Conservation Act. See Rule 502.c.(2). Deference to the surface owner's wishes regarding continued use of their property is consistent with multiple provisions of the Act recognizing the significant role the surface owner should play regarding the reclamation of and operations on his or her land. See, e.g., C.R.S. § 34-60-106(3.5) (directing that land restoration occur "in accordance with the owner of the surface of the lands"); C.R.S. § 34-60-127(1)(a) (requiring that oil and gas operations "accommodate[] the surface owner" in conducting oil and gas operations). The requested relief is consistent with Commission Rules and will not endanger public health, safety, welfare, the environment, and wildlife resources.
 - C. The variance is necessary to avoid undue hardship on the surface owner. See Rule 502.c.(3). Without the variance, the surface owner would be compelled to undo the recontouring of the well pad and re-grade the access road to make use of this land in the desired manner.
 - D. The variance will not result in a "net adverse impact to public health, safety, welfare, the environment, or wildlife resources." See Rule 502.c.(4). Caerus conducted an Operator's Analysis of the impacts associated with the requested variance and determined that approval of the requested variance will not result in any adverse impacts to public health, safety and welfare, the environment, or wildlife resources. All equipment, trash, and debris has been removed, the existing disturbance stabilized, and stormwater protections have been implemented in the form of desirable vegetation and equivalent permanent stabilization methods.
 - E. Pursuant to Rule 502.c.(5), the variance contains reasonable conditions of approval and mitigation measures to avoid, minimize, or mitigate adverse impacts to public health, safety, welfare, the environment, and wildlife resources. Caerus contends that no additional conditions of approval beyond those in the Reclamation Agreement are necessary because Caerus has reclaimed and revegetated all portions of the location not subject to this Application, Caerus has continued to monitor and control stormwater and noxious weeds, and no erosion has been observed on the unreclaimed areas.
15. Caerus agrees to be bound by oral order of the Commission.

16. Based on the facts stated in the verified Application, Final Reclamation Agreement, and other materials submitted by Caerus, and no Rule 507 petitions having been received, the Commission finds that Caerus has satisfied Rule 502.c and that the requested variance to Rule 1004.a and 1004.d is warranted for the Jackmore Location.

ORDER

NOW, THEREFORE, IT IS ORDERED, that:

1. The Application for Rule 502 variance from the final reclamation requirements of Rule 1004.a and 1004.d for the Caerus Location in Mesa County, Colorado is GRANTED.

2. The provisions contained in this Order shall become effective immediately.

3. Within 30 days of this Order, Applicant will submit a Form 4 documenting the variance relief to Location ID: 312661. The Form 4 will include the Order number, all Rules from which relief was granted, a summary of the relief granted, the date of variance approval, and any COAs that the Commission approved as part of the variance.

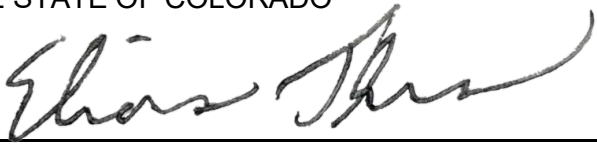
4. The Commission expressly reserves its right, after notice and hearing, to alter, amend or repeal any and/or all of the above orders.

5. Under the State Administrative Procedure Act, the Commission considers this Order to be final agency action for purposes of judicial review within 35 days after the date this Order is mailed by the Commission.

6. An application for reconsideration by the Commission of this Order is not required prior to the filing for judicial review.

ENTERED this 11th day of June 2025 as of June 11, 2025.

ENERGY AND CARBON MANAGEMENT COMMISSION
OF THE STATE OF COLORADO

By 
Elias J. Thomas, Commission Secretary