

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 VARIANCE TO RULE 1004.a. )  
FOR THE CARPENTER 610S95W/10SESE OIL AND ) DOCKET NO. 240600152  
GAS LOCATION (LOC. ID 312522), PLATEAU FIELD, )  
MESA COUNTY, COLORADO ) TYPE: VARIANCE  
)  
) ORDER NO. 1-408

REPORT OF THE COMMISSION

The Commission heard this matter on July 30, 2025, at the Colorado Energy and Carbon Management Commission, 1120 Lincoln St., Suite 801, Denver, Colorado, upon application for a variance to Commission Rule 1004.a. for the Carpenter 610S95W/10SESE Oil and Gas Location (Location ID 312522) located in the below-described lands (the “Application Lands”):

Township 10 South, Range 95 West, 6th P.M.  
Section 10: SE $\frac{1}{4}$ SE $\frac{1}{4}$

FINDINGS

The Commission finds as follows:

1. Caerus Piceance LLC (Operator No. 10456) (“Applicant” or “Caerus”), 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, (the “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 Commission 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 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 to the Director’s or the Commission’s satisfaction 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

6. Commission Rule 502.a. requires requests for variances to any of the

Commission's Rules or orders to be filed with the Commission.

7. Commission 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.

8. Rule 1004.a. addresses well sites and associated production facilities and requires as follows:

Upon the plugging and abandonment of a well, all pits, mouse and rat holes and cellars shall be backfilled. All debris, abandoned gathering line risers and flowline risers, and surface equipment shall be removed within three (3) months of plugging a well. All 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. As applicable, compaction alleviation, restoration, and revegetation of well sites, associated production facilities, and access roads shall be performed to the same standards as established for interim reclamation under Rule 1003. All other equipment, supplies, weeds, rubbish, and other waste material shall be removed. The burning or burial of such material on the premises shall be performed in accordance with applicable local, state, or federal solid waste disposal regulations and in accordance with the 900-Series Rules. In addition, material may be burned or buried on the premises only with the prior written consent of the surface owner. All such reclamation work shall be completed within three (3) months on crop land and twelve (12) months on non-crop land after plugging a well or final closure of associated production facilities. The Director may grant an extension where unusual circumstances are encountered, but every reasonable effort shall be made to complete reclamation before the next local growing season.

9. On June 18, 2024, Caerus, through counsel, filed a verified application ("Application") pursuant to Rule 502 and Rule 503.g.(9) for a variance from final reclamation requirements of Rule 1004.a. for the Carpenter 610S95W/10SESE Location (Loc. ID 312522) located in Mesa County, Colorado ("Location").

10. Caerus submitted with its Application a final reclamation agreement with a surface owner signature, waiving Caerus's obligations to complete additional reclamation under Rule

1004.a.

11. On July 2, 2024, Colorado Energy and Carbon Management Commission permitting staff provided its review of the Application, stating that staff “has no concerns with this application.”

12. On July 15, 2025, the Director issued her recommendation on the Application. The Director recommended approval of the variance. 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, Rule 502.b. requires a hearing on the Application before the Commission.

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

14. According to the Application, Caerus and the surface owner entered into a final reclamation agreement for the Location in May 2016. The agreement is attached to the Application as an exhibit. According to the Application and exhibits, the surface owner agreed to waive final reclamation requirements as to the access road the Location, such that Caerus would leave the access road in a compacted and graveled condition for vehicle access in service of the surface owner’s wishes to use the surface for agricultural operations.

15. Based on the Application, the final reclamation agreement, and the Director’s recommendation, the Commission finds the Application satisfies the requirements of Rule 502.c. as follows:

a. Caerus made a good faith effort to comply, or is unable to comply, with the specific requirements contained in Rule 1004.a.;

b. the requested variance will not violate the basic intent of the Act, given that relief from the remaining requirements of Rule 1004.a is consistent with the wishes of the surface owner for use of the property;

c. the requested variance is necessary to avoid an undue hardship because requiring removal of the access road would deprive the surface owner of the desired use of the property and could result in additional disturbance;

d. granting the variance will result in no net adverse impact to public health, safety, welfare, the environment, or wildlife resources given that all equipment, trash and debris have been removed from the Location, the existing disturbance is stabilized with no sign of erosion, stormwater protections are in place, and perennial vegetation has been established at the reclaimed the Location;

e. and, given the extent of completed reclamation and the surface owner’s intended use of the property, additional conditions of approval or mitigation measures are not necessary to avoid, minimize, or mitigate adverse impacts to public health, safety, welfare, the environment, and wildlife resources.

16. Caerus agrees to be bound by oral order of the Commission.

17. Based on the facts stated in the verified Application, the final reclamation

agreement, and having received no Rule 507 petitions, the Commission finds that the Application satisfies Rule 502.c. and the requested variance to Rule 1004.a is warranted for the Location

ORDER

IT IS HEREBY ORDERED:

1. The Application for variance is GRANTED such that Caerus is granted the requested variance from the remaining requirements of Rule 1004.a. for the Carpenter 610S95W/10SESE Oil and Gas Location (Loc. ID 312522).

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

3. Within 30 days of the date of this order, Applicant will submit a Form 4 documenting the variance relief to the Carpenter 610S95W/10SESE Oil and Gas Location (Loc. ID 312522). 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.

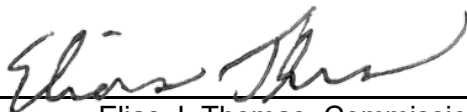
4. The Commission expressly reserves its right, after notice and hearing, to alter, amend or repeal any and/or all of the above orders.

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 15th day of August, 2025, as of July 30, 2025.

ENERGY AND CARBON MANAGEMENT COMMISSION  
OF THE STATE OF COLORADO

By  \_\_\_\_\_  
Elias J. Thomas, Commission Secretary