

Objective Criteria Review Summary - Caerus Piceance LLC, ELU J14-496 Pad Location, Form 2A #401959515.

This summary explains how COGCC and CPW staff conducted its technical review of the *Caerus Piceance LLC, ELU J14-496 Pad Location, Form 2A #401959515*, within the context of SB 19-181 and for the required Objective Criteria. This Form 2A permit application met the following Objective Criteria -

1. *(Criteria 6) This new proposed Fee Surface and Federal Minerals falls within CPW mapped 'sensitive wildlife habitat' (SWH) area for mule deer critical winter range, elk winter concentration, elk production, and greater sage grouse production, with the closest CPW-confirmed active leks being approximately 2.3 miles to the north-northwest, 0.8 miles to the west, and 1.6 miles to the southwest; a CPW wildlife consultation was required.*
2. *(Criteria 12) This new proposed access road extension to this location from the existing ELU A24-496 Pad, Location ID #458475 (the road constructed from Garfield County Road 403 to the A24 pad location) falls within CPW mapped 'sensitive wildlife habitat' (SWH) area for mule deer critical winter range, elk winter concentration, elk production, and greater sage grouse production, with the closest CPW-confirmed active leks being approximately 0.9 miles to the west and 1.7 miles to the southwest; a CPW wildlife consultation was required.*

COGCC staff met with the Director to discuss whether the Objective Criteria were sufficiently addressed and whether the Form 2A could be approved with the proposed Best Management Practices (BMPs) and applied Conditions of Approval (COAs). The following sections provide details regarding the evaluation of each criterion.

Criteria 6: Oil and Gas Locations within a Colorado Parks and Wildlife (“CPW”) mapped Restricted Surface Occupancy Area (“RSO”) or Sensitive Wildlife Habitat (“SWH”), or locations receiving site- or species-specific CPW comments.

Criteria 12: Oil and Gas Locations with an access road (the road constructed from the public road to the Oil and Gas Location) within a RSO, SWH, 317B buffer zone, or within 200' feet of a Building Unit on lands not subject to a Surface Use Agreement.

Site Specific Description of Applicability of Criteria 6 and 12: Based on the technical review and desktop evaluation, staff determined that this proposed new Fee Surface and Federal Minerals oil and gas location and the proposed access road extension to this location from the existing ELU A24-496 Pad, Location ID #458475 (the road constructed from Garfield County Road 403 to the A24 pad location) falls within CPW mapped 'sensitive wildlife habitat' (SWH) areas for *mule deer critical winter range, elk winter concentration, elk production, and greater sage grouse production*; a CPW wildlife consultation was required.

Site Specific Measures to Address Criteria 6 and 12: COGCC staff’s review of this proposed new Fee Surface and Federal Minerals oil and gas location indicates that the closest CPW-confirmed active leks to the well pad are approximately 2.3 miles to the north-northwest, 0.8 miles to the west, and 1.6 miles to the southwest; and that the closest CPW-confirmed active leks to the access road route are approximately 0.9 miles to the west, 1.7 miles to the southwest. The access road does not cross any active, inactive, or historic leks.

Caerus is planning to drill and complete twenty-nine (29) gas wells, and install five (5) 3-phase production meter skids, seven (7) chemical pumps, seven (7) gas lift meter skids, one (1) produced water storage tank, one (1) blowdown water tank, and one (1) combustor. To minimize the onsite storage of hydrocarbons, a new 12-inch steel 3-phase offsite pipeline will be installed from this location to send product for separation at the Story Gulch Unit (SGU) J25 Central Delivery Point (CDP) (Location ID #415949). Condensate will be trucked off location, while produced water will be pumped to the Divide Road Water Treatment Facility (Location ID #432790, E&P Facility ID #432214). Gas will be sent to either the Middle Fork Compressor Station or Story Gulch Compressor Station and transferred to a third party gas gathering sales line.

COGCC contacted Caerus to determine the timeframe and duration of the planned activities (well pad and access road construction, well drilling, and well completion). The activities will start in September 2019 and are planned for a single continuous occupation, lasting approximately eight (8) to ten (10) months. Interim reclamation will start as soon as possible after the wells have been placed into production.

CPW and Caerus had a supplemental wildlife consultation on June 20, 2019 to discuss potential wildlife impacts for the ELU J14-496 Pad location. Although the location is not within a wildlife mitigation plan (just outside of the boundary); the operator is adhering to all of the BMPs and agreements contained within the North Parachute Ranch Wildlife Mitigation Plan (WMP). The relevant species-specific BMPs for greater sage grouse and mule deer and elk have been entered by CPW under the wildlife tab of the Form 2A and are listed below. The field-wide operational BMPs from the WMP have been added to the operator's 'BMPs' section of the Form 2A.

Greater Sage Grouse BMPs:

1. The operator agrees to avoid constructing this oil and gas location within 1 mile of any active greater sage-grouse lek site.
2. The operator agrees to construct this location between the dates of July 15 and December 15 to avoid the greater sage-grouse nesting period and wintering periods for grouse and big-game.
3. The operator has agreed to utilize a third party to monitor noise during completion activities to satisfy the BLM condition of approval regarding sound impacts.
4. The operator agrees to apply a 0.6 mile no-disturbance buffer around active greater sage-grouse leks from 5:00 am to 9:00 am, March 15 through May 15 annually, for vehicle traffic and other disturbances (access roads). Where practicable, traffic will be restricted during this date range after sunset when grouse are congregating around the lek until 9:00 am the following morning when birds depart the lek.
5. The operator agrees to use topographical features as recommended by CPW to provide visual concealment of facilities from lek locations and as a noise suppressant.
6. The operator agrees to conduct interim reclamation between July 15 and December 15 to avoid the nesting and wintering periods for grouse.

Mule Deer and Elk BMPs:

1. During drilling and completions, the operator will limit all activity to the pad surface and existing access road during the production and wintering periods for big game.

2. Interim reclamation will be completed between the dates of July 15 and December 15 to avoid the production and wintering periods for big game.
3. Prior to construction of new surface structures within CPW-identified big game migration corridors, Caerus will consult with CPW consistent with the Wildlife Resources Matrix in the NPR Wildlife Mitigation Plan.
4. Throughout the WMP boundary and adjacent site-wide development areas, only essential traffic will be permitted to access sites where no active operations are occurring.
5. The operator will continue to provide access to CPW research personnel for ongoing wildlife research projects.

This location has wildlife timing stipulations for construction, drilling, and completions as part of the Federal Oil and Gas Lease. Caerus has scheduled construction of the pad outside the grouse breeding season, as well as the wintering seasons for grouse and big game. Due to the number of wells being drilled on this location, it is not feasible for the operator to drill and complete them all outside of the sensitive wildlife seasons. Therefore, BLM and CPW have agreed that it is beneficial to provide a one-time exemption to the timing stipulations to allow the site to be completed during a single occupancy of the pad. This will minimize the number of mobilizations that would otherwise occur.

The operator has utilized a CPW approved private consultant to survey for signs of greater sage grouse use at this location and it was deemed a low use area for grouse. CPW biologists have confirmed these findings based on field observations and GPS collar locations. The nearest lekking areas are not within a direct line of site due to topographic relief, and many of the leks shown on the COGCC Online GIS Map as Restricted Surface Occupancy (RSO) areas are no longer active leks. The operator is also utilizing a remote frac operation, which will result in a greater distance between the completions equipment and the nearest active lek locations.

CPW is satisfied that the operator's plan of operations and BMPs/compensatory mitigation measures from the North Parachute Ranch WMP will alleviate any agency wildlife concerns associated with the sensitive wildlife habitats in this area and will provide sufficient protection for greater sage grouse lekking, production, and wintering, as well as for wintering mule deer and elk. CPW feels that additional compensatory mitigation is not warranted for this location.

Determination: During the technical review process, COGCC and CPW evaluated the measures the operator has proposed for the protection of greater sage grouse and big game (mule deer and elk), and protection of habitat resources during the critical lekking, production, and wintering timeframes. COGCC staff requested additional information regarding the operator's and CPW's site-specific BMPs and site-wide standard BMPs for protection of grouse and big game. Given that this unbuilt location will adhere to the operator's current North Parachute Ranch WMP along with the development of species specific and site-wide wildlife BMPs during the supplemental wildlife consultation; the standard for protection of wildlife and wildlife habitat resources has been met. The Director determined Criteria 6 and 12 were sufficiently analyzed.

Staff met with the Director to discuss Objective Criteria that are met by this Oil and Gas Location. The Director determined that following the application of the additional analysis from the Objective Criteria, the permit application meets the standard for

protection of public health, safety, welfare, the environment and wildlife resources set by SB 19-181.