

**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:

08/21/2023

Submitted Date:

08/23/2023

Document Number:

696205184

FIELD INSPECTION FORM
 Loc ID 478266 Inspector Name: Trujillo, Aaron On-Site Inspection ☐ 2A Doc Num:
Operator Information:

OGCC Operator Number: 10456

Name of Operator: CAERUS PICEANCE LLC

Address: 1001 17TH STREET #1600

City: DENVER State: CO Zip: 80202

Status Summary:

- ☒ THIS IS A FOLLOW UP INSPECTION
- ☒ FOLLOW UP INSPECTION REQUIRED
- ☐ NO FOLLOW UP INSPECTION REQUIRED

Findings:

16 Number of Comments

6 Number of Corrective Actions

☒ Corrective Action Response Requested**ANY CORRECTIVE ACTION(S) FROM
PREVIOUS INSPECTIONS THAT HAVE NOT
BEEN ADDRESSED ARE STILL APPLICABLE****Contact Information:**

Contact Name	Phone	Email	Comment
Noto, John		john.noto@state.co.us	
,		COGCC.inspections@caerus oilandgas.com	All Inspections
Arauza, Steven		steven.arauza@state.co.us	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
478246	WELL	AP	10/17/2022	LO	045-24364	BJU M23A FED 26A-22-496	CI
478247	WELL	AP	10/17/2022	LO	045-24365	BJU M23A FED 13B-22-496	CI
478248	WELL	AP	10/17/2022	LO	045-24366	BJU M23A FED 24A-22-496	CI
478249	WELL	AP	10/17/2022	LO	045-24367	BJU M23A FED 24D-23-	CI
478250	WELL	AP	10/17/2022	LO	045-24368	BJU M23A FED 24B-22-496	CI
478251	WELL	AP	10/17/2022	LO	045-24369	BJU M23A FED 15B-23-496	CI
478252	WELL	AP	10/17/2022	LO	045-24370	BJU M23A FED 13D-23-	CI
478253	WELL	DG	08/02/2023	LO	045-24371	BJU M23A FED 12C-23-	CI
478254	WELL	AP	10/17/2022	LO	045-24372	BJU M23A FED 25A-23-496	CI
478255	WELL	AP	10/17/2022	LO	045-24373	BJU M23A FED 13C-23-	CI
478256	WELL	AP	10/17/2022	LO	045-24374	BJU M23A FED 25B-22-496	CI
478257	WELL	AP	10/17/2022	LO	045-24375	BJU M23A FED 15A-23-496	CI
478258	WELL	AP	10/17/2022	LO	045-24376	BJU M23A FED 14A-23-496	CI
478259	WELL	AP	10/17/2022	LO	045-24377	BJU M23A FED 24D-22-	CI
478260	WELL	AP	10/17/2022	LO	045-24378	BJU M23A FED 15C-23-	CI
478261	WELL	AP	10/17/2022	LO	045-24379	BJU M23A FED 23D-22-	CI
478262	WELL	AP	10/17/2022	LO	045-24380	BJU M23A FED 25B-23-496	CI
478263	WELL	AP	10/17/2022	LO	045-24381	BJU M23A FED 21B-26-496	CI
478264	WELL	AP	10/17/2022	LO	045-24382	BJU M23A FED 25C-23-	CI

478265	WELL	AP	10/17/2022	LO	045-24383	BJU M23A FED 25C-22-	CI
478266	LOCATION	AC			-	BJU M23A-496 Pad	CI
478267	WELL	DG	08/07/2023	LO	045-24384	BJU M23A FED 12A-23-496	CI
478268	WELL	AP	10/17/2022	LO	045-24385	BJU M23A FED 25D-22-	CI
478269	WELL	DG	08/12/2023	LO	045-24386	BJU M23A FED 13A-23-496	CI
478270	WELL	AP	10/17/2022	LO	045-24387	BJU M23A FED 14D-23-	CI
478271	WELL	DG	07/22/2023	LO	045-24388	BJU M23A FED 12B-23-496	CI
478272	WELL	DG	07/12/2023	LO	045-24389	BJU M23A FED 12D-23-	CI
478273	WELL	AP	10/17/2022	LO	045-24390	BJU M23A FED 24C-22-	CI

General Comment:

On 8/21/2023, Reclamation Specialist Trujillo conducted construction and stormwater inspection at Caerus Piceance LLC's BJU/M23A-496 Pad location in Garfield County, Colorado.

This inspection is a follow-up to #696203996 and #696205116 to document compliance with the following compliance issues:

- Location Signage
- Spills
- Stormwater
- Improper Materials Management
- Form 2A posting requirements
- Form 2A conditions
- Management of Drill Cuttings

It was observed that the Location remains out of compliance with ECMC Rules, Corrective Actions and Permit conditions.

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; The "Date of Discovery" is being provided as the corrective action date for all new observed compliance issues. Location will remain out of compliance until corrective action(s) has(have) been resolved and a follow up inspection will be conducted to ensure the compliance issues have been corrected to comply with ECMC rules.

LocationOverall Good: ☐**Signs/Marker:**

Type			
Comment:	Pursuant to Rule 406.c, a copy of the approved Form 2A has been posted within the "Company Mans" trailer.		
Corrective Action:		Date:	
Type	OTHER		
Comment:	<p>Pursuant to Rule 605.a, from the time of construction until Reclamation is complete, the Operator will post a sign at the entrance to an Oil and Gas Location.</p> <p>Inspection #696203996 and #696205116 observed that the required signage had not been posted at time of construction. Inspection required Operator to comply with Rule 605.a.</p> <p>It was observed in this inspection that signage remains missing from the Location entrance. This corrective action has not been resolved and remains applicable.</p>		
Corrective Action:	Comply with Rule 605.a	Date:	07/20/2023

Emergency Contact Number:

Comment:		Date:	
Corrective Action:		Date:	

Overall Good: ☐**Spills:**

Type	Area	Volume		
Comment:	<p>Inspection #696205116 observed that improper materials management resulted in several spills onto the southwestern working pad surface. Inspection required Operator to clean/remediate material spills.</p> <p>It was observed in this inspection that spills due to improper materials management remain apparent on the southwestern WPS.</p> <p>CA has not been addressed and remains applicable.</p>			
Corrective Action:	Clean/remediate impacted soils due to materials spilled onto the working pad surface to table 915-1 standards; Comply with Rule 1002.f and implement proper materials handling and spill prevention procedures and practices.			Date: 07/20/2023
Comment:	<p>Inspection #696205116 observed that Operator spilled ~7,069 square feet of unknown substance onto the fill slope. Inspection also observed that the Operator has spilled drill cutting material onto approximately 0.5 acres of the working pad surface, and that Operator has driven through the spilled material and potentially tracked the E&P waste off-location.</p> <p>Inspection required Operator to contact EPS, Submit a Form 19 for Spill reporting, and a Form 27 for remediation of drill cuttings spilled onto the Pad.</p> <p>Per EPS, Form 19 not required, however, Form 27 requirements remain applicable; unable to find record that a Form 27 has been submitted. Impacts to the WPS remain apparent. Spill onto the fill slopes appears to have been cleaned.</p>			
Corrective Action:	Submit a Form 27 for remediation.			Date: 07/20/2023

In Containment: No

Comment: Stained soils observed around areas of the "Dyed Diesel" tank on the north end of the Location appear to have been cleaned/removed.

☐ Multiple Spills and Releases?

Venting:

Yes/No			
Comment:			
Corrective Action:		Date:	

Flaring:

Type		
Comment:		
Corrective Action:		Date:

Location Construction

Location ID: 478266 CDP:

Comment:

Corrective Action: Date:

Form 2A COAs:

Comment:

Corrective Action: Date:

Wildlife BMPs:

Comment:

Corrective Action: Date:

Stormwater:

Erosion BMPs	Present	Other BMPs	Present
		Material Handling And Spill Prevention	Yes

Comments: Erosion BMPs: Porta-john units have been properly secured. CA has been addressed.

Other BMPs:

Corrective Action: Date:

	No		No
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Comments: Erosion BMPs: It was observed in this inspection that stormwater and erosion control measures to properly manage runoff are missing or insufficient at the access road on the west end of the Location; runoff has resulted in erosion, degradation and sediment transport.

Other BMPs:

Corrective Action: Comply with Rule 1002.f; install or repair required stormwater and erosion control measures at the access road. Date: 08/21/2023

	Vehicle Trakcing	Yes	
Comments: Erosion BMPs:	<div style="border: 1px solid black; padding: 5px; color: red;"> Previous inspection observed that the VTC at the Location entrance was no longer in proper functioning condition. It was observed in this inspection that a temporary VTC has been installed at the Location entrance. This CA has been addressed. </div>		
Other BMPs:	<div style="border: 1px solid black; height: 20px;"></div>		
Corrective Action:			Date:
	Yes		
Comments: Erosion BMPs:	<div style="border: 1px solid black; padding: 5px; color: red;">Hydromulch- topsoil stockpiles.</div>		
Other BMPs:	<div style="border: 1px solid black; height: 20px;"></div>		
Corrective Action:			Date:
WADDLES	Yes		
Comments: Erosion BMPs:	<div style="border: 1px solid black; padding: 5px; color: red;">Erosion logs along perimeter of the Location's disturbance. Run-on controls. Base of topsoil stockpiles.</div>		
Other BMPs:	<div style="border: 1px solid black; padding: 5px; color: red;">Erosion log along access road on the west end of the Location inadequate. See corrective action regarding the road below.</div>		
Corrective Action:			Date:
BERMS			
Comments: Erosion BMPs:	<div style="border: 1px solid black; padding: 5px; color: red;">Perimeter berm of the working pad areas</div>		
Other BMPs:	<div style="border: 1px solid black; height: 20px;"></div>		
Corrective Action:			Date:
		Covering Materials	No
Comments: Erosion BMPs:	<div style="border: 1px solid black; padding: 5px; color: red;"> Previous inspection observed materials stored on the southwest end of the location lacked proper covering resulting in contact with precipitation. Inspection required Operator to comply with 1002.f. Per this inspection, materials stored on Location were observed missing proper covering, resulting in contact with precipitation. CA has not been addressed. </div>		
Other BMPs:	<div style="border: 1px solid black; height: 20px;"></div>		
Corrective Action:	<div style="color: red;">Comply with Rule 1002.f and implement proper materials handling and spill prevention procedures and practices.</div>		Date: 07/20/2023 <div style="text-align: right;">3</div>

Comment: See "Comment #1" at the end of this report.

Corrective Action: Comply with Form 2A permit conditions and Rule 1002.f; install or repair required stormwater and erosion control measures in accordance with good engineering practices, and ensure controls are maintained in a proper functioning condition.

Date: 07/20/2023

On Site Inspection (305):

Surface Owner Contact Information:

Name: _____ Address: _____
 Phone Number: _____ Cell Phone: _____

Operator Rep. Contact Information:

Landman Name: _____ Phone Number: _____

Inspector Name: Trujillo, Aaron

Date Onsite Request Received: _____	Date of Rule 306 Consultation: _____
Request LGD Attendance: _____	
<u>LGD Contact Information:</u>	
Name: _____	Phone Number: _____ Agreed to Attend: _____
<u>Summary of Landowner Issues:</u>	
<u>Summary of Operator Response to Landowner Issues:</u>	
<u>Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:</u>	

Inspected Facilities				
Facility ID: <u>478246</u>	Type: <u>WELL</u>	API Number: <u>045-24364</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478247</u>	Type: <u>WELL</u>	API Number: <u>045-24365</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478248</u>	Type: <u>WELL</u>	API Number: <u>045-24366</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478249</u>	Type: <u>WELL</u>	API Number: <u>045-24367</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478250</u>	Type: <u>WELL</u>	API Number: <u>045-24368</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478251</u>	Type: <u>WELL</u>	API Number: <u>045-24369</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478252</u>	Type: <u>WELL</u>	API Number: <u>045-24370</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478253</u>	Type: <u>WELL</u>	API Number: <u>045-24371</u>	Status: <u>DG</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478254</u>	Type: <u>WELL</u>	API Number: <u>045-24372</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478255</u>	Type: <u>WELL</u>	API Number: <u>045-24373</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478256</u>	Type: <u>WELL</u>	API Number: <u>045-24374</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478257</u>	Type: <u>WELL</u>	API Number: <u>045-24375</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478258</u>	Type: <u>WELL</u>	API Number: <u>045-24376</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478259</u>	Type: <u>WELL</u>	API Number: <u>045-24377</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478260</u>	Type: <u>WELL</u>	API Number: <u>045-24378</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478261</u>	Type: <u>WELL</u>	API Number: <u>045-24379</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478262</u>	Type: <u>WELL</u>	API Number: <u>045-24380</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478263</u>	Type: <u>WELL</u>	API Number: <u>045-24381</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>
Facility ID: <u>478264</u>	Type: <u>WELL</u>	API Number: <u>045-24382</u>	Status: <u>AP</u>	Insp. Status: <u>CI</u>

Inspector Name: Trujillo, Aaron

Facility ID:	478265	Type:	WELL	API Number:	045-24383	Status:	AP	Insp. Status:	CI
Facility ID:	478266	Type:	LOCATION	API Number:	-	Status:	AC	Insp. Status:	CI
Facility ID:	478267	Type:	WELL	API Number:	045-24384	Status:	DG	Insp. Status:	CI
Facility ID:	478268	Type:	WELL	API Number:	045-24385	Status:	AP	Insp. Status:	CI
Facility ID:	478269	Type:	WELL	API Number:	045-24386	Status:	DG	Insp. Status:	CI
Facility ID:	478270	Type:	WELL	API Number:	045-24387	Status:	AP	Insp. Status:	CI
Facility ID:	478271	Type:	WELL	API Number:	045-24388	Status:	DG	Insp. Status:	CI
Facility ID:	478272	Type:	WELL	API Number:	045-24389	Status:	DG	Insp. Status:	CI
Facility ID:	478273	Type:	WELL	API Number:	045-24390	Status:	AP	Insp. Status:	CI

COGCC Comments

Comment	User	Date
<p>COMMENT #1</p> <p>Pursuant to Form 2A #402340830 Conditions of Approval (“COAs”), the pad will be constructed as designed and shown on the Construction Layout Drawings; Stormwater BMPs will be installed per details in the Stormwater Management Plan (SWMP) and as shown on the Construction Layout Drawings.</p> <p>Inspection #696205116 observed that the Location has not been constructed as designed and shown by the Construction Layout Drawing (#402428071), and that the Location is out of compliance with Form 2A Permit Conditions.</p> <p>Per the Construction Layout Drawing:</p> <p>The 24” culvert to allow for stormwater discharge at the southern Location entrance has not been installed;</p> <p>The two, 6” Flex Pipes to allow for stormwater discharge at the northern Location entrance has not been installed;</p> <p>An “armor channel” to allow for stormwater discharge on the northeast end of the Location has not been installed;</p> <p>Velocity checks (check dams) not observed within stormwater diversion ditch;</p> <p>No armoring was observed within any channel, including the stormwater diversion ditch and sediment traps;</p> <p>Operator states Sediment Trap #2 is to be constructed with a volume of 5,796 cubic feet, to manage runoff from 1.61 acres of the pad:</p> <ul style="list-style-type: none"> - Sediment trap #2 has been constructed with a volume of 1,780 cubic feet, and is inadequate in size. Erosion degradation also observed at the inlet - The 3 sediment traps have not been constructed with an engineered inlet. <p>Sediment traps have been installed in a manner that retains stormwater; any stormwater discharge that would exceed the capacity of the traps would impact the topsoil stockpiles;</p> <p>BMPs to minimize erosion and degradation from the cut and fill slopes remain missing or insufficient; unstabilized fine soils observed on the cut/fill.</p> <p>It was observed in this inspection that corrective actions to comply with the Form 2A permit conditions have not been taken, or have been inadequate.</p>	trujilloam	08/23/2023
<p>Refer to document #696205117 for additional more drone imagery, and a more detailed review of the permit compliance issues.</p>	trujilloam	08/23/2023

Attached Documents

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

Document Num	Description	URL
403519015	INSPECTION SUBMITTED	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=6240238
696205185	Inspection Photos	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=6240229