

COGCC Field Inspection, document number 667100281, inspection date December 8, 2014.

QEP Energy Company (QEP) received notice of this inspection on February 13, 2015. QEP has been given a deadline of March 20, 2015 to address the Corrective Actions (CAs). QEP requests approval of the following CA Plan:

CA #1: Remove Russian thistle plants.

QEP CA Plan: Due to the recent snow events, we currently have 12" – 18" of snow on this location. QEP is requesting a 3 month extension to this deadline. This should allow enough time for the snow to melt and the roads and soils to dry. The roads and soil need to dry so that we do not create rutted roads with trucks and trailers. We anticipate all work will be complete by no later than June 20, 2015 but will begin as soon as practicable. Any new emerging noxious weeds will be controlled prior to seedhead maturity in 2015.

CA #2: Submit a plan to stabilize the project area. See details in comments below (1-6).

QEP CA Plan:

1. **Stabilization measures for the cut-slope:** QEP will scarify then broadcast seed on the cut slope and install a long term erosion control blanket. At the bottom of the slope, the ditch will be cleaned out and cut to a depth of 2-3 feet. The berm on the ditch will be repaired to keep all water in the ditch. The ditch and berm will be maintained to keep water in the ditch. The water will be allowed to evaporate naturally.
2. **Revegetation plan for unused area in the southeastern portion of the well pad:** QEP requests this portion of the CA be waived for two reasons. 1. This area is used to maintain safe operations during well maintenance. This area is used by rigs as a set up area and is also where tanks and supplies are placed during well maintenance. If this area were reclaimed, QEP would not have enough room to conduct safe well maintenance operations. 2. QEP has a Surface Use Agreement (SUA) (see attached Wellsite and Road Right-of-Way Agreement dated November 22, 1993) with the land owner that addresses the size of the location. The size of the location is in compliance with the SUA. QEP requests this waiver under COGCC Reclamation Regulations 1001.c Surface Owner Waiver of 1000-Series Rules. As per the SUA, final reclamation will be completed after the well is plugged and abandoned.
3. **BMPs to filter and de-energize stormwater flows exiting the project area:** The deeper ravines on the western portion of the cut slope will be repaired, scarified, seeded and de-energized with wattles and rip-rap.
4. **BMPs to stabilize the culvert outlet on the access road near the entrance to the project area:** QEP will use a backhoe to fill in the eroded soil and will haul in large rock and gravel to use as rip-rap to help stabilize and de-energize water from the culvert.
5. **BMPs to address any additional erosion on the access road:** QEP will address any other erosion issues on the access road with gravel on the road surface and with rip-rap and wattles in any eroding bar ditches.
6. **Weed management plan:** QEP will remove all noxious weed skeletons prior to June 20, 2015 and will treat any new emerging noxious weeds prior to seedhead maturity in 2015. This location will be sprayed annually to control weed infestations.

In addition, any disturbance to existing vegetation associated with BMP installation will be reseeded to ensure long term stabilization.

QEP will implement this erosion control plan as soon as possible, weather dependent. We anticipate all work will be complete by no later than June 20, 2015 but will begin as soon as practicable. As of today, it is too muddy to conduct this work.

QEP will submit a subsequent report sundry notice Form 4 when the weed skeletons are removed and when the erosion control measures are in place.

WELLSITE & ROAD RIGHT-OF-WAY AGREEMENT

Grady Eugene Gardner ("Grantors")
whether one or more), of 16175 County Road 22, Cortez, Colorado 81321,
convey and warrant to Celsius Energy Company ("Grantee"), the Cutthroat #9
wellsite, no more than 2 acres in size and access to said well through and across
the lands owned by Grantors, in Section 3, TWP. 37 N., Range 19 W., N.M.P.M.,
Montezuma County, State of Colorado ("The Lands"), as shown as the large
dot and solid line on the attached exhibit "A".

This right-of-way (Grant) is granted in consideration of a \$ ~~250,000~~ payment.
Payment shall be made after Grantee's receipt of a signed and notarized grant, and
shall permit Grantee to construct, improve, maintain, repair and use the wellsite and
road ("the facilities") for the purpose of moving in and out construction equipment,
drilling equipment, crews, material and all equipment necessary or convenient for the
drilling, testing, completing, and producing of an oil well, gas well, or ~~injection~~ well.

See Exhibit "A" attached hereto and by reference made a part hereof.

Grantee shall be entitled to have the right of ingress to, egress from and access
on and along the wellsite and road right-of-way to construct, maintain, operate, use,
repair, inspect, protect, remove and replace the facilities for its agents, employees,
licensees, contractors and subcontractors for the puposes stated above. Grant term-
inates 365 days after the well is plugged.

Grantors shall have the right to use the lands, provided such use does not inter-
fere with the facilities or any other rights granted to Grantee under this Grant.
Grantors shall not block or prevent Grantee's vehicular access on or along the
facilities.

Grantee may crown, ditch, and rock any new road which will be built or used.
Said road(s) shall not exceed twenty (20) feet in width for actual roadbed, together
with a reasonable additional width, not to exceed eighteen (18) feet from the center
of the road for fills, shoulders and crossings. Grantee shall install a cattleguard
in any fence which is crossed. Grantee shall provide a trash cage while drilling and
keep the lands litter free. Grantee shall reserve the top 6 inches of top soil at the
well for reclamation. If Grantee nolonger wishes to use the Grant, then Grantee, if
requested by the Grantors, shall harrow all disturbed areas 12" deep, recontour to
match the original contours, and spread the reserved top soil. Grantee shall reseed

directed by the Grantors. Grantee shall complete its reclamation no later than 365 days after the well is plugged.

Grantee agrees to pay damages that may arise to livestock, crops, fences, or other property caused by the exercise of Grantees rights under this grant. Should any unresolved dispute arise as to such damages, it shall, at the written request of either party, be arbitrated and determined by disinterested arbitrators, one to be appointed by Grantors and one by Grantee, within 20 days after such request. if the two so chosen are unable to agree within 90 days after appointment, then they shall, within 30 days after written request by either the Grantors or the Grantee, select a third arbitrator. If the two arbitrators cannot agree on a third arbitrator, either Grantor or Grantee may seek appointment of a third arbitrator by a Federal District Judge or the District in which the lands lie. The decision of any two of the arbitrators so appointed shall be final.

This Grant shall be binding upon and inure to the benefit of the successors and assigns of the Grantors and the successors and assigns of the Grantee and may be assigned in whole by Grantee. It is understood that any body securing this Grant on behalf of the Grantee is without athority to make any representations, covenants or agreements not expressed in this Grant.

WITNESS the execution hereof this 22nd day of November, 1993

GRANTORS:

Grady Eugene Gardner
Grady Eugene Gardner

SSN or TIN 523-46-6777

SSN or TIN

SSN or TIN

SSN or TIN

STATE OF Colorado)

) SS.

COUNTY OF Montezuma)

The foregoing instrument was acknowledged before me this 22nd day of November, 1993, by Grady Eugene Gardner

WITNESS hand and official seal.

My commission expires: 6/13/94

Robert A. J. [Signature]
Notary public 9900 W. Layton Ave. #924
Residing at Littleton, Co. 80123