

**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:

10/15/2024

Submitted Date:

10/16/2024

Document Number:

696206375

FIELD INSPECTION FORM

Loc ID 479149 Inspector Name: Trujillo, Aaron On-Site Inspection 2A Doc Num: _____

Status Summary:

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

Operator Information:

ECMC Operator Number: 10456
Name of Operator: CAERUS PICEANCE LLC
Address: 1001 17TH STREET #1600
City: DENVER State: CO Zip: 80202

Findings:

- 9 Number of Comments
- 2 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 |
|--------------|-------|--------------------------------|---------|
| | | ecmc.inspections@qb-energy.com | |

Inspected Facilities:

| Facility ID | Type | Status | Status Date | Well Class | API Num | Facility Name | Insp Status |
|-------------|----------|--------|-------------|------------|---------|-----------------|-------------|
| 479149 | LOCATION | AC | | | - | BJU B26-496 Pad | RI |

General Comment:

On 10/15/2024, Western Reclamation Work Lead Trujillo conducted an interim reclamation and stormwater inspection at Caerus Piceance LLC's BJU/B26-496 Pad location in Garfield County, Colorado.

Noted: Caerus has entered into an agreement with QB Energy Operating LLC to purchase 100% of the Caerus Piceance Assets. At time of inspection and writing of this report, Caerus is listed as the Operator on record for the Location and wells.

It was observed that interim reclamation operations were in process.

The following compliance issues were observed during this inspection:
-Stormwater
-Fencing/Safety requirements

Refer to the Location and Reclamation sections of this inspection report for additional details.

Refer to the photo-documentation of the observed compliance issues attached to this report.

Any corrective action(s) from previous inspection that have not been addressed are still applicable.

Location

Overall Good:

| Signs/Marker: | | | |
|----------------------|----------------------|-------|--|
| Type | CONTAINERS | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type | TANK LABELS/PLACARDS | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type | WELLHEAD | | |
| Comment: | | | |
| Corrective Action: | | Date: | |
| Type | BATTERY | | |
| Comment: | | | |
| Corrective Action: | | Date: | |

Emergency Contact Number:

Comment: 970-285-2615

Caerus has entered into an agreement with QB Energy Operating LLC to purchase 100% of the Caerus Piceance Assets. Upon the Director's approval of a Form 9 the Buying Operator will have 60 days to replace or update all signs at the Oil and Gas Location so that the signs comply with Rule 605.

Corrective Action:

Date:

Overall Good:

| Spills: | | | |
|----------------|------|--------|--|
| Type | Area | Volume | |
| | | | |

In Containment: No

Comment:

Multiple Spills and Releases?

| Fencing/: | | | |
|--------------------|--|-------|------------|
| Type | WELLHEAD | | |
| Comment: | Excavation at the BJU B26 Fed 21D-26-45 well. Pit has been fenced with livestock panels. | | |
| Corrective Action: | | Date: | |
| Type | OTHER | | |
| Comment: | Possible bore hole or sink hole observed on the northeast end of the Location; hole is approximately 2-3 feet by 1 foot; Inspector was unable to observe bottom of the pit. No safety fencing has been installed at hole. | | |
| Corrective Action: | Install safety fencing and/or other BMPs to prevent access to hole by people of wildlife. Maintain Fencing/BMPs until hole is repaired. | Date: | 10/18/2024 |

| Venting: | | | |
|-----------------|--|--|--|
| Yes/No | | | |

| | | | |
|--------------------|--|-------|--|
| Comment: | | | |
| Corrective Action: | | Date: | |

Flaring:

| | | | |
|--------------------|--|-------|--|
| Type | | | |
| Comment: | | | |
| Corrective Action: | | Date: | |

Inspected Facilities

Facility ID: 479149 Type: LOCATION API Number: - Status: AC Insp. Status: RI

The subreport 'InspWellFlowline' could not be found at the specified location \\10.14.12

Reclamation - Storm Water - Pit

Interim Reclamation:

Date Interim Reclamation Started: _____ Date Interim Reclamation Completed: _____

Land Use: RANGELAND

Comment: _____

1002 SITE PREPARATION AND STABILIZATION

1002a. FENCING _____

Comment _____

Corrective Action _____

Date _____

1002b. SOIL REMOVAL AND _____

Comment _____

Corrective Action _____

Date _____

1002c. PROTECTION OF SOILS _____

Comment _____

Corrective Action _____

Date _____

1002E. SURFACE DISTURBANCE MINIMIZATION _____

Comment _____

Corrective Action _____

Date _____

1003a. Waste and Debris removed? _____

Comment _____

Corrective Action _____

Date _____

Unused or unneeded equipment onsite? _____

Comment _____

Corrective Action _____

Date _____

Pit, cellars, rat holes and other bores closed? Pass

Comment Cuttings-trench backfilled. Cellars at wells backfilled.

Corrective Action _____

Date _____

Guy line anchors marked? _____

Comment Anchors not observed.

Corrective Action _____

Date _____

| | |
|--|--|
| Corrective Action: _____ | Date _____ |
| Overall Final Reclamation <input type="checkbox"/> | Well Release on Active Location <input type="checkbox"/> |
| | Multi-Well Location <input type="checkbox"/> |

Storm Water:

| Loc Erosion BMPs | BMP Maintenance | Lease Road Erosion BMPs | Lease BMP Maintenance | Chemical BMPs | Chemical BMP Maintenance | Comment |
|------------------|-----------------|-------------------------|-----------------------|---------------|--------------------------|---------|
| | | | | | | |

Comment: It was observed that stormwater and erosion control measures are missing or insufficient:

- BMPs to minimize erosion, degradation and sediment transport are missing or insufficient along the eastern perimeter of the Location's disturbance. BMPs previously implemented, including erosion logs, appear to have have either been removed, not maintained, or covered during current construction/interim reclamation operations.
- Soils on the working pad surface are unstable/loose/powdery and at risk of becoming fugitive dust.

Corrective Action: Comply with Rule 1002.f- Install or repair required perimeter stormwater and erosion control measures. Ensure BMPs are maintained per good engineering practices.

Implement fugitive dust control measures in accordance with Rule 1002.f, and Form 2A #402340696 COA #3.

Date: 10/18/2024

Pits: NO SURFACE INDICATION OF PIT

ECMC Comments

| Comment | User | Date |
|---|------------|------------|
| Pursuant to Operator's Reclamation plan (#403909113), road north of the Location will be reclaimed; pursuant to Form 4 #403940442, road will be retained until well completion operations are finished BJU M23A 496, due to a shared completions pad and temporary frac lines in place. | trujilloam | 10/16/2024 |

Attached Documents

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

| Document Num | Description | URL |
|--------------|----------------------|---|
| 403959932 | INSPECTION SUBMITTED | https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=6748964 |
| 696206376 | Inspection Photos | https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=6748963 |