

**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:

03/17/2025

Submitted Date:

03/19/2025

Document Number:

718100316

FIELD INSPECTION FORMLoc ID 479185 Inspector Name: Trujillo, Aaron On-Site Inspection ☐ 2A Doc Num: _____**Operator Information:**

ECMC 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:

10 Number of Comments

4 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 |
|-------------|----------|--------|-------------|------------|---------|-----------------|-------------|
| 479185 | LOCATION | AC | | | - | ELU O13-496 Pad | RI |

General Comment:

On 3/17/2025, Western Reclamation Work Lead Trujillo conducted an interim reclamation and stormwater inspection at Caerus Piceance LLC's ELU M12-496 location in Rio Blanco County, Colorado.

Records show Operator for Location is "Caerus Piceance LLC", and Operator for the wells is "QB Energy Operating LLC".

Location is Fee Surface / Fee Mineral

Location is within the following High Priority Habitats: Elk Production Area; Elk Winter Concentration Area; Mule Deer Migration Corridor; Greater Sage Grouse Priority Habitat Management Area; Mule Deer Migration Corridor; Mule Deer Winter Concentration Area

The following compliance issues were observed during this inspection:

- Permit posting requirements
- Stormwater
- Sanitary facility requirements
- Good Housekeeping

Refer to the Location, Reclamation and Stormwater 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.

LocationOverall Good: ☐

| | | | |
|----------------------|--|-------|--|
| Signs/Marker: | | | |
| Type | WELLHEAD | | |
| Comment: | Well signage not observed at time of inspection. Within 60 days after a new Well is Completed, including each Well on a Multi-Well Site, or an existing sign is replaced or modified, a permanent sign will be conspicuously located at the wellhead and will identify: A. The Well name; B. The API number; and C. Its legal location, including the quarter/quarter section. | | |
| Corrective Action: | | Date: | |
| Type | OTHER | | |
| Comment: | A copy of the approved Form 2A, and any Form 4 modifying the approved Form 2A, has not been posted, or posted in a protected and conspicuous place on the location. | | |
| Corrective Action: | Comply with Rule 406.c. No CA date is being provided as Rules require that the Form 2A to be posted and on-site at all times upon the commencement of operations, until interim reclamation is complete. | Date: | |
| Type | OTHER | | |
| Comment: | Location Signage | | |
| Corrective Action: | | Date: | |

Emergency Contact Number:

Comment: 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:

Good Housekeeping:

| | | | |
|--------------------|---|-------|------------|
| Type | TRASH | | |
| Comment: | Various trash/debris observed mixed within soils/slopes on the west end of the Location | | |
| Corrective Action: | Comply with 606 requirements. | Date: | 03/26/2025 |
| Type | STORAGE OF SUPL | | |
| Comment: | Various equipment/vehicles/trailers/tanks/etc... currently stored within areas subject to 1003 requirements. All equipment not necessary for production operations, as well as any other remaining debris, waste materials, etc... will require removal to comply with 1003 and 606 Rules. | | |
| Corrective Action: | | Date: | |

Overall Good: ☐

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

In Containment: No

Comment: Containment BMP at the diesel tank has partially filled with fluids. Unclear if containment measure has sufficient space to contain a spill or release from the tank. Maintenance advised to ensure containment BMP remains in proper functioning condition.

☐ Multiple Spills and Releases?

| | | | |
|-------------------|-----|--|-----------------|
| Equipment: | | | corrective date |
| Type: | # 1 | | |

| | | | |
|--------------------|--|-------|------------|
| Comment: | Sanitary Facility (Porta-john) on the south end of the Location has not been physically secured. | | |
| Corrective Action: | Comply with Rule 602.m | Date: | 03/26/2025 |

Venting:

| | | | |
|--------------------|--|-------|--|
| Yes/No | | | |
| Comment: | | | |
| Corrective Action: | | Date: | |

Flaring:

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

| Inspected Facilities | | | | | | | | | |
|--|--------|-------|----------|-------------|---|---------|----|---------------|----|
| Facility ID: | 479185 | 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: OTHER, RANGELAND

Comment: _____

1002 SITE PREPARATION AND STABILIZATION

1002a. FENCING _____

Comment _____

Corrective Action _____

Date _____

1002b. SOIL REMOVAL AND SEGREGATION _____

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? _____

Comment _____

Corrective Action _____

Date _____

Guy line anchors marked? _____

Comment _____

Corrective Action _____

Date _____

- 1003b. Area no longer in use? _____ Production areas stabilized ? _____
- 1003c. Compacted areas have been cross ripped? _____
- 1003d. Drilling pit closed? _____ Subsidence over on drill pit? _____
- Cuttings management: _____
- 1003e. Areas no longer needed for drilling or subsequent operations for have been re-vegetated to 80% of pre-existing? _____
- Production areas have been stabilized? _____ Segregated soils have been replaced? _____

RESTORATION AND REVEGETATIONCropland

Top soil replaced _____ Recontoured _____ Perennial forage re-established _____

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003e. INTERIM VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____

VEGETATIVE COVER _____

1003 f. Weeds Noxious weeds? _____

Comment Records show the last drilled well went into production December 2024. Records also show that the drill rig was released from the Location 05/16/2024. Completion operations are no longer continuous/ongoing.

Location is subject to 1003 requirements; pursuant to Rule 1003.a, interim reclamation of the Location is required by 6/23/2025. A follow-up inspection will be conducted to determine compliance with 1003 requirements.

Corrective Action Date _____

Overall Interim Reclamation

Final Reclamation/ Abandoned Location:

Date Final Reclamation Started: _____ Date Final Reclamation Completed: _____

Final Land Use: OTHER _____

Reminder: _____

Comment:

Well plugged _____ Pit mouse/rat holes, cellars backfilled _____

Debris removed _____ No disturbance /Location never built _____

Access Roads Regraded _____ Contoured _____ Culverts removed _____

Gravel removed _____

Location and associated production facilities reclaimed _____ Locations, facilities, roads, recontoured _____

Compaction alleviation _____ Dust and erosion control _____

Non cropland: Revegetated 80% _____ Cropland: perennial forage _____

Weeds present _____ Subsidence _____

1004.d. FINAL VEGETATION TRANSECT

TRANSECT RESULTS OF DISTURBED AREA% _____

TRANSECT RESULTS OF REFERENCE AREA% _____

TOTAL % OF DESIRABLE VEGETATION COVER _____

VEGETATIVE COVER _____

Inspector Name: Trujillo, Aaron

| | | |
|---------------------------|--|--|
| Comment: | | Date |
| Corrective Action: | | |
| Overall Final Reclamation | 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: | <p>It was observed in this inspection that BMPs to stabilize, as well as to minimize erosion, degradation and vehicle tracking/sediment transport are missing or insufficient- Working Pad Surface and access road lacks stabilization; tracking/rutting/degradation and sediment transport are evident.</p> <p>Additionally, BMPs to ensure stormwater is properly discharged appear missing or insufficient- stormwater ponding observed; ponding appears to be contributing/facilitating the pad stabilization/degradation/tracking issues.</p> | Date: 03/26/2025 |
| Corrective Action: | <p>Comply with Rule 1002.f- Install or repair required stormwater and erosion control measures in accordance with good engineering practices.</p> | |

Pits: ☐ NO SURFACE INDICATION OF PIT

Attached Documents

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

| Document Num | Description | URL |
|--------------|----------------------|---|
| 404134551 | INSPECTION SUBMITTED | https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=6966651 |
| 718100317 | Inspection Photos | https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=6966629 |