

**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:

04/24/2025

Submitted Date:

04/24/2025

Document Number:

708906327

**FIELD INSPECTION FORM**Loc ID 334836 Inspector Name: Smelser, Wayne 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:**

30 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 |
|--------------|-------|--------------------------------|---------|
| QB Energy    |       | ecmc.inspections@qb-energy.com |         |
| Heil, John   |       | john.heil@state.co.us          |         |

**Inspected Facilities:**

| Facility ID | Type | Status | Status Date | Well Class | API Num   | Facility Name         | Insp Status |
|-------------|------|--------|-------------|------------|-----------|-----------------------|-------------|
| 211341      | WELL | PR     | 11/04/1996  | GW         | 045-07101 | DUNN 32-16            | PR          |
| 268636      | WELL | PR     | 02/08/2004  | GW         | 045-09278 | SHIDELER 32-9D (P32)  | PR          |
| 268637      | WELL | SI     | 08/01/2024  | GW         | 045-09279 | SHIDELER 32-10D (P32) | SI          |
| 268668      | WELL | SI     | 06/01/2024  | GW         | 045-09284 | SHIDELER 32-9C (P32)  | SI          |
| 274896      | WELL | PR     | 07/01/2019  | GW         | 045-13422 | DUNN 32-16D (P32)     | PR          |
| 274897      | WELL | SI     | 06/01/2024  | GW         | 045-13421 | DUNN 5-7D (P32)       | SI          |

**General Comment:****CECMC Inspection/Audit Report Summary**

On 04/24/2025 at approximately 15:20 hours, I, Compliance Specialist, Wayne Smelser

Conducted an on-site inspection/audit at QB Energy DUNN 32-16 (P32) Pad

Location # 334836 in Garfield County Colorado.

Location is within High Priority/Density/Black Bear Habitat areas &amp; in close proximity to NSO Habitat area &amp; Bald Eagle Roost site.

Location is approximately 357 yards from Mamm Creek.

While there, I observed normal production operations.

During this inspection/audit the following compliance issues were observed:

1. Tanks & Berms - Possible tank failure - Suspected leak on production tank/tank appears to lack integrity with a CA date of 04/26/2025
2. Stormwater - Failure to maintain chemical BMP with a CA date of 04/27/2025

A follow up on this site inspection/audit needs to be conducted to ensure the compliance issues have been corrected to comply with CECMC rules.

This is a summary of inspection/audit report.

| Location                               |  |       |  |
|--|--|-------|--|
| <b>Lease Road:</b>                     |  |       |  |
| Type                                   | Access   |       |  |
| comment:                               |  |       |  |
| Corrective Action                      | L  | Date: |  |
| Overall Good: <input type="checkbox"/> |  |       |  |
| <b>Signs/Marker:</b>                   |  |       |  |
| Type                                   | CONTAINERS   |       |  |
| Comment:                               | Chemical tank  |       |  |
| Corrective Action:                     |  | Date: |  |
| Type                                   | WELLHEAD   |       |  |
| Comment:                               | Signs at separators  |       |  |
| Corrective Action:                     |  | Date: |  |
| Type                                   | OTHER  |       |  |
| Comment:                               | Separator units include attached storage tanks. The sight glass located on the side of the units indicates the storage tanks are full of an unknown fluid. No form of labeling or markers are present to identify a potential hazard or the contents of the storage tanks. |       |  |
| Corrective Action:                     |  | Date: |  |
| Type                                   | OTHER  |       |  |
| 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: |  |
| Type                                   | OTHER  |       |  |
| Comment:                               | Sign on lease road at gate approximately 65 yards from entrance to location  |       |  |
| Corrective Action:                     |  | Date: |  |
| Type                                   | BATTERY  |       |  |
| Comment:                               |  |       |  |
| Corrective Action:                     |  | Date: |  |
| Type                                   | TANK LABELS/PLACARDS   |       |  |
| Comment:                               |  |       |  |
| Corrective Action:                     |  | Date: |  |
| Type                                   | OTHER  |       |  |
| Comment:                               | Sign at intersection of Mamm Creek Road & start of lease road  |       |  |
| Corrective Action:                     |  | Date: |  |
| Emergency Contact Number:              |  |       |  |
| Comment:                               | 911/970-285-2615   |       |  |
| Corrective Action:                     |  | Date: |  |
| <b>Good Housekeeping:</b>              |  |       |  |
| Type                                   | WEEDS  |       |  |
| Comment:                               | Small amount of weeds in secondary containment - please refer to photo log   |       |  |
| Corrective Action:                     |  | Date: |  |

Overall Good: ☐**Spills:**

|      |      |        |  |  |
|------|------|--------|--|--|
| Type | Area | Volume |  |  |
|------|------|--------|--|--|

In Containment: No

Comment: ☐ Multiple Spills and Releases?**Equipment:**

corrective date

|                                 |  |       |  |
|---------------------------------|--|-------|--|
| Type: Bird Protectors           | # 2  |       |  |
| Comment:                        |  |       |  |
| Corrective Action:              |  | Date: |  |
| Type: Ancillary equipment       | # 1  |       |  |
| Comment:                        | Liquid nitrogen tank<br>Equipment not listed in FORM 4 SUNDRY/not in compliance with CECMC rules |       |  |
| Corrective Action:              |  | Date: |  |
| Type: Plunger Lift              | # 6  |       |  |
| Comment:                        | All wells on plunger lift  |       |  |
| Corrective Action:              |  | Date: |  |
| Type: Gas Meter Run             | # 1  |       |  |
| Comment:                        | Summit Midstream   |       |  |
| Corrective Action:              |  | Date: |  |
| Type: Vertical Heated Separator | # 6  |       |  |
| Comment:                        |  |       |  |
| Corrective Action:              |  | Date: |  |
| Type: Gas Meter Run             | # 6  |       |  |
| Comment:                        |  |       |  |
| Corrective Action:              |  | Date: |  |
| Type: Bradenhead                | # 6  |       |  |
| Comment:                        | Pressure transducers located on bradenheads, bradenhead valves are accessible.                   |       |  |
| Corrective Action:              |  | Date: |  |
| Type: Ancillary equipment       | # 1  |       |  |
| Comment:                        | Chemical tank  |       |  |
| Corrective Action:              |  | Date: |  |

**Tanks and Berms:**

| Contents   | #  | Capacity | Type      | Tank ID | SE GPS |
|------------|--|----------|-----------|---------|--------|
| CONDENSATE | 1  | 400 BBLS | STEEL AST |         | ,      |
| Comment:   | Possible tank failure - Suspected leak on production tank/tank appears to lack integrity |          |           |         |        |

|                    |   |       |            |
|--------------------|---|-------|------------|
| Corrective Action: | <p>If tank is in service comply with CECMC rules for in-service tanks and process vessels</p> <p>or</p> <p>If tank is out of service comply with CECMC rules for out of service tanks and process vessels</p> <p>Additionally comply with 900 series rules for any E &amp; P waste on the side of the tank &amp; in the secondary containment</p> | Date: | 04/26/2025 |
|--------------------|---|-------|------------|

Paint

|                  |          |  |
|------------------|----------|--|
| Condition        | Adequate |  |
| Other (Content)  |          |  |
| Other (Capacity) |          |  |
| Other (Type)     |          |  |

Berms

|                    |                               |                     |                     |             |        |
|--------------------|-------------------------------|---------------------|---------------------|-------------|--------|
| Type               | Capacity                      | Permeability (Wall) | Permeability (Base) | Maintenance |        |
| Metal              | Adequate                      |                     |                     |             |        |
| Comment:           | Centralized containment       |                     |                     |             |        |
| Corrective Action: |                               |                     | Date:               |             |        |
| Contents           | #                             | Capacity            | Type                | Tank ID     | SE GPS |
| CONDENSATE         | 2                             | 300 BBLs            | STEEL AST           |             | ,      |
| Comment:           | Tanks equipped with telemetry |                     |                     |             |        |
| Corrective Action: |                               |                     | Date:               |             |        |

Paint

|                  |          |  |
|------------------|----------|--|
| Condition        | Adequate |  |
| Other (Content)  |          |  |
| Other (Capacity) |          |  |
| Other (Type)     |          |  |

Berms

|                    |                         |                     |                     |             |
|--------------------|-------------------------|---------------------|---------------------|-------------|
| Type               | Capacity                | Permeability (Wall) | Permeability (Base) | Maintenance |
| Metal              | Adequate                |                     |                     |             |
| Comment:           | Centralized containment |                     |                     |             |
| Corrective Action: |                         |                     | Date:               |             |

Venting:

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

Flaring:

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

| Inspected Facilities   |  |       |      |   |
|--|--|-------|------|---|
| Facility ID:   | 211341   | Type: | WELL | API Number: 045-07101 Status: PR Insp. Status: PR |
| <b>Producing Well</b>  |  |       |      |   |
| Comment:   | Producing, well on plunger lift  |       |      |   |
| Corrective Action:   |  |       |      | Date:   |
| The subreport 'InspWellFlowline' could not be found at the specified location \\10.14.12 |  |       |      |   |
| Facility ID:   | 268636   | Type: | WELL | API Number: 045-09278 Status: PR Insp. Status: PR |
| <b>Producing Well</b>  |  |       |      |   |
| Comment:   | Producing, well on plunger lift  |       |      |   |
| Corrective Action:   |  |       |      | Date:   |
| The subreport 'InspWellFlowline' could not be found at the specified location \\10.14.12 |  |       |      |   |
| Facility ID:   | 268637   | Type: | WELL | API Number: 045-09279 Status: SI Insp. Status: SI |
| <b>Idle Well</b>   |  |       |      |   |
| Purpose:   | <input checked="" type="checkbox"/> Shut In <input type="checkbox"/> Temporarily Abandoned Reminder: |       |      |   |
| Comment:   | Shut In<br>Last produced July 2024   |       |      |   |
| Corrective Action:   |  |       |      | Date:   |
| The subreport 'InspWellFlowline' could not be found at the specified location \\10.14.12 |  |       |      |   |
| Facility ID:   | 268668   | Type: | WELL | API Number: 045-09284 Status: SI Insp. Status: SI |
| <b>Idle Well</b>   |  |       |      |   |
| Purpose:   | <input checked="" type="checkbox"/> Shut In <input type="checkbox"/> Temporarily Abandoned Reminder: |       |      |   |
| Comment:   | Shut In<br>Last produced May 2024  |       |      |   |
| Corrective Action:   |  |       |      | Date:   |
| The subreport 'InspWellFlowline' could not be found at the specified location \\10.14.12 |  |       |      |   |
| Facility ID:   | 274896   | Type: | WELL | API Number: 045-13422 Status: PR Insp. Status: PR |
| <b>Producing Well</b>  |  |       |      |   |
| Comment:   | Producing, well on plunger lift  |       |      |   |
| Corrective Action:   |  |       |      | Date:   |
| The subreport 'InspWellFlowline' could not be found at the specified location \\10.14.12 |  |       |      |   |
| Facility ID:   | 274897   | Type: | WELL | API Number: 045-13421 Status: SI Insp. Status: SI |
| <b>Idle Well</b>   |  |       |      |   |
| Purpose:   | <input checked="" type="checkbox"/> Shut In <input type="checkbox"/> Temporarily Abandoned Reminder: |       |      |   |
| Comment:   | Shut In<br>Last produced May 2024  |       |      |   |
| Corrective Action:   |  |       |      | Date:   |
| The subreport 'InspWellFlowline' could not be found at the specified location \\10.14.12 |  |       |      |   |

**Reclamation - Storm Water - Pit****Storm Water:**

| Loc Erosion BMPs | BMP Maintenance | Lease Road Erosion BMPs | Lease BMP Maintenance | Chemical BMPs                          | Chemical BMP Maintenance | Comment                          |
|------------------|-----------------|-------------------------|-----------------------|--|--------------------------|----------------------------------|
|                  |                 |                         |                       | Material Handling And Spill Prevention | Fail                     | Failure to maintain chemical BMP |
|                  |                 | Ditches                 |                       |  |                          |                                  |
| Ditches          |                 |                         |                       |  |                          |                                  |
| Gravel           |                 |                         |                       |  |                          | Sparse to none in areas          |
| Compaction       |                 |                         |                       |  |                          | Small amount of light compaction |
|                  |                 | Check Dams              |                       |  |                          |                                  |
|                  |                 | Culverts                |                       |  |                          |                                  |
|                  |                 | Rip Rap                 |                       |  |                          |                                  |
|                  |                 | Compaction              |                       |  |                          |                                  |
| Berms            |                 |                         |                       |  |                          |                                  |
|                  |                 | Gravel                  |                       |  |                          | Sparse to none                   |

Comment: 1. Failure to maintain chemical BMP – Chemical tank containment approximately 2/3 full of fluid/BMP insufficient to contain possible spill

Corrective Action: **Comply with CECMC Stormwater rules**

Date: 04/27/2025

**Pits:** ☒ NO SURFACE INDICATION OF PIT

**ECMC Comments**

| Comment   | User     | Date       |
|---|----------|------------|
| Please refer to Tanks & Berms & Stormwater for corrective actions & also refer to Signs/Marker & Housekeeping for comments. | smelserw | 04/24/2025 |

**Attached Documents**

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

| Document Num | Description                                     | URL   |
|--------------|---|---|
| 404178853    | INSPECTION SUBMITTED                            | <a href="https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=7022110">https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=7022110</a> |
| 708906328    | Inspection/Audit 708906327 Stormwater photo log | <a href="https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=7022108">https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=7022108</a> |
| 708906329    | Inspection/Audit 708906327 photo log            | <a href="https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=7022109">https://ecmc.state.co.us/weblink/DownloadDocumentPDF.aspx?DocumentId=7022109</a> |