



BAYSWATER

2020 SUSTAINABILITY ACCOUNTING STANDARDS BOARD REPORT



Bayswater's Sustainability Accounting Standards Board (SASB) report 2020 contains both retrospective data for 2020 as well as prospective statements looking to future operations. These prospective statements are designed to project future Bayswater operations, including but not limited to company plans, activities, processes and procedures, and expectations. All statements made in this report, other than those addressing retrospective data and analysis, are based off assumptions and information currently available at the time of publication. Changes that may occur in the future may be done based on actions within or outside of Bayswater's control. From time to time, Bayswater may choose to update its prospective statements, however is under no requirement to do so.

Greenhouse Gas Emissions

ACCOUNTING METRIC

Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations

CATEGORY

Quantitative

UNIT OF MEASURE

Metric tons (t) CO₂e, Percentage (%)

CODE

EM-EP-110a.1

BAYSWATER RESPONSE

Calendar year 2020 gross global Scope 1 emissions (metric tons (t) CO₂e): 174,669.12 t

Percentage Methane: $(1,952.98 \text{ CH}_4 \text{ in t CO}_2\text{e} / 174,669.12 \text{ t CO}_2\text{e}) \times 100 = 1.12\%$

Zero 2020 Scope 1 emissions were covered under emission-limiting regulations.

Important note: All emissions totals were based on the total greenhouse gas emissions Bayswater reported in 2020 under the U.S. Environmental Protection Agency (EPA)'s Greenhouse Gas Reporting Program—Subpart W using actual measurements, engineering calculations, and EPA-approved emission factors.

ACCOUNTING METRIC

Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions

CATEGORY

Quantitative

UNIT OF MEASURE

Metric tons (t) CO₂e

CODE

EM-EP-110a.2

BAYSWATER RESPONSE

Amount of gross global Scope 1 emissions from:

1. Flaring & Venting: 200.6 t CO₂e
 2. Other combustion (other than flaring): 122,614.8 t CO₂e
 3. Process emissions: None
 4. Other vented emissions: 338.1 t CO₂e
 5. Fugitive emissions: 426.7 t CO₂e
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Greenhouse Gas Emissions (Continued)

ACCOUNTING METRIC

Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

n/a

CODE

EM-EP-110a.3

BAYSWATER RESPONSE

Over the last several years, Bayswater has worked to proactively reduce Scope 1 emissions from all aspects of our operations—drilling, completion, and production. Some of the notable emission mitigation efforts implemented or continued in 2020 include:

- Upgrading pneumatic controllers to instrument air systems.
- Installing lock-down thief hatches and auto gauging on oil storage tanks.
- Deploying continuous air monitoring devices.
- Utilizing Vapor Recovery Unit (VRUs) systems.
- Use of sealed tanks for flowback operations.
- Utilization of electric motors for VRU systems.

We are proud of our achievements to this point. We continue to strive to improve and reduce emissions wherever possible. At Bayswater, our small entrepreneurial corporate culture fosters a work ethic and drive to constantly improve. Looking ahead, our aim is to further reduce our Scope 1 emissions, eventually realizing our goal of carbon-neutral operations. To achieve this goal, our team routinely assesses our operations, available technology, and new innovations, and maintains a comprehensive list of short-term and long-term goals. Our aspirational goals allow us to further improve our operations and mitigate our environmental impact, including reducing, eliminating, or offsetting Scope 1 emissions from our drilling, completion, or production operations. Specific to the reduction, elimination, or offset of emissions, some of our forward-looking goals and plans include:

- Minimal reliance on tanks for the storage and primary usage of pipe for all hydrocarbons.
- Expansion of continuous air monitoring devices beyond Colorado sites.
- Utilization of electrified drilling rigs and frac fleets.
- Use of electric motors for larger gas compression applications.
- Use of solar arrays to power select field or production operations.
- Proactive implementation of effective, State specific, carbon offset strategies.

These are just some examples of real short-term and long-term goals Bayswater has prioritized and is taking active steps toward in our effort to reduce our Scope 1 emissions. We are committed to achieving our carbon-neutral emissions target and will prove our progress towards this goal with each annual ESG report moving forward.

Water Management

ACCOUNTING METRIC

(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress

CATEGORY

Quantitative

UNIT OF MEASURE

Thousand cubic meters (m³), percentage (%)

CODE

EM-EP-140a.1

BAYSWATER RESPONSE

1. Total fresh water withdrawn: 15,600,615 barrels (bbls) x 0.16 m³/bbl = 2,496.098 thousand m³
2. Total fresh water consumed: 15,240,593 bbls x 0.16 m³/bbl = 2,438.495 thousand m³; 0% of fresh water is consumed in High or Extremely High Baseline Water Stress regions

ACCOUNTING METRIC

Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water

CATEGORY

Quantitative

UNIT OF MEASURE

Thousand cubic meters (m³), percentage (%), Metric tons (t)

CODE

EM-EP-140a.2

BAYSWATER RESPONSE

Volume of produced water and flowback generated: 2,438.247 thousand m³

1. Discharged: 0%
2. Injected: 97.22%
3. Recycled: 2.78%; Hydrocarbon content in discharged water: 0%

ACCOUNTING METRIC

Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-140a.3

BAYSWATER RESPONSE

100% of all wells drilled and hydraulically fractured by Bayswater are reported to FracFocus, publicly disclosing all fracturing fluid chemicals used.

Water Management (Continued)

ACCOUNTING METRIC

Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-140a.4

BAYSWATER RESPONSE

In accordance with state regulations, Bayswater conducts well water baseline assessments specifically in our Colorado operations. During these assessments, 0% of ground or surface water quality had deteriorated compared to baseline data.

Biodiversity Impacts

ACCOUNTING METRIC

Description of environmental management policies and practices for active sites

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

n/a

CODE

EM-EP-160a.1

BAYSWATER RESPONSE

In 2020, Bayswater active oil and natural gas operations were located primarily in Weld County, Colorado and Howard County, Texas. Bayswater's operations predominately occur on agricultural land and are not near large population areas. Bayswater works closely with farmers, ranchers, landowners, and local community leaders to minimize the impact of our operations to landowners, neighbors, and the communities in which we operate.

Key Environmental Management Policies & Practices

We firmly believe oil and natural gas production and environmental stewardship are not mutually exclusive. Every Bayswater project strives to achieve both through thoughtful approaches and an intentional, meticulous planning process.

Before operations commence, each Bayswater site requires months of intensive planning, permitting, and work with surface owners, nearby residents, local community leaders, and state regulatory officials. This work ensures the location of wells, service roads, and infrastructure minimize our impact on the local community and environment, meet all required regulations by state regulators, and efficiently access the targeted oil and natural gas reserves. With the revolutionary advent of horizontal drilling coupled with hydraulic fracturing, Bayswater has worked to condense operations and minimize our surface footprint by increasing the number of wells on each pad. Bayswater employs multiple environmental management practices to minimize our impact on the local community, wildlife, and ecosystems, ensuring every stage of our operations—drilling, completion, and production—is thoughtfully and sustainably designed and executed, including the following key practices.

Wildlife & Biodiversity Management

Bayswater thoughtfully approaches and meticulously plans the locations where operations are conducted to minimize our environmental impact and ensure they are in accordance with all state and local environmental regulations. There is little sensitive habitat within Bayswater's operations in Colorado and Texas. Where we do operate around sensitive habitat areas, Bayswater carefully plans and conducts operations in accordance with local, state, and federal regulations, as well as utilizing expert guidance specific to the issue and environment at hand.

Colorado Area of Operations

Raptors are common in Bayswater's Colorado area of operations. Several roosting and nesting sites of the more sensitive species of raptors are monitored by the state. When necessary, Bayswater delays operations to prevent impacting nearby springtime raptor nesting activity.

Pronghorn and Mule Deer Winter Concentration Areas exist to the north and east of Bayswater's area of operations in Weld County, Colorado. Bayswater is aware of and careful to plan and conduct operations outside of these concentration areas. As they do not overlap with Bayswater operations, these concentration areas have never impacted Bayswater activity.

The state of Colorado has designated a few streams cutting through Bayswater's area of operations as "Aquatic Native Species Conservation Waters." In accordance with Colorado regulation, no Bayswater operations are within the 500-foot buffer zone around these sensitive streams.

Texas Area of Operations

There are no biodiversity concerns near Bayswater's operational footprint in the Permian Basin. Bayswater's Permian Basin operations in Howard County, TX are not located on or near any protected or areas designated for biodiversity conservation.

Spill Prevention

At Bayswater, we do everything in our power to ensure all hydrocarbons and byproducts are appropriately and safely secured, transported, and stored. Our operational goal to ensure every hydrocarbon molecule recovered is captured and contained. From a business perspective, it is in our best interest to ensure all the oil and natural gas we produce securely gets from our drill site to the end customer. We realize preventing spills before they happen is best for our stakeholders, the local community, and the environment. Our increased focus on utilizing pipelines as opposed to trucks dramatically reduces the likelihood of spills during the transportation of hydrocarbons.

Biodiversity Impacts (Continued)

All our operations meet or exceed local, state, and federal requirements for spill prevention and containment plans. For instance, this includes liners under drilling and completion operations where fluids are stored as well as under all oil and water storage tanks at production facilities. Containment berm structures surround all equipment at production facilities to capture any potential liquids—whether hydrocarbon, byproduct, or water—to allow for the spill to be contained before it reaches soil. While our primary aim is to prevent spills from occurring in the first place, we never want to be caught off guard and are adequately prepared in the event of a spill. A Spill Prevention, Control and Countermeasures (SPCC) Plan is developed for each Bayswater site and project which certifies each site has sufficient secondary containment to handle oil and/or water releases from its storage vessels. An emergency spill plan is also in place in the form of a formal Oil Spill Contingency Plan (OSCP) that is unique to each site location.

Stormwater Management

A vital component of the planning process for each Bayswater site is stormwater management. Our team thoughtfully considers and carefully plans our operations unique to each specific environment including designing and building the long-term infrastructure on each location to appropriately manage and drain stormwater. We work hard to ensure each site—through drilling, completion, and production—is built for long-term sustainability.

ACCOUNTING METRIC

Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered

CATEGORY

Quantitative

UNIT OF MEASURE

Numbers, Barrels (bbls)

CODE

EM-EP-160a.2

BAYSWATER RESPONSE

Number of hydrocarbon spills: 0; Aggregate volume of hydrocarbon spills: N/A; Volume recovered: N/A; No spills in Arctic or impacting shorelines with ESI index 8-10.

ACCOUNTING METRIC

Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-160a.3

BAYSWATER RESPONSE

Bayswater 2020 operations and lease position in Weld County, Colorado are within proximity to areas that have been designated as Habitat Areas by the COGCC under Rule 1202d. Specifically, these areas include a “Mule Deer Winter Concentration Area” and an “Aquatic Native Species Conservation Waters” area. However, no 2020 operations overlapped with these areas, nor were they impacted by the proximity to the designated areas.

Bayswater 2020 operations in Howard County, Texas were not in proximity to, nor involved with any areas designated as having protected conservation status. Similarly, there is no Endangered Species habitat in Bayswater’s Texas operations.

Security, Human Rights & Rights of Indigenous Peoples

ACCOUNTING METRIC

Percentage of (1) proved and (2) probable reserves in or near areas of conflict

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-210a.1

BAYSWATER RESPONSE

0%

ACCOUNTING METRIC

Percentage of (1) proved and (2) probable reserves in or near indigenous land

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-210a.2

BAYSWATER RESPONSE

0%

ACCOUNTING METRIC

Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

n/a

CODE

EM-EP-210a.3

BAYSWATER RESPONSE

N/A as Bayswater does not have any operations located in or near areas of conflict.

Community Relations

ACCOUNTING METRIC

Discussion of process to manage risks and opportunities associated with community rights and interests

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

n/a

CODE

EM-EP-210b.1

BAYSWATER RESPONSE

To manage both risks and opportunities associated with community rights and interests, Bayswater begins every project by engaging in a proactive, honest, and transparent dialogue with landowners, nearby residents, local community leaders, county and state officials and agencies. By maintaining an open line of communication throughout the duration of each project, Bayswater works to build trust with local communities with the fundamental understanding that trust is earned. Every Bayswater action needs to reinforce the trust built with the local community. In the oil and natural gas industry, we require a "social license to operate." We understand that this is gained by earning the trust of the communities where we operate. That trust is fragile, and is built and maintained by our daily efforts, words, and actions.

One of the greatest risks of 2020 local communities faced was the COVID-19 pandemic. During unprecedented challenges brought about by 2020 and the COVID-19 pandemic, Bayswater was one of the few operators able to maintain drilling operations. Bayswater continued to safely operate and retained their workforce, providing good-paying jobs and the flexibility needed to work from home, as well as maintained their status as a positive corporate neighbor and contributor to the local economy in the small rural communities near our operations.

Colorado leads the nation in responsible oil and natural gas development with some of the strictest oil and natural gas regulations in the nation. Bayswater meets or exceeds all local and state regulations in Colorado and works to incorporate the same operational standard in its Texas operations.

In 2019, the Colorado state legislature passed a robust, comprehensive revamp of how the oil and natural gas industry is regulated in the form of SB19-181. During Q3 and Q4 of 2020, the first SB19-181 rulemakings took place, most notably including a reworking of the permitting process with the Colorado Oil and Gas Conservation Commission (COGCC) and the passage of a soft 2,000-foot setback. Looking ahead to 2021, Bayswater will be one of the first operators to go through the new permitting process set forth by the state of Colorado.

Specific to our Colorado operations, oil and natural gas companies are required to communicate with local communities to discuss and manage risk for the operator, stakeholders, and local community. Bayswater goes beyond state, county, and local regulatory requirements to maintain an honest, transparent, and open line of communication with landowner, nearby residents, and local community leaders to address any potential concerns and mitigate risks.

Bayswater takes a proactive role in the local and state operating environment in Colorado in conversation regarding oil and natural gas production. Bayswater regularly engages with industry peers and other leaders in the Colorado oil and natural gas industry to address key energy policy and issues, including engagement with trade association and advocacy work. When it comes to major energy policy and regulatory discussions, Bayswater is an active participant in the conversation with industry leaders who are at the table with Colorado elected officials, regulators, and interest groups.

Workforce Health & Safety

ACCOUNTING METRIC

(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees

CATEGORY

Quantitative

UNIT OF MEASURE

Rate, Hours (h)

CODE

EM-EP-320a.1

BAYSWATER RESPONSE

1. TRIR: Employees: 0; Contractors: 2.08
2. Fatality Rate: Employees: 0; Contractors: 0
3. NMFR: Employees: 0; Contractors: 1.247
4. Average hours of health, safety, and emergency response training for:
 - a. Full-time employees: 13.12 hours per year, 1.09 hours per month
 - b. Contract employees: N/A
 - c. Short-service employees: New field employees receive initial safety orientation and introduction to basic emergency response procedures. New employees are included in monthly safety training.

ACCOUNTING METRIC

Discussion of management systems used to integrate a culture of safety throughout the exploration and production life cycle

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

n/a

CODE

EM-EP-320a.2

BAYSWATER RESPONSE

At Bayswater, we aim to lead by example in our industry, conducting business safely, ethically, and responsibly. We aim to uphold and adhere to the highest ethical standards, safety culture, and environmental stewardship as we responsibly operate and produce domestic oil and natural gas resources, while maintaining compliance with all local, state, and federal laws and regulations.

The behavior and actions of each employee and contractor reflects our company and operations, and, therefore, is critical to Bayswater's success and safety performance. Our team, be it employee or contractor, is carefully selected and trained, and their skills and competencies are regularly assessed. Employees and consultants alike regularly participate in health, safety, and environmental meetings and trainings to ensure the knowledge and use of the latest safety management procedures and are in legal and regulatory compliance across all aspects of our operations.

Each Bayswater facility is regularly inspected by our employees and contractors, and periodically inspected by regulatory officials. All Bayswater facilities are operated and maintained to ensure safe, secure, healthy, and environmentally sustainable performance.

Safety Metrics

Total recordable incident rate, or TRIR, is the industrywide metric to measure and track the safety of operations. While on Bayswater locations, our employees and contractors are required to report all accidents and injuries, which are used in conjunction with manhours worked to determine TRIR. We use this metric to consistently monitor and gauge the safety of our operations and compare our safety performance to our peers. We continually strive to make our operations safer and be an industry leader. Bayswater's TRIR is reviewed regularly with the executive team, all employees, and contractors.

Workforce Health & Safety (Continued)

Contractor Management

When it comes to safety, contractors and Bayswater employees are held to the same high standard. Before partnering with independent contractors, Bayswater assesses their capabilities and competencies to perform work on our behalf, as we understand contractors, suppliers, and other business partners are key to the success of our business endeavors and safety performance.

To assess and confirm that independent contractors align with our safety culture and HSE expectations, Bayswater uses a Contractor Management Program that facilitates the selection of vendors with efficient and acceptable HSE programs and allows for the ongoing monitoring of contractor performance. Bayswater has utilized ISNetworkworld (ISN) since 2016 to conduct this monitoring of contractors through collection, maintenance, and verification of contractor information. As is required by ISN, all Bayswater contractors must submit their safety and training programs, safety performance data, and proof of insurance for review.

Once the information is gathered from the contractor, ISN then conducts an independent verification of the contractor information, grading each contractor on the strength of their HSE management systems, training programs, and safety performance. Bayswater strives to select independent contractors based on their performance against the ISN benchmarks. The use of each contractor is approved by Bayswater representatives closely involved in the upcoming work. We maintain a list of qualified contractors that align with Bayswater's safety culture and, generally, only contractors from that list are permitted to work on Bayswater operations. We expect all contractors to comply with their respective HSE policies and programs, state and federal regulations, and to adhere to Bayswater's safety expectations and objectives.

Reservation Valuation & Capital Expenditures

ACCOUNTING METRIC

Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves

CATEGORY

Quantitative

UNIT OF MEASURE

Metric tons (t) CO₂e

CODE

EM-EP-420a.2

BAYSWATER RESPONSE

140,058,536 t CO₂e

ACCOUNTING METRIC

Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

n/a

CODE

EM-EP-420a.4

BAYSWATER RESPONSE

Bayswater is committed to responsible energy development and focuses on the top resource plays and basins within the United States, which are typically supported by a robust competitive service sector and have the lowest breakeven costs and best development economics. Our business model and strategy is designed to be profitable in the long-term over a range of commodity prices and market cycles. Bayswater delivers value through executional excellence, the creation of strong, mutually advantageous business relationships, robust hedging programs, and the conservative use of debt. Bayswater deploys capital against a "mid-cycle" view of commodity prices and associated capital and operating costs, and generally maintains a constant level of capital spending and organizational capability. To achieve Bayswater's long-term business model, our business and operational decisions must incorporate an assessment of how federal, state, and local regulations influence the market and operational environment now and in the future. We strive to meet or exceed all regulatory requirements and to stay ahead of regulation by taking proactive steps to make our operations increasingly efficient, responsible, and sustainable.

It is important to note that regulatory requirements are significantly different from Colorado to Texas. To demonstrate our commitment to responsible energy development, we work to implement changes and improvements required by Colorado regulation across our operational footprint, including our Texas operations even if not yet mandated by state and local regulations. Our aim is to be proactive and not reactive in driving responsible energy production and going beyond regulatory requirements.

Business Ethics & Transparency

ACCOUNTING METRIC

Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index

CATEGORY

Quantitative

UNIT OF MEASURE

Percentage (%)

CODE

EM-EP-510a.1

BAYSWATER RESPONSE

0% as Bayswater operations are 100% U.S. on-shore focused.

ACCOUNTING METRIC

Description of the management system for prevention of corruption and bribery throughout the value chain

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

n/a

CODE

EM-EP-510a.2

BAYSWATER RESPONSE

At Bayswater, we are committed to conducting our business honestly and ethically. Corruption and bribery go directly against our company culture that emphasizes and prioritizes honest and ethical business practices. We have a Compliance Manual and Code of Ethics detailing Bayswater's values and expectations of employee conduct. We circulate the Compliance Manual and Code of Ethics to all Bayswater employees, train them on our values and expectations, and expect each individual to uphold these values by conducting daily business aligned with the expectations. We also aim to partner with external parties and hire contractors similarly aligned with our values and expectations.

Bayswater became a Registered Investment Advisor in November 2016 and is registered with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Our status as a Registered Investment Advisor requires our company and operations to strictly adhere and comply with SEC guidelines. Bayswater has hired and works with an outside compliance consultant based out of Dallas, Texas to help implement and adhere to the directives and objectives required by the SEC and defined in the Bayswater Compliance Manual.

Management of the Legal & Regulatory Environment

ACCOUNTING METRIC

Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

n/a

CODE

EM-EP-530a.1

BAYSWATER RESPONSE

As a privately-owned operator, Bayswater has a small team with finite resources. Many of our corporate roles overlap when making operational decisions related to government regulations, environmental, and social factors affecting oil and natural gas development. For additional assistance and expertise in this arena, Bayswater retains a political public relations firm to serve as a consultant that offers guidance in the arena of government affairs, strategic communications, and public relations. Bayswater relies on regular engagement with and insight from industry peers, regulatory agencies, industry organizations, and trade associations to navigate the regulatory, environmental, and social factors affecting the industry in the states where we live and operate.

Specific to Colorado, Bayswater is an active participant engaging in and elevating the local and statewide energy conversation through its membership and participation in Coloradans for Responsible Energy Development (CRED). CRED is a sustained statewide oil and natural gas educational program with six industry members, including Bayswater. Bayswater President and CEO Steve Struna serves on the CRED Board of Directors, regularly meeting with industry leaders and staying abreast of key environmental and social factors influencing the oil and natural gas operating environment in Colorado. Bayswater is also a member company of Protecting Colorado's Environment, Economy, and Energy Independence (Protect Colorado)—an issue committee supporting citizen-led ballot initiatives that promote a vibrant Colorado business community and economy and opposing initiatives that would harm Colorado's economy and way of life.

On the legislative and regulatory front, Bayswater is a member of the Colorado Oil and Gas Association (COGA), where Steve Struna serves on the Executive Board, to stay up to date on any proposed regulatory changes and proposed legislation in Colorado's rapidly changing regulatory and political environment. Bayswater stays tapped into the energy conversation in the larger business community through their membership with and serving on the Board of Directors for Colorado Concern—an alliance of diverse executives committed to enhancing Colorado's business environment.

Critical Incident Risk Management

ACCOUNTING METRIC

Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)

CATEGORY

Quantitative

UNIT OF MEASURE

Rate

CODE

EM-EP-540a.1

BAYSWATER RESPONSE

Bayswater has not historically tracked PSE rates. We believe that practice is largely consistent with our upstream E&P peers. We recognize our operations inherently expose us to Process Safety risks and issues as defined by OSHA. At the same time, we believe the expectations defined in our HSE management system, particularly under the headings of Risk Assessment, Facilities Design and Construction, Safety Training, Operations and Maintenance, and Management of Change, adequately address Process Safety management concerns. Bayswater is currently evaluating the merits of separately tracking OSHA PSE metrics to improve overall safety awareness and performance.

ACCOUNTING METRIC

Description of management systems used to identify and mitigate catastrophic and tail-end risks

CATEGORY

Discussion and Analysis

UNIT OF MEASURE

n/a

CODE

EM-EP-540a.2

BAYSWATER RESPONSE

The Bayswater HSE Committee consistently reviews and assesses risk at every stage of our operations. When it comes to an emergency, a timely and appropriate response is critical to minimizing the overall impact. Bayswater takes a comprehensive approach to emergency preparedness.

Bayswater's emergency management approach is comprised of Emergency Plans, Tactical Response Plans, and Business Continuity Plans. Bayswater's goal is to conduct our business without accident, harm to people, or damage to the environment. The purpose of Bayswater's emergency management strategy is to ensure adequate preparedness for both rapid and appropriate incident response, and to protect all employees and contractors, the public, the environment and wildlife, and property.

Our emergency organizational and management approach at our owned and operated facilities is based on the Incident Command System (ICS) from the National Incident Management System (NIMS) and is intentionally designed in advance to expand our ability to respond based upon the incident size and complexity. Bayswater's emergency protocols have been established to ensure the Emergency Operations Centers are appropriately staffed as soon as possible after the occurrence of an emergency and that necessary support is provided to the relevant facility or location.

Bayswater routinely reviews and updates company Emergency Plans, Tactical Response Plans, and Business Continuity Plans. These updates and reviews are shared with employees, contractors, and local first responders in an effort to maintain awareness of roles, responsibilities, and appropriate steps to take in the event of an emergency (i.e., evacuation routes, first responder notifications). These plans include all Bayswater operations in drilling, completions, and production. Moving forward, Bayswater plans to conduct emergency response training with drills portraying specific scenarios of potential emergencies in routine oil and natural gas operations.

Specific to our operations in Colorado's Denver Julesburg Basin, Bayswater co-founded and participates in the Colorado Preparedness and Response Network, which is intended to provide collaborative emergency response resources among industry operators and First Responders in the immediate area that greatly enhances field emergency response capabilities. By participating in this network, local first responders have an increased familiarity with Bayswater sites, which allows for a more efficient and expedient response in the event of an emergency incident.

Production of: (1) Oil, (2) Natural Gas, (3) Synthetic Oil, and (4) Synthetic Gas

CATEGORY

Quantitative

UNIT OF MEASURE

Thousand barrels per day (MBbl/day); Million standard cubic feet per day (MMscf/day)

CODE

EM-EP-000.A

BAYSWATER RESPONSE

In 2020, Bayswater reported full year sales volumes of approximately:

1. Oil: 10.9 MBbl per day
2. Natural Gas
 - a. Natural Gas: 30.8 MMscf per day
 - b. Natural Gas Liquids: 3.3 MBbl per day
3. Synthetic oil: N/A
4. Synthetic gas: N/A

Number of Offshore Sites

CATEGORY

Quantitative

UNIT OF MEASURE

Number

CODE

EM-EP-000.B

BAYSWATER RESPONSE

Bayswater does not operate offshore.

Number of Terrestrial Sites

CATEGORY

Quantitative

UNIT OF MEASURE

Number

CODE

EM-EP-000.B

BAYSWATER RESPONSE

As of December 31, 2020, Bayswater had 222 terrestrial sites.