

**FORM
INSP**Rev
05/11**State of Colorado
Oil and Gas Conservation Commission**1120 Lincoln Street, Suite 801, Denver, Colorado 80203
Phone: (303) 894-2100 Fax: (303) 894-2109

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Inspection Date:
03/16/2015Document Number:
673401910

Overall Inspection:

ACTION REQUIRED**FIELD INSPECTION FORM**

Location Identifier	Facility ID	Loc ID	Inspector Name:	On-Site Inspection	2A Doc Num:
	432878	432878	Waldron, Emily	<input type="checkbox"/>	

Operator Information:OGCC Operator Number: 10454Name of Operator: PETROSHARE CORPORATIONAddress: 7200 S ALTON WAY #B220City: CENTENNIAL State: CO Zip: 80112

- ☐ THIS IS A FOLLOW UP INSPECTION
- ☒ FOLLOW UP INSPECTION REQUIRED
- ☐ NO FOLLOW UP INSPECTION REQUIRED
- ☐ INSPECTOR REQUESTS FORM 42 WHEN CORRECTIVE ACTIONS ARE COMPLETED

Contact Information:

Contact Name	Phone	Email	Comment
Witsell, Fred		fwitsell@petrosharecorp.com	

Compliance Summary:QtrQtr: Lot 11 Sec: 25 Twp: 6N Range: 90W**Inspector Comment:****Related Facilities:**

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status	
432876	WELL	WO	09/01/2014	LO	081-07778	Voloshin 3-25	PR	<input checked="" type="checkbox"/>
432877	WELL	WO	09/01/2014	LO	081-07779	Kowach 3-25	PR	<input checked="" type="checkbox"/>

Equipment:Location Inventory

Special Purpose Pits: _____	Drilling Pits: _____	Wells: <u>2</u>	Production Pits: _____
Condensate Tanks: _____	Water Tanks: <u>1</u>	Separators: _____	Electric Motors: _____
Gas or Diesel Motors: _____	Cavity Pumps: _____	LACT Unit: _____	Pump Jacks: <u>2</u>
Electric Generators: _____	Gas Pipeline: _____	Oil Pipeline: <u>1</u>	Water Pipeline: <u>1</u>
Gas Compressors: _____	VOC Combustor: _____	Oil Tanks: <u>4</u>	Dehydrator Units: <u>1</u>
Multi-Well Pits: _____	Pigging Station: _____	Flare: _____	Fuel Tanks: _____

Location**Signs/Marker:**

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
BATTERY	ACTION REQUIRED	Signs at county road several miles from location; battery sign can be placed at battery or at entrance to location.	Install sign to comply with rule 210.	04/16/2015

Inspector Name: Waldron, Emily

Emergency Contact Number (S/A/V): SATISFACTORY

Corrective Date: _____

Comment: 303-500-1168

Corrective Action: _____

Good Housekeeping:

Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
STORAGE OF SUPL	ACTION REQUIRED	Including but not limited to: trash bin, flatbed, grader, tubing, misc tools and equipment from frack job.	Remove all equipment not necessary for production of this lease. Keep location free from trash and debris.	04/16/2015

Spills:

Type	Area	Volume	Corrective action	CA Date
Other	WELLHEAD	<= 5 bbls	Fluid with sheen and product floating in it at wellhead and in other places on location. Concentration is at wellhead. Remove contaminated fluid and prevent future leaks and spills.	04/16/2015

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

Type	#	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Deadman # & Marked	4	ACTION REQUIRED	Not all deadmen properly marked.	All guy line anchors left buried for future use shall be identified by a marker of bright color not less than four (4) feet in height and not greater than one (1) foot east of the guy line anchor.	04/16/2015
Other	2	SATISFACTORY	Linear rod pumps.		
Flare	1	SATISFACTORY	Is this flare still in use?		
Vertical Heated Separator	1	SATISFACTORY	No berm. On perimeter of location without stormwater controls. 40.44432, -107.43935		
Bird Protectors		SATISFACTORY			

Facilities:☐ New Tank

Tank ID: _____

Contents	#	Capacity	Type	SE GPS
PRODUCED WATER	1	400 BBLS	STEEL AST	40.444500, -107.439430

S/A/V: SATISFACTORY

Comment: _____

Corrective Action: _____

Corrective Date: _____

Paint

Condition Adequate

Other (Content) _____

Other (Capacity) _____

Other (Type) _____

Berms

Inspector Name: Waldron, Emily

Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate			Inadequate
Corrective Action	Maintain berms in good working condition.			Corrective Date 04/16/2015
Comment	Berm is not compacted.			
Facilities: <input type="checkbox"/> New Tank Tank ID: _____				
Contents	#	Capacity	Type	SE GPS
CRUDE OIL	2	400 BBLS	STEEL AST	,
S/A/V:	SATISFACTORY		Comment:	
Corrective Action:				Corrective Date:
Paint				
Condition	Adequate			
Other (Content) _____				
Other (Capacity) _____				
Other (Type) _____				
Berms				
Type	Capacity	Permeability (Wall)	Permeability (Base)	Maintenance
Earth	Adequate			Inadequate
Corrective Action	Maintain berms in good working condition.			Corrective Date 04/16/2015
Comment	Berm is not compacted.			
Venting:				
Yes/No	Comment			
NO				
Flaring:				
Type	Satisfactory/Action Required	Comment	Corrective Action	CA Date
Predrill				
Location ID: 432878				
Site Preparation:				
Lease Road Adeq.: _____		Pads: _____	Soil Stockpile: _____	
S/A/V: _____				
Corrective Action: _____		Date: _____	CDP Num.: _____	
Form 2A COAs:				

Group	User	Comment	Date
OGLA	kubeczkod	<p>PIPELINE COAs:</p> <p>Operator shall pressure test pipelines in accordance with Rule 1101.e.(1) prior to putting into initial service.</p> <p>Operator must implement best management practices to contain any unintentional release of fluids along all portions of the surface pipeline route where temporary pumps and other necessary equipment are located.</p> <p>Operator must routinely inspect the entire length of the surface pipeline to ensure integrity.</p> <p>Operator must ensure 110 percent secondary containment for any potential volume of fluids that may be released from the surface pipeline at all stream, intermittent stream, ditch, and drainage crossings.</p> <p>Operator will utilize, to the extent practical, all existing access and other public roads, and/or existing pipeline right-of-ways, when placing/routing the surface pipelines. This will reduce surface disturbance and fragmentation of wildlife habitat in the area.</p>	05/12/2013
OGLA	kubeczkod	<p>SITE SPECIFIC COAs:</p> <p>A closed loop system (which operator has indicated on the Form 2A) must be implemented during drilling. All cuttings generated during drilling with OBM/high chloride mud must be kept in containers or on a lined/bermed portion of the well pad; prior to analysis and/or offsite disposal.</p> <p>The moisture content of any drill cuttings in a cuttings area or pile shall be as low as practicable to prevent accumulation of liquids greater than de minimis amounts. At the time of closure, if the freshwater mud generated drill cuttings are to remain/disposed of onsite, they must also meet the applicable standards of table 910-1.</p> <p>Notify the COGCC 48 hours prior to start of pad construction, rig mobilization, spud, and start of hydraulic stimulation operations using Form 42 (the appropriate COGCC individuals will automatically be email notified, including the LGD for hydraulic stimulation operations).</p> <p>Operator must implement best management practices to contain any unintentional release of fluids, including any fluids conveyed via temporary surface pipelines</p> <p>Operator must ensure 110 percent secondary containment for any volume of fluids contained at well site during drilling and completion operations; including, but not limited to, construction of a berm or diversion dike, diversion/collection trenches within and/or outside of berms/dikes, site grading, or other comparable measures (i.e., best management practices (BMPs) associated with stormwater management) sufficiently protective of nearby surface water. Any berm constructed at the well pad location will be stabilized, inspected at regular intervals (at least every 14 days), and maintained in good condition.</p> <p>The location is in an area of moderate run-on/run-off potential; therefore standard stormwater BMPs must be implemented at this location to insure compliance with CDPHE and COGCC requirements and to prevent any stormwater run-on and /or stormwater run-off, as well as sufficient diversion of the nearby drainage.</p> <p>The access road will be constructed to prevent sediment migration from the access road to nearby surface water or any drainages leading to other nearby surface waters.</p> <p>Flowback and stimulation fluids must be sent to tanks, separators, or other containment/filtering equipment before the fluids can be placed into any pipeline, storage vessel, or lined pit (only if an amended Form 2A has been submitted/approved and a Form 15 Earthen Pit Permitted has been</p>	05/12/2013

submitted/approved) located on the well pad; or into tanker trucks for offsite disposal. The flowback and stimulation fluid tanks, separators, or other containment/filtering equipment must be placed on the well pad in an area with additional downgradient perimeter berming. The area where flowback fluids will be stored/reused must be constructed to be sufficiently impervious to contain any spilled or released material.

Berms or other containment devices shall be constructed to be sufficiently impervious (preferably corrugated steel with poly liner) to contain any spilled or released material around crude oil, condensate, and produced water storage tanks.

Prior to drilling, operator shall collect surface water samples from the two ponds identified during the May 10, 2013 field consultation, as well as the two nearby water wells located downgradient from the well pad location. After 90 days, but less than 180 days of completion of the proposed wells a "post-completion" test shall be performed for the same analytical parameters listed below and repeated once between 60- and 72- months. If the wells are non-producing wells, then the 60- to 72-month sample will not be required. If no significant changes from the baseline have been identified after the 60- to 72-month sample, no further testing shall be required. Additional "post-completion" test(s) may be required if changes in water quality are identified during follow-up testing. At a minimum, the groundwater and surface water samples will be analyze for the following parameters: pH, specific conductance, total dissolved solids (TDS), dissolved gases (methane, ethane, propane), alkalinity (total bicarbonate and carbonate as CaCO₃), major anions (bromide, chloride, fluoride, sulfate, nitrate and nitrite as N, phosphorus), major cations (calcium, iron, magnesium, manganese, potassium, sodium), other elements (barium, boron, selenium and strontium), total petroleum hydrocarbons (TPH) and BTEX compounds (benzene, toluene, ethylbenzene and xylenes). Field observations such as odor, water color, sediment, bubbles, and effervescence shall also be documented. The location of the sampled Water Sources shall be surveyed in accordance with Rule 215. Copies of all test results described above shall be provided to the COGCC Director and the landowner where the water quality testing is located within three (3) months of collecting the samples used for the test. The analytical data and surveyed locations shall also be submitted to the Director in an electronic data deliverable format. Documented refusal to grant access by well owner or surface owner (for surface water and spring sampling) shall not constitute a violation of this COA.

S/A/V: ACTION

Comment:

No stormwater BMPs apparent on location. No secondary containment for lube oils at wellhead. Product observed floating in meltwater on location. No additional protections observed for drainage on west side of location. No stormwater BMPs apparent for drainage. Rill leaving location and going into drainage. Berm around crude and produced water tanks is not compacted.

CA: Immediately implement appropriate stormwater BMPs. Location is in a sensitive area and runoff is already occurring in large amounts.

Date:

Wildlife BMPs:

BMP Type	Comment
Wildlife	<ol style="list-style-type: none"> Where oil and gas activities must occur in Elk Winter Concentration Areas, conduct these activities outside the time period from December 1 through April 15. Restrict post-development well site visitations to between the hours of 9:00 a.m. and 4:00 p.m. from December 1 to April 15, to accommodate Elk Winter Concentration Areas. Establish company guidelines to minimize wildlife mortality from vehicle collisions on roads. Slow speeds and increased awareness among employees and contractors traveling to and from the site should help to reduce impacts. Install and utilize bear-proof dumpsters and trash receptacles for all food-related trash on location, following COGCC Rule 1204 a-1.
Storm Water/Erosion Control	PetroShare Corp. will implement a storm water and erosion plan to prevent sedimentation and erosion.

Inspector Name: Waldron, Emily

S/AV: SATISFACTORY **Comment:** _____

CA: _____ **Date:** _____

Stormwater:

Comment: _____

Staking:

On Site Inspection (305):

Surface Owner Contact Information:

Name: _____ Address: _____

Phone Number: _____ Cell Phone: _____

Operator Rep. Contact Information:

Landman Name: _____ Phone Number: _____

Date Onsite Request Received: _____ Date of Rule 306 Consultation: _____

Request LGD Attendance: _____

LGD Contact Information:

Name: _____ Phone Number: _____ Agreed to Attend: _____

Summary of Landowner Issues:

Summary of Operator Response to Landowner Issues:

Onsite Inspection Memorandum Summarizing Discussions at Inspection as Attachment:

Facility

Facility ID: 432876 Type: WELL API Number: 081-07778 Status: WO Insp. Status: PR

Producing Well

Comment: Pumping.

Facility ID: 432877 Type: WELL API Number: 081-07779 Status: WO Insp. Status: PR

Producing Well

Comment: Not currently pumping.

Environmental

Spills/Releases:

Type of Spill: _____ Description: _____ Estimated Spill Volume: _____

Comment: _____

Corrective Action: _____ Date: _____

Reportable: _____ GPS: Lat _____ Long _____

Proximity to Surface Water: _____ Depth to Ground Water: _____

Water Well:

DWR Receipt Num: _____ Owner Name: _____ GPS : _____ Lat _____ Long _____

Field Parameters:

Sample Location: _____

Inspector Name: Waldron, Emily

Emission Control Burner (ECB): _____

Comment: _____

Pilot: _____ Wildlife Protection Devices (fired vessels): _____

Reclamation - Storm Water - Pit

Interim Reclamation:

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

Land Use: RANGELAND

Comment: _____

1003a. Debris removed? _____ CM _____
CA _____ CA Date _____
Waste Material Onsite? _____ CM _____
CA _____ CA Date _____
Unused or unneeded equipment onsite? _____ CM _____
CA _____ CA Date _____
Pit, cellars, rat holes and other bores closed? _____ CM _____
CA _____ CA Date _____
Guy line anchors removed? _____ CM _____
CA _____ CA Date _____
Guy line anchors marked? _____ CM _____
CA _____ CA 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 REVEGETATION

Cropland

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

Non-Cropland

Top soil replaced _____ Recontoured _____ 80% Revegetation _____

1003 f. Weeds Noxious weeds? _____

Comment: _____

Overall Interim Reclamation _____

Final Reclamation/ Abandoned Location:

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

Final Land Use: RANGELAND

Reminder: _____

Inspector Name: Waldron, Emily

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 _____

Comment:

Corrective Action:

Date

Overall Final Reclamation

Well Release on Active Location ☐

Multi-Well Location ☐

Storm Water:

Loc Erosion BMPs	BMP Maintenance	Lease Road Erosion BMPs	Lease BMP Maintenance	Chemical BMPs	Chemical BMP Maintenance	Comment
Berms	Fail					

S/A/V: **ACTION REQUIRED**

Corrective Date: **04/16/2015**

Comment: No stormwater BMPs apparent on location. No secondary containment for lube oils at wellhead. Product observed floating in meltwater on location. No additional protections observed for drainage on west side of location. No stormwater BMPs apparent for drainage. Rill leaving location and going into drainage. Berm around crude and produced water tanks is not compacted.

CA: A stormwater plan utilizing appropriate and necessary BMPs shall be installed and maintained to prevent the migration of soil on pad, access roads and interim reclamation area. BMPs shall prevent site degradation from potential spills and/or releases from stored materials and equipment.

Pits: ☐ NO SURFACE INDICATION OF PIT

COGCC Comments

Comment	User	Date
Inspector has attached a photo of a "soil" pile on location that appear similar to cuttings materials and had fluid with a sheen on it in the "soil". What is this?	waldrone	03/16/2015

Attached Documents

You can go to COGCC Images (<https://cogcc.state.co.us/webblink/>) and search by document number:

Document Num	Description	URL
673401911	Inspection Photos	http://ogccwebblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=3569829

ACTION REQUIRED

ANY ACTION REQUIRED items listed on this report indicate that the oil and gas facility or the oil and gas operations listed on the report may be in violation of the rules and regulations of the Colorado Oil and Conservation Commission (“COGCC”) and corrective action is required.

There is reasonable cause to believe that a violation of the Oil and Gas Conservation Act, or of any rule, regulation, or order of the Commission, or of any permit issued by the Commission, has occurred. The Operator’s compliance with this Inspection Report is required to resolve these alleged violations. This document requires the Operator to timely respond to the COGCC and to comply with directives as listed by the **Corrective Action Deadline Date**. Failure to do so will result in the issuance of a Notice of Alleged Violation and initiation of enforcement proceedings in which COGCC will seek monetary penalties for the alleged violations pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1. (Please note that the COGCC's penalty authority was recently increased to a maximum of \$15,000 per day and penalties are no longer capped at a maximum of \$10,000 per violation.)