

**FORM
INSP**Rev
X/15

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:

02/16/2017

Submitted Date:

02/23/2017

Document Number:

674603167**FIELD INSPECTION FORM**

Loc ID _____ Inspector Name: _____ On-Site Inspection ☐
320465 _____ Maclaren, Joe _____ 2A Doc Num: _____

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

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

Findings:4 Number of Comments1 Number of Corrective Actions☒ Corrective Action Response Requested**Contact Information:**

Contact Name	Phone	Email	Comment
Lloyd, Bill		blloyd@petrosharecorp.com	
Hazard, Ellice		ellice.hazard@state.co.us	
Precup, Jim		james.precup@state.co.us	
Schlagenhauf, Mark		mark.schlagenhauf@state.co.us	
Powell, Harold	(918)-774-3120	hpowell@petrosharecorp.com	

Inspected Facilities:

Facility ID	Type	Status	Status Date	Well Class	API Num	Facility Name	Insp Status
203829	WELL	PR	04/01/2001	GW	001-09389	GUTHRIE 22-2	EG

General Comment:

Engineering integrity inspection (flowline) performed on 2/16/2017 in response to a notification by Petroshare Corporation regarding a failure identified on the Guthrie 22-2 flowline. The failure resulted in a gas leak (and < 1bbl produced water) that surfaced and was observed by a homeowner in the Riverside Todd Creek subdivision and reported to Petroshare. There is no reportable spill associated with this release. The details of observations made during this field inspection are available in flowline section of this report. Photo's have been uploaded and can be accessed via link(s) at the end of this report.

Inspected Facilities

Facility ID: 203829 Type: WELL API Number: 001-09389 Status: PR Insp. Status: EG

Flowline

#1	Type: Well Site	1 of Lines
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Flowline Description

Flowline Type: Well Site Size: 2" Material: Carbon Steel
 Variance: Age: Contents: Multiphase

Integrity Summary

Failures: External Corrosion Spills: No Repairs Made: Yes
 Coatings: Yes External H2S: No Cathodic Protection: No

Pressure Testing

Witnessed: Yes Test Result: Fail Charted: Yes

COGCC Rules (check all that apply)

☐ 1101. Installation and Reclamation ☐ 1102. Operations, Maintenance, and Repair ☐ 1103. Abandonment

Comment: The total length of the flowline between the wellhead and separator/ battery is approximately 1670 linear feet. The failed section of flowline is approx 850' from the wellhead in the Todd Creek subdivision. The flowline was exposed via hydro-excavation where the failure/ release occurred and two root causes were identified. A faulty weld bead between two pipe sections found leaking; An external corrosion pit/ hole was located about 8 inches away from the weld. The damaged section of pipe was cut out (approx 2 feet long) and replaced using new materials (welded in place). The flowline was pressure tested (hydro-tested) after the repair was completed for integrity verification and witnessed by COGCC staff. The pressure test did not meet COGCC requirements and is deemed failing.

Corrective Action: This well must remain shut in until one of two corrective actions are met: 1) Additional failure points on the flowline are identified and adequate repair(s) are completed and integrity verified via pressure testing; 2) A new well site flowline is constructed to service the well from wellhead to horizontal separator.

Date:

COGCC Comments

Comment	User	Date
Based on conversations with Petroshare Field Operations Manager Harold Powell, this flowline is going to be abandoned in place per COGCC 1103 rules. A decision regarding the construction of a new wellsite flowline is being evaluated. COGCC integrity inspector will be informed of future decisions made regarding this well and flowline. Note: During this field inspection, hydrocarbons in the flowline were purged using fresh water. Petroshare field personnel are scheduled to remove remaining fluids (water) from the flowline via compressed air.	maclarej	02/23/2017
Also note COGCC 300 series rules on Drilling, Development, Producing and Abandonment	maclarej	02/23/2017

Attached Documents

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

Document Num	Description	URL
674603191	Wellhead and signage	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4082813
674603192	Excavation exposing flowline	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4082814
674603193	Faulty/ leaking weld bead	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4082815
674603194	Cut out of pipe/ bad weld and external corrosion	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4082816

674603195	Repair completed/ Ext coating hasen't been applied	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4082817
674603196	Pressure testing chart (failed test)	http://ogccweblink.state.co.us/DownloadDocumentPDF.aspx?DocumentId=4082818