



## WARNING LETTER # 401645656

05/18/2018

PETROSHARE CORPORATION (# 10454)

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9635 MAROON CIRCLE #400

ENGLEWOOD, CO 80112

NWSE, 3, 1S, 67W, ADAMS

**This Warning Letter is to inform you that PETROSHARE CORPORATION (“Operator”) may be in violation of the rules and regulations of the Colorado Oil and Gas Conservation Commission (“COGCC”) and corrective action is required.**

The COGCC has reasonable cause to believe that the Operator has committed one or more violations of the Oil and Gas Conservation Act, or of a rule, regulation, or order of the Commission, or of a permit issued by the Commission. The Operator is required to comply with this Warning Letter by the **Corrective Action Deadline Date(s)** to resolve the alleged violation(s). 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.

### **Alleged Violation(s) and Required Corrective Action(s):**

#### 907.d Drilling Fluids

Description of Alleged Violation: COGCC staff performed an inspection (Doc #679500245) at the subject facility on February 9, 2018, and identified several compliance issues related to the management of E&P waste. The Form 2A approved for the Shook Well pad indicated offsite, commercial disposal for drill cuttings. An area adjacent the southeast corner of the Shook well pad consisting of approximately four (4) acres was observed to be covered with bentonitic drilling fluids and or drill cuttings. This material was not properly disposed at a commercial disposal facility as required by the Form 2A. Further, application of this waste to the adjacent land was not done in accordance with the COGCC Drill Cuttings Management Policy or Rule 907.d.(3)B.

COGCC Rule 907.d.(3)B requires that land application of bentonitic fluids be incorporated as a beneficial amendment into native soils within ten (10) days of application and the resulting concentrations shall not exceed Table 910-1 standards. The placement of the E&P waste on the adjacent property was documented as early as June 2017 by Google Earth image. The fluids had never been incorporated into native soil at the time of the inspection and Petroshare had not collected soil samples to demonstrate





compliance with Table 910-1 standards.

The field inspection required several corrective actions. First, it required that Petroshare remit all waste generator information required by Rule 907.b.(2) for the offsite disposal of drill cuttings. Petroshare indicated that the waste applied to the four acres adjacent the Shook pad was from the top hole only and all other cuttings were disposed offsite. The corrective action required all information be provided by March 9, 2018. COGCC received the required information on April 24, 2018. This corrective action is complete.

The second corrective action required Petroshare to provide a copy of the written surface owner authorization for land application of the waste to the four acres. That authorization was provided to COGCC which resulted in the requirement to properly incorporate the waste into the native soil and collect a sufficient number of soil samples to demonstrate compliance with Table 910-1 standards by March 31, 2018. On May 8, 2018, Petroshare submitted a Site Investigation and Sampling Summary of the Shook Pad Land Application Site prepared by Tasman Geosciences. The report provided the results of comprehensive soil sampling and analysis for Table 910-1 contaminants of concern.

The sample results indicated levels of arsenic above the Table 910-1 standard and significantly elevated compared to two background soil samples that were collected as part of the investigation. In addition, several samples exceed the Table 910-1 standard for electrical conductivity (EC).

**Required Corrective Action:** Based on the demonstrated lack of understanding of COGCC E&P Waste Management Rules by the application of drilling fluids and/or cuttings on the four acres adjacent to the Shook pad, COGCC is requiring the following corrective actions:

Petroshare shall develop a comprehensive waste management plan to address operating procedures for all waste management related to drilling, completion and production. This plan shall identify all wastes generated by Petroshare, how they will be stored, treated, transported and disposed after generation. The plan will include how documentation is maintained to demonstrate compliance with COGCC rules. Specific waste to be addressed in the plan shall include drilling fluids (water based bentonitic fluids and/or oil based fluids), drill cuttings, produced water, oily waste, other E&P waste and non-E&P waste. The plan shall be developed to comply with the requirements of the COGCC 900 Series E&P Waste Management Rules and any other applicable solid or hazardous waste rules that would apply to non-E&P wastes.

This plan shall be included on all future Form 2A Oil & Gas Location Assessments and will be strictly adhered to as a condition of approval. The plan is due to the COGCC no later than **June 31, 2018**.

Petroshare shall submit a Form 27 Site Investigation and Remediation Workplan to address the elevated levels of arsenic and EC in the four acre land application area documented in the Tasman report. The Form 27, with a detailed plan and aggressive implementation schedule, shall be submitted to COGCC for review no later than **June 1, 2018**.

Petroshare shall notify the surface owner of the four acre land application area in writing of the results of the sampling and analysis documenting the elevated levels of arsenic and EC. A copy of the notification





shall be provided to COGCC by **June 1, 2018**.

Corrective Action Deadline Date: 06/01/2018

**How to Comply with Warning Letter:**

Operator shall complete the Required Corrective Action(s) above within the deadline(s) provided. Upon completion of the Corrective Action(s), Operator shall provide notice and evidence of completion to the COGCC staff identified below by the Corrective Action Deadline Date(s):

COGCC Representative: John Axelson  
Email: john.axelson@state.co.us

Title: East Environmental Superv  
Phone Num: (303)894-2100x5115

If you have any questions about this Warning Letter, please contact the COGCC Representative identified above.

**Failure to Comply with Warning Letter:**

If the Operator fails to perform Required Corrective Action(s) on or before the Corrective Action Deadline Date(s) stated above the COGCC will issue a Notice of Alleged Violation and seek penalties pursuant to § 34-60-121, C.R.S. and Rule 523, COGCC Rules of Practice and Procedure, 2 CCR 404-1.

All well data, rules and forms are available on our website at [www.colorado.gov/cogcc](http://www.colorado.gov/cogcc).

Sincerely,

John Axelson  
East Environmental Superv  
(303)894-2100x5115  
john.axelson@state.co.us

**Attachments**

View Attachments in Imaged Documents on COGCC website <http://ogccweblink.state.co.us/> Search by Document Number.

**Document Number**   **Description**

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Total Attach: 0 Files

