

May 22, 2012

Shane Davis, Chair, Poudre Canyon Group of the Sierra Club
Gary Wockner, PhD, Clean Water Action
C/O Sierra Club Rocky Mountain Chapter
1536 Wynkoop Street, 4th Floor
Denver, CO 80202

Dear Sirs:

The Colorado Oil & Gas Conservation Commission (COGCC) was directed by DNR Executive Director Mike King to review concerns about alleged illegal dumping of drilling and hydraulic fracturing fluids and wastes in Weld County, as set forth in a letter from your organizations to the Governor on March 5, 2012. The review process and findings are discussed below.

Review/Inspection of the Subject Locations Presented in the March 15, 2012 Letter

The March 5, 2012, letter contains several hyperlinks that lead to satellite and aerial photography on a public mapping system. By using the geographic data on those photographs, staff was able to identify the areas of Weld County alleged to show the illegal dumping, and this allowed staff to plot these areas on current (2011) aerial photographs contained on the COGCC webpage. Well API numbers were identified for inspection and review of the current aerial photographs conducted. A few examples of the comparisons are included in Attachment 1.

The COGCC staff reviewed the subject locations using aerial photography that is available on the COGCC GIS enabled map (COGCC webpage www.cogcc.state.co.us) and selected a subset of locations for specific site inspections conducted by the COGCC Field Inspection Group Manager and the Northeast Regional Field Inspection Supervisor. The site inspections were conducted May 5, 2012, and May 10, 2012, and involved both driving reconnaissance and well inspections. Because most of the areas identified in the letter as possible concerns were not on the actual well locations, staff also walked off each location in the four cardinal directions looking for indications of illegal dumping. Specific site inspection reports can be reviewed on the COGCC webpage (Inspections Report Numbers: 665400254, 665400255, 665400256, 665400257, 665400258, 665400259, 665400260, 665400261, 665400262, 665400263, 665400266, and 665400267).

Many of the locations noted in your letter are within the Guttersen Ranch (Ranch) in Weld County. The Guttersen Ranch is an active cattle ranch which also has co-development of oil & gas resources.

Activities on the Ranch are closely monitored by Ranch personnel that strictly enforce various surface use conditions including posted speed limits on all Ranch roads, a strict no dumping/no trash disposal policy, and very active monitoring of all activities on the Ranch by the Guttersen family. The Ranch is fenced and access is through locked and monitored gates.

In a few cases fresh water-based bentonitic drilling mud was land applied to well sites as a beneficial soil amendment, as allowed under COGCC Rule 907.a (3) and COGCC Rule 907.d (3) B. The benontic fluids have effectively been used to stabilize areas of blow sand throughout Northeastern Colorado. The areas where it was applied have been re-seeded and re-vegetation is occurring. The land application of this material only occurs with the consent of the landowner. All other exploration and production (E&P) waste materials must be handled according to COGCC, Federal, and State waste rules. The other E&P waste materials include produced water, hydraulic fracturing "flow-back" fluids, and any oily wastes. These materials cannot be land applied and require proper handling and disposal.

Features identified in the March 5, 2012, letter as suspected dumping sites are no longer prominent on current (2011) aerial photographs and no surface evidence of the features were observed when inspected. Interviews with Mr. Guttersen concerning the suspected dumping indicate that the features identified in the March 5, 2012, letter were likely temporary livestock feeding areas with the "orange/brown" features depicted in the photo likely comprising hay or other livestock feed for 1,000 head of cattle. The oil & gas operators on the Ranch were contacted and none were presently conducting any land application of E&P materials on the Ranch. Previous application had been limited to fresh-water drilling mud (as allowed under Rule 907) with permission of the Guttersens. These sites have been reseeded as required by the COGCC.

Various linear features (roads, utility corridors, pipeline rights-of-way, etc.) exist on the Ranch and weed control/vegetation control measures are required on many of these features for safety, fire, and noxious weed control. Not all features observed on the aerial photographs of the Ranch are specifically related to oil & gas operations.

Summary Conclusions

The COGCC reviewed and investigated the allegations of illegal dumping of various E&P wastes in Weld County, Colorado. Through aerial photograph review, onsite inspections, and discussions with one of the primary surface owners, we have not been able to corroborate the allegations. No evidence of illegal dumping of drilling fluids, drill cuttings, fluids or other wastes was identified.

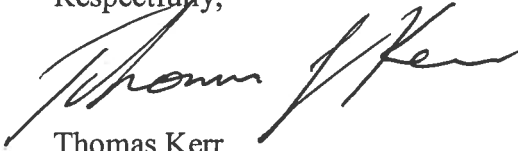
Poudre Canyon Group of the Sierra Club

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The COGCC takes citizen and other stakeholder concerns seriously and will continue monitoring activities involving allegations of illegal dumping. We appreciate your bringing this matter to our attention.

Respectfully,

A handwritten signature in black ink, appearing to read "Thomas Kerr", written over a horizontal line.

Thomas Kerr

Acting Director, Colorado Oil & Gas Conservation Commission

cc: Governor John Hickenlooper
Mike King, Executive Director of Department of Natural Resources
Dr. Chris Urbina, Executive Director Colorado Department of Health and Environment

Attachment 1: Aerial Photograph Comparisons

1/30/2006

N

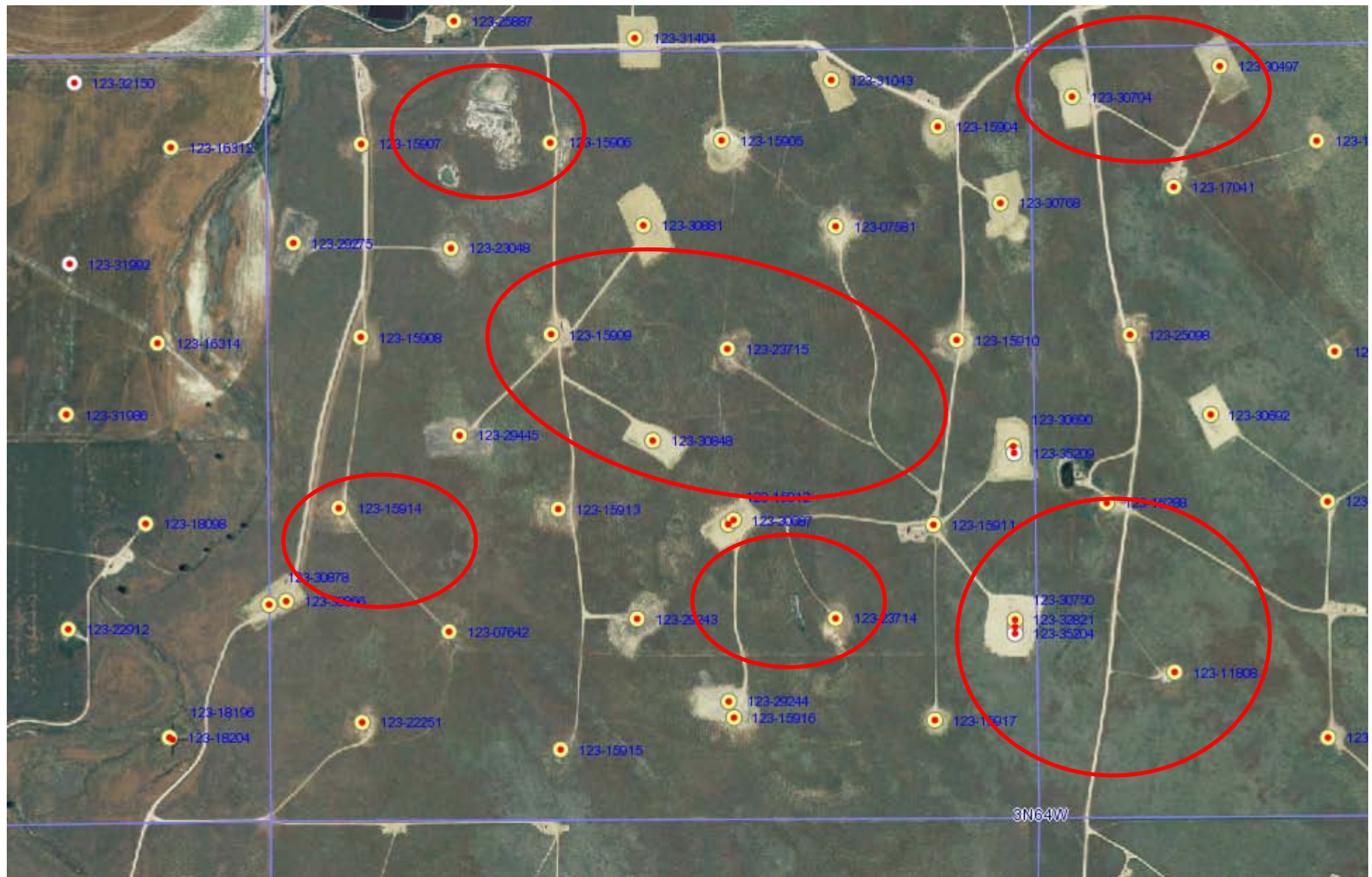
Shane Davis
Weld County
North of Keenesburg, CO
~5 miles

Image © 2012 DigitalGlobe
© 2012 Google

9151 ft

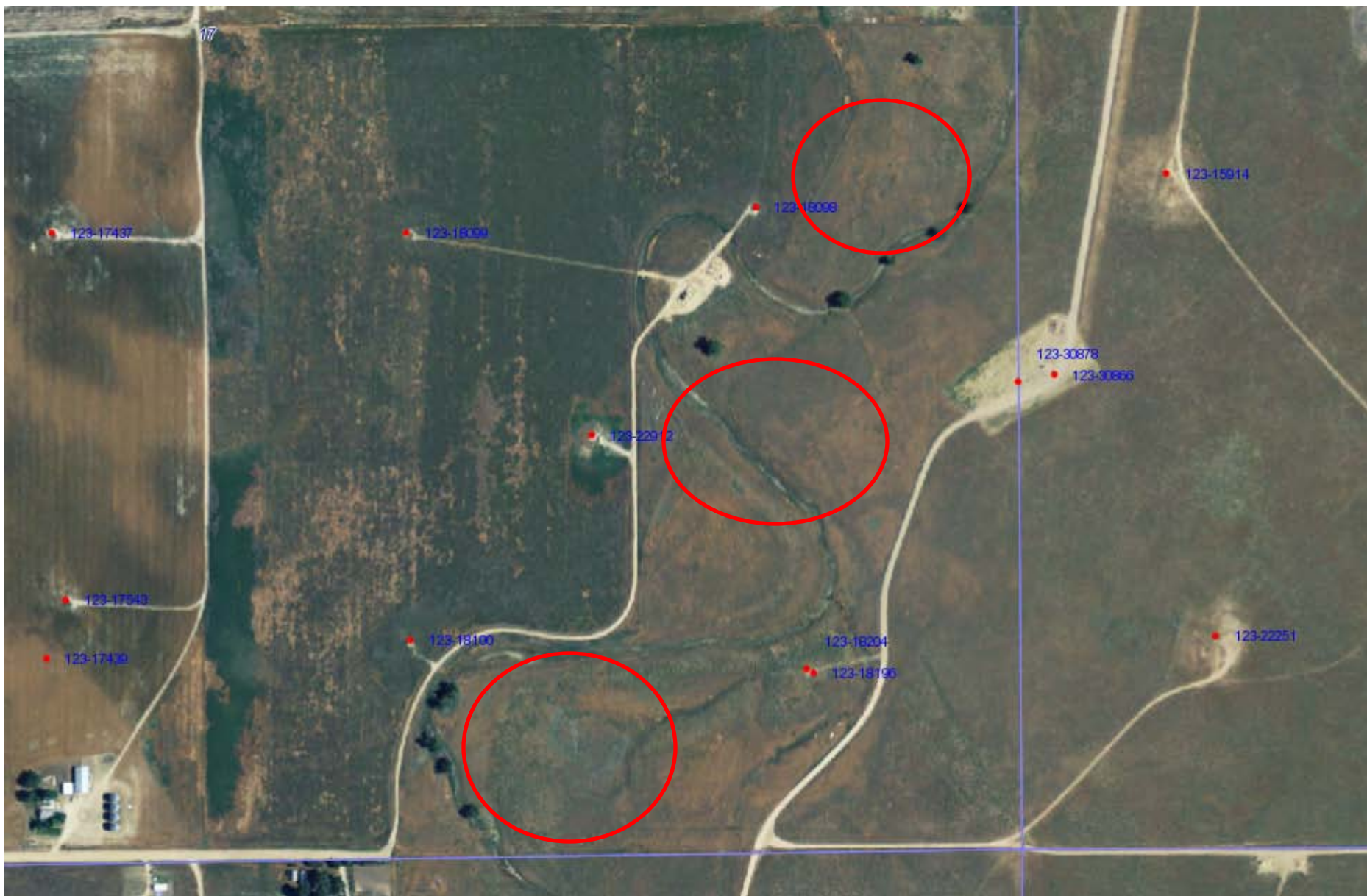
imagery Date: 4/30/2006 1999

40°14'07.74" N 104°33'56.41" W elev. 4743 ft



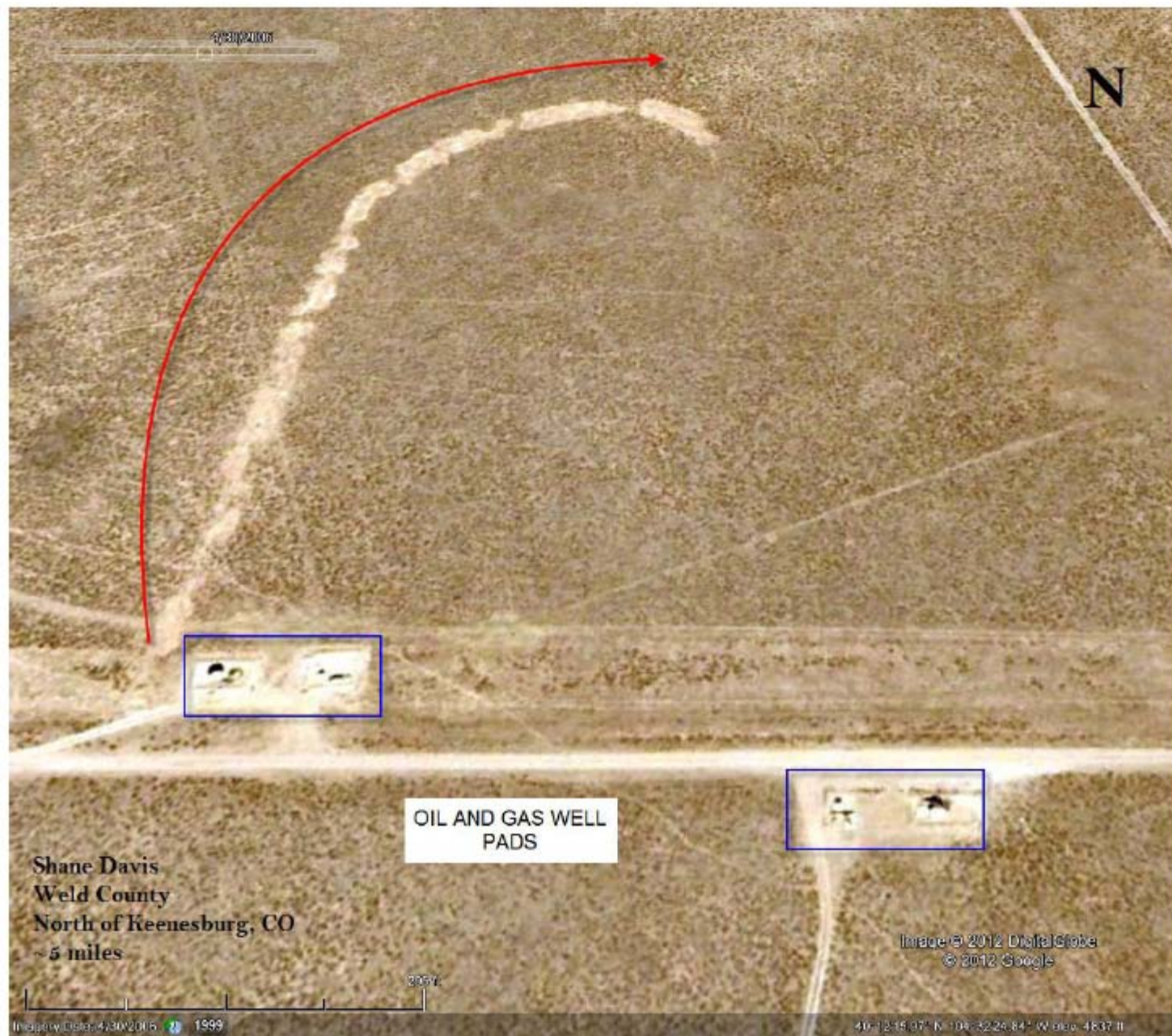
Date: 2011 Location: 16-3N-64W





Date: 2011

Location :17-3N-64W



Shane Davis
Weld County
North of Keenesburg, CO
~ 5 miles

OIL AND GAS WELL
PADS

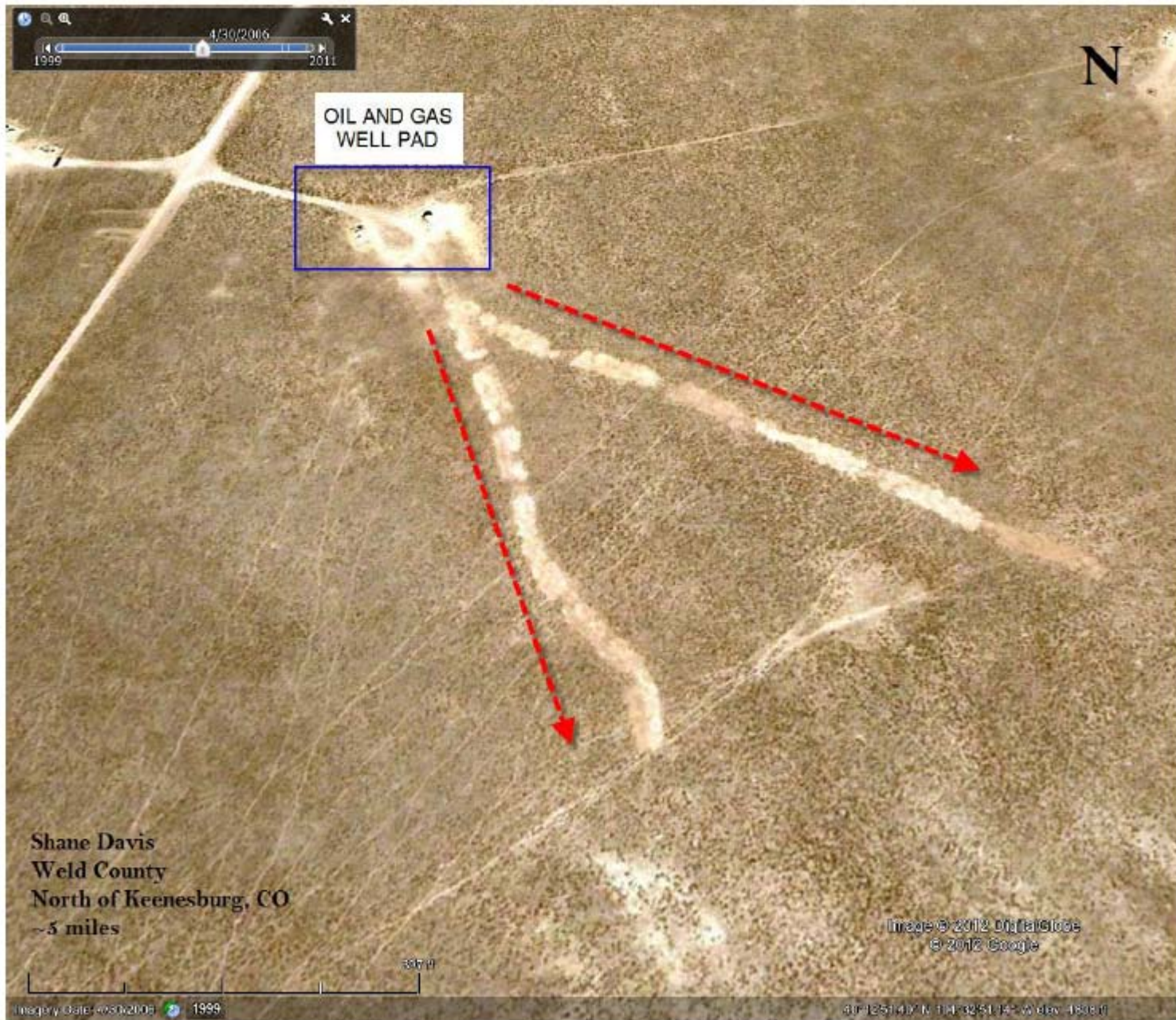
Image © 2012 DigitalGlobe
© 2012 Google

Imagery Date: 4/30/2015 1999

40°12'15.07" N 104°32'24.84" W elev. 4837 ft



Date: 2011 Location: 22&27 – 3N-64W





Date: 2011 Location: Section 22 3N-64W

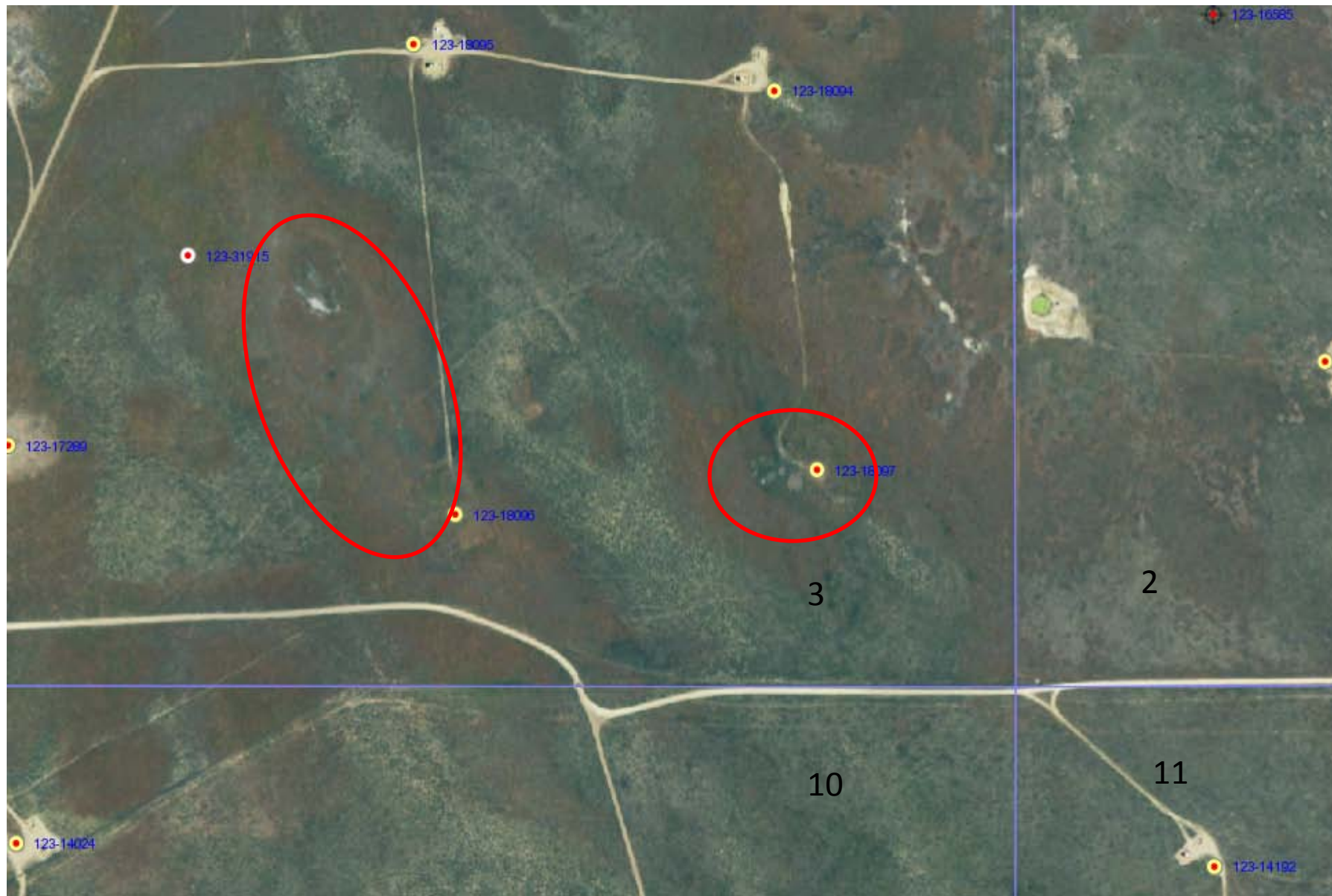
reclamation.





Date: 2011 Location: NW 16 3N64W





Date: 2011 Location: 3 3N-64W

4/30/2006

N

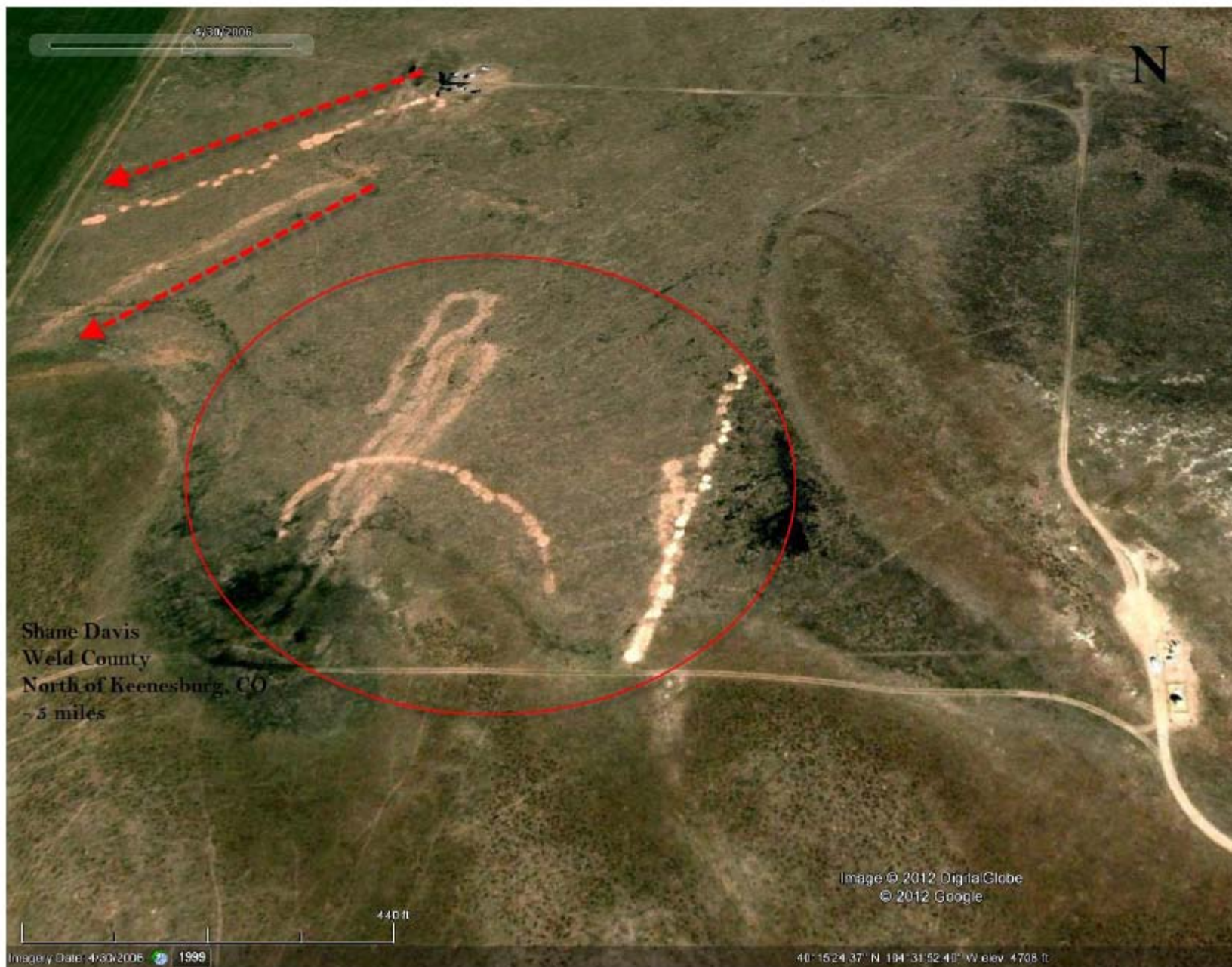
Shane Davis
Weld County
North of Keenesburg, CO
~ 5 miles

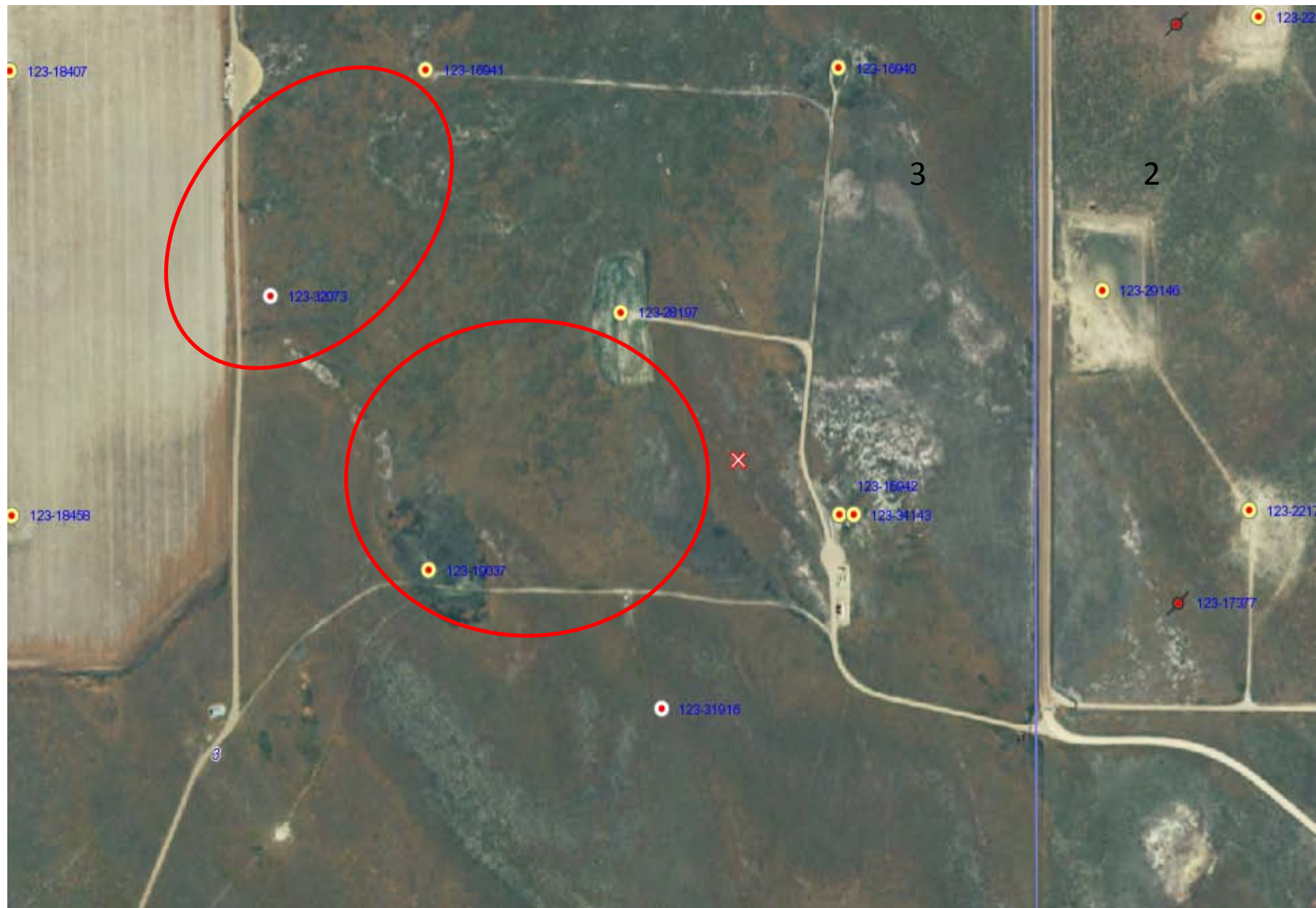
Image © 2012 DigitalGlobe
© 2012 Google

440 ft

Imagery Date: 4/30/2006 1999

40°15'24.37" N 104°31'52.40" W elev 4708 ft





Date: 2011

Location: 3 3N-64W

4/30/2006

N

Ruler

Line Path

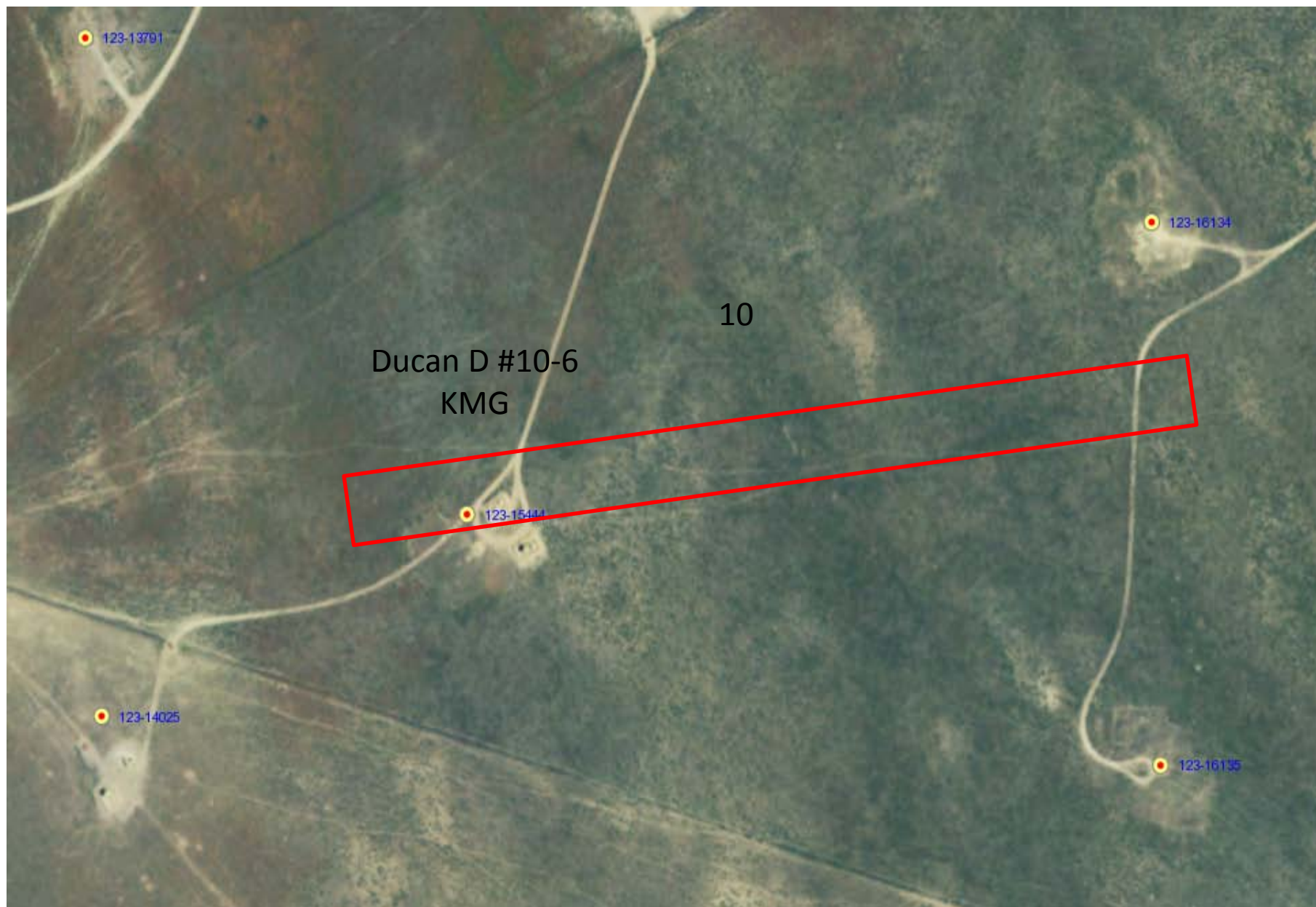
Measure the distance between two points on the ground

Map Length:	1,663.85	Feet
Ground Length:	1,664.23	
Heading:	262.92 degrees	

☒ Mouse Navigation

Shane Davis
Weld County
North of Keenesburg, CO
~5 miles

Image © 2012 DigitalGlobe
© 2012 Google



Date: 2011 Location:10 3N-64W

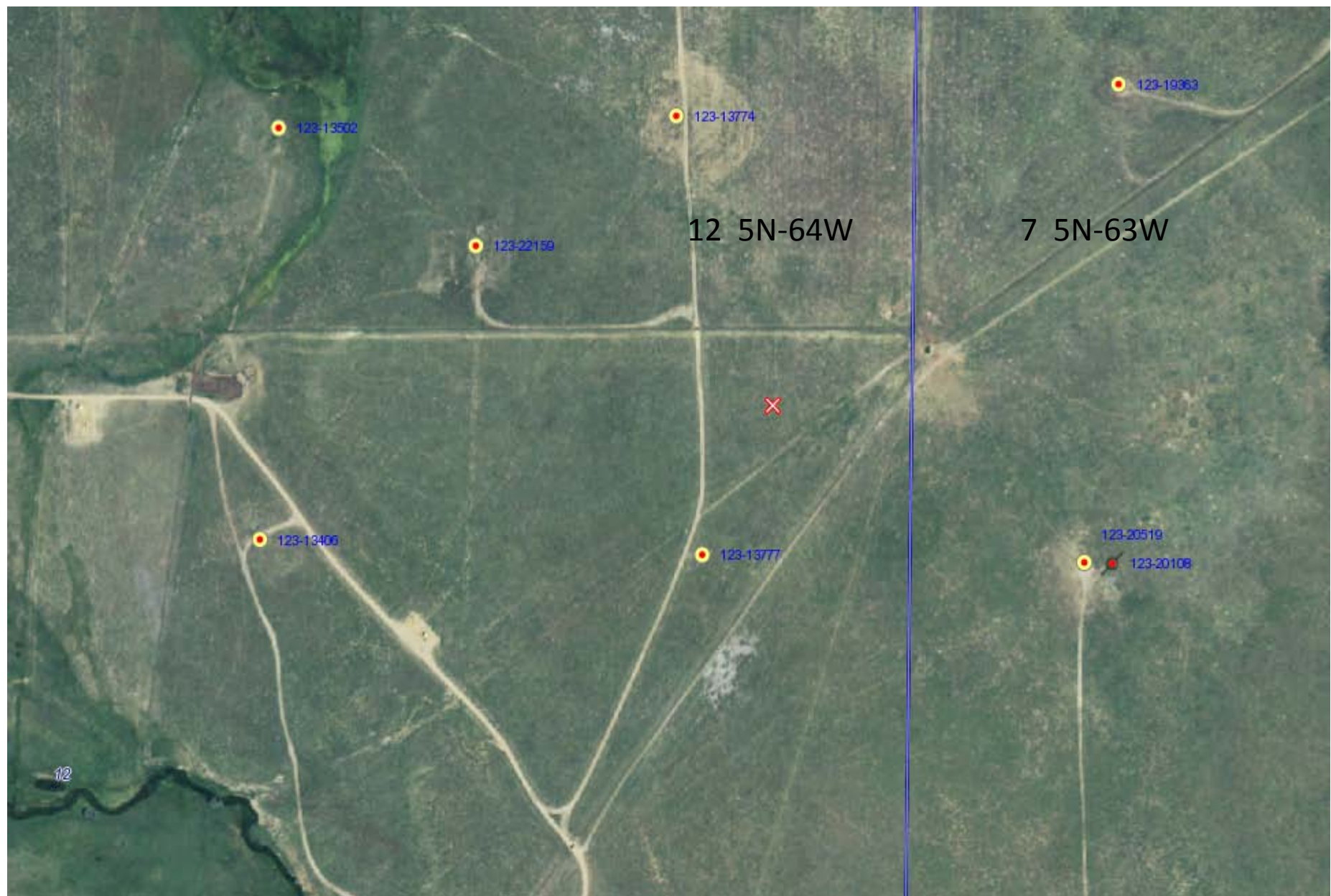
4/20/2006

N

Image © 2012 DigitalGlobe
© 2012 Google

Shane Davis
Weld County
North of Keenesburg, CO
5 miles

0.5 mi



Date: 2011