



July 17, 2018

Colorado Oil & Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80202

RE: Request to Flare
Mallard Exploration
Cinnamon Teal 35-15HC
Cinnamon Teal 35-16HN

Ms. Burn,

Mallard Exploration (Mallard) is engaging in exploratory drilling and completion activities near the defined boundaries of the Denver Julesburg oil and gas field and hereby requests temporary authorization to flare per Rule 912 as required by the Commission regarding the following wells. These wells are considered exploratory as Mallard is drilling a new horizon for the area. The nearest drilled codell formation well is approximately six miles away. Additionally, Mallard is assessing new completion volume tests that are significantly larger than anything that has been pumped in the area.

Well Name	API	Field
Cinnamon Teal 35-15HC	05 123 46646 00	Wildcat
Cinnamon Teal 35-16HN	05 123 46650 00	Wildcat

Rule 912 Venting or Flaring Natural Gas of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission (COGCC) states:

- a. The unnecessary or excessive venting or flaring of natural gas produced from a well is prohibited.
- b. Except for gas flared or vented during an upset condition, well maintenance, well stimulation flowback, purging operations, or a productivity test, gas from a well shall be flared or vented only after notice has been given and approval obtained from the Director on a Sundry Notice, Form 4, stating the estimated volume and content of the gas. The notice shall indicate whether the gas contains more than one (1) ppm of hydrogen sulfide. If necessary to protect the public health, safety or welfare, the Director may require the flaring of gas.
- c. Gas flared, vented or used on the lease shall be estimated based on a gas-oil ratio test or other equivalent test approved by the Director, and reported on Operator's Monthly Report of Operations, Form 7.
- d. Flared gas that is subject to Sundry Notice, Form 4, shall be directed to a controlled flare in accordance with Rule 903.b.(2) or other combustion device operated as efficiently as possible to provide maximum reduction of air contaminants where practicable and without endangering the safety of the well site personnel and the public.

- e. Operators shall notify the local emergency dispatch or the local governmental designee of any natural gas flaring. Notice shall be given prior to flaring when flaring can be reasonably anticipated, or as soon as possible, but in no event more than two (2) hours after the flaring occurs.

In accordance with the *Notice to Operators Rule 912. Venting or Flaring Produced Natural Gas – Statewide* dated March 18, 2016, Mallard hereby requests authorization to temporarily flare the Cinnamon Teal 35-15HC and Cinnamon Teal 35-16HN for no more than six (6) months. Flowback is anticipated to begin in July 23, 2018. The following information is provided:

1. The estimated volume and content of the gas to be vented or flared.

The combined estimated volume for the Cinnamon Teal 35-15HC and the Cinnamon Teal 35-16HN over the requested 6-month flare period is anticipated to be between 0-1500 mcf/d.

2. Gas analysis including hydrogen sulfide for the subject well.

Mallard has submitted an offset gas analysis from the area.

3. For requests based on lack of available infrastructure, the operator must state:

- a. **Why the well cannot be connected to infrastructure (e.g., remote area with no plans to construct infrastructure) and an economic justification for this determination; OR**
- b. **When the well(s) will be connected to infrastructure, and why the operator commenced production of the well before infrastructure was available; AND**
- c. **Discuss options of gas to generate electricity, gas processing to natural gas liquid or other options.**

Mallard has entered into a contract with Outrigger Energy, who intends to install midstream infrastructure to this location and construct a gas processing plant in Section 25, Township 8N, Range 62W. Outrigger Energy anticipates that the infrastructure and processing plant will be operational in the first quarter of 2019. Mallard, in conjunction with Outrigger Energy, has begun obtaining the necessary right-of-way to facilitate the installation of a midstream gathering system.

Mallard is drilling and completing two Cinnamon Teal wells prior to Outrigger's midstream infrastructure being operational. This is necessary to determine individual well, as well as, full scale development oil and gas volumes for Outrigger to make appropriate final design decisions on capacity volumes, pipe sizing, etc.

Mallard will not be equipping the facility to run off three-phase power, so using gas to generate electricity is not currently an option. Mallard has also investigated the option of mobile gas processing and has determined the anticipated gas volume is too small to be economic for natural gas liquids extraction.

4. A statement that the operator has complied with Rule 805.b.(1).

Mallard intends to flare the associated gas and therefore will comply with the odor provisions of Rule 805.b.(1).

5. A statement that the operator will use a CDPHE approved flaring method and any site-specific permitting required by the CDPHE.

Mallard intends to use a flare for encountered gas from the wellhead and emission control devices (ECDs) for compliance with storage tank emissions management. The flare will be non-enclosed, and all combustion devices will meet 98% combustions efficiency.

All other permitting and compliance provisions for the CDPHE are in process and will be followed as required.

Please contact John Tonello at (720) 543-7952 or Erin Mathews at (720) 543-7959 if you need additional information.

Sincerely,



Erin Mathews
VP Development
Mallard Exploration