

July 14, 2020

Julie Murphy, Director
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Re: GMT Exploration Company, LLC Variance Request from Rule 805.b.(3)B.v.

Dear Director Murphy:

Pursuant to Colorado Oil and Gas Conservation Commission (COGCC) Rule 306.d.(1)A.ii.ff., the Colorado Department of Public Health and Environment (CDPHE) has been asked to consult on GMT Exploration Company, LLC's (GMT) June 2, 2020 request for a variance from Rule 805.b.(3)B.v. Through this variance request, GMT is seeking authorization to flare one well from the Vulcan 6-64 10-8 Pad (Vulcan Pad) for up to six months as an exploratory well test for sufficient volume of gas to connect to a sales line. For the reasons discussed below, CDPHE recommends that COGCC delay a decision on the variance request until after the Mission Change rulemaking is complete. Alternatively, if COGCC decides to proceed before the Mission Change rulemakings, CDPHE recommends that COGCC add a condition to the Form 2A requiring GMT to comply with the COGCC and Air Quality Control Commission (AQCC) rules that are in effect at the time that any flaring occurs at the Vulcan Pad. If COGCC intends to make a decision on the variance request before the Mission Change Rulemaking is complete, then CDPHE recommends conditional approval of GMT's variance request to allow flaring for a maximum of 60 days.

CDPHE is concerned about the potential impacts of emissions from a variety of sources on ozone concentrations in the Denver Metro/North Front Range (DMNFR) ozone nonattainment area, the mandate to minimize emissions from oil and gas facilities pursuant to SB19-181 and the greenhouse gas emissions reduction goals outlined in HB19-1261. The flaring of natural gas produces carbon dioxide (CO₂), methane, nitrogen oxides (NO_x) and Volatile Organic Compound (VOC) emissions, which contribute to ozone formation. CO₂ and methane are greenhouse gases, which contribute to climate change. Although the Vulcan Pad is located approximately 6.5 miles outside of the DMNFR Ozone Nonattainment Area, emissions from outside the nonattainment area can contribute to ozone formation within the nonattainment area. Moreover, they can degrade the air quality in areas that are in attainment. CDPHE is particularly concerned with the fact that the emissions associated with GMT's variance request are likely to occur during the summer months, when ozone concentrations tend to be the highest.

Accordingly, we recommend deferring consideration of this application until after the Mission Change rulemakings are complete. If COGCC decides to proceed with a waiver sooner, CDPHE believes any variance should be at most a conditional, 60 day variance. Allowing flaring for a longer duration would be an unnecessary waste of a resource that could complicate Colorado's efforts to attain federal ozone standards, minimize emissions from oil and gas facilities and reduce greenhouse gas emissions.

If COGCC ultimately approves GMT's request to flare (for any duration), then CDPHE recommends several conditions of approval above and beyond the best management practices currently outlined in the Form 2A and GMT's variance request.

First, GMT should be required to explore and implement all available options for minimizing and offsetting any emissions that might occur from flaring at the Vulcan Pad. This could include, but is not limited to: plugging and abandoning legacy wells; using electric drill rigs potentially using distributed energy resources; developing tankless well production facilities; using group 3 drilling muds that do not contain benzene, toluene, ethylbenzene and xylene (BTEX) and; limiting flaring to non-ozone season or evenings. If limiting flaring to non-ozone season or evenings isn't feasible, then at the very least, GMT should be required to implement some or all of the following mitigation measures on ozone action days:

- Avoid flaring altogether or ensure that the Mechanical Refrigeration Unit (i.e. NGL skid) is fully functional to limit the quantity of natural gas that is flared;
- Postpone flowback;
- Minimize vehicle and engine idling;
- Reduce truck traffic and worker traffic;
- Postpone the refueling of vehicles;
- Properly maintain vehicles and equipment;
- Suspend or delay the use of fossil fuel powered ancillary equipment;
- Postpone construction activities;
- Reschedule non-essential operational or maintenance activities.

Second, COGCC should review the attached gas capture plan provided by GMT to determine whether it satisfies the intent of the draft Mission Change rules. These draft rules require a detailed description of the operator's plan to connect the facility to a gathering line or otherwise utilize the gas in the future (Rule 903c.(3)B.iii)) or a description of any issues related to the operator's ability to connect to a gas gathering line (Rule e.(1)B.iv). If GMT's attached plan does not satisfy the intent of the draft Mission Change rules, then GMT should be required to submit additional information. If it does satisfy the intent of the Mission Change rules, then COGCC should include it as an attachment to GMT's variance request in the documents associated with the Vulcan Pad.

Finally, GMT should be required to conduct air quality monitoring in accordance with the proposed requirements contained in AQCC's June 2, 2020 draft revisions to Regulation Number 7. The proposed monitoring requirements are contained in Part D, Section VI.C and AQCC will hold a hearing on the proposed revisions to Regulation Number 7 on September 17, 2020.



In recommending this conditional approval as a second choice to waiting until after the Mission Change rulemaking, CDPHE notes that the circumstances of any future variance request of this nature will most certainly differ from this request. We will consider any such request on a case-by-case basis, taking into consideration the unique circumstances of each request. However, generally speaking, CDPHE does not want to give the applicant or COGCC the impression that this application should serve as a precedent for further requests for waiver from the flaring rules.

Sincerely,



Sean Hackett
Energy Liaison
Colorado Department of Public Health and Environment

