

STATE OF
COLORADO

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GMT Variance Request Form 2A doc no 4018053532 messages

Treitz - DNR, Rebecca <rebecca.treitz@state.co.us>

Wed, Nov 18, 2020 at 3:54 PM

To: Julie Murphy - DNR <julie.murphy@state.co.us>, "Deranleau - DNR, Greg" <greg.deranleau@state.co.us>, "Noto - DNR, John" <john.noto@state.co.us>

Staff Summary and Recommendation for the GMT Exploration Company LLC, Vulcan Form 2A variance request.

GMT Exploration Company LLC (GMT), submitted a variance request as part of a Form 2A permit, Document #401805353 with a Rule 502.b.(1) request for a variance from Rule 805.b.(3) and request to Flare under Rule 912.b at the Vulcan 6-64 10-8 Location.

Staff has reviewed the attached 502.b.(1) request for a variance from Rule 805.b.(3).v - Green Completions - Well Completions - *All salable quality gas shall be directed to a sales line as soon as practicable or shut in and conserved.*

GMT's request for a variance also includes notice of its intent to flare from the one well on the Vulcan pad pursuant to Rule 912.b. The request to flare is for six months.

Proximate sales line not available – Anakarko had a gas sales line approximately a ¼ mile from the proposed Vulcan location. GMT reached out to Anadarko to connect to the sales line, but Anadarko had shut-in the well and terminated the use of the gas sales line in the area. Rocky Mountain Midstream (RMM) has a sales line approximately 14-miles to the north in Adams County. GMT is actively working with RMM and with the approval of the 2A with the flaring variance request, plans to begin the expansion of the pipeline.

These are the primary points stated in GMT's variance request:

1. Drilling and production testing of a single well on the Vulcan pad prior to lease expirations in June 2021.
2. Required for adequate testing of a well to determine well performance for economics of additional exploration in the area and expanding sales lines to the area.
3. GMT is working with Rocky Mountain Midstream, a third party gathering company, who has a sales line approximately 14-miles north in Adams County. If the pipeline is not available to the Vulcan pad when the production test is complete, GMT plans to shut-in the well until a gas sales pipeline is available.
4. Six months represents the minimum timeframe to flare gas to allow for a reasonable estimate of well performance.
5. The well is not in the non-attainment area.
6. The nearest residential Building Unit is over 4,500 feet from the proposed Location.

7. GMT will use a Mechanical Refrigeration Unit (MRU) in order to separate out the heavier and lighter gases to minimize the NOx emitted through flaring.

CDPHE Consultation:

The 502.b variance request was part of the Form 2A permit, which requires consultation from CDPHE. CDPHE reviewed the variance request proposed by GMT and provided a consultation letter attached to the Form 2A. CDPHE's recommendations were:

1. Flaring outside the summer high ozone season;
2. Using a high efficiency vapor capture system of at least 98%;
3. Flaring for 60 days; and
4. Adhering to all air regulations current to the time of the drilling and flaring.

GMT has provided a BMP to the Form 2A that specified flaring will not occur during the high ozone season; using a Mechanical Refrigeration Unit (MRU) with a high efficiency combustor; and will adhere to all regulations applicable at the time of drilling. GMT plans to shut-in the well once the production test is complete if a gas sales pipeline is not available.

Staff Recommendation

Staff recommends the conditional approval of the variance from Rule 805.b.(3). The variance would allow GMT to produce oil and to flare salable quality gas from one well for limited time for the purpose of testing prior to connecting to a gas sales line. Staff recommends conditioning the variance to require a high efficiency combustor for burning the gas and for BTU data to be made available upon COGCC request. CDPHE recommended a COA for flaring to occur outside the summer months when ozone levels are highest. GMT has provided a BMP to address the CDPHE recommendation:

- Except gas flared or vented during an upset condition, purging operations, or emergency situations, no gas shall be flared during the ozone peak season of June 1 – August 31;
- To reduce the BTU content of the natural gas that is flared a Mechanical Refrigeration Unit skid will be utilized at this location, for as long as the gas is being flared, until such time that the Well is connected to a sales line; and
- The drilling mud used will be category II, low aromatic mud with an aromatic content of 0.5-5%. Conventional drilling mud has an aromatic content of 5-35% (Group/Category I drilling fluids).

Staff also recommends that permission to flare the well under Rule 912.b is granted for a maximum of sixty (60) days from the date of completion.

Staff's recommendation is based on the proximity and performance of the wells at the True Oil LBR 15-64 15-16 Pad (Location ID 449920) located approximately 4.6 miles north of the proposed Vulcan pad. The True Oil wells produced large quantities of high BTU gas, for example, the six month gas production at the True Oil Hagar-5-64 15-16-1BHZ was 98,989 MCF with an average BTU of 1,372.

The operator may provide future updates and request extensions under Rule 912, however, each request should be based on the previously obtained performance data, measured BTUs, and should include an update of the gas gathering infrastructure status.

All other wells on the Vulcan Pad are subject to Rule 805 and the COA regarding conserving salable quality gas.

Thank you,

Rebecca

The suggested COAs for a single flaring well:

- 1) Flaring of natural gas shall comply with COGCC Rule 912.
- 2) Report metered volumes of gas flared on the Form 7, Operator's Report of Monthly Operations.
- 3) Operator will use an enclosed combustion device with a 98% design destruction efficiency for hydrocarbons. Operator shall manage this well so that production volumes do not exceed combustor capacity.
- 4) Provide the local emergency dispatch or the local governmental designee prior notice of natural gas flaring by supplying them with a copy of the approved Sundry Notice and all attachments. Operator shall notify local government designee and emergency dispatch 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.
- 5) Approval of this Variance applies to this well only for a period of 60-day after the well's reported date of production per the Form 7.
- 6) Well completion practices in Rule 805.b.(3) shall apply to future well completions on this Oil and Gas Location. When commercial quantities of salable quality gas are achieved at any future well, the gas shall be immediately directed to a sales line, or shut in and conserved, or a variance from Rule 805.b.(3)C must be obtained to produce the well. The Rule 912 notice and approval requirements apply regardless of a variance from Rule 805.b.(3)C.

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2 attachments



GMT Vulcan Variance request response.pdf
1560K



GMT 805 variance request (1).docx
18K

Deranleau - DNR, Greg <greg.deranleau@state.co.us>

Thu, Nov 19, 2020 at 4:35 PM

To: "Treitz - DNR, Rebecca" <rebecca.treitz@state.co.us>

Cc: Julie Murphy - DNR <julie.murphy@state.co.us>, "Noto - DNR, John" <john.noto@state.co.us>

Thank you, Rebecca.

The Director has reviewed this objective criteria memo and the variance request. Based on the information provided, the Best Management Practices committed to by the operator, and the Conditions of Approval proposed, she has determined that this application and variance request are protective of public health, safety, welfare, the environment and wildlife resources and can be approved.

Please complete all technical processes necessary to get this application to the Final Approval queue.

Thanks for all your diligent work on this application.

Greg

[Quoted text hidden]

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Greg Deranleau
Environmental Manager



The mission of the COGCC is to regulate the development and production of the natural resources of oil and gas in the state of Colorado in a manner that protects public health, safety, welfare, the environment and wildlife resources.

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