

Objective Criteria Review Memo GMT Exploration Company LLC, Vulcan 6-64 10-8 Pad, Form 2A 401805353

This summary explains how Colorado Oil and Gas Conservation Commission (COGCC) staff conducted its technical review of the GMT Exploration Company LLC (GMT), Vulcan 6-64 10-8 Pad, Form 2A, Document Number 401805353 within the context of SB 19-181 and for the required Objective Criteria. This proposed Location is for ten wells, four separators, six oil tanks, one condensate tank, four produced water tanks, 2 MLVTs and other production equipment. This proposed Location meets the following Objective Criteria:

1. (Criteria #5.c) The proposed Location lies within a Sensitive Area for water resources (proximity to surface water and potential shallow groundwater); and
2. (Criteria #11) Oil and Gas Location where the operator requests the Director grant a Rule 502.b Variance for an associated permit application.

COGCC staff met with the Director to discuss the Objective Criteria for the Form 2A with the proposed Best Management Practices (BMPs) and applied Conditions of Approval (COAs). The following sections provide details regarding the evaluation of each criterion.

Criteria 5.c: Oil and Gas Locations within a Sensitive Area for water resources.

Site Specific Description of Applicability of Criteria 5.c: The Location is in a sensitive area due to the potential for proximity to surface water features and shallow groundwater. The nearest surface water is an intermittent stream approximately 145 feet southeast of the proposed Location and the estimated depth to groundwater is at six feet based on nearby wells.

Site Specific Measures to Address Criteria 5.c: GMT has provided BMPs at the proposed Location for the protection of nearby surface water and shallow groundwater. Tanks will be in secondary containment with a liner. A ditch and berm system with sediment traps will be around the proposed Location for stormwater and erosion control. The proposed Location will be inspected on a daily basis for leaks or spills.

Summary: GMT provided BMPs that address the protection of proximate surface water and shallow groundwater. The BMPs include engineering controls (construction and containment) and administrative controls (inspection frequency).

Criteria 11: Oil and Gas Location where the operator requests the Director grant a Rule 502.b. Variance for an associated permit application.

Site Specific Description of Applicability of Criteria 11: GMT is requesting a variance for Rule 805.b.(3).B.v, which states:

“All salable quality gas shall be directed to the sales line as soon as practicable or shut in and conserved.”

GMT has requested a variance from this Rule to be allowed to flare salable gas from one well on the Vulcan pad for up to six months to determine the economic viability of expanding a gas

sales line into the area. GMT is requesting the variance to flare production gas for up to six months to determine production rates prior to a gas sales line availability. The nearest building unit from a well is 4,163 feet and the location is not in the Front Range 8-hour ozone nonattainment area.

A 502.b. variance request from Rule 805.b.(3).B.v. on a Form 2A requires consultation with CDPHE. CDPHE reviewed the variance request and submitted a consultation letter to COGCC on July 14, 2020.

Site Specific Measures to Address Criteria 11: GMT has committed to flaring outside the high ozone season and using a Mechanical Refrigeration Unit (MRU) to reduce emissions during the flaring time frame. During drilling and completions, flowback flaring will meet Rule 604.c.(2).iii for equipment size and ratings. GMT must also comply with Rule 912 and specifically 912.b. to provide an estimated volume of gas to be vented via Form 4 Sundry and any quantities of hydrogen Sulfide. The estimated volume of Volatile Organic Compounds (VOCs) over the six months is 40.43 tons.

CDPHE provided several recommendations for the variance request, which is attached to the Form 2A. CDPHE did recommend the variance request be limited to 60-days of flaring and not the six months requested by the operator. COGCC staff concurs with this recommendation and will place a Condition of Approval (COA) for limiting the time allowed for the flaring as well as a high efficiency combustor in addition to the MRU, on the Form 2A.

OTHER: Staff reached out to Elbert County regarding the flaring variance request. Elbert County supports the development of the minerals in the area and does not have concerns regarding the variance request.

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