

GAS FLARING

April 29, 2015

Company	Wells Flaring over 100	Wells Flaring over 100 w/o Exception	Current Exceptions (over 100)	Exception Requests	Wells over 100 Hooked to Pipeline
Continental	6	2	4	2	4
Denbury	3	2	1	2	0
EOG Resources	2	0	2	0	1
Kraken	1	1	0	1	0
Oasis Petroleum	4	1	3	1	0
Petro-Hunt	4	0	4	0	0
Statoil	1	0	1	0	0
Whiting	17	0	17	0	4
Totals	38	6	32	6	9

Flaring Request

Summary

There are 38 wells flaring over 100 MCF/D based on current production numbers. This is down from 46 wells at the last business meeting. It is expected that this number will continue to drop based on the reduced number of completions expected this year.

32 of the 38 wells have approved exceptions due to distance, pipeline access issues, or time to connection.

There are 6 exceptions requested at this time. Of the 6, 2 are due to pipeline/gas plant capacity issues, 3 are due to gas composition, and 1 has been deemed uneconomic to connect due to distance from gathering system.

Continental

Manush 1-12H – API # 25-085-21927, 29N-58E-12 – Approved for 6 months

1. Flaring 175 MCF/D. Second exception request. First expired 4/15/15.
2. Completed: 6/2014.
3. Connected to pipeline: Yes.
4. Estimated gas reserves: 66 MMcf.
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 20.5 Mcf/d
7. Justification to flare: Connected to pipeline, however, Gas plant and capacity issues preventing sales. Hoping new plant will come on in 2015/2016 and alleviate issues.

Revere 1-31H – API # 25-083-22953, 27N-53E-31 – Approved for 6 months

1. Flaring 121 MCF/D. Second exception request. First expired 2/13/15.
2. Completed: 3/2013.
3. Connected to pipeline: Yes, 3/2013.
4. Estimated gas reserves: 293 MMcf
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 8 Mcf/d
7. Justification to flare: Very sour gas that cannot pass through current Highland pipeline. H2S scrubbing would cost more than gas is worth. Looking into ONEOK pipeline that may be able to take the sour gas.

Denbury

Unit 11-12H – API # 25-025-21284, 8N-59E-12 – Permanent exception

1. Flaring 345 MCF/D. First exception request.
2. Completed: 8/1984.
3. Proximity to market: N/A.

4. Estimated gas price at market: N/A
5. Estimated cost of marketing the gas: N/A.
6. Flaring alternatives: None.
7. Justification to flare: Well is in Pennel EOR Unit. The gas being produced is mostly made up of nitrogen and carbon dioxide and this therefore unmarketable.

Pennel Unit 24-11H – API # 25-025-05726, 8N-59E-11 – Permanent exception

1. Flaring 140 MCF/D. First exception request.
2. Completed: 4/1962.
3. Proximity to market: N/A.
4. Estimated gas price at market: N/A
5. Estimated cost of marketing the gas: N/A.
6. Flaring alternatives: None.
7. Justification to flare: Well is in Pennel EOR Unit. The gas being produced is mostly made up of nitrogen and carbon dioxide and this therefore unmarketable.

Kraken

Lysemose 33-34 #1H – API # 25-083-23303, 26N-59E-32 – Approved for 6 months

1. Flaring 286 MCF/D. First exception request.
2. Completed: 1/2015.
3. Estimated gas reserves: 250-350 MMCF.
4. Proximity to market: <1 mile.
5. Estimated discounted payout: Would require 67 MMCF recoverable gas to payout.
6. Estimated cost of marketing the gas: \$200,000.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 10 MCFD.
9. Justification to flare: Have contract with ONEOK and a ROW agreement to connect to gathering system. ONEOK repairs to gathering line downstream of well delaying the connection.

Oasis

Freesia Federal 2658 13-11H – API # 25-083-23097, 26N-58E-11 – Approved for 6 months

8. Flaring 115 MCF/D. Second exception request. First expired 4/15/15.
9. Completed: 11/2013.
10. Estimated gas reserves: 368 MMCF.
11. Proximity to market: Across river with no known gathering line in vicinity.
12. Estimated gas price at market: ~\$5,00/MCF at the wellhead.
13. Estimated cost of marketing the gas: Unknown.
14. Flaring alternatives: None.
15. Justification to flare: Well is contracted to ONEOK. ONEOK has indicated they would have to install a 20 mile loop to gather the gas and are unwilling to do so unless further drilling in area improves economics.