

GAS FLARING

August 12, 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	3	0	3	0	3
EOG Resources	2	1	1	1	0
Kraken	2	1	1	1	0
Oasis Petroleum	3	0	3	0	0
Petro-Hunt	3	0	3	0	0
Statoil	1	1	0	0	0
Whiting	21	3	18	4	3
XTO	3	3	0	0	0
Totals	38	9	29	6	6

Flaring Requests

Summary

There are 38 wells flaring over 100 MCF/D based on current production numbers. Due to the delay in our production information (one - two months), we are still seeing some new completions from earlier this year bringing the number of wells flaring up. It is expected that this number will continue to drop based on the reduced number of completions expected throughout this year.

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

There are six exceptions requested at this time. Of the six, four are flaring due to pipeline/gas plant capacity issues, one has been unable to acquire a ROW, and one is currently in the process of connecting.

EOG Resources

Highline 3-0508H – API #25-085-21887, 29N-59E-5

1. Flaring 100 MCF/D. First exception request.
2. Completed: 7/2013.
3. Estimated gas reserves: 276 MMCF.
4. Estimated gas price at market: ~\$1.93/MCF.
5. Proximity to market: 2.50 miles to pipeline.
6. Estimated cost of marketing the gas: \$0.41/MCF.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 5 MCF/D.
9. Justification to flare: Oneok has been unable to obtain ROW.

Kraken

Higgins 13-24 #1H – API # 25-085-21959, 27N-57E-12

1. First exception request.
2. Completed: 5/2015.
3. Estimated gas reserves: Not enough production to calculate.
4. Estimated gas price at market: ~\$3/MCF.
5. Proximity of Well to Gas Market: 1.5 miles.
6. Estimated cost of marketing the gas: \$375,000 range.
7. Flaring alternatives: None.
8. Amount of gas used in lease operations: 10 MCF/D.
9. Justification to flare: ONEOK has contracted to gather gas. ROW's are still being finalized and construction should begin in coming weeks.

Whiting

Weber Federal 24-30-4H – API # 25-083-23242, 24N-60E-30

1. Flaring 117 MCF/D. First exception request expires 8/25/15.
2. Completed: 9/2014.
3. Connected to pipeline: Yes.
4. Estimated gas reserves: 342 MMCF.
5. Estimated gas price at market: \$2.41/MCF.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 2 MCF/D.
8. Justification to flare: Currently connected to pipeline, however, Oneok has no compression capacity on this portion of their system.

Watts 42-21-3H – API # 25-083-23221, 24N-59E-21

1. Flaring 101 MCF/D. First exception request.
2. Completed: 6/2014.
3. Connected to pipeline: Yes.
4. Estimated gas reserves: 192 MMCF
5. Estimated gas price at market: \$2.41/MCF.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 2 MCF/D.
8. Justification to flare: Currently connected to pipeline, however, Oneok has no compression capacity on this portion of their system.

Watts 42-21-4H – API # 25-083-23222, 24N-59E-21

1. Flaring 157 MCF/D. First exception request.
2. Completed: 6/2014.
3. Connected to pipeline: Yes.
4. Estimated gas reserves: 211 MMCF
5. Estimated gas price at market: \$2.41/MCF.
6. Flaring alternatives: None.
7. Amount of gas used in lease operations: 2 MCF/D.
8. Justification to flare: Currently connected to pipeline, however, Oneok has no compression capacity on this portion of their system.

Sundheim 31-2-1H – API # 25-083-23115, 25N-57E-2

1. Flaring 115 MCF/D. First exception request expired 6/3/15.
2. Completed: 7/2013.
3. Estimated gas reserves: 286 MMCF.
4. Estimated gas price at market: \$2.41/MCF.
5. Flaring alternatives: None.
6. Amount of gas used in lease operations: 2 MCF/D.
7. Justification to flare: Oneok does not have the compression capacity on this portion of their system to gather the gas. Until they do it would be uneconomic to connect to gathering system.