



September 26, 2023

Williford Resources LLC
 Attn: Hearne Williford
 6506 S. Lewis Ave Ste 102
 Tulsa, OK 74136

DIRECTOR’S ORDER PURSUANT TO RULE 901.a.

The Director of the Colorado Energy and Carbon Management Commission (“ECMC” or “Commission”) issues this Order pursuant to Rule 901.a. of the Commission’s Rules and Regulations, 2 CCR 404-1 (“Rule” or “Rules”) and § 34-60-104.5, C.R.S, of the Oil and Gas Conservation Act.

INTRODUCTION AND BACKGROUND

1. Williford Resources LLC (Operator No. 96735) (“Williford”) is the operator of 58 wells, and related facilities, which are located La Plata County.
2. Williford operates the following wells (organized as “Category A & B Wells” and “Category C Wells”, and grouped together as the “Subject Wells”):

Category A& B Wells

| Well Name / Number | API Number | Producing Formation(s) |
|---------------------------|-------------------|-------------------------------|
| Angelina 2 | 05-067-06347 | Dakota |
| Angelina 3 | 05-067-06607 | Dakota – P&A’d |
| Angelina 4 | 05-067-06698 | Dakota |
| Angelina 5 | 05-067-06771 | Dakota |
| Angelina 6 | 05-067-06772 | Dakota |
| Angelina 7 | 05-067-06079 | Dakota |



| | | |
|---------------------|--------------|------------------------|
| Angelina 8 | 05-067-06821 | Dakota |
| Angelina 1-D | 05-067-06557 | Dakota |
| D & A 1 | 05-067-06835 | Dakota |
| Fields 1 | 05-067-06943 | Dakota |
| Donald Harris 1 | 05-067-06039 | Dakota |
| Russell Harris 1 | 05-067-06580 | Dakota |
| Hazel 1 | 05-067-06305 | Dakota |
| Hazel 2 | 05-067-06324 | Dakota |
| Hazel 3 | 05-067-06397 | Carlile, Dakota |
| Long & Schluter 1 | 05-067-05498 | Dakota, Mancos – P&A'd |
| Long & Schluter 2 | 05-067-06001 | Gallup |
| Long & Schluter 3 | 05-067-06014 | Dakota, Gallup |
| Long & Schluter 5 | 05-067-06113 | Dakota |
| Long & Schluter 6 | 05-067-06101 | Gallup |
| Long & Schluter 7 | 05-067-06095 | Dakota |
| Long & Schluter 8 | 05-067-06593 | Dakota |
| Long & Schluter 2-D | 05-067-06861 | Dakota |
| M & M 1 | 05-067-06560 | Dakota |
| M & M 2 | 05-067-06623 | Dakota |
| M & M 3 | 05-067-06624 | Dakota |
| M & M 4 | 05-067-06625 | Dakota |
| Macey 1 | 05-067-06842 | Dakota |
| Nettie 4 | 05-067-07848 | Dakota |
| Nettie 2-D | 05-067-06514 | Dakota |
| Schmitt 2-36 | 05-067-06656 | Dakota |
| Schmitt 3-36 | 05-067-06775 | Carlile |
| Spickelmier 1 | 05-067-06594 | Gallup |

| | | |
|---------------------|--------------|----------------|
| Spring Hollow Mac 1 | 05-067-06170 | Gallup |
| Spring Hollow Mac 3 | 05-067-06770 | Dakota |
| Dye-Hard 1 | 05-067-05446 | Dakota, Gallup |
| M & M 7 | 05-067-06720 | Dakota |
| Payne-Schmitt 1 | 05-067-06814 | Carlile |

Category C Wells

| Well Name / Number | API Number | Producing Formation(s) |
|---------------------------|-------------------|-------------------------------|
| Dye-Hard 8 | 05-067-07253 | Dakota |
| Schmitt 2-2 | 05-067-06645 | Gallup |
| Donald Harris 2 | 05-067-06088 | Gallup |
| M & M 5 | 05-067-06719 | Dakota, Gallup |
| M & M 6 | 05-067-06718 | Dakota |
| Macey 3 | 05-067-07837 | Dakota |
| Nettie 1 | 05-067-06100 | Dakota |
| Spring Hollow Mac 2 | 05-067-06102 | Dakota |
| Wheeler 1 | 05-067-06005 | Sanostee |

3. Effective January 1, 2017, the Commission and Williford entered into an agreement whereby the Commission allowed Williford to vent or combust gas from the Subject Wells (the "Compliance Agreement") subject to certain conditions.
4. The Compliance Agreement clarified that the ECMC retained the right to require Williford to cease venting from its wells. Specifically, the agreement stated in Paragraph 13:

Notwithstanding [Williford's right to continue venting or combusting gas from the Subject Wells under the Compliance Agreement], the [ECMC] retains the right to require Williford to cease venting from one or more of the Field Wells pursuant to Rule [903] at any time with 30 days' notice . . . Provided, however, that if Williford requests a hearing under this paragraph, the Director's decision shall be stayed and Williford shall not be required to cease venting until the Commission rules on the matter.

5. Effective January 15, 2021, the Commission adopted Rule 903.d., which provides:

At Wells that have Commenced Production Operations prior to January 15, 2021 and that are Venting or Flaring natural gas because they are not connected to a natural gas Gathering Line or putting the natural gas to beneficial use, the Operator may request permission from the Director to Flare or Vent by submitting a gas capture plan via a Form 4 no later than the date the Operator's previously approved Form 4 expires and in no case later than January 15, 2022. If an Operator loses access to a Gathering Line after January 15, 2021, the Operator will submit a gas capture plan via a Form 4 within 30 days of losing the Gathering Line access. The Operator may not Flare or Vent pursuant to this Rule 903.d.(3) unless and until the Director approves the Form 4. The Director may approve a one-time request to Flare or Vent for a period not to exceed 12 months, if the Director determines that Flaring or Venting is necessary to produce the Well, will minimize waste, and will protect and minimize adverse impacts to public health, safety, welfare, the environment, and wildlife resources. For any such Form 4 submitted prior to January 15, 2022, the Director will not approve the one-time request to Flare or Vent to any date after January 15, 2022.

6. On December 16, 2021, the Director terminated the Compliance Agreement via letter and noted that Williford had an opportunity to seek a hearing on the matter.
7. On January 14, 2022, Williford filed an Application for a Commission hearing, seeking a variance from Rule 903 and asking for permission to continue venting and combusting natural gas from its wells.
8. After an April 20, 2022 hearing on the Application, the Commission found that Williford satisfied the Rule 502.c. requirements for a temporary variance from Rule 903. The Commission allowed Williford to vent casinghead gas from Category C Wells and combust casinghead gas from Category A and B Wells until and including January 15, 2023. Order 1-265, ¶¶ 2 and 3.
9. In addition, the Commission ordered that Williford: (1) come into compliance with all production reporting requirements by May 20, 2022; and (2) present its plan for complying with Rule 903 to the Commission no later than August 20, 2022. Order 1-265, ¶¶ 4 and 5.
10. Williford did not present its plan for complying with Rule 903 to the Commission by August 20, 2022.
11. On November 10, 2022, Williford filed a separate Application, seeking another variance from Rule 903. This Application has not been heard by the Commission.
12. On May 25, 2023, ECMC Staff inspected Williford's West Combustor Facility (Location ID 451450) and East Combustor Facility (Location ID 451449). These facilities process casinghead gas from the Subject Wells. During these field inspections, Staff observed Williford combusting casinghead gas. Doc. Nos. 700300597 and 700300602.

13. The Director has reasonably ascertained the underlying facts on which the Director bases this action. Therefore, the Director has objective grounds and reasonable cause to determine that Williford, in the conduct of oil and gas operations, is impacting or threatening to impact public health, safety, welfare, the environment, and wildlife resources.
14. Specifically, the Director finds that Williford has flared casinghead gas in contravention of Rule 903. The Director finds that this situation requires immediate attention, and the Director enters this Order requiring Williford to immediately cease production operations at all 58 wells for which it is the operator of record.
15. Moreover, based on Williford's actions and inactions described above, the Director has objective grounds and reasonable cause to determine that a prohibition against flaring and venting is necessary at the 58 wells to ensure that the Commission is following its statutory mandate to protect public health, safety, welfare, the environment, and wildlife resources.
16. The Director will inspect and may take action to protect public health, safety, welfare, the environment, and wildlife resources, including shutting-in Williford's wells, until Williford has come back into compliance with all ECMC Rules.
17. Until the ECMC has re-inspected the Wells and determined that the ongoing threat to public health, safety, welfare, the environment, and wildlife resources has been fully addressed, Williford is prohibited from venting or flaring at any of its wells or locations.

ORDER

In accordance with Rule 901.a., the Director **ORDERS** that Williford **immediately cease all venting and flaring at all Williford locations except under the circumstances detailed in Rule 903.d.(1)(A), (B), (D), or (E).**

This Order will remain in effect until such time as Williford has come back into compliance with all ECMC Rules, including, but not limited to, Rule 903.

Williford should direct all questions regarding the Order, and the steps Williford must take to return to compliance with ECMC Rules, as required by this Order, to Mike Leonard, Compliance Manager.

The provisions contained in the above Order are immediately effective. If Williford does not comply with the Order, the Director may take action to assess, shut-in, plug and abandon and/or remediate Williford's wells and seek costs pursuant to § 34-60-124, C.R.S.

The Director expressly reserves the right to alter, amend, or repeal any and/or all of the above orders.

EXECUTED September 26, 2023.

IN THE NAME OF THE STATE OF COLORADO
ENERGY & CARBON MANAGEMENT COMMISSION

A handwritten signature in black ink, appearing to read "Julie Murphy". The signature is written in a cursive style with a large initial "J" and "M".

Julie Murphy
ECMC Director