



February 8, 2024

Prospect Energy LLC  
Attn: Ward Giltner  
1036 Country Club Estates Drive  
Castle Rock, CO 80108

### 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. Prospect Energy LLC (Operator No. 10312) (“Prospect”) is the operator of wells, and related facilities, which are located in Larimer County.
2. Prospect operates the Hearthfire #1 Well, API No. 05-069-06254 (“the Well”).
3. On March 31, 2021, Prospect submitted a Form 4, Sundry Notice, (Doc. No. 402143980), requesting to continue Venting or Flaring gas from the Well due to no gas sales line, alleging that the gas production was too low for economic benefit.
4. On September 28, 2022, Prospect submitted a second Form 4, Sundry Notice, (Doc. No. 403179304), requesting to continue Venting or Flaring and included a Gas Capture Plan.
5. On February 16, 2023, ECMC Staff processed the two Forms 4. ECMC Staff attached a Condition of Approval (“COA”) to the March 31, 2021, Form 4, stating that “[f]laring after January 15, 2022 requires an approved Gas Capture Plan or an approved Variance.” (Doc. No. 402143980). ECMC Staff attached a similar COA to the September 28, 2022, Form 4, stating that “[t]his well should be shut in until a Gas Capture Plan or Variance is approved. Approval was to have been received prior to January 15, 2022.” (Doc. No. 403179304).
6. On May 22, 2023, Commission Staff conducted an audit of Prospect’s Forms 7, Operator’s Monthly reports of Operations, and determined that Prospect continued to Flare gas without an approved Gas Capture Plan or Variance, in violation of the COAs attached to Prospect’s Forms 4 (Doc. Nos. 402143980, 403179304) and § 34-60-121(1)(a), C.R.S.



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7. On May 31, 2023, Commission Staff issued a Notice of Alleged Violation (Doc. No. 403418205) ("NOAV") directing Prospect to immediately shut in the Well until a revised Gas Capture Plan or Variance could be approved. The corrective action date was June 6, 2023.
8. On October 10, 2023, Prospect submitted an Application for Variance ("Variance") to the ECMC, pursuant to Rule 502.b., requesting a variance to Commission Rule 903 .
9. An audit of Prospect's Form 7s and production reporting shows that Prospect has continued Venting and/or Flaring.
10. 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 Prospect, in the conduct of oil and gas operations, is impacting or threatening to impact public health, safety, welfare, the environment, and wildlife resources.
11. Moreover, based on Prospect's actions and inactions described above, the Director has objective grounds and reasonable cause to determine that a suspension of operations is necessary at the Well to ensure that the Commission is following its statutory mandate to protect public health, safety, welfare, the environment, and wildlife resources.
12. Specifically, the Director finds that Prospect has flared and is flaring gas from the Hearthfire #1 Well, violating Rule 903. The Director finds that this situation requires immediate attention, and the Director enters this order requiring Prospect to immediately cease all production operations at the Well.
13. Based on Prospect's actions and inaction described above, the Director has objective grounds and reasonable cause to determine that a suspension of operations is necessary at the Well to ensure that the Commission is following its statutory mandate to protect public health, safety, welfare, the environment, and wildlife resources.
14. The Director will inspect and may take additional action to protect public health, safety, welfare, the environment, and wildlife resources, including shutting-in the Well, until Prospect has come back into compliance with all ECMC Rules.
15. Until ECMC has re-inspected the Well and determined that the ongoing situation has been fully addressed, Prospect will not return the Well to production.

### ORDER

In accordance with Rule 901.a., the Director **ORDERS** that Prospect **immediately cease all venting and flaring at the Hearthfire #1 Well, except under the circumstances detailed in**

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**Rule 903.d.(1)(A), (B), (D), or (E). Moreover, Prospect will immediately cease all production activities at the Hearthfire #1 Well.**

This Order will remain in effect until such time as Prospect has come back into compliance with all ECMC Rules; including, but not limited to, those instances of non-compliance described above.

Prospect's well or facility will not be returned to production until the ECMC has re-inspected and determined that the ongoing threat to public safety has been fully addressed.

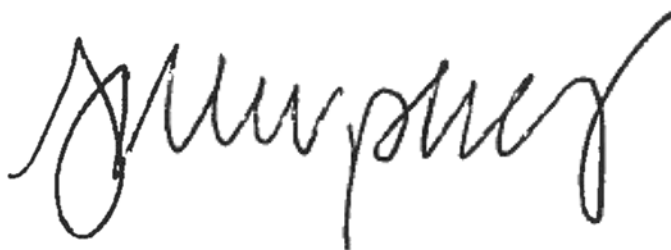
Prospect should direct all questions regarding this Order, and the steps Prospect must take to return to compliance with ECMC Rules, as required by this Order, to Mike Leonard, Compliance Manager and Diana Burn, Engineering Manager.

The provisions contained in the above Order are effective immediately. If Prospect does not comply with the Order, the Director may take action to assess, shut-in, plug and abandon and/or remediate Prospect'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 February 8, 2024.

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



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Julie Murphy  
ECMC Director