District I 1625 N. French Dr., Hobbs, NM 88240

District II 811 S. First St., Artesia, NM 88210.

District III 1000 Rio Brazos Road, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department

Submit Original to Appropriate District Office

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 **GAS CAPTURE PLAN**

Date: 10-26-18

X Original

D Amended - Reason for Amendment:

Operator & OGRID No.: Percussion Petroleum Operating, LLC (371755)

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.75.78.12 NMAC).

Well(s)/Production Facility - Name of facility

Well Name APL SHL SHL Expected Flare or Comments (ULSTR) Footages MCF/D Vent Osage Boyd 15 649" FNL & flare until well clean, 30-015-D-22-19s-25e 750 <30 days Federal Com 12H 1160' FWL then connect Osage Boyd 15 649' FNL & flare until well clean. 30-015-D-22-19s-25e 750 <30 days. Federal Com 13H 1180' FWL then connect Osage Boyd 15. 649' FNL & flare until well clean, 30-015-D-22-19s-25e <30 days 750 Federal Com 14H 1200' FWL then connect

The well(s) that will be located at the production facility are shown in the table below.

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is not yet dedicated, but will be connected to a 3rd party gathering system located in Eddy County, New Mexico. It will require an unknown length of pipeline to connect the facility to a gathering system. Operator provides (periodically) to Gas Transporter a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Operator and Gas Transporter have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at an unknown Processing Plant located in Eddy County, New Mexico: The actual flow of the gas will be based on compression operating parameters and gathering system pressures. DCP has lines in the NW4 22-19s-25e.

Flowback Strategy

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Gas Transporter system at that time. Based on current information, it is Operator's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation On lease
 - o Only a portion of gas is consumed operating the generator, remainder of gas will be flared.
- Compressed Natural Gas On lease 0
 - o Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal On lease

o Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

DISTRICT I 625 N. French Dr., Hobbs, NM 86240 home (675) 593-6161 Fax (578) 593-6720 DISTRICT II 11.5. First St., Artesia, NM 86210 home (675) 748-1283 Fax (578) 748-9720 DISTRICT III 000 Rio Brazos Rd., Aztec, NM 87410 home (695) 334-6176 Fax (505) 334-6170 DISTRICT IV 226 S. SU Francis Dr., Santa Fe, NM 67605 home (505) 478-3460 Fax (505) 478-3462	Energy, Minerals and N OIL CONSERVA 1226 South Santa Fe, N WELL LOCATION AND AC		PLAT.
30-015- 4/2 Pool Code 97565 N. SEVEN RIVERS; GLORIETA-YESO			
Property Code 317253	Propert OSAGE BOYD	Name "FEDERAL COM	Well Number
OFRID No. 371755 PERCUSSION PETROLEUM OPERATING, LLC		Bievation 3468'	
Surface Location			
UL or lot No. Section Township D 22. 19 S			T from the East/West/line County
D 22 19 S	25 E 649 Bottom Hole Location If	NORTH	1200 WEST EDDY
UL. or lot No. Section Township	2. Providence of the second state of the se		T from the East/West line County
C 15 19 S		NORTH	1350 WEST EDDY
Dedicated Acres Joint or Infill C	Consolidation Code Order No.	ант м ара со во со со	
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED			
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION			
BOTTOM HOLE LOCATION Lat N. 32.66807.6' Long: - W. 104.476826' IMSPCE N. 606807.1' IMSPCE E. 497181.9 (NAD-83) (NAD-83) Last TAKE Last TAKE Last TAKE Non-83) (NAD-83) FIRST TAKE (NAD-83) (NAD-83) FIRST TAKE (NAD-83) (NAD-83) FIRST TAKE (NAD-83) (NAD-83) FIRST TAKE Lot N Lot N MSPCE- E Y 104.476802' (NAD-83) (NAD-83) SURFACE LOCATION Lof N SURFACE LOCATION Lof N Lof N SURFACE LOCATION Lof N Lof N SUBFACE	1350' - PLTP. N: 606778.5 E: 488460.1 (NAD 83)	E N:: 601804.5 E :: 501803.6 (VAD.83)) 20 20 20 20 20 20 20 20 20 20 20 20 20	OPERATOR CERTIFICATION 1. hereby certify that the information contained herein to true and complete to the best of my knowledge and belief, and that this organisation either, owns a working interest or unleased mineral interest in the land individing the proposed bottom hole location or has a mineral or dirking interest or to a websylary poling agreement or a computery pooling order heretofore entered by the dividing from order heretofore entered by the dividing of the permits west.com Email Address 505 466-8120 SURVEYOR CERTIFICATION hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my rupervision and that the same is true and correct to the heat of my belief. Signature MEX Signature Kert of Professional surveyor Frofessional surveyor Certification of the tory of the surveyor Address 7977 Bartone tory of the tory of the surveyor Surveyor MEX Signature to the tory of the surveyor Professional surveyor Address 7977 Bartone tory of the surveyor for the surveyor Certification tory of the surveyor for the surveyor for the surveyor built tory of the surveyor for

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