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

JUN 25 2019

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Original
to Appropriate
District Office

DISTRICT III ARTESIA O.C.D.

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

GAS CAPTURE PLAN

Date: 9-9-18

X Original

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

☐ Amended - Reason for Amendment:

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 19.15.18.12 NMAC).

Well(s)/Production Facility - Name of facility

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

Well Name	API	SHL (ULSTR)	SHL Footages	Expected MCF/D	Flare or Vent	Comments
Osage Boyd 15 Federal Com 18H	30-015-	C-22-19s-25e	452' FNL & 2370' FWL	750	<30 days	flare until well clean, then connect
Osage Boyd 15 Federal Com 19H	30-015-	C-22-19s-25e	431' FNL & 2370' FWL	750	<30 days	flare until well clean, then connect

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
 - Only a portion of gas is consumed operating the generator, remainder of gas will be flared.
- Compressed Natural Gas - On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal - On lease
 - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

DISTRICT IV
1226 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 478-3480 Fax (505) 478-3482

OIL CONSERVATION DIVISION
1226 South St. Francis Dr.
Santa Fe, New Mexico 87505

JUN 25 2019
Submit on

Submit one copy to appropriate District Office

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DISTRICT II-ARTESIA O.C.D

☐ AMENDED REPORT

PI Number 30-015- 46140	Pool Code 97565	Pool Name N. SEVEN RIVERS; GLORIETA-YESO
Property Code 317253	Property Name OSAGE BOYD "15" FEDERAL COM	Well Number 19H
OGRIID No. 371755	Operator Name PERCUSSION PETROLEUM OPERATING, LLC	Elevation 3472'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/South line	FEET from the	East/West line	County
C	22	19 S	25 E		431	NORTH	2370	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn.	FEET from the	North/South line	FEET from the	East/West line	County
C	15	19 S	25 E		20	NORTH	2269	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160		C	

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

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: Brian Wood Date: 9-9-18

Printed Name: Brian Wood
 Email Address: brian@permitswest.com
 Email Address: 505.466-8120

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Surveyed: 9-9-18
 Signature of Professional Surveyor: Gary L. Jones
 Certificate Number: 7977
 Certificate Holder: Brian Wood
 Well Number: 33768

Scale: 1" = 1000'
 WO Num.: 33768

Rev 6-26-79