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

Submit Original  
to Appropriate  
District Office

### GAS CAPTURE PLAN

Date: 11/4/2019

☐ Original Operator & OGRID No.: [20208] SAN JUAN RESOURCES, INC., 313150  
☒ Amended - Reason for Amendment: Well to be commingled with existing Pictured Cliffs Gas Production and Mancos Oil production. It is anticipated all gas production will be from the currently producing Pictured Cliffs formation and all Oil production will be from the Mancos formation.

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomple 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	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
REGINA RANCH FEDERAL 32 #001	30-043- 20989	M-32-23N- 01W	435FSL 990FWL	0	N/A	No gas production is anticipated from Mancos Formation

#### Gathering System and Pipeline Notification

Well 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 dedicated to Enterprise Field Services and will be connected to Enterprise Field Services low/high pressure gathering system located in Sandoval County, New Mexico. All necessary pipeline to connect the facility to low/high pressure gathering system is built and in service. Operator has already provided to Enterprise Field Services all necessary documentation. In addition, SAN JUAN RESOURCES, INC and Enterprise Field Services will have periodic conference calls to discuss changes to existing facilities. Gas from these wells will be processed at Enterprise Field Services Chaco Processing Plant located in Sec. 16, Twn. 26N, Rng. 12W, San Juan County, New Mexico. The actual flow of the gas from the Mancos formation is anticipated to be 0 MCF/D based on compression operating parameters and gathering system pressures.

#### Flowback Strategy

Initial completions in the Mancos Formation were completed in February and March of 2006. The Mancos was plugged back in 2006 and the Pictured Cliffs was completed and produced through 2019. Oil production from the Mancos formation will be produced to permanent production tanks and the Pictured Cliffs gas will be produced through existing gas production facilities and into Enterprise Field Services low pressure gathering system. Gas sales will resume from the Pictured Cliffs formation as soon as the well is returned to production through the existing production facilities, unless there are operational issues on Enterprise Field Service system at that time. Based on current information, it is Operator's belief the system will continue to 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

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DISTRICT III