

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

Submit Original
to Appropriate
District Office

GAS CAPTURE PLAN

Date: 06-12-18

☒ Original

Operator & OGRID No.: DJR Operating, LLC (371838)

☐ 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, recomple to new zone, re-frac) activity.

Note: A C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule 19.15.18.12.A

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 (30-025) | Well Location (ULSTR) | Footages | Expected MCF/D | Flared or Vented | Comments |
|-----------|-----------------|--------------------------|------------------------|-------------------|---------------------|--|
| Elk 297H | | L-36-24N-5W | 1946' FSL, 837' FWL | 1200 | ~30 days | Flare on flowback before connecting to pipe |
| Elk 299H | | L-36-24N-5W | 1932' FSL, 851' FWL | 1200 | ~30 days | Flare on flowback before connecting to pipe |
| Elk 301H | 31- 3370 | L-36-24N-5W | 1866' FSL, 921' FWL | 1200 | ~30 days | Flare on flowback before connecting to pipe |
| Elk 303H | | L-36-24N-5W | 1879' FSL, 907' FWL | 1200 | ~30 days | Flare on flowback before connecting to pipe |
| Elk 305H | | L-36-24N-5W | 1893' FSL, 893' FWL | 1200 | ~30 days | Flare on flowback before connecting to pipe |
| Elk 336H | | L-36-24N-5W | 1959' FSL, 823' FWL | 1200 | ~30 days | Flare on flowback before connecting to pipe |
| Elk 338H | | L-36-24N-5W | 1919' FSL, 865' FWL | 1200 | ~30 days | Flare on flowback before connecting to pipe |
| Elk 340H | | L-36-24N-5W | 1906' FSL, 879' FWL | 1200 | ~30 days | Flare on flowback before connecting to pipe |

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are completed. The gas from this production facility will be connected to the existing **Enterprise Products** gas gathering system located in Rio Arriba County, New Mexico. The pipeline system with an identified connection and metering point is currently existing at the corner of this pad location. It will be transported from this location and delivered to the **Enterprise Chaco Gas Processing Plant** located in **Sec. 16, T26N, R12W**, San Juan County, New Mexico for further processing. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

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, gas composition and sand content will be monitored. When the produced fluids contain minimal sand, air and nitrogen 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 **See Below** system at that time. Based on current information, it is DJR'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.

- Flow to Gas Sales: Once well is cleaned up after fracture stimulation the gas will be delivered to the pipeline for compression and transportation to the Enterprise Chaco Gas Processing Plant for NGL processing.
- Vapor Recovery Unit (VRU)— On lease: Gas vapors from oil tanks will be routed to a vapor recovery unit for capture, compression, measurement and delivery into the DJR Operating gas gathering system.
- A Smokeless Combustion Chamber (SCC) will be installed as a backup to the VRU to control tank emissions.

DJR Operating, LLC:

Gas Capture Plan: Gas Transporter & Processing Plant Information

Gas from this location will be gathered and transported by DJR Operating through their existing pipeline system currently existing at the corner of this location.

1. DJR Operating, LLC

Custody transfer of the gas from the wellsite / pad into the DJR Operating system currently existing at the site:
Sec. 36, T24N, R5W
Rio Arriba County, New Mexico

2. Enterprise Products, LLC

DJR Operating will deliver the gas to the **Enterprise Chaco Gas Processing Plant** located:
Sec 16, T26N, R12W
San Juan County, New Mexico