

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: 11/21/2017

X Original

Operator & OGRID No.: Matador Production Company (228937)

☐ 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 | API | SHL (ULSTR) | SHL Footages | Expected MCF/D | Flared or Vented | Comments |
|-----------------------|-------------------------|-------------|--------------------|----------------|------------------|---|
| Nina Cortell Fed 123H | 30-025- <i>44849</i> | O-3-22S-32E | 150 FSL & 2058 FEL | 2500 | 28 days | Flare 28 days on FB before turn into TB |
| Nina Cortell Fed 133H | 30-025- | O-3-22S-32E | 150 FSL & 2118 FEL | 2500 | 28 days | Flare 28 days on FB before turn into TB |
| Nina Cortell Fed 203H | 30-025- | O-3-22S-32E | 150 FSL & 2088 FEL | 2500 | 28 days | Flare 28 days on FB before turn into TB |

Gathering System and Pipeline Notification

The well will be connected to a production facility after flowback operations are complete so long as the gas transporter system is in place. The gas produced from the production facility should be connected to an as yet to be designated gas gathering systems located in Lea County, NM. It will require an unknown length of pipeline to connect the facility to a gathering system. Matador Production Company periodically provides a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future to different gathering companies. If changes occur that will affect the drilling and completion schedule, Matador Production Company will notify the gathering companies if the gas produced from the well will be processed at a processing plant further downstream and, although unanticipated, any issues with downstream facilities could cause flaring at the wellhead. The actual flow of the gas will be based on compression operating parameters and gathering system pressures measured when the well starts producing.

Flowback Strategy

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

Safety requirements during cleanout operations 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, but determined to be impractical, to reduce the amount of gas flared.

- Power Generation – On lease
 - Operating a generator will only utilize a portion of the produced gas and the remainder of gas would still need to be flared.
 - Power generation also requires an agreement with a power company that is willing to purchase the gas. The terms of any such agreement typically require a long-term commitment from the operator at certain and steady deliverables. With gas decline rates and the unpredictability of markets, it is impracticable for the operator to agree to a long-term commitment because as the wells decline the operator would be burdened with penalties for failure to meet the deliverables.
- Compressed Natural Gas – On lease