HOBBS OCD

AUG 28 2018

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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

X Original
☐ Amended
Reason for Amendment:

Operator & OGRID No.: Matador Production Company (228937)
Date: 8/28/18

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

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
Federal 30#1	30-025-27069	UL-D~~D~~ Sec ~~3~~31 T19~~2~~4S R32~~82~~7E	### FNL ### FWL	70	~30 days	Flare ~~14~~-30 days on ~~f~~Flowback before turn into TB. Time est. depends on sales connect and well cleanup

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 AKA gathering system. It will require ~150' of pipeline to connect the facility to the AKA 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 AKA gathering system. If changes occur that will affect the drilling and completion schedule, Matador Production Company will notify AKA gathering system. Additionally, 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 the ~~fracture treatment/completion~~ operations (flowback), the well~~(s)~~ 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. ~~When~~ If the produced fluids contain minimal sand, then the wells will be turned to production facilities. The gGas sales should start as soon as the wells starts flowing through the production facilities, unless there are operational issues on the midstream ~~Longwood Midstream Delaware, LLC's~~ system at that time. Based on current information, it is Matador's belief the system ~~can~~ will be able to take theis gas upon completion of the well~~(s)~~.

Commented [DA1]: Is this flowback or before/after?

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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
  - Operating a generator will only utilize a ~~Only a~~ portion of the produced gas and~~is consumed operating the generator~~ the~~,~~ remainder of gas would still need ~~will~~ to be flared.
  - Power Company has to be willing to purchase gas back and if they are willing they require a 5 year commitment to supply the agreed upon amount of power back to them. With gas decline rates and unpredictability of markets it is impossible to agree to such long term demands. If the demands are not met then operator is burdened with penalty for not delivering.
- Compressed Natural Gas – On lease
  - ~~Gas flared would be minimal,~~ Compressed Natural Gas is likely to~~but might~~ be uneconomical~~ to operate when the gas volume declines.
- NGL Removal – On lease
  - NGL Removal requires a p~~P~~lants and is~~are~~ expensive on such a small scale rendering it uneconomic and still requires residue gas to~~is~~ be~~still~~ flared~~. and uneconomical to operate when gas volume declines.~~

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