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State of New Mexico  
Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

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### GAS CAPTURE PLAN

Date: Jan 3, 2019

☒ Original Operator & OGRID No.: 373013  
☐ 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: 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
Perseus 2 State #1H	70-025-45457	M-2-20S-35E	100FSL 330 FWL	750	21 days	Flare ~21 d on flowback, then turn to battery. Time estimate depends on sales connect & well cleanup.
Perseus 2 State # 2H		N-2-20S-35E	100FNL 330 FWL	750	21 days	Same as above.

#### 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 should be connected to a DCP Operating Company (DCP) gathering system located approximately ½ mi N in section 35-19S-35E. Ridge Runner Resources Operating (RRR) plans to connect to DCP's low pressure gathering system located in Lea County, New Mexico. It will require 3,000' of pipeline to connect the facility to this low pressure gathering system. RRR provides (periodically) to DCP a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. If changes occur that will affect the estimated date of first production, RRR will notify DCP. Gas from these wells will be processed at DCP's Linam Ranch Processing Plant located in Sec 6 Twn 19S Rng 37E Lea County, New Mexico. 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.

#### 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 the gathering system at that time. Based on current information, it is RRR'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