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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: 9/20/2018

☒ Original

Operator & OGRID No.: 6137

☐ 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
Red Bull 29-20 Federal 1H		29-23S-35E	445 FSL 2130 FWL			Will connect to Red Bull 29 CTB #2
Red Bull 29-20 Federal 2H		29-23S-35E	445 FSL 2160 FWL			Will connect to Red Bull 29 CTB #2
Red Bull 29-20 Federal 3H		29-23S-35E	335 FSL 1370 FEL			Will connect to Red Bull 29 CTB #2
Red Bull 29-20 Federal 4H		29-23S-35E	335 FSL 1340 FEL			Will connect to Red Bull 29 CTB #2

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 is dedicated to Lucid and will be connected to Lucid low/high pressure gathering system located in Lea County, New Mexico. It will require 0' of pipeline to connect the facility to low/high pressure gathering system. Devon Energy Production Co. provides (periodically) to Lucid a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Devon Energy Production Co. and Lucid have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Red Hills Processing Plant located in Sec.13, Twn.24S, Rng.34E, Lea County, New Mexico. 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 Lucid's system at that time. Based on current information, it is Devon Energy Production Co.'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

dope, or regulated chemicals are removed from soil and sent to landfills approved for these products.

These operations are monitored by Mi Swaco service technicians. Daily logs are maintained to ensure optimal equipment operation and maintenance. Screen and chemical use is logged to maintain inventory control. Fluid properties are monitored and recorded and drilling mud volumes are accounted for in the mud storage farm. This data is kept for end of well review to insure performance goals are met. Lessons learned are logged and used to help with continuous improvement.

A MI SWACO field supervisor manages from 3-5 wells. They are responsible for training personnel, supervising installations, and inspecting sites for compliance of MI SWACO safety and operational policy.

III. Closure Plan

A maximum 340' X 340' caliche pad is built per well. All of the trucks and steel tanks fit on this pad. All fluid cuttings go to the steel tanks to be hauled by various trucking companies to an agency approved disposal.