

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

HOBBS OCD

JUN 28 2019

RECEIVED

GAS CAPTURE PLAN

Date: 06/28/2019

☒ Original

Operator & OGRID No.: Centennial Resource Production, LLC 372165

☐ 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
Dragon Fruit 19 State Com 501H	Pending	J-19-21S-34E	2190FSL & 1350 FEL	2500 MCF/D	Neither	New Well
Dragon Fruit 19 State Com 502H	Pending	I-19-21S-34E	2190FSL & 1320 FEL	2500 MCF/D	Neither	New Well
Dragon Fruit 19 State Com 503H	Pending	I-19-21S-34E	2190FSL & 1290 FEL	2500 MCF/D	Neither	New Well

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 Lucid Energy Group 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. Centennial Resource Production, LLC provides (periodically) to Lucid Energy Group a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Centennial Resource Production, LLC and Lucid Energy Group have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Red Hills Plant located in Sec. 13, Twn. 24S, Rng. 33E, 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 Energy Group system at that time. Based on current information, it is Centennial Resource Production, LLC'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

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary Designate

Todd E. Leahy, JD, PhD
Deputy Secretary

Adrienne Sandoval, Division Director
Oil Conservation Division



July 1, 2019

BUREAU OF LAND MANAGEMENT
ATT: James S. Rutley
620 E Greene Street
Carlsbad, NM 88220

STATE LAND OFFICE
ATT: Stephen Wust
PO BOX 1148
Santa Fe, NM 87505

RE: APPLICATION FOR PERMIT TO DRILL IN POTASH AREA

OPERATOR: CENTENNIAL RESOURCE PRODUCTION, LLC

LEASE NAME: DRAGON FRUIT 19 STATE COM #502H

PROPOSED LOCATION: U/L I Sec 19 T21S R34E 2190 FSL 1320 FEL

Lat. 32.463063

Long. -103.504848

PROPOSED DEPTH: 18294' MD

Gentleman:

The application for permit to drill identified above has been filed with this office of the New Mexico Oil Conservation Division. Pursuant to the provisions of Oil Conservation Division Order R - 111 - P, please advise this office whether the location is within an established Life-of-Mine-Reserve that are filed with and approved by your office. If not, please advise whether it is within the buffer zone established by the order.

Thank you for your assistance. Please Return as soon as possible.

Very truly yours,

OIL CONSERVATION DIVISION

Paul Kautz

Hobbs District Geologist, District I

RESPONSE:

The above referenced location is in LMR (2019 year) _____ Yes _____ No ☒

The above referenced location is within the Buffer Zone _____ Yes _____ No ☒

Signed

Printed Signature

JAMES S. RUTLEY

Representing US DOT BLM NM OFC SOLIDS RUTLEY

State of New Mexico
Energy, Minerals and Natural Resources Department

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Very truly yours,

OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Paul Kautz".
Paul Kautz

Hobbs District Geologist, District I

RESPONSE:

The above referenced location is in LMR (2017 year) -----Yes _____ No ☒

The above referenced location is within the Buffer Zone -----Yes _____ No ☒

Signed A handwritten signature in black ink, appearing to read "Stephen Wust".

Printed Signature Stephen Wust

Representing SLO