

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

DEC 03 2019

GAS CAPTURE PLAN

RECEIVED

Date: 6/17/2019

☒ Original Operator & OGRID No.: EOG Resources, Inc. 7377
☐ 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 |
|-------------------------|------------|-----------------------|---------------------|----------------|------------------|----------------|
| Valiant 24 Fed Com 501H | 30-025-*** | L-24-25S-32E | 2107 FSL & 497 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 502H | 30-025-*** | L-24-25S-32E | 2098 FSL & 1277 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 503H | 30-025-*** | K-24-25S-32E | 2087 FSL & 2187 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 601H | 30-025-*** | L-24-25S-32E | 2167 FSL & 590 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 602H | 30-025-*** | K-24-25S-32E | 2158 FSL & 1403 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 603H | 30-025-*** | K-24-25S-32E | 2147 FSL & 2346 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 604H | 30-025-*** | J-24-25S-32E | 2048 FSL & 1423 FEL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 605H | 30-025-*** | I-24-25S-32E | 1833 FSL & 489 FEL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 701H | 30-025-*** | L-24-25S-32E | 2167 FSL & 557 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 702H | 30-025-*** | L-24-25S-32E | 2167 FSL & 623 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 703H | 30-025-*** | K-24-25S-32E | 2158 FSL & 1370 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 704H | 30-025-*** | K-24-25S-32E | 2147 FSL & 2247 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 705H | 30-025-*** | K-24-25S-32E | 2147 FSL & 2313 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 706H | 30-025-*** | J-24-25S-32E | 2115 FSL & 2178 FEL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 707H | 30-025-*** | J-24-25S-32E | 2117 FSL & 2112 FEL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 708H | 30-025-*** | J-24-25S-32E | 2015 FSL & 1423 FEL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 709H | 30-025-*** | I-24-25S-32E | 1833 FSL & 522 FEL | ±3500 | None Planned | APD Submission |

| | | | | | | |
|------------------------------------|------------|--------------|------------------------|-------|-----------------|----------------|
| Valiant 24 Fed Com 710H | 30-025-*** | I-24-25S-32E | 1833 FSL & 456 FEL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 721H | 30-025-*** | K-24-25S-32E | 2158 FSL & 1337 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 722H * 46574 | 30-025-*** | K-24-25S-32E | 2147 FSL & 2280 FWL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 723H | 30-025-*** | J-24-25S-32E | 2116 FSL & 2145 FEL | ±3500 | None Planned | APD Submission |
| Valiant 24 Fed Com 724H | 30-025-*** | J-24-25S-32E | 1982 FSL & 1423 FEL | ±3500 | None Planned | APD Submission |

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 **Enterprise Field Services / Lucid Energy** and will be connected to **EOG Resources** low/high pressure gathering system located in Eddy/Lea County, New Mexico. **EOG Resources** provides (periodically) to **Enterprise Field Services / Lucid Energy** a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, **EOG Resources** and **Enterprise Field Services / Lucid Energy** have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at **Enterprise Field Services / Lucid Energy** Processing Plant located in **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 **Enterprise Field Services / Lucid Energy** system at that time. Based on current information, it is **EOG Resources'** 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