<u>District I</u>
1625 N. French Dr., Hobbs, NM 88240
<u>District II</u>
811 S. First St., Artesia, NM 88210
<u>District III</u>
1000 Rio Brazos Road, Aztec, NM 87410
<u>District IV</u>
1220 S. St. Francis Dr., Santa Fe, NM 87505

Submit Original to Appropriate District Office

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

GAS CAPTURE PLAN

Date: 4/6/18

⊠ Original

Operator & OGRID No.: Kaiser-Francis Oil Company 12361___

□ 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, recomplete 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
Williams Fee 2524 LBC #001H	30-015- 43743	F 25-23S-28E	2290' FNL & 2205' FWL	2500	0	

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 ETC Field Services and will be connected to ETC Field Services' low/high pressure gathering system located in Reeves County, TX. It will require 0' of pipeline to connect the facility to low/high pressure gathering system. Kaiser-Francis Oil Company provides (periodically) to ETC Field Services a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Kaiser-Francis Oil Company and ETC Field Services have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at ETC Field Services' Processing Plant located in Sec. 35, Blk. 57, T-2, Survey T&P RR, Reeves County, TX. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

Flowback Strategy

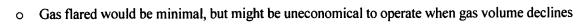
After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on ETC Field Services' system at that time. Based on current information, it is Kaiser-Francis Oil Company'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



NGL Removal – On lease

o Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines