

NM OIL CONSERVATION

ARTESIA DISTRICT

District I
1625 N French Dr, Hobbs NM 88240
District II
811 S First St Artesia NM 89210
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

APR 18 2018

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to Appropriate
District Office

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GAS CAPTURE PLAN

Date 3/16/18

☐ Original Operator & OGRID No Mack Energy Corporation - 013837
☒ Amended - Reason for Amendment Moved Location

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 1 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
Ottawa Federal Com #1H	30-003	Sec 20 115S R29E	660 FSL & 355 FWL	50		
	64304					

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 DCP Midstream and will be connected to DCP Midstream low/high pressure gathering system located in Chaves County, New Mexico. It will require 0 (existing) of pipeline to connect the facility to low/high pressure gathering system. Mack Energy Corporation provides (periodically) to DCP Midstream a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Mack Energy Corporation and DCP Midstream have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at DCP Midstream Lunam Ranch Processing Plant located in Sec. 6, Twn 19S, Rng 37E, 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 DCP Midstream system at that time. Based on current information, it is Mack Energy Corporation 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