

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

RECEIVED

NOV 06 2018

DISTRICT II-ARTESIA OCS CAPTURE PLAN

Date: 05/17/2018

Original Operator & OGRID No.: Chisholm Energy Operating, LLC/372137
 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
CLETUS 28-21 FED COM WCA 2H	015-	P-28-23S-26E	175 FSL 790 FEL	1900	FLARED	PIPELINE IN PLACE; FLARE ONLY WHEN NEEDED
	<u>30-015-45409</u>					

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 EDDY County, New Mexico. It will require FLOWLINES to connect the facility to low/high pressure gathering system. Chisholm Energy Operating, LLC 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, Chisholm Energy Operating, LLC and LUCID have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at LUCID Processing Plant located in Sec. 13, Twn. 24S, Rng. 33E, EDDY 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 system at that time. Based on current information, it is Chisholm Energy Operating, LLC 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

From: notification@pay.gov
To: Jennifer Elrod
Subject: Pay.gov Payment Confirmation: BLM Oil and Gas Online Payment
Date: Thursday, May 17, 2018 1:09:16 PM

Your payment has been submitted to Pay.gov and the details are below. To confirm that the payment processed as expected, you may refer to your bank statement on the scheduled payment date. If you have any questions or wish to cancel this payment, you will need to contact the agency you paid at your earliest convenience.

Application Name: BLM Oil and Gas Online Payment
Pay.gov Tracking ID: 26909568
Agency Tracking ID: 75489443633

Account Holder Name: CHISHOLM ENERGY OPERATING, LLC
Transaction Type: ACH Debit
Transaction Amount: \$48,950.00
Payment Date: 05/18/2018
Account Type: Business Checking
Routing Number: 114000093
Account Number: *****4470

Transaction Date: 05/17/2018 02:09:12 PM EDT
Total Payments Scheduled: 1
Frequency: OneTime

Company: CHISHOLM ENERGY OPERATING, LLC
APD IDs: 10400029623, 10400029627, 10400029631, 10400029169, 10400029851
Lease Numbers: NMNM0540294A, NMNM0540294A, NMNM0540294A, NMNM017238, NMNM017238
Well Numbers: 3H, 2H, 1H, 7H, 13H
Note: You will need your Pay.gov Tracking ID to complete your APD transaction in AFMSS II. Please ensure you write this number down upon completion of payment.

THIS IS AN AUTOMATED MESSAGE. PLEASE DO NOT REPLY.