

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

Submit Original  
to Appropriate  
District Office

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

DISTRICT II-ARTESIA O.C.D.  
APR 12 2019

**GAS CAPTURE PLAN**

Date: 07/25/2018

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, 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
ASTEROID 20-29 FED COM 3BS 3H	015-	A-20-23S-26E	120 FNL 1300 FEL	1900	FLARED	PIPELINE IN PLACE; FLARE ONLY WHEN NEEDED

**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).

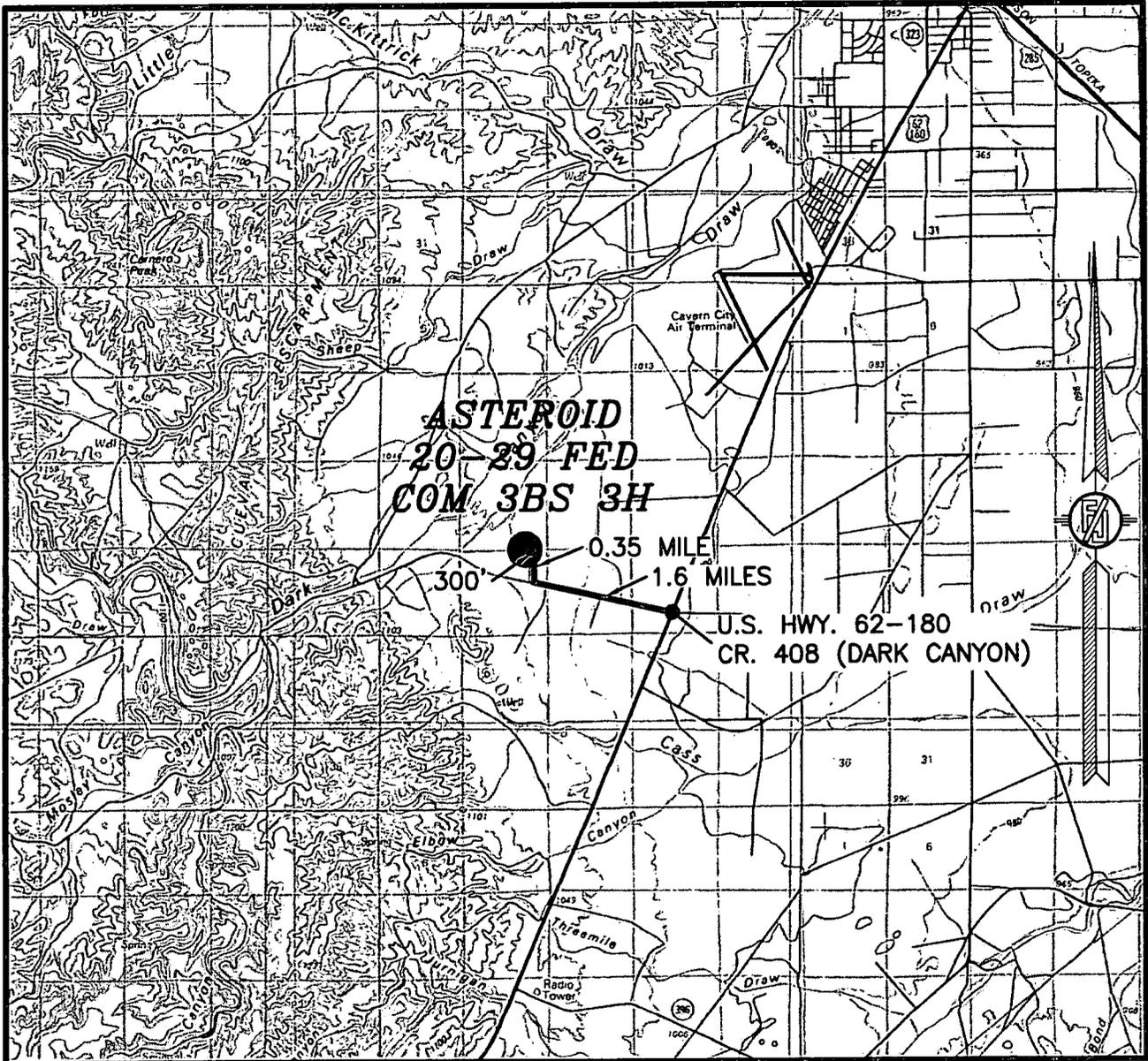
Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

**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

SECTION 20, TOWNSHIP 23 SOUTH, RANGE 26 EAST, N.M.P.M.  
 EDDY COUNTY, STATE OF NEW MEXICO  
 VICINITY MAP



DISTANCES IN MILES

NOT TO SCALE

**DIRECTIONS TO LOCATION**

FROM U.S. HWY. 62-180 & CR. 408 (DARK CANYON) GO WEST-NORTHWEST ON CR. 408 1.6 MILES, TURN RIGHT ON CALICHE ROAD AND GO NORTH 0.35 MILE TO A ROAD SURVEY AND FOLLOW FLAGS WEST 300' TO THE SOUTHEAST PAD CORNER FOR THIS LOCATION.

**CHISHOLM ENERGY OPERATING, LLC**  
**ASTEROID 20-29 FED COM 3BS 3H**  
 LOCATED 120 FT. FROM THE NORTH LINE  
 AND 1300 FT. FROM THE EAST LINE OF  
 SECTION 20, TOWNSHIP 23 SOUTH,  
 RANGE 26 EAST, N.M.P.M.  
 EDDY COUNTY, STATE OF NEW MEXICO

MAY 22, 2018

SURVEY NO. 6282

MADRON SURVEYING, INC. 301 SOUTH CANAL CARLSBAD, NEW MEXICO  
 (575) 234-3341