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District III  
1000 Rio Brazos Road, Aztec, NM 87410  
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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

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District Office

DISTRICT II-ARTESIA O.C.D.

**GAS CAPTURE PLAN**

Date: 10-11-18

X Original Operator & OGRID No.: Percussion Petroleum Operating, LLC (371755)  
 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	SHL (ULSTR)	SHL Footages	Expected MCF/D	Flare or Vent	Comments
Lakewood Federal Com 14H	30-015-	D-3-20s-25e	430' FNL & 1290' FWL	100	<30 days	flare until well clean, then connect
Lakewood Federal Com 15H	30-015-	D-3-20s-25e	430' FNL & 1270' FWL	100	<30 days	flare until well clean, then connect
Lakewood Federal Com 16H	30-015-	D-3-20s-25e	430' FNL & 1250' FWL	100	<30 days	flare until well clean, then connect

**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 not yet dedicated, but will be connected to a 3<sup>rd</sup> party gathering system located in Eddy County, New Mexico. It will require an unknown length of pipeline to connect the facility to a gathering system. Percussion will provide (periodically) to Gas Transporter a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Percussion and Gas Transporter will have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at an unknown Processing Plant located in 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 Gas Transporter system at that time. Based on current information, it is Percussion's belief a 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