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

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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

30-015-46754

GAS CAPTURE PLAN

Date: 2/15/2020

X Original Operator & OGRID No.: Flat Creek Resources, LLC (374034)

□ 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: A C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule 19.15.18.12.A

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	API	SHL (ULSTR)	SHL Footages	Expected MCF/D	Flared or Vented	Comments
Phantom Bank 31 Fed Com 508H	30-015-	Lot 4-32-26S-31E	600 FSL & 350 FWL	1200	30 days	Time depends on well clean up

Gathering System and Pipeline Notification

Well will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. No gas contract has been signed, but one potential transporter is Salt Creek Midstream, LLC (373554) which is building a gas gathering system along the stateline. Flat Creek Resources, LLC will provide (periodically) to its Gas Transporter a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Flat Creek Resources, LLC and its Gas Transporter have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at an as yet undetermined Gas Transporter Processing Plant located in Eddy or 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 its Gas Transporter system at that time. Based on current information, it is Flat Creek Resources, LLC's belief an existing or new system can take this gas upon completion of the well(s). Safety requirements during cleanout operations from using 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