

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

MMOCB

JUN 04 2019

DISTRICT III

GAS CAPTURE PLAN

Date: 5/9/2019

Original Operator & OGRID No.: DJR Operating LLC. ; 371838
 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
North Alamito Unit 238H	30-043-21211	SWSE, Section 30, T23N, R7W	393' FSL, 1341' FEL	1,450	Flared	
North Alamito Unit 239H	30-043-21210	SESE, Section 30, T23N, R7W	411' FSL, 1317' FEL	1,100	Flared	
North Alamito Unit 240H	30-043-21267	SESE, Section 30, T23N, R7W	429' FSL, 1293' FEL	1,100	Flared	
North Alamito Unit 241H	30-043-21268	SWSE, Section 30, T23N, R7W	375' FSL, 1365' FEL	1,100	Flared	

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 **Enterprise Field Services, LLC (Enterprise)** and will be connected to **Enterprise's** low/high pressure gathering system located in **Sandoval** County, New Mexico. It will require approximately **778'** of pipeline to connect the facility to DJR Operating LLC. low/high pressure Existing **Pipeline in Sec. 30, T23N, R7W** which ties into **Enterprise's** existing pipeline in **Section 25, T23N, R7W**. **DJR Operating LLC**, provides (periodically) to **Enterprise** a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, **DJR Operating LLC**, and **Enterprise** have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at the **Chaco Processing Plant** located in **Sec. 16, Twn 26N, Rng 12W, San Juan** 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 **Enterprise** system at that time. Based on current information, it is **DJR Operating LLC's** 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

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