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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

GAS CAPTURE PLAN

Date: 05-14-19

Original

Operator & OGRID No.: Coleman Oil & Gas, Inc., 4838

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 Name	API (30-025)	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
Carson 32-5-28#1	39 - 31386	O-28-32N-5W	475 FSL 2640 FWL	1000	Flared	Flare ~30 days on flowback before connecting to pipe

Gathering System and Pipeline Notification

The Carson 32-5-28#1 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 will be connected to Harvest Energy low/high pressure gathering system located in O-28-32N-5W Rio Arriba County, New Mexico. It will require 3600' of pipeline to connect the Harvest Energy low/high pressure gathering system. Coleman Oil & Gas, Inc. provides (semiannually) to Harvest Energy a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. Gas from these wells will be processed at Milagro Processing Plant located in Sec. 12, Twn. 29N, Rng. 11W, 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 completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand/coal content will be monitored. When the produced fluids contain minimal sand/coal, 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 Harvest Energy system at that time. Based on current information, it is Coleman'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/coal 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 natural gas engines, remainder of gas will be flared
- Wellsite Compression – On lease
 - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines

RV