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

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GAS CAPTURE PLAN

Date: 4/3/2018
X Original
□ Amended - Reason for Amendment:

Operator & OGRID No.: Matador Production Company (228937)

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
Brad Dyer Federal 201H	30-025-45193	M-35-22S-32E	330 FSL & 839 FWL	1500	≈30 days	Flare 30 days on flow back before turning into tank battery. Duration depends on sales connection and well clean up.
Brad Dyer Federal 205H	30-025-	M-35-22S-32E	329 FSL & 899 FWL	1500	≈30 days	
Brad Dyer Federal 221H	30-025-	M-35-22S-32E	330 FSL & 869 FWL	1500	≈30 days	

Gathering System and Pipeline Notification

The well will be connected to a production facility after flowback operations are complete so long as the gas transporter system is in place. The gas produced from the production facility should be connected to an as yet to a Lucid Energy Delaware, LLC (Lucid) gathering system. It will require ≈6,000' to connect with Lucid's system. Matador Production Company periodically provides a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future to Lucid. If changes occur that will affect the drilling and completion schedule, Matador Production Company will notify Lucid. Additionally, the gas produced from the well will be processed at a processing plant further downstream and, although unanticipated, any issues with downstream facilities could cause flaring at the wellhead. The actual flow of the gas will be based on compression operating parameters and gathering system pressures measured when the well starts producing.

Flowback Strategy

After fracture treatment/completion operations (flowback), the well will be produced to temporary production tanks and the gas will be flared or vented. During flowback, the fluids and sand content will be monitored. If the produced fluids contain minimal sand, then the well will be turned to production facilities. Gas sales should start as soon as the well starts flowing through the production facilities, unless there are operational issues on the midstream system at that time. Based on current information, it is Matador's belief the system will be able to take the gas upon completion of the well.

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

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint, but determined to be impractical, to reduce the amount of gas flared.

- Power Generation – On lease
  - Operating a generator will only use a portion of the produced gas. The remainder of gas would still need to be flared.
  - Power generation also requires an agreement with a power company that is willing to purchase the gas. The terms of any such agreement typically require a long-term commitment from the operator at certain and steady deliverables. With gas decline rates and the unpredictability of markets, it is impracticable for the operator to agree to a long-term commitment because as the wells decline the operator would be burdened with penalties for failure to meet the deliverables.
- Compressed Natural Gas – On lease
  - Compressed Natural Gas is likely to be uneconomic to operate when the gas volume declines.
- NGL Removal – On lease
  - NGL Removal requires a plant and is expensive on such a small scale rendering it uneconomic and still requires residue gas to be flared.