State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description

Effective May 25, 2021

I. Operator: Colgate Operating, LLC **OGRID:** 371449 **Date:2/21/23**

II. Type: Original ☐ Amendment due to ■ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
Mad Max 6 Fed Com 121H	30-015-53602	H-1-20S-27E	2235 FNL& 166 FEL	5,558	12,966'	23,444
Mad Max 6 Fed Com 122H	30-015-50035	H-1-20S-27E	2235 FNL& 196 FEL	5,558	12,966'	23,444
Mad Max 6 Fed Com 132H	30-015-50034	H-1-20S-27E	2234 FNL& 256 FEL	5,558	12,966'	23,444
Mad Max 6 Fed Com 133H	30-015-	M-6-20S-28E	447 FSL& 375 FWL	5,558	12,966'	23,444
Mad Max 6 Fed Com 134H	30-015-50054	M-6-20S-28E	417 FSL& 375 FWL	5,558	12,966'	23,444
Mad Max 6 Fed Com 131H	30-015-50032	H-1-20S-27E	2234 FNL& 226 FEL	5,558	12,966'	23,444

IV. Central Delivery Point Name: MAD MAX - WALLABY [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD ReachedDate	Completion Commencement Date	Initial Flow Back Date	First Production date
Mad Max 6 Fed Com 121H	30-015-53602	4/26/2023	5/9/2023	5/31/2023	6/18/2023	6/18/2023
Mad Max 6 Fed Com 122H	30-015-50035	5/9/2023	5/22/2023	5/31/2023	6/18/2023	6/18/2023
Mad Max 6 Fed Com 132H	30-015-50034	3/26/23	4/8/2023	5/31/2023	6/18/2023	6/18/2023
Mad Max 6 Fed Com 133H	30-015-	4/21/2023	5/4/2023	6/20/2023	6/29/2023	6/29/2023
Mad Max 6 Fed Com 134H	30-015-50054	5/6/2023	5/19/2023	6/20/2023	6/29/2023	6/29/2023
Mad Max 6 Fed Com 131H	30-015-50032	4/10/2023	4/23/23	5/31/2023	6/18/2023	6/18/2023

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VI. Separation Equipment: Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☐ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

■Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

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I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	Jackson Taylor
Printed Name:	Jackson Taylor
Title: Operations	Director of Midstream & Marketing
E-mail Address:	jackson.taylor@permianres.com
Date:	2/22/23
Phone:	713-412-3943

OIL CONSERVATION DIVISION
(Only applicable when submitted as a standalone form)

Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

VI. Separation Equipment:

Colgate Operating, LLC production tank batteries include separation equipment designed to efficiently separate gas from liquid phases to optimize gas capture based on projected and estimated volumes from the targeted pool in conjunction with the total number of wells planned to or existing within the facility. Separation equipment is upgraded prior to well being drilled or completed, if determined to be undersized or needed. The separation equipment is designed and built according to the relevant industry specifications (API Specification 12J and ASME Sec VIII Div I). Other recognized industry publications such as the Gas Processors Suppliers Association (GPSA) are referenced when designing separation equipment to optimize gas capture.

VII. Operational Practices:

1. Subsection B.

    - During drilling, flare stacks will be located a minimum of 150 feet from the nearest surface hole location. All gas is captured or combusted. If an emergency or malfunction occurs, gas will be flared or vented for public health, safety and the environment and be properly reported to the NMOCD pursuant to 19.15.27.8.G.
    - Measure or estimate the volume of natural gas that is vented, flared or beneficially used during drilling, completion and production operations, regardless of the reason or authorization for such venting or flaring.
    - At any point in the well life (drilling, completion, production, inactive) an audio, visual and olfactory (AVO) inspection will be performed weekly (at minimum) to confirm that all production equipment is operating properly and there are no leaks or releases except as allowed in Subsection D of 19.15.27.8 NMAC.

2. Subsection C.

    - During completion operations, operator does not produce oil or gas but maintains adequate well control through completion operations.

For emergencies, equipment malfunction, or if the operator decides to produce oil and gas during well completion:

- Flowlines will be routed for flowback fluids into a completion or storage tank and, if feasible under well conditions, flare rather than vent and commence operation of a separator as soon as it is technically feasible for a separator to function.

- Measure or estimate the volume of natural gas that is vented, flared or beneficially used during drilling, completion and production operations, regardless of the reason or authorization for such venting or flaring.
- At any point in the well life (drilling, completion, production, inactive) an audio, visual and olfactory (AVO) inspection will be performed weekly (at minimum) to confirm that all production equipment is operating properly and there are no leaks or releases except as allowed in Subsection D of 19.15.27.8 NMAC.

3. Subsection D.

- At any point in the well life (drilling, completion, production, inactive) an audio, visual and olfactory (AVO) inspection will be performed weekly (at minimum) to confirm that all production equipment is operating properly and there are no leaks or releases except as allowed in Subsection D of 19.15.27.8 NMAC.
- Monitor manual liquid unloading for wells on-site or in close proximity (<30 minutes' drive time), take reasonable actions to achieve a stabilized rate and pressure at the earliest practical time, and take reasonable actions to minimize venting to the maximum extent practicable.
- Measure or estimate the volume of natural gas that is vented, flared or beneficially used during drilling, completion and production operations, regardless of the reason or authorization for such venting or flaring.

4. Subsection E.

- All tanks and separation equipment are designed for maximum throughput and pressure to minimize waste.
- Flare stack has been designed for proper size and combustion efficiency. Flare currently has a continuous pilot and is located more than 100 feet from any known well and storage tanks.
- At any point in the well life (drilling, completion, production, inactive) an audio, visual and olfactory (AVO) inspection will be performed weekly (at minimum) to confirm that all production equipment is operating properly and there are no leaks or releases except as allowed in Subsection D of 19.15.27.8 NMAC.

5. Subsection F.

- Measurement equipment is installed to measure the volume of natural gas flared from process piping or a flowline piped from the equipment associated with a well and facility associated with the approved application for permit

to drill that has an average daily production greater than 60 mcf of natural gas.

- Measurement equipment installed is not designed or equipped with a manifold to allow diversion of natural gas around the metering equipment, except for the sole purpose of inspecting and servicing the measurement equipment, as noted in NMAC 19.15.27.8 Subsection G.

VIII. Best Management Practices:

1. During completion operations, operator does not produce oil or gas but maintains adequate well control through completion operations.

2. Operator does not flow well (well shut in) during initial production until all flowlines, tank batteries, and oil/gas takeaway are installed, tested, and determined operational.

3. Operator equips storage tanks with an automatic gauging system to reduce venting of natural gas.

4. Operator reduces the number of blowdowns by looking for opportunities to coordinate repair and maintenance activities.

5. Operator combusts natural gas that would otherwise be vented or flared, when feasible.

6. Operator has a flare stack designed in accordance with need and to handle sufficient volume to ensure proper combustion efficiency. Flare stacks are equipped with continuous pilots and securely anchored at least 100 feet (at minimum) from storage tanks and wells.

7. Operator minimizes venting (when feasible) through pump downs of vessels and reducing time required to purge equipment before returning equipment to service.

8. Operator will shut in wells (when feasible) in the event of a takeaway disruption, emergency situations, or other operations where venting or flaring may occur due to equipment failures.

9. Operator utilizes compressed air to operate pneumatic equipment instead of gas.

10. Operator utilizes vapor recovery towers and VRU's to increase gas capture efficiency.

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

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Santa Fe, NM 87505

QUESTIONS

Operator: COLGATE OPERATING, LLC 300 North Marienfeld Street Midland, TX 79701	OGRID: 371449
	Action Number: 200214
	Action Type: [UF-NGMP] NG Management Plan (NGMP)

QUESTIONS

II. Type:	
Original	*Not answered.*
Amendment due to 19.15.27.9.D(6)(a) NMAC	*Not answered.*
Amendment due to 19.15.27.9.D(6)(b) NMAC	*Not answered.*
Other	True
If other, please describe	Added an additional well.

III. Well(s)	
Number of wells identified above	1

District I
1625 N. French Dr., Hobbs, NM 88240
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CONDITIONS

Action 200214

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Operator: COLGATE OPERATING, LLC 300 North Marienfeld Street Midland, TX 79701	OGRID: 371449
	Action Number: 200214
	Action Type: [UF-NGMP] NG Management Plan (NGMP)

CONDITIONS

Created By	Condition	Condition Date
kpickford	None	3/24/2023