

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 89210  
District III  
1000 Rio Brazos Road, Aztec, NM 874 1 0  
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

APR 13 2018

GAS CAPTURE PLAN

Date: 3/16/18

RECEIVED

Original Operator & OGRID No.: Mack Energy Corporation - 013837  
 Amended - Reason for Amendment: Moved Location

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
Ottawa Federal Com #1H	<u>30-005</u>	Sec. 20 T15S R29E	660 FSL & 355 FWL	50		
	<u>64304</u>					

**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 DCP Midstream and will be connected to DCP Midstream low/high pressure gathering system located in Chaves County, New Mexico. It will require 0 (existing) of pipeline to connect the facility to low/high pressure gathering system. Mack Energy Corporaiton provides (periodically) to DCP Midstream a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Mack Energy Corporaton and DCP Midstream have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at DCP Midstream Liram Ranch Processing Plant located in Sec. 6, Twn. 19S, Rng. 37E, 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 DCP Midstream system at that time. Based on current information, it is Mack Energy Corporation 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

District I  
1625 N. French Dr., Hobbs, NM 88340  
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 Road, Arice, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**NM OIL CONSERVATION**  
OIL CONSERVATION DIVISION ARTESIA DISTRICT  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

APR 13 2018

AMENDED REPORT

RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number	<sup>2</sup> Pool Code 52770	<sup>3</sup> Pool Name Round Tank; San Andres
<sup>4</sup> Property Code	<sup>5</sup> Property Name OTTAWA FEDERAL COM	<sup>6</sup> Well Number 1H
<sup>7</sup> OGRID No. 13837	<sup>8</sup> Operator Name MACK ENERGY CORPORATION	<sup>9</sup> Elevation 3757.8

Surface Location

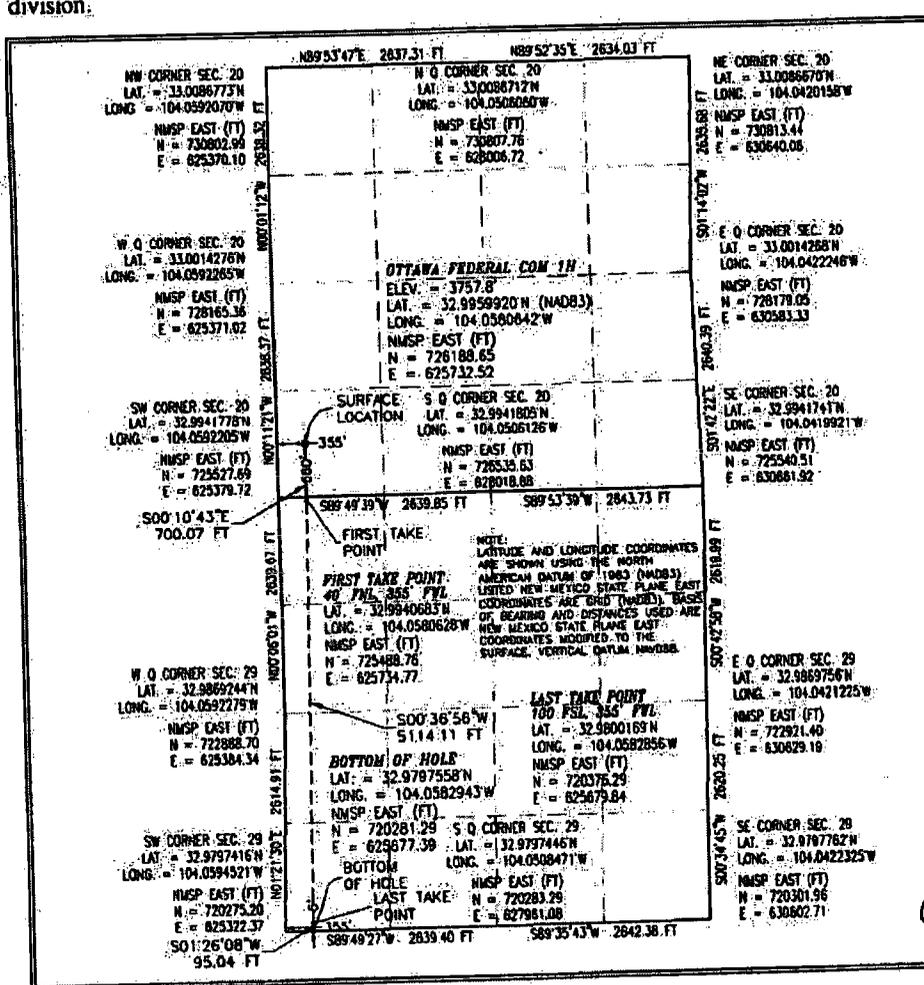
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	20	15 S	29 E		660	SOUTH	355	WEST	CHAVES

Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	29	15 S	29 E		5	SOUTH	355	WEST	CHAVES

<sup>10</sup> Dedicated Acres <sup>11</sup> Joint or Infill <sup>12</sup> Consolidation Code <sup>13</sup> Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



**OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unworked mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: Deana Weaver Date: 3.15.18

Printed Name: Deana Weaver

E-mail Address: dweaver@mec.com

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**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

MARCH 1 2018

Date of Survey: 3.15.18

Signature and Seal of Professional Surveyor: [Signature]

Certificate Number: HILTON F. JARAMILLO, PLS 12787

SURVEY NO.: 53109