

1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
(505) 476-3460 Fax: (505) 476-3462

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

OIL CONSERVATION
DISTRICT
MAR. 12 2018
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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-42874		² Pool Code 51120	³ Pool Name RED LAKE; GLORIETA-YESO
⁴ Property Code 315552	⁵ Property Name CHALK FEDERAL		⁶ Well Number 8
⁷ OGRID No. 217358 258350		⁸ Operator Name VANGUARD OPERATING, LLC	⁹ Elevation 3490.4

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	5	18 S	27 E		2300	NORTH	1650	WEST	EDDY

" 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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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.

<p>S88°31'31"E 2634.91 FT</p> <p>NW CORNER SEC. 5 LAT. = 32.7840505°N LONG. = 104.3092957°W NMSP EAST (FT) N = 648970.63 E = 548724.76</p> <p>LOT 4</p>		<p>S88°29'37"E 2633.62 FT</p> <p>N Q CORNER SEC. 5 LAT. = 32.7838622°N LONG. = 104.3007271°W NMSP EAST (FT) N = 648902.84 E = 551358.12</p> <p>LOT 3</p>		<p>NE CORNER SEC. 5 LAT. = 32.7836695°N LONG. = 104.2921628°W NMSP EAST (FT) N = 648833.62 E = 553990.15</p> <p>LOT 2</p>		<p>LOT 1</p>	
<p>W Q CORNER SEC. 5 LAT. = 32.7767472°N LONG. = 104.3092154°W NMSP EAST (FT) N = 646313.59 E = 548750.06</p>		<p>CHALK FEDERAL 8 ELEV. = 3490.4' LAT. = 32.7776086°N (NAD83) LONG. = 104.3038573°W NMSP EAST (FT) N = 646627.40 E = 550396.77</p> <p>SURFACE LOCATION</p>		<p>E Q CORNER SEC. 5 LAT. = 32.7765608°N LONG. = 104.2920672°W NMSP EAST (FT) N = 646247.41 E = 554020.53</p>		<p>2587.06 FT</p>	
<p>NOTE: LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE.</p>							
<p>SW CORNER SEC. 5 LAT. = 32.7695498°N LONG. = 104.3091295°W NMSP EAST (FT) N = 643695.09 E = 548777.05</p>		<p>S Q CORNER SEC. 5 LAT. = 32.7695402°N LONG. = 104.3005448°W NMSP EAST (FT) N = 643692.32 E = 551415.74</p>		<p>SE CORNER SEC. 5 LAT. = 32.7695301°N LONG. = 104.2919694°W NMSP EAST (FT) N = 643689.57 E = 554051.59</p>		<p>2558.69 FT</p>	
<p>N89°56'24"W 2639.38 FT</p>		<p>N89°56'25"W 2636.52 FT</p>					

" 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 unleased 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: Brian Wood Date: 10-5-17

Printed Name: Brian Wood

E-mail Address: brian@permitswest.com

E-mail Address: (505) 466-8120

" 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 2, 2018

Date of Survey: MARCH 2, 2018

Signature and Seal of Professional Surveyor: FILIMON F. JARAMILLO

Certificate Number: FILIMON F. JARAMILLO, PLS 12797

SURVEY NO. 1089A

Rwp 6-29-18

District I
1625 N. French Dr., Hobbs, NM 88240
District II
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District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

NM OIL CONSERVATION
Energy, Minerals and Natural Resources Department
ARTESIA DISTRICT

MAR 12 2018

State of New Mexico

Oil Conservation Division

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Santa Fe, NM 87505

Submit Original
to Appropriate
District Office

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GAS CAPTURE PLAN

Date: 10-23-17

X Original

Operator & OGRID No.: Vanguard Operating, LLC (277558)

☐ 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	SHL (ULSTR)	SHL Footages	Expected MCF/D	Flared or Vented	Comments
Chalk Federal 8	30-015-42874 44812	F-5-18s-27e	2300' FNL & 1650' FWL	50	<30 days	flare until well clean, then connect

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 and will be connected to DCP low/high pressure gathering system located in Eddy County, NM. It will require ≈1,303' of pipeline to connect the facility to low/high pressure gathering system. Operator provides (periodically) to Gas Transporter a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Operator and Gas Transporter have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Gas Transporter Processing Plant located in Sec. 3, T. 18 S., R. 27 E., Eddy County, NM. 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 Gas Transporter system at that time. Based on current information, it is Operator'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