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

Submit Original to Appropriate District Office

NM OIL CONSERVATION
ARTESIA DISTRICT
AUG 07 2018

RECEIVED

GAS CAPTURE PLAN

Date: 10/19/2017

☒ Original
☐ 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	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
Burch Keely Unit #960H	30-015-45149	UL-M Sec 24, T17S, R29E	825 FSL 410 FWL	50	0	

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 **Frontier Field Services as primary purchaser** and will be connected to **Frontier's** low/high pressure gathering system located in **Eddy** County, New Mexico. It will require **no additional pipeline** to connect the facility to low/high pressure gathering system **because it will go to an existing meter. Please note there is also an existing offload meter to DCP which will be utilized**. COG Operating, LLC provides (periodically) to **Frontier and DCP** a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, COG Operating, LLC and **Frontier and DCP** have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at **Frontier's Maljamar** Processing Plant located in **Sec. 28, T17S, R32E in Lea** County, New Mexico. **When the DCP offload meter is utilized the gas is processed in DCP's Linam Plant located in Sec. 6, T19S, R37E in Lea 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 **Frontier's and DCP's** system at that time. Based on current information, it is COG Operating, LLC 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

Burch Keely Unit #960H

Contingent Multi-Stage Cement Discussion:

COG does not anticipate losing circulation or encountering water flows while drilling this well. If these situations arise, COG requests approval in this APD to set DV tools where necessary immediately without having to shut down the rig and wait for sundry approval.

Lost Circulation or Water flow Contingent DV Tool Cement Plans are as follows:

1. If lost circulation occurs while drilling the 12 ¼" intermediate hole, it may become necessary to set a DV tool in the 9 5/8" casing. The DV tool depth will be based on hole conditions and cement volumes will be adjusted proportionally. If the DV Tool is needed, it will be set a minimum of 50 feet below the previous casing and a minimum of 200 feet above the current shoe.

2. If water flows in the San Andres are encountered, it may become necessary to set a DV tool in the 7" casing. These water flows normally occur in areas where produced water disposal is happening. This dense cement is used to combat water flows. This cement recipe also has a right angle set time and is mixed a little under saturated so the water flow will be absorbed by cement. The DV tool depth will be based on hole conditions and cement volumes will be adjusted proportionally. If the DV tool is needed, it will be set a minimum of 50 feet below the previous casing and a minimum of 200 feet above the current shoe.

Casing	Bottom MD of Segment	Lead or Tail	Cement Type	Additives	Quantity (Sks)	Yield (cu.ft./sk)	Density (lbs./gal)
Inter. Multi-Stage	+/- 900'	1st Lead	50:50:10 C: Poz:Gel	5% Salt + 5 pps LCM + 0.25 pps CF	150	2.45	11.8
		1st Tail	Class C	2% Cacl2	200	1.32	14.8
		2nd Lead	50:50:10 C: Poz:Gel	5% Salt + 5 pps LCM + 0.25 pps CF	200	2.45	11.8
Prod. Multi-Stage	+/- 3000'	1st Lead	35:65:6 C:Poz Gel	5% salt+5 pps LCM+0.2% SMS + 1% FL-25+1% BA-58+0.3% FL-52A+ 0.125 pps CF	200	2.01	12.5
		1st Tail	Class C	0.3% R-3 + 1.5% CD-32	2300	1.37	14
		2nd Lead	35:65:6 C:Poz Gel	5% salt + 5 pp LCM + 0.2% SMS + 1% FL-25+ 1% BA-58 + 0.3% FL-52A + 0.125 pps CF	650	2.01	12.5
		2nd Tail	50:50:2 C: PozGel	5% salt + 3 pps LCM + 0.6% SMS + 1% FL-25 + 1% BA-58 + 0.125 pps CF	150	0.99	16.8