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District III
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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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MAY 13 2019

GAS CAPTURE PLAN

DISTRICT II-ARTESIA O.C.D.

Date: 5/10/2019

Original Operator & OGRID No.: Matador Production Company - 228937
 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: 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
Zach McCormick Federal Com #221H	30-015- 44241	A-18-24S-29E	712' FNL 351' FWL	~7000 mcf/d	Flared	Will be flared during flowback

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, so long as gas transporter system is in place. The gas produced from production facility should be connected to Longwood RB Pipeline, LLC's low/high pressure gathering system located in Eddy County, New Mexico. It will require ~1000' of pipeline to connect the facility to the low/high pressure gathering system. Matador periodically provides a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future to Longwood RB Pipeline, LLC. If changes occur that will affect the drilling and completion schedules, Matador Production Company will notify Longwood RB Pipeline, LLC. Additionally, the gas from the well will be processed at a processing plant located 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 the fracture treatment/completion operations (flowback), the well 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 the midstream system at that time. Based on current information, it is Matador's belief the system can take this 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 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
 - operating a generator will only utilize a portion of the produced gas and the remainder of the gas would still need to be flared
 - Power Company has to be willing to purchase gas back and if they are willing they require a 5 year commitment to supply the agreed upon amount of power back to them. With gas decline rates and unpredictability of markets

it is impossible to agree to such long term demands. If the demands are not met then operator is burdened with penalty for not delivering.

- 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.