

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

Submit Original
to Appropriate
District Office

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

**NM OIL CONSERVATION
ARTESIA DISTRICT**

OCT 16 2018

GAS CAPTURE PLAN

Date: 2-3-18

RECEIVED

X Original

Operator & OGRID No.: CL & F Operating LLC (370951)

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	API	SHL (ULSTR)	SHL Footages	Expected MCF/D	Flared or Vented	Comments
Crazy Horse 0304 Fed Com 1H	30-015-	M-2-20s-30e	110' FSL & 436' FWL	850	<30 days	flare until well clean, then connect
Crazy Horse 0304 Fed Com 2H	30-015- <u>45339</u>	M-2-20s-30e	119' FSL & 465' FWL	850	<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. Gas produced from this production facility has not yet been dedicated. However, a possible connection is an existing Frontier pipeline that is 1/3 mile east. Operator will provide (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 will have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Gas Transporter Processing Plant at an as yet undetermined location. 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 ultimately 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
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Phone (505) 476-3480 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

NM OIL CONSERVATION
ARTESIA DISTRICT Form C-102
Revised August 4, 2011

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Submitted to appropriate District Office
OCT 18 2018

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WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-45339	Pool Code 49622 96688	Pool Name GATUNA CANYON PARKWAY; BONE SPRING
Property Code 322439	Property Name CRAZY HORSE 0304 FED COM	Well Number 2H
GRID No. 370951	Operator Name CL&F OPERATING LLC	Elevation 3219'

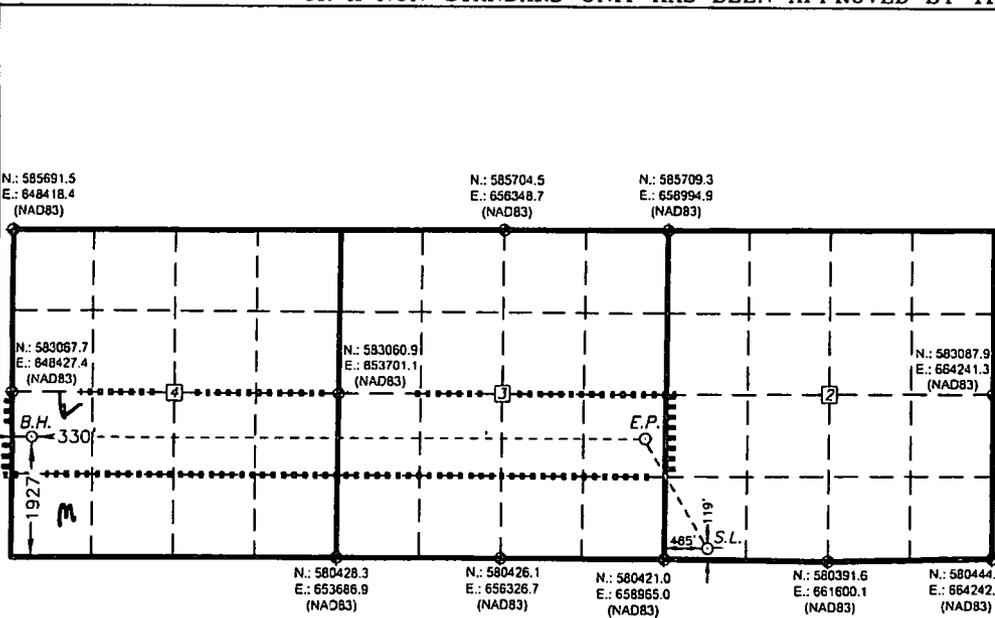
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
M	2	20 S	30 E		119	SOUTH	465	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
M	4	20 S	30 E		1927	SOUTH	330	WEST	EDDY
Dedicated Acres 320	Joint or Infill	Consolidation Code C	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



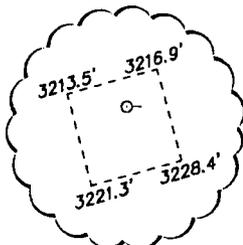
OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to 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: 2-3-18
Printed Name: BRIAN WOOD
Email Address: brian@permitswest.com

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.

Date Surveyed: SEPTEMBER 27 2017
Signature & Seal of Professional Surveyor: [Seal of New Mexico Professional Surveyor 7977]
Certificate No.: 7977
Scale: 1" = 2000'
WO Num.: 33328

BOTTOM HOLE LOCATION Lat - N 32.600430' Long - W 103.984505' NMSPC - N 582343.5 E 648759.9 (NAD-83)	ENTRY POINT 1927' FSL & 330' FEL Lat - N 32.600351' Long - W 103.952403' NMSPC - N 582348.6 E 658645.9 (NAD-83)	SURFACE LOCATION Lat - N 32.595357' Long - W 103.949876' NMSPC - N 580534.3 E 659430.4 (NAD-83)
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RW 10-16-18