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
FEB 21 2019
RECEIVED

GAS CAPTURE PLAN

Date: April 24, 2018

☒ Original
☐ Amended - Reason for Amendment:

Operator & OGRID No.: 372098

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
Chicken Fry Federal Com 24 28 22 WXY 12H	30-015 45761	22-T24S-R28E	310' FNL & 2216' FEL	2378	Flared	
Chicken Fry Federal Com 24 28 22 WA 15H		22-T24S-R28E	310' FNL & 2187' FEL	2378	Flared	
Chicken Fry Federal Com 24 28 22 WD 16H		22-T24S-R28E	310' FNL & 2247' FEL	6275	Flared	

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 Crestwood and will be connected to Crestwood low pressure gathering system located in Eddy County, New Mexico. It will require less than a mile of pipeline to connect the facility to low/high pressure gathering system. Marathon provides (periodically) to Crestwood a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Marathon and Crestwood have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Orla Processing Plant located in Loving 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 low pressure gathering system at that time. Based on current information, it is Marathon'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

Marathon Oil Corporation

EDDY COUNTY, NM (NAD27)
CHICKEN FRY FEDERAL COM 24-28-22
WXY #12H

PLAN #1
PRECISION 594

WELL DETAILS:

Ground Level: 3007.00

+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
0.00	0.00	440144.78	580291.95	32° 12' 35.311 N	104° 4' 25.428 W

SECTION DETAILS

MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSect	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3500.00	0.00	0.00	3500.00	0.00	0.00	0.00	0.00	0.00	
3750.00	5.00	270.00	3749.86	0.00	-8.35	2.00	270.00	-8.35	
4970.00	5.00	270.00	4965.24	0.00	-95.83	0.00	0.00	-95.83	
5220.00	0.00	0.00	5214.72	0.00	-104.18	2.00	180.00	-104.18	
9903.21	0.00	0.00	9903.00	0.00	-104.18	0.00	0.00	-104.18	
9953.21	10.00	179.22	9952.57	-4.65	-104.12	20.00	179.22	-104.12	
14126.91	89.50	179.22	9552.00	-4728.58	-32.62	0.00	0.00	4728.58	BHL(CF/WXY#12H)
14176.91	89.50	179.22	9552.39	-4778.58	-32.62	0.00	0.00	4778.58	

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting
FTP(CF/WXY#12H)	9556.00	-20.07	-98.84	440124.71	580195.42
BHL(CF/WXY#12H)	9552.00	-4728.58	-32.62	435416.59	580259.33

DRILLING TARGET: 9552' TVD @ 0VS // 89.5° INC.

TARGET WINDOW: 15' UP // 15' DOWN - 30' L/R

SITE DETAILS: CHICKEN FRY FEDERAL COM 24-28-22
SITE CENTRE NORTHING: 440144.78
EASTING: 580291.95

POSITIONAL UNCERTAINTY: 0.00
CONVERGENCE: 0.14
LOCAL NORTH: GRID

PROJECT DETAILS: EDDY COUNTY, NM (NAD27)
GEODETIC SYSTEM: US STATE PLANE 1927 (EXACT SOLUTION)
DATUM: NAD 1927 (NADCON CONUS)
ELLIPSOID: CLARKE 1866
ZONE: NEW MEXICO EAST 3001

SYSTEM DATUM: MEAN SEA LEVEL

FORMATION TOP DETAILS

NO FORMATION DATA IS AVAILABLE

MAP SYSTEM: US STATE PLANE 1927 (EXACT SOLUTION)
DATUM: NAD 1927 (NADCON CONUS)
ELLIPSOID: CLARKE 1866
ZONE NAME: NEW MEXICO EAST 3001

LOCAL ORIGIN: WELL WXY #12H, GRID NORTH

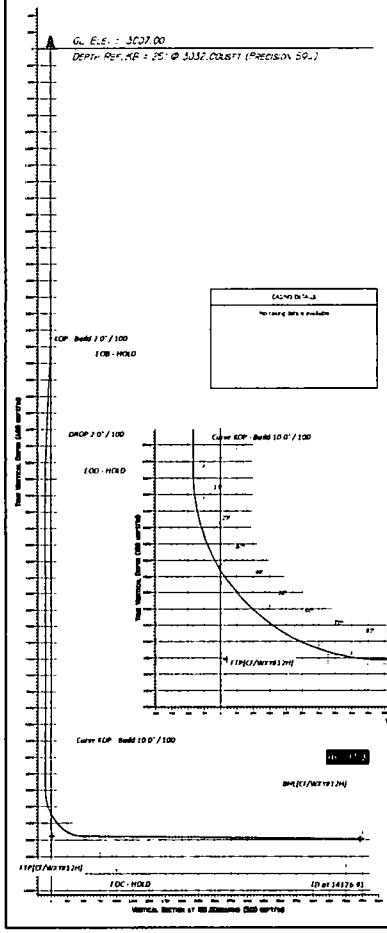
LATITUDE: 32° 12' 35.3 N
LONGITUDE: 104° 4' 25.428 W

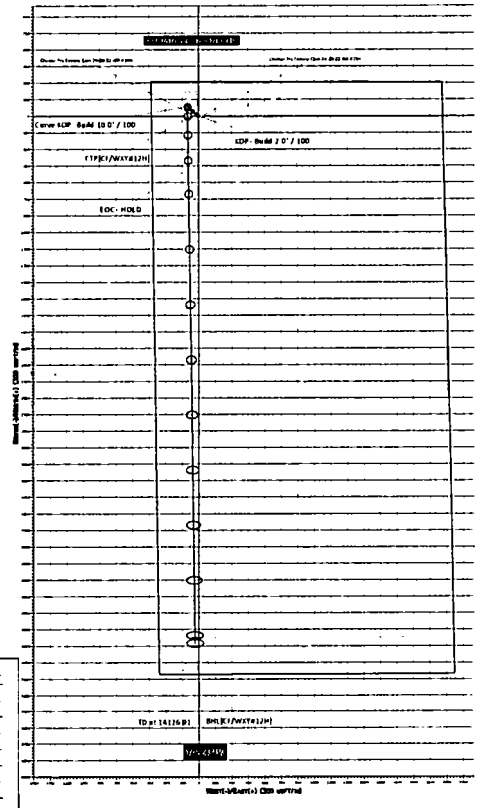
GRID EAST: 580291.95
GRID NORTH: 440144.78
SCALE FACTOR: 1.000

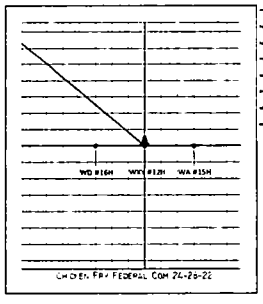
GEOMAGNETIC MODEL: HDGM
SAMPLE DATE: 23-MAR-2
MAGNETIC DECLINATION: 7.22°
DIP ANGLE FROM HORIZONTAL: 59.93°
MAGNETIC FIELD STRENGTH: 490.5

TO CONVERT TRUE NORTH TO GRID: ADD 7.08°
TO CONVERT MAGNETIC NORTH TO TRUE: ADD 7.22° EAST
TO CONVERT TRUE NORTH TO GRID: SUBTRACT 0.14°

ALL ANGLES TO GRID NORTH
TRUE NORTH: -0.14°
MAGNETIC NORTH: 7.08°
MAGNETIC FIELD
STRENGTH: 49005.2nT
DIP ANGLE: 59.93°
DATE: 3/23/2023
MODEL: HDGM







Scientific Drilling