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

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District Office

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GAS CAPTURE PLAN

X Original   Operator & OGRID No.: Matador Production Company (228937)
☐ Amended   Date: 6/11/2019
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
Marlan Downey No. 112H	N/A	UL-N Sec 4 T23S R35E	2376 FSL 1976 FWL	+/- 3000	~21 days	Flare ~21 days on flowback before turn into TB. Time est. depends on sales connect and well cleanup.
Marlan Downey No. 113H	N/A 30-025-46254	UL-O Sec 4 T23S R35E	2376 FSL 973 FEL	+/- 3000	~21 days	Flare ~21 days on flowback before turn into TB. Time est. depends on sales connect and well cleanup.
Marlan Downey No. 114H	N/A	UL-P Sec 4 T23S R35E	2406 FSL 973 FEL	+/- 3000	~21 days	Flare ~21 days on flowback before turn into TB. Time est. depends on sales connect and well cleanup.

Gathering System and Pipeline Notification

The well will be connected to a production facility after flowback operations are complete so long as the gas transporter system is in place. The gas produced from the production facility should be connected to Energy Transfer Partners gathering system located in Lea County, New Mexico. It will require ~22,000' of pipeline to connect the facility to the gathering system. Matador Production Company periodically provides a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future to Energy Transfer Partners. If changes occur that will affect the drilling and completion schedule, Matador Production Company will notify Energy Transfer Partners. Additionally, the gas produced from the well will be processed at a processing plant 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 the gas will be flared or vented. During flowback, the fluids and sand content will be monitored. If the produced fluids contain minimal sand, then the well will be turned to production facilities. The gas sales should start as soon as the well starts 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 will be able to take the 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.

<u>Alternatives to Reduce Flaring</u>

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 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.