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District III  
1000 Rio Brazos Road, Aztec, NM 87410  
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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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**GAS CAPTURE PLAN**

Date: July 17, 2018

☒ Original Operator & OGRID No.: MARATHON OIL PERMIAN, LLC  
☐ Amended - Reason for Amendment: OGRID: 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, recomple 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 |
|-------------------------------------|--------------|--------------------------|------------------------|----------------|------------------|----------|
| Dogie Draw Fed Com 25 34 14 TB 7H   |              | I (NESE)<br>14-T25S-R34E | 2589' FSL<br>1197' FEL | 2450           | Flared           |          |
| Dogie Draw Fed Com 25 34 14 WA 18H  |              | I (NESE)<br>14-T25S-R34E | 2589' FSL<br>1167' FEL | 1750           | Flared           |          |
| Dogie Draw Fed Com 25 34 14 WC 20H  |              | H (SENE)<br>14-T25S-R34E | 2290' FNL<br>1164' FEL | 1750           | Flared           |          |
| Dogie Draw Fed Com 25 34 14 WD 19H  |              | H (SENE)<br>14-T25S-R34E | 2290' FNL<br>1194' FEL | 1750           | Flared           |          |
| Dogie Draw Fed com 25 34 14 WXY 14H |              | I (NESE)<br>14-T25S-R34E | 2590' FSL<br>1227' FEL | 1750           | Flared           |          |
| Dogie Draw Fed Com 25 34 14 WXY 21H |              | I (NESE)<br>14-T25S-R34E | 2589' FSL<br>1137' FEL | 1750           | Flared           |          |
| Ender Wiggins FC 25 34 14 TB 17H    |              | H (SENE)<br>14-T25S-R34E | 2490' FNL<br>1196' FEL | 2450           | Flared           |          |
| Ender Wiggins FC 25 34 14 WA 19H    |              | H (SENE)<br>14-T25S-R34E | 2490' FNL<br>1166' FEL | 1750           | Flared           |          |
| Ender Wiggins FC 25 34 14 WC 21H    | 30-025-47022 | H (SENE)<br>14-T25S-R34E | 2290' FNL<br>1134' FEL | 1750           | Flared           |          |
| Ender Wiggins FC 25 34 14 WD 18H    |              | H (SENE)<br>14-T25S-R34E | 2289' FNL<br>1224' FEL | 1750           | Flared           |          |
| Ender Wiggins FC 25 34 14 WXY 14H   |              | H (SENE)<br>14-T25S-R34E | 2489' FNL<br>1226' FEL | 1750           | Flared           |          |
| Ender Wiggins FC 25 34 14 WXY 20H   |              | H (SENE)<br>14-T25S-R34E | 2490' FNL<br>1136' FEL | 1750           | 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 Lucid and will be connected to Lucid's low pressure gathering system located in Lea County, New Mexico. It will require about 1 mile of pipeline to connect the facility to low pressure gathering system. Marathon provides (periodically) to Lucid a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Marathon and Lucid have periodic conference calls to discuss changes to drilling and completion schedules.

Gas from these wells will be processed at Red Hills Processing Plant located in Sec. 13, Twn. 24S, Rng. 33E, Lea 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 Lucid 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