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District II

811 S. First St., Artesia, NM 88210

Energy, Minerals and Natural Resources Department

to Appropriate

District Office

District III 1000 Rio Brazos Road, Aztec, NM

87410 Oil Conservation Division

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

1220 South St. Francis Dr.

Santa Fe, NM 87505

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04/17/2020
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GAS CAPTURE PLAN

Date: 04/19/2019☒ OriginalOperator & OGRID No.: EOG Resources, Inc. 7377☐ 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
Kestrel 26 Fed Com 301H	30-025-***	M-26-24S-34E	456 FSL & 1067 FWL	±3500	None Planned	APD Submission
Kestrel 26 Fed Com 302H	30-025-***	M-26-24S-34E	440 FSL & 1095 FWL	±3500	None Planned	APD Submission
Kestrel 26 Fed Com 303H	30-025-***	N-26-24S-34E	595 FSL & 1617 FWL	±3500	None Planned	APD Submission
Kestrel 26 Fed Com 703H	30-025-*** 47115	N-26-24S-34E	607 FSL & 1701 FWL	±3500	None Planned	APD Submission
Kestrel 26 Fed Com 704H	30-025-***	N-26-24S-34E	587 FSL & 1727 FWL	±3500	None Planned	APD Submission
Kestrel 26 Fed Com 705H	30-025-***	N-26-24S-34E	567 FSL & 1753 FWL	±3500	None Planned	APD Submission

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 **Enterprise Field Services / Lucid Energy** and will be connected to **EOG Resources** low/high pressure gathering system located in Eddy/Lea County, New Mexico. **EOG Resources** provides (periodically) to **Enterprise Field Services / Lucid Energy** a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, **EOG Resources** and **Enterprise Field Services / Lucid Energy** have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at **Enterprise Field Services / Lucid Energy** Processing Plant located in **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 **Enterprise Field Services / Lucid Energy** system at that time. Based on current information, it is **EOG Resources'** 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