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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

Submit Original
 to Appropriate
 District Office

HOBBS OCD

FEB 01 2017

GAS CAPTURE PLAN

RECEIVED

Date: 1/23/2017

Original

Operator & OGRID No.: Matador Production Company (228937)

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: 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
D. Culbertson State #234H	30-025-43502	26-15S-36E	390' South 1152' East	1300	17 days	Flare 14 days on FB before turn into TB
D. Culbertson State #233H		26-15S-36E	390' South 1182; East	1300	17 days	Flare 14 days on FB before turn into TB

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 Longwood Midstream Delaware, LLC's gathering system located in Eddy County, New Mexico. It will require ~700' 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 Longwood Midstream Delaware, LLC. If changes occur that will affect the drilling and completion schedule, Matador Production Company will notify Longwood Midstream Delaware, LLC. 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 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.

Alternatives to Reduce Flaring

Below are alternatives considered from a conceptual standpoint, but determined to be impractical, 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 generation also requires an agreement with a power company that is willing to purchase the gas. The terms of any such agreement typically require a long term commitment from the operator at certain and steady deliverables. With gas decline rates and the unpredictability of markets, it is impracticable for the operator to agree to a long term commitment because as the wells decline the operator would be burdened with penalties for failure to meet the deliverables.
- 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.