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

GAS CAPTURE PLAN

Date: 1-18-18

X Original
□ Amended - Reason for Amendment:

Operator & OGRID No.: Rockcliff Operating New Mexico LLC (371115)

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	API	SHL (ULSTR)	SHL Footages	Expected MCF/D	Flared or Vented	Comments
Button Mesa Unit 2H	30-005-29216	N-15-8s-32e	120' FSL & 2180' FWL	50	<30 days	flare until well clean, then connect

Gathering System and Pipeline Notification

Well will be connected to Versado/Targa's system after flowback operations are complete. Transporter system is in place and on the pad serving Rockcliff's existing Button Mesa Unit 1H. Rockcliff will provide (periodically) to Versado/Targa a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Rockcliff and Versado/Targa will have periodic conference calls to discuss changes to drilling and completion schedules. Gas from this well will be processed at Versado/Targa's existing processing plant at an as yet undetermined location. 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 well will be turned to production facilities. Gas sales should start as soon as the well starts flowing through the production facilities, unless there are operational issues on Versado/Targa system at that time. Based on current information, it is Rockcliff's belief the system ultimately can take this gas upon completion of the well.

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