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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

Rec 4/11/18

GAS CAPTURE PLAN

Date: 3/28/2018

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, recomple 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
Eagle 2 State Com #121H	N/A	2-20S-34E	183'S 222'W	~800	Flared	Flare 14 days on FB before turn into TB
Eagle 2 State Com #122H	N/A	2-20S-34E	173'S 1969'W	~800	Flared	Flare 14 days on FB before turn into TB
Eagle 2 State Com #124H	N/A	2-20S-34E	487'S 511'E	~800	Flared	Flare 14 days on FB before turn into TB
Eagle 2 State Com #201H	N/A	2-20S-34E	183'S 252'W	~1200	Flared	Flare 14 days on FB before turn into TB
Eagle 2 State Com #202H	N/A	2-20S-34E	173'S 1999'W	~1200	Flared	Flare 14 days on FB before turn into TB
Eagle 2 State Com #203H	N/A	2-20S-34E	170'S 2624'E	~1200	Flared	Flare 7 days on FB before turn into TB
Eagle 2 State Com #204H <i>70-016 44682</i>	N/A	2-20S-34E	512'S 495'E	~1200	Flared	Flare 7 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 either Longwood Midstream Delaware, LLC's or to DCP Midstream. Both Longwood and DCP gathering systems are located in Lea County, New Mexico. It will require ~1,100' of pipeline to connect the facility to the gathering systems. 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 either DCP or Longwood Midstream Delaware, LLC. If changes occur that will affect the drilling and completion schedule, Matador Production Company will notify either DCP or Longwood Midstream Delaware, LLC. Additionally, the gas produced from the well will be processed at a processing plant further downstream at to be determined location 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.