

Gas Capture Plan

HOBBS OCD

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1. The anticipated completion date is July 28, 2018.
2. The anticipated production date is August 14, 2018.
 - a. 1000bbls oil/day is expected for initial production
 - b. 1500MCF/day is expected for initial gas production
 - c. The gas will be approximately 1400Btu
 - d. It is estimated that the well will decline using Exponential Variables at a Terminal Decline Rate of 7%/year.
3. The West copperline 29 State Com 1H is 150' to the east and is currently producing gas into an existing line. All gas is being sold to Versado Gas Processors.
4. The Copperline West 29 Fed 5H will be connected to the same gas line as the West Copperline 29 State Com 1H offset well. The gas produced from production facility is dedicated to Versado Gas Processors and will be connected to Versado Gas Processors low/high pressure gathering system located in Lea County, New Mexico. It will require 600' of pipeline to connect the facility to low/high pressure gathering system. Caza Operating Inc provides (periodically) to Versado Gas Processors a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Caza Operating Inc and Versado Gas Processors have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Versado Gas Processors Processing Plant located in Sec.29, Twn.19S, Rng.37E, Lea County, New Mexico.
5. After the fracture treatment/completion operations, the well 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 Versado Gas Processors system at that time. Based on current information, it is Caza Operating Inc's belief the system can take this gas upon completion of the well.