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

HOBBS OCD
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Submit Original to Appropriate District Office

GAS CAPTURE PLAN

Date: 06/28/2019

☒ Original
☐ Amended - Reason for Amendment:

Operator & OGRID No.: XTO Energy, Inc [005380]

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 – Mis Amigos CTB

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location	Footages	Expected MCF/D	Flared or Vented	Comments
Estancia SED State 104H		N-31-23S-33E	396'FSL & 2259'FWL	300	Flared/Sold	CTB Connected to P/L
Estancia SED State 102H		M-31-23S-33E	409'FSL & 1204'FWL	300	Flared/Sold	CTB Connected to P/L
Estancia SED State 101H		M-31-23S-33E	347'FSL & 536'FWL	300	Flared/Sold	CTB Connected to P/L
Estancia SED State 103H		N-31-23S-33E	409'FSL & 1304'FWL	300	Flared/Sold	CTB Connected to P/L
Estancia SED State 402H		M-31-23S-33E	469'FSL & 1205'FWL	200	Flared/Sold	CTB Connected to P/L
Estancia SED State 401H		M-31-23S-33E	377'FSL & 536'FWL	200	Flared/Sold	CTB Connected to P/L
Mis Amigos State 406H		O-31-23S-33E	742'FSL & 2121'FEL	200	Flared/Sold	CTB Connected to P/L
Estancia SED State 403H		N-31-23S-33E	469'FSL & 1305'FWL	200	Flared/Sold	CTB Connected to P/L
Estancia SED State 404H		N-31-23S-33E	456'FSL & 2259'FWL	200	Flared/Sold	CTB Connected to P/L
Mis Amigos State 405H		N-31-23S-33E	455'FSL & 2359'FWL	200	Flared/Sold	CTB Connected to P/L
Estancia SED State 704H		N-31-23S-33E	426'FSL & 2259'FWL	200	Flared/Sold	CTB Connected to P/L
Estancia SED State 702H		M-31-23S-33E	439'FSL & 1204'FWL	200	Flared/Sold	CTB Connected to P/L
Mis Amigos State 105H		N-31-23S-33E	395'FSL & 2359'FWL	300	Flared/Sold	CTB Connected to P/L
Mis Amigos State 106H		O-31-23S-33E	741'FSL & 2091'FEL	300	Flared/Sold	CTB Connected to P/L
Mis Amigos State 706H	30-025-46183	O-31-23S-33E	741'FSL & 2061'FEL	200	Flared/Sold	CTB Connected to P/L
Mis Amigos State 408H		P-31-23S-33E	369'FSL & 359'FEL	200	Flared/Sold	CTB Connected to P/L
Mis Amigos State 407H		P-31-23S-33E	387'FSL & 797'FEL	200	Flared/Sold	CTB Connected to P/L

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 DCP MIDSTREAM and will be connected to DCP MIDSTREAM low/high pressure gathering system located in Lea County, New Mexico. It will require 0' of pipeline to connect the facility to low/high pressure gathering system. XTO ENERGY, INC provides (periodically) to DCP MIDSTREAM a drilling,

completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, XTO ENERGY, INC and DCP MIDSTREAM have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at NM Supersystem Processing Plant located in Sec. 19 Twn. 19S, Rng. 32E, 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 DCP MIDSTREAM's system at that time. Based on current information, it is XTO ENERGY, INC's 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