

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: 1/10/2020

Original Operator & OGRID No.: Ameredev Operating, LLC (372224)
 Amended - Reason for Amendment: _____

This Gas Capture Plan outlines actions to be taken by Ameredev Operating, LLC to reduce well/production facility flaring/venting for new completion (new drill, recomple 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 Name	API	SHL (ULSTR)	SHL Footages	Expected MCF/D	Flared or Vented	Comments
Par Three Fed Com 25 36 06 112H	30-025- <u>46917</u>	4-31-24S-36E	1000' FSL 683' FWL	1000	<30 days	Flare until well clean, then connect

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete. Gas produced from the above wells is not dedicated to a gas purchaser. The production facility will be (or is currently) connected to multiple low pressure gathering systems located in Lea County, New Mexico, which are operated by Salt Creek Midstream, DCP Operating Co., ETC Texas Pipeline, and Lucid Energy Delaware (collectively "Gas Transporters"). Ameredev provides (periodically) to one or more Gas Transporters a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Ameredev and the Gas Transporters have periodic conference calls to discuss changes in drilling and completion schedules. Gas from the well(s) will be processed at one or more of Gas Transporters' processing plants located in several different locations. The actual flow of 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 Gas Transporter system at that time. Based on current information, it is Ameredev'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