

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

Submit Original
to Appropriate
District Office

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NM OIL CONSERVATION
ARTESIA DISTRICT GAS CAPTURE PLAN

Date: 01-31-2017

DEC 14 2017

Original

Operator & OGRID No.: OXY USA INC. - 16696

Amended - Reason for Amendment: **RECEIVED**

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 Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or	Comments
Palladium MDP1 7/6 Federal Com 1H	Pending <u>30-015-44298</u>	Unit M / Lot 4, Sec. 7, T24S, R31E	609 FSL 682 FWL	3,229	0	
Palladium MDP1 7/6 Federal Com 2H	Pending <u>30-015-44299</u>	Unit M / Lot 4, Sec. 7, T24S, R31E	609 FSL 742 FWL	3,229	0	
Palladium MDP1 7/6 Federal Com 3H	Pending <u>30-015-44292</u>	Unit C, Sec. 18, T24S, R31E	169 FNL 2255 FWL	3,229	0	
Palladium MDP1 7/6 Federal Com 4H	Pending <u>30-015-44295</u>	Unit C, Sec. 18, T24S, R31E	169 FNL 2285 FWL	3,229	0	
Palladium MDP1 7/6 Federal Com 5H	Pending <u>30-015-44294</u>	Unit P, Sec. 7, T24S, R31E	293 FSL 592 FEL	3,229	0	
Palladium MDP1 7/6 Federal Com 6H	Pending <u>30-015-44293</u>	Unit P, Sec. 7, T24S, R31E	293 FSL 562 FEL	3,229	0	

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, where a gas transporter system is in place. The gas produced from production facility is dedicated to Enterprise Field Services, LLC (“Enterprise”) and is connected to Enterprise gathering system located in Eddy County, New Mexico. OXY USA INC. (“OXY”) provides (periodically) to Enterprise a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, OXY and Enterprise have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Enterprise Processing Plant located in Sec. 36, Twn. 24S, Rng. 30E, Eddy 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 Enterprise system at that time. Based on current information, it is OXY's belief the system can take this gas upon completion of the well(s).