

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

OIL CONSERVATION
ARTESIA DISTRICT

GAS CAPTURE PLAN

MAR 05 2018

Date: 9-6-2017

☒ Original

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

RECEIVED

☐ 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: 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 Vented	Comments
Pecos Valley CC 7 Federal Com #25H <u>30 015-44790</u>	Pending	Unit L Sec 8 T24S R29E	2163 FSL 560 FWL	3,200	0	
Pecos Valley CC 7 Federal Com #26H	Pending	Unit L Sec 8 T24S R29E	2106 FSL 577 FWL	3,200	0	
Pecos Valley CC 9-8 Federal Com #23H	Pending	Unit L Sec 8 T24S R29E	2134 FSL 569 FWL	3,200	0	

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 Enterprise Field Services, LLC ("Enterprise") and will be connected to Enterprise low/high pressure gathering system located in Eddy County, New Mexico. It will require 2,500' of pipeline to connect the facility to low/high pressure gathering system. 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 OXY USA WTP LP Processing Plant located in Sec. 23, Twn. 21S, Rng 23E, 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).

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

EAKING, CALIFORNIA
 FROM THE INTERSECTION OF US HIGH
 #905 AND BLACK RIVER, CALAGE ROAD IN
 MARACA GO EAST ON CALAGE ROAD 4 MILES
 FOR 1.5 MILES TURN RIGHT ON CALAGE
 ROAD ROAD 6746 (ORANGE) ROAD 6746 GO
 SOUTH FOR 3.5 MILES TURN RIGHT
 SOUTHEAST EAST FOR 1.5 MILES TURN
 LEFT ON COUNTY ROAD 400 100 YD.
 ROAD AND TURN RIGHT FOR 1.5
 MILES TURN LEFT AND GO SOUTHWEST FOR
 1.5 MILES TURN LEFT ON COUNTY ROAD
 ROAD AND GO SOUTHWEST 1.5 MILES LEFT
 TO LOCATION

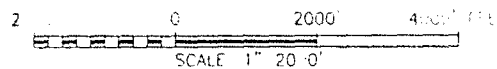


I, TERRY J. ASEL, NEW MEXICO PROFESSIONAL SURVEYOR NO. 15078, DO HEREBY CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY. THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND MEETS THE "MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO" AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND SURVEYORS.

Terry J. Abel 7/18/2017
Terry J. Abel N.M.R.P.L.S. No. 15079

LEGEND

• UNITED FRONT MOVEMENT AT WORK



OXY USA INC.

PECOS VALLEY CC "7" FEDERAL #2514
LOCATED AT 2163' FSL & 560' FWL IN
SECTION 8, TOWNSHIP 24 SOUTH, RANGE 29
EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 06/06/17	Sheet 1 of 1 Sheets
W.O. Number: 170606WL-a	Drawn By: KA Rev
Date: 07/11/17	170606WL a Scale: 1"=200'