

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

NM OIL CONSERVATION
ARTESIA DISTRICT
JUN 27 2018
RECEIVED

GAS CAPTURE PLAN

Date: 2-20-2018

☒ Original

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

☐ 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 Vent	Comments
Patton MDP1 17 Federal 174H 30-015-45077	Pending	B – 17 – 24S – 31E	772 FNL 1367 FEL	3719	0	
Patton MDP1 17 Federal 175H	Pending	B – 17 – 24S – 31E	772 FNL 1332 FEL	3719	0	
Patton MDP1 17 Federal 176H	Pending	B – 17 – 24S – 31E	772 FNL 1297 FEL	3719	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 low/high pressure 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's 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).

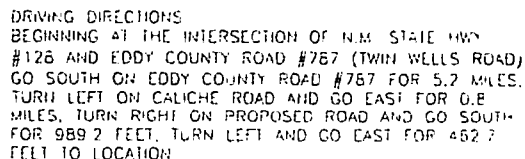
Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

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

Log of Bearings: GPS Geodetic Measurements
NM East Zone (EJ) North American Datum of 1983



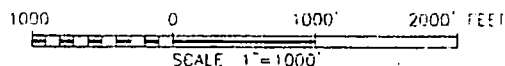
I, TERRY J ASEI, NEW MEXICO PROFESSIONAL SURVEYOR NO 15078, DO HEREBY CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND MEETS THE "MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO" AS ADOPTED BY THE NEW MEXICO STATE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

Terry J. Asch, N.M. R.P.L.S. No. 15078

P O BOX 393 - 310 W TAYLOR
HOBBS, NEW MEXICO - 575-393-9146



⊙ DENOTES FOUND MONUMENT AS NOTED
⊙ - DENOTES CALCULATED CORNER



PATTON MDP1 "17" FEDERAL #174H LOCATED
AT 772' FNL & 1367' FEL IN SECTION 17,
TOWNSHIP 24 SOUTH, RANGE 31 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 10/30/17	Sheet 1 of 1 Sheets
W.O. Number: 171030WL--a (Rev. A)	Drawn By: KA Rev: A
Date: 01/19/18	1"=1000'