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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 CONSERVA
ARTESIA DISTRICT

DEC 12 2018

GAS CAPTURE PLAN

X Original Operator & OGRID No.: CHEVRON U S A INC 4323

RECEIVED

☐ Amended

Date: 09/17/2018

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: A C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule 19.15.18.12.A

Well(s)/Production Facility – SND Section 12 CTB

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
SND 12 01 FED 002 No. 1H (WCA) <i>30-015-415510</i>	Pending	UL:N, SEC 12, T24S, R31E	982' FSL, 1640' FWL	5000	0	
SND 12 01 FED 002 No. 2H (WCA)	Pending	UL:N, SEC 12, T24S, R31E	983' FSL, 1665' FWL	5000	0	
SND 12 01 FED 002 No. 3H (WCA)	Pending	UL:N, SEC 12, T24S, R31E	984' FSL, 2178' FEL	5000	0	

Gathering System and Pipeline Notification

These Pad 2 wells will be connected to Chevron's SND Section 12 CTB production facility located in Section 12, T24S – R31E, Eddy County, New Mexico during flowback and production.

Gas produced from the production facility will be dedicated to DCP Operating Company, LP (DCP) and will be connected to DCP's high pressure gathering system located in Eddy County, New Mexico. Produced gas will be processed at one or more of DCP's New Mexico gas plants located in Eddy and Lea Counties. Chevron periodically provides DCP estimated production forecasts for wells that are scheduled to be drilled in the foreseeable future. In addition, Chevron and DCP have periodic conference calls to discuss changes to the forecasts.

Flowback Strategy

After the fracture treatment/completion operations, wells will be turned to permanent production facilities. Wells will have temporary sand catchers (separators) that will be installed at the well location to prevent sand from getting into the flowlines. These sand separators will be blown down periodically which will result in minimal venting of gas. Gas sales will start as soon as the wells start flowing through the production facilities unless there are operational issues with DCP's system at that time. Based on current information, it is Chevron'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 and trucked from condensate tanks
 - Plants are expensive and uneconomical to operate when gas volume declines.
 - Any residue gas that results in the future may be flared.