

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: 5/28/2018

**MAY 29 2018**

☒ Original  
☐ Amended - Reason for Amendment: \_\_\_\_\_

Operator & OGRID No.: Hilcorp Energy Company 372171

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
Palluche HZMC 1H	30-039-31138	Surf:B-35-26N-7W BH:C-34-26N-7W	Surf: 1042' FNL, 2088' FEL BH: 790' FNL, 2242' FWL	3MM MFC/D	Vented	

**Gathering System and Pipeline Notification**

This is a recomplete of a producing gas well. Gas production, sales and transportation infrastructure is already in place. The gas is dedicated to Williams and will be connected to their gathering system located in San Juan County, New Mexico. Gas from these wells will be processed at IGNACIO Processing Plant located in Sec. 22, Twn. 35N, Rng. 09W, La Plata County, New Mexico.

**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 routed to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on Williams system at that time. Based on current information, it is Hilcorp'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, to operate when gas volume declines

**DENIED**

Kate Pickford