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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

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to Appropriate
District Office

HOBBS OCD
FEB 26 2020
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GAS CAPTURE PLAN

Date: 1-21-2019

☒ 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 – Red Tank 27-28 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
Taco Cat 27_34 Fed Com #12H	Pending	Unit B Sec. 27 T22S R32E	280'FNL 2380'FEL	4,400	0	
Taco Cat 27_34 Fed Com #13H	Pending	Unit B Sec. 27 T22S R32E	280'FNL 2345'FEL	4,400	0	
Taco Cat 27_34 Fed Com #22H	Pending	Unit C Sec. 27 T22S R32E	520'FNL 1880'FWL	2,200	0	
Taco Cat 27_34 Fed Com #23H	Pending	Unit C Sec. 27 T22S R32E	520'FNL 1915'FWL	2,200	0	
Taco Cat 27_34 Fed Com #32H	Pending	Unit C Sec. 27 T22S R32E	340'FNL 1880'FWL	4,300	0	
Taco Cat 27_34 Fed Com #33H	Pending	Unit C Sec. 27 T22S R32E	340'FNL 1915'FWL	4,300	0	
Taco Cat 27_34 Fed Com #11H	30-025-44933	Unit D Sec. 27 T22S R32E	260'FNL 855'FWL	3,000	0	
Taco Cat 27_34 Fed Com #21H	30-025-44934	Unit D Sec. 27 T22S R32E	260'FNL 785'FWL	1,300	0	
Taco Cat 27_34 Fed Com #31H	30-025-44935	Unit D Sec. 27 T22S R32E	260'FNL 820'FWL	1,300	0	
Lion Oil 28_33 Fed Com # 24H	Pending	Unit A Sec. 28 T22S R32E	911'FNL 1155'FEL	2,200	0	
Lion Oil 28_33 Fed Com # 25H	Pending	Unit A Sec. 28 T22S R32E	919'FNL 1121'FEL	2,200	0	
Lion Oil 28_33 Fed Com # 34H	Pending	Unit B Sec. 28 T22S R32E	225'FNL 1550'FEL	4,300	0	
Lion Oil 28_33 Fed Com # 35H	Pending	Unit B Sec. 28 T22S R32E	255'FNL 1515'FEL	4,300	0	
Lion Oil 28_33 Fed Com # 14H	Pending	Unit B Sec. 28 T22S R32E	835'FNL 1456'FEL	4,400	0	
Lion Oil 28_33 Fed Com # 15H	Pending	Unit B Sec. 28 T22S R32E	844'FNL 1422'FEL	4,400	0	
Lion Oil 28_33 Fed Com # 16H	Pending	Unit B Sec. 28 T22S R32E	852'FNL 1388'FEL	4,400	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 DCP Midstream, LP ("DCP") and is connected to DCP's low pressure gathering system located in Lea, New Mexico. OXY USA INC. ("OXY") provides (periodically) to DCP a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, OXY and DCP have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at DCP's Processing Plant located in Sec. 30, 31 T22S R32E Lea 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 DCP's 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