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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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit Original
to Appropriate
District Office

HOBBS OCD

DEC 16 2019

GAS CAPTURE PLAN

RECEIVED

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

☐ Amended

Date: 04/18/2019

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 – Dagger Lake CTB #4

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
DL 4 33 LOCH NESS FED COM P1 4H	Pending	UL:O, SEC 4, T22S-R33E	264' FSL, 1347' FEL	4,800	0	
DL 4 33 LOCH NESS FED COM P1 5H	Pending	UL:P, SEC 4, T22S-R33E	264' FSL, 1297' FEL	4,800	0	
DL 4 33 LOCH NESS FED COM P1 6H	Pending	UL:P, SEC 4, T22S-R33E	264' FSL, 1247' FEL	4,800	0	
DL 9 16 LOCH NESS FED COM P1 16H	Pending	UL:O, SEC 4, T22S-R33E	263' FSL, 1372' FEL	4,800	0	
DL 9 16 LOCH NESS FED COM P1 17H	Pending	UL:O, SEC 4, T22S-R33E	264' FSL, 1322' FEL	4,800	0	
DL 9 16 LOCH NESS FED COM P1 18H <i>70-026-46649</i>	Pending	UL:P, SEC 4, T22S-R33E	264' FSL, 1272' FEL	4,800	0	

Gathering System and Pipeline Notification

These wells will be connected to Chevron's Dagger Lake CTB #4 production facility located in Sec 4, T22S-R33E, Lea County, New Mexico during flowback and production. A vendor to handle gas produced from the production facility is to be determined. An amendment will be submitted to the NMOCD once a determination has been made.

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 Enterprise'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.

- 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.