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
JAN 22 2018
RECEIVED

GAS CAPTURE PLAN

Date: 10/17/2017

☐ Original
☐ Amended - Reason for Amendment:

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

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

Note: A 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
Corral Canyon 36-25 Federal Com #31H	Pending	Lot 3, Sec 1, T25S, R29E	561 FNL 1493 FWL	3200	0	
Corral Canyon 36-25 Federal Com #32H	Pending	Lot 3, Sec 1, T25S, R29E	561 FNL 1528 FWL	3200	0	
Corral Canyon 36-25 Federal Com #33H	Pending	Lot 3, Sec 1, T25S, R29E	561 FNL 1563 FWL	3200	0	
Corral Canyon 36-25 Federal Com #34H	Pending	Lot 1, Sec 1, T25S, R29E	1120 FNL 1284 FEL	3200	0	
Corral Canyon 36-25 Federal Com #35H 30-015-44645	Pending	Lot 1, Sec 1, T25S, R29E	1120 FNL 1249 FEL	3200	0	
Corral Canyon 36-25 Federal Com #36H	Pending	Lot 1, Sec 1, T25S, R29E	1120 FNL 1214 FEL	3200	0	

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to ETC Texas Pipeline, LTD ("ETC") and will be connected to ETC's high pressure gathering system located in Eddy County, New Mexico. It will require 60,000' of pipeline to connect the facility to the high pressure gathering system. OXY USA WTP Limited Partnership ("OXY") provides (periodically) to ETC a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, OXY and ETC have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at ETC's Orla Processing Plant located in Reeves County, Texas. 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 ETC system at that time. Based on current information, it is Operator'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