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: 8-10-2017

☒ 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: 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
Corral Fly 35-26 Federal Com #21H	Pending 30-015-44702	Lot 4, Sec. 2, T25S, R29E	694 FNL 1248 FWL	3,238	0	
Corral Fly 35-26 Federal Com #22H	Pending	Lot 4, Sec. 2, T25S, R29E	694 FNL 1278 FWL	3,238	0	
Corral Fly 35-26 Federal Com #23H	Pending	Lot 4, Sec. 2, T25S, R29E	694 FNL 1308 FWL	3,238	0	
Corral Fly 35-26 Federal Com #24H	Pending	Lot 1, Sec. 2, T25S, R29E	314 FNL 1307 FEL	3,238	0	
Corral Fly 35-26 Federal Com #25H	Pending	Lot 1, Sec. 2, T25S, R29E	314 FNL 1277 FEL	3,238	0	
Corral Fly 35-26 Federal Com #26H	Pending	Lot 1, Sec. 2, T25S, R29E	314 FNL 1247 FEL	3,238	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 expected be in place. OXY USA WTP Limited Partnership ("OXY") has begun discussion with third-party gas processors and currently has two (2) potential gas gathering pipeline options. The gas produced from the production facility will be connected to a low/high pressure gathering system and processed at a processing plant. 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 Gatherer 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).

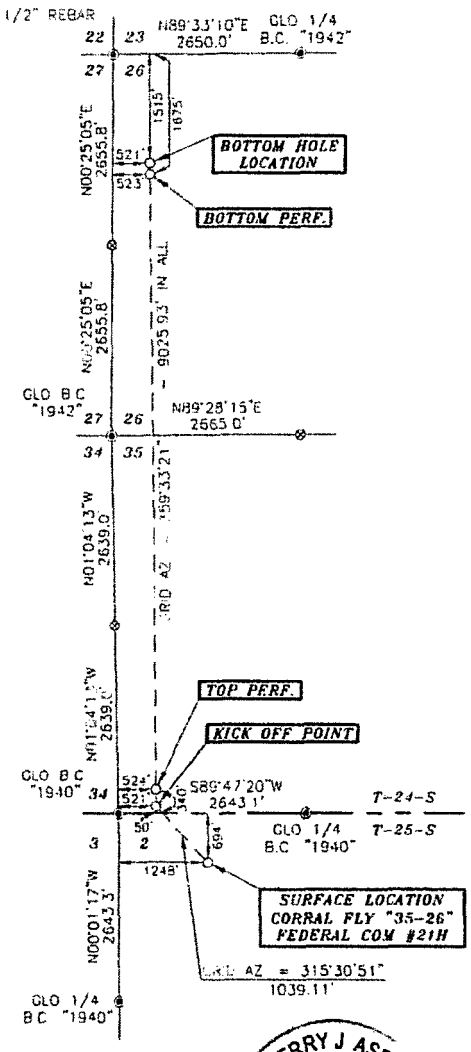
Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

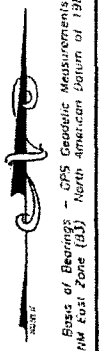
Alternatives to Reduce Flaring

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

SECTION 2, TOWNSHIP 25 SOUTH, RANGE 29 EAST, N.M.P.M., SECTIONS 26 & 35, TOWNSHIP 24 SOUTH, RANGE 29 EAST, N.M.P.M.,
EDDY COUNTY NEW MEXICO





DRIVING DIRECTIONS:
FROM THE INTERSECTION OF U.S. HWY. #285 AND BLACK RIVER VILLAGE ROAD IN MALAGA, GO EAST ON COUNTY ROAD #720 FOR 1.3 MILES, TURN RIGHT ON COUNTY ROAD #746 (MCDONALD ROAD) AND GO SOUTH FOR 0.8 MILES, CONTINUE SOUTHEAST/EAST FOR 4.8 MILES, CURVE TO THE LEFT FOR 0.4 MILES, TURN LEFT AND GO WEST FOR 0.1 MILES, TURN RIGHT AND GO NORTH FOR 0.7 MILES, TURN RIGHT AND GO EAST FOR 0.9 MILES, TURN RIGHT AND GO SOUTHEAST FOR 3.3 MILES, TURN RIGHT AND GO SOUTHWEST FOR 0.1 MILES, TURN LEFT AND GO SOUTHEAST FOR 1.6 MILES, TURN RIGHT AND GO SOUTHWEST FOR 1.4 MILES, TURN LEFT AND GO SOUTH FOR 0.7 MILES, TURN RIGHT AND GO WEST FOR 0.6 MILES, CONTINUE NORTHWEST FOR 0.7 MILES, CONTINUE WEST FOR 1.3 MILES, TURN LEFT ON PROPOSED ROAD AND GO SOUTH FOR 17.0 FEET TO LOCATION

TERRY J ASEL NEW MEXICO 15079 REGISTERED PROFESSIONAL LAND SURVEYOR

SURVEYORS CERTIFICATE

I, TERRY J ASEL, NEW MEXICO PROFESSIONAL SURVEYOR NO. 15079, DO HEREBY CERTIFY THAT I CONDUCTED AND AM RESPONSIBLE FOR THIS SURVEY, THAT THIS SURVEY IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND MEETS THE "MINIMUM STANDARDS FOR SURVEYING IN NEW MEXICO" AS ADOPTED BY THE NEW MEXICO STATE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND SURVEYORS

Terry J Asel 7/10/2017

Terry J Asel, N.M. R.P.L.S No 15079

Asel Surveying

LEGEND

◉ - DENOTES FOUND MONUMENT AS NOTED
⊗ - DENOTES CALCULATED CORNER

2000' 0 2000' 4000' FEET

SCALE: 1"=2000'

OXY USA INC.

CORRAL FLY "35-26" FEDERAL COM #21H
LOCATED AT 694' FNL & 1248' FWL IN
SECTION 2, TOWNSHIP 25 SOUTH, RANGE 29
EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO

Survey Date: 05/15/17	Sheet 1 of 1 Sheets