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
OCT 17 2018

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GAS CAPTURE PLAN

☒ Original Operator: Apache Corporation OGRID No: 873 Date: 10/17/2018

☐ Amended Date: _____

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, recomplete 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 – 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
Palmillo 14-15 State 302H	30-015 45341	Sec 15 T19S R28E	1775' FSL & 300' FWL	1400	Flared	Flared only in emergency
Palmillo 14-15 State 303H		Sec 15 T19S R28E	1796' FSL & 321' FWL	1400	Flared	Flared only in emergency
Palmillo 14-15 State 304H		Sec 15 T19S R28E	1750' FNL & 200' FWL	1400	Flared	Flare only in emergency
Palmillo 14-15 State 307H		Sec 14 T19S R28E	631' FSL & 351' FWL	1400	Flared	Flared only in emergency
Palmillo 14-15 State Com 305H		Sec 15 T19S R28E	1720' FNL & 200' FWL	1400	Flared	Flared only in emergency
Palmillo 14-15 State Com 306H		Sec 15 T19S R28E	819' FNL& 210' FWL	1400	Flared	Flared only in emergency

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 **DCP MIDSTREAM LP** and will be connected to **DCP MIDSTREAM'S LOW** pressure gathering system located in **EDDY** County, New Mexico. It will require **15,000** ft of pipeline to connect the facility to **LOW** pressure gathering system. Apache Corporation provides (periodically) to **DCP MIDSTREAM, LP** a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Apache Corporation and **DCP MIDSTREAM, LP** have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at **DCP ARTESIA** Processing Plant located in **Sec. 7, Twp 18S, Rng 28E, EDDY 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 MIDSTREAM, LP** system at that time. Based on current information, it is Apache Corporation'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 leasePlants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines