RECEIVED

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

JAN 09 2019

Submit Original to Appropriate District Office

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

DISTRICT II-ARTESIA O.C.D.

GAS CAPTURE PLAN

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

☐ Amended Date: 11/30/2018

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 – HHNM CTB 35 Train 2

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location	Footages	Expected MCF/D	Flared or Vented	Comments
HH CE 26 23 FED 002 No. 001H 30-015-45600	Pending	UL:B, SEC 35, T25S-R27E	300' FNL, 2222' FEL	5000	0	Wolfcamp C
HH CE 26 23 FED 002 No. 002H	Pending	UL:B, SEC 35, T25S-R27E	297' FNL, 2197' FEL	7000	0	Wolfcamp D
HH CE 26 23 FED 002 No. 003H	Pending	UL:B, SEC 35, T25S-R27E	295' FNL, 2172' FEL	5000	0	Wolfcamp C
HH CE 26 23 FED 002 No. 004H	Pending	UL:B, SEC 35, T25S-R27E	293' FNL, 2067' FEL	7000	0	Wolfcamp D

Gathering System and Pipeline Notification

These wells will be connected to Chevron's HHNM CTB 35 (Train 2) production facility located in Sec 35, T25S, R27E, Eddy County, New Mexico during flowback and production. Gas produced from the production facility is dedicated to Enterprise GC, LLC (Enterprise) and will be connected to Enterprise's high pressure gathering system located in Eddy County, New Mexico. Produced gas will be processed at Enterprise's Orla, Texas gas plant located in Abstract 3895476, T&P RR Co Survey No. 30, Block 56 T2, Reeves County, Texas. Chevron periodically provides Enterprise a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Chevron and Enterprise have periodic conference calls to discuss changes to the drilling and completion schedules.

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.