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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

Submit Original  
to Appropriate  
District Office

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

NM OIL CONSERVA  
ARTESIA DISTRICT

DEC 12 2018

**GAS CAPTURE PLAN**

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

**RECEIVED**

Amended

Date: 09/17/2018

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 – SND Section 12 CTB**

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 |
|---|---------|-----------------------------|------------------------|----------------|------------------|----------|
| SND 12 01 FED 002<br>No. 1H (WCA) <i>30-015-15510</i> | Pending | UL:N, SEC 12,<br>T24S, R31E | 982' FSL,<br>1640' FWL | 5000           | 0                |          |
| SND 12 01 FED 002<br>No. 2H (WCA)                     | Pending | UL:N, SEC 12,<br>T24S, R31E | 983' FSL,<br>1665' FWL | 5000           | 0                |          |
| SND 12 01 FED 002<br>No. 3H (WCA)                     | Pending | UL:N, SEC 12,<br>T24S, R31E | 984' FSL,<br>2178' FEL | 5000           | 0                |          |

**Gathering System and Pipeline Notification**

These Pad 2 wells will be connected to Chevron's SND Section 12 CTB production facility located in Section 12, T24S – R31E, Eddy County, New Mexico during flowback and production.

Gas produced from the production facility will be dedicated to DCP Operating Company, LP (DCP) and will be connected to DCP's high pressure gathering system located in Eddy County, New Mexico. Produced gas will be processed at one or more of DCP's New Mexico gas plants located in Eddy and Lea Counties. Chevron periodically provides DCP estimated production forecasts for wells that are scheduled to be drilled in the foreseeable future. In addition, Chevron and DCP have periodic conference calls to discuss changes to the forecasts.

**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 DCP'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.

- 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 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.