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
MAY 21 2018
RECEIVED

GAS CAPTURE PLAN

☐ Original Operator & OGRID No.: CHEVRON U S A INC 4323
☐ Amended Date: 05/21/2018
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

Wells / Production Facility – CULEBRA BLUFF EAST CTB (SECTION 8)

The wells 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
CB SE 5 32 FED COM 3 1H (WCA)	Pending	UL: N, SEC 5, T24S, R29E	295' FSL, 1542' FWL	2,500	0	
CB SE 5 32 FED COM 3 2H (WCA)	Pending 30-015-44975	UL: N, SEC 5, T24S, R29E	295' FSL, 1567' FWL	2,500	0	
CB SE 5 32 FED COM 3 3H (WCA)	Pending	UL: N, SEC 5, T24S, R29E	295' FSL, 1592' FWL	2,500	0	

Gathering System and Pipeline Notification

These Culebra Bluff East Pad 3 wells will be connected to Chevron's Culebra Bluff East CTB Train 2 (Section 8) production facility located in Sec. 8, T24S, R29E, Eddy County, New Mexico during flowback and production. Gas produced from the production facility will be dedicated to Targa Delaware LLC ("Targa") and connected to Targa's high pressure gathering system located in Eddy County, New Mexico. Produced gas will be processed initially at Sendero Carlsbad Midstream LP Processing Plant located in Sec 32, T23S, R28E of Eddy County, New Mexico and other plants operated by Targa which are connected to the high pressure gathering system until approximately 3Q 2019 when it will be routed to Targa's new Falcon Plant located in northeast Culberson County, Texas. The actual flow of the gas will be based on compression operating parameters and gathering system pressures. Chevron will periodically provide Targa a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Chevron and Targa will have periodic conference calls to discuss changes to the drilling and completion schedules.

Flowback Strategy

After the fracture treatment/completion operations, wells will be routed to the 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 Targa'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.