

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

RECEIVED

SEP 12 2018

GAS CAPTURE PLAN

DISTRICT II-ARTESIA O.C.D.

Date: 06-07-2018

☒ Original

Operator & OGRID No.: OXY USA INC. - 16696

☐ Amended - 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: 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 Vent | Comments |
|--------------------------------|---------|-----------------------|---------------------|----------------|----------------|----------|
| Iridium MDP1 28-21 Fd Com 172H | Pending | D-33-23S-31E | 270 FNL 869 FWL | 3719 | 0 | |
| Iridium MDP1 28-21 Fd Com 173H | Pending | C-33-23S-31E | 249 FNL 2404 FWL | 3719 | 0 | |
| Iridium MDP1 28-21 Fd Com 174H | Pending | C-33-23S-31E | 249 FNL 2439 FWL | 3719 | 0 | |
| Iridium MDP1 28-21 Fd Com 175H | Pending | A-33-23S-31E | 276 FNL 599 FEL | 3719 | 0 | |
| Iridium MDP1 28-21 Fd Com 176H | Pending | A-33-23S-31E | 276 FNL 564 FEL | 3719 | 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 in place. The gas produced from production facility is dedicated to Enterprise Field Services, LLC ("Enterprise") and is connected to Enterprise low/high pressure gathering system located in Eddy County, New Mexico. OXY USA INC. ("OXY") provides (periodically) to Enterprise a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, OXY and Enterprise have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at Enterprise's Processing Plant located in Sec. 36, Twn. 24S, Rng. 30E, 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 Enterprise 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).

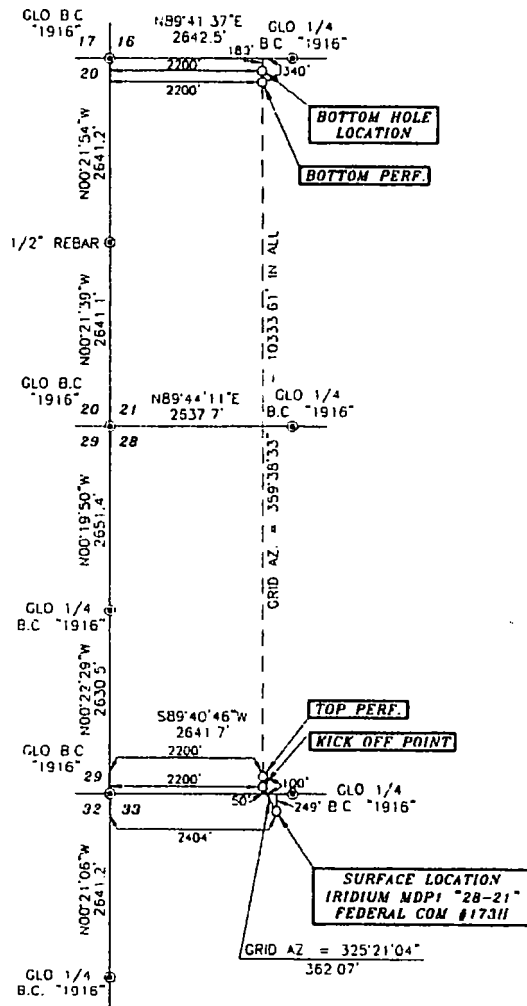
Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

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

SECTIONS 33, 28 & 21, TOWNSHIP 23 SOUTH, RANGE 31 EAST, N.M.P.M.,
EDDY COUNTY
NEW MEXICO



DRIVING DIRECTIONS:
BEGINNING AT THE INTERSECTION OF
N.M. STATE HWY. #128 AND EDDY
COUNTY ROAD #787 (TWIN WELLS
ROAD), GO SOUTHEAST ON N.M.
STATE HWY. #128 FOR 1.1 MILES,
TURN RIGHT ON CALICHE ROAD AND
GO SOUTH FOR 1.5 MILES, TURN
LEFT AND GO EAST FOR 0.3 MILES,
CONTINUE EAST ON PROPOSED ROAD
FOR 615.8 FEET TO LOCATION.



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 5/1/2018
Terry J. Asel N.M. R.P.L.S. No. 15079

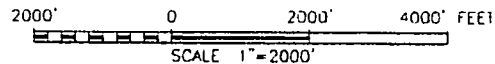
Asel Surveying

P.O. BOX 393 - 310 W. TAYLOR
HOBBS NEW MEXICO - 575-393-9146



LEGEND

⊙ - DENOTES FOUND MONUMENT AS NOTED



OXY USA INC.

IRIDIUM MDP1 "28-21" FEDERAL COM #173H
LOCATED AT 249' FNL & 2404' FWL IN SECTION
33, TOWNSHIP 23 SOUTH, RANGE 31 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO

| | |
|-------------------------|----------------------------|
| Survey Date: 02/02/18 | Sheet 1 of 1 Sheets |
| W.O. Number: 180202WL-1 | Drawn By: KA Rev: |
| Date: 04/02/18 | 180202WL-1 Scale: 1"=2000' |

Basis of Bearings - GPS Geodetic Measurements
NAD 83 Zone 12N North American Datum of 1983