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

NOV 06 2017

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# GAS CAPTURE PLAN

Date: 5-31-2017

☒ 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 orVent | Comments |
|---|---|---|---|---|---|---|
| Mesa Verde 13 Federal #1H | Pending | Unit M, Sec 13 T24S 32E | 170 FSL 848 FWL | 3229 | 0 | |
| Mesa Verde 13 Federal #2H | Pending | Unit M, Sec 13 T24S 32E | 170 FSL 878 FWL | 3229 | 0 | |
| Mesa Verde 13 Federal #3H | Pending | Unit N, Sec 13 T24S 32E | 170 FSL 2623FWL | 3229 | 0 | |
| Mesa Verde 13 Federal #4H | Pending | Unit O, Sec 13 T24S 32E | 170 FSL 2631FEL | 3229 | 0 | |
| Mesa Verde 13 Federal #5H 30-015-44550 | Pending | Unit P, Sec 13 T24S 32E | 170 FSL 885 FEL | 3229 | 0 | |
| Mesa Verde 13 Federal #6H | Pending | Unit P, Sec 13 T24S 32E | 170 FSL 855 FEL | 3229 | 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 expected be in place. OXY USA INC. ("OXY") has begun discussion with third-party gas processors and currently has four (4) potential gas gathering pipeline options. The gas produced from the production facility will be connected to a low/high pressure gathering system and processed at a processing plant. 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 Gas Transporter 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