

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

GAS CAPTURE PLAN

Date: 8-24-2017

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 or Vented	Comments
Corral Fly 35-26 Federal Com #31H <i>30-015-44726</i>	Pending	Lot 4, Sec. 2, T25S, R29E	694 FNL 1008 FWL	3,238	0	
Corral Fly 35-26 Federal Com #32H	Pending	Lot 4, Sec. 2, T25S, R29E	694 FNL 1038 FWL	3,238	0	
Corral Fly 35-26 Federal Com #33H	Pending	Lot 4, Sec. 2, T25S, R29E	694 FNL 1068 FWL	3,238	0	
Corral Fly 35-26 Federal Com #34H	Pending	Lot 1, Sec. 2, T25S, R29E	434 FNL 1308 FEL	3,238	0	
Corral Fly 35-26 Federal Com #35H	Pending	Lot 1, Sec. 2, T25S, R29E	434 FNL 1278 FEL	3,238	0	
Corral Fly 35-26 Federal Com #36H	Pending	Lot 1, Sec. 2, T25S, R29E	434 FNL 1248 FEL	3,238	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 ETC Texas Pipeline (“ETC”) and is connected to ETC low/high pressure gathering system located in Eddy County, New Mexico. OXY USA WTP INC. (“OXY”) provides (periodically) to ETC a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, OXY and ETC have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at ETC Orla Processing Plant located in Sec. 35, Block. 57 T2S T&P RR CO, Reeves County, Texas. 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 ETC 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

- b. If the well is deemed commercially productive, caliche from the areas of the pad site not required for operations will be reclaimed. The original topsoil will be returned to the area of the drill pad not necessary to operate the well. These unused areas of the drill pad will be contoured, as close as possible, to match the original topography, and the area will be seeded with an approved BLM mixture to re-establish vegetation.

11. Surface Ownership:

The surface is owned by the State of New Mexico. The surface is multiple use with the primary uses of the region for the grazing of livestock and the production of oil and gas. The surface is leased to: Richardson Land & Cattle (JR Engineering & Construction), P.O. Box 487, Carlsbad, NM 88221. They will be notified of our intention to drill prior to any activity.

12. Other Information:

- a. The vegetation cover is generally sparse consisting of mesquite, yucca, shinnery oak, sandsage and perennial native range grass. The topsoil is sandy in nature. Wildlife in the area is also sparse consisting of deer, coyotes, rabbits, rodents, reptiles, dove and quail.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within one mile of the proposed well site.
- d. Cultural Resources Examination–This well is located on State of New Mexico land. This well shares the same pad as the Corral Fly 35-26 Federal Com. #21H, 22H, 23H, 32H, 33H.
- e. Copy of this application has been mailed to SWCA Environmental Consultants, 5647 Jefferson St. NE, Albuquerque, NM 87109. No Potash leases within one mile of surface location.

13. Bond Coverage:

Bond coverage is Individual-NMB000862, Nationwide-ESB00226.

14. Operators Representatives:

The OXY Permian representatives responsible for ensuring compliance of the surface use plan are listed below:

Van Barton
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Manager Asset
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