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

HOBBS OCD
OCT 20 2017
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GAS CAPTURE PLAN

☐ Original
New Drills

☐ Amended
Reason for Amendment:

Operator & OGRID No.: Chevron U.S.A. Inc 4323

Date: 08/23/2017

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 – 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
SD EA 18 19 FED COM P13 8H	NEW	D,Sec18,T26S, R33E	455 FNL 1151 FWL	2486	0	
SD EA 18 19 FED COM P13 9H	NEW	D,Sec 18,T26S, R33E	455 FNL 1176 FWL	2732	0	
SD EA 18 19 FED COM P13 10H	NEW 30-025-44130	D,Sec 18,T26S R33E	455 FNL 1201 FWL	2486	0	
SD EA 18 19 FED COM P13 10H	NEW	D,Sec 18,T26S R33E	455 FNL 1226 FWL	2732	0	

Gathering System and Pipeline Notification

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to Delaware Basin Midstream, LLC (DBM) and will be connected to DBM's low/high pressure gathering system located in Lea County, New Mexico. It will require 500' of pipeline to connect the facility to low/high pressure gathering system. Chevron U.S.A. provides (periodically) to DBM a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Chevron U.S.A. and DBM have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at DBM's Ramsey Processing Plant located in Sec. 36, Block 57-T1, 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 permanent production facilities. Temporary sand separation equipment will be installed at the well and will be blown down to an atmospheric tank as needed during the initial flow period. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on the DBM 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
  - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines