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1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87403  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Submit Original  
to Appropriate  
District Office

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

**HOBBS OCD**  
**OCT 20 2017**  
**RECEIVED**

**GAS CAPTURE PLAN**

Original  
New Drills \_\_\_\_\_  
Operator & OGRID No.: Chevron U.S.A. Inc 4323  
 Amended  
Date: 08/23/2017  
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

**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 P14 12H	NEW	B,SEC 18,T26S R33E	455 FNL 2605 FEL	2486	0	
SD EA 18 19 FED COM P14 13H	NEW	B,SEC 18, T26S R33E	455 FNL 2580 FEL	2732	0	
SD EA 18 19 FED COM P14 14H	NEW	B,SEC 18, T26S, R33E	455 FNL 2555 FEL	2486	0	
SD EA 18 19 FED COM P14 15H	NEW <sup>30-</sup> <sub>024-44134</sub>	B,SEC 18, T26S, R33E	455 FNL 2530 FEL	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