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
MAY 23 2018
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GAS CAPTURE PLAN

☒ Original Operator: Apache Corporation OGRID No: 873 Date: 7/17/2017
☐ Amended Date: _____
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
Onion Knight Federal Com 201H	30-025-44859	Sec 4 T22S R34E	150' FSL & 1025' FWL	800	Flared	Flared only in an emergency
Onion Knight Federal Com 202H		Sec 4 T22S R34E	150' FSL & 2315' FWL	800	Flared	Flared only in an emergency
Onion Knight Federal Com 203H		Sec 4 T22S R34E	150' FSL & 1675' FEL	800	Flared	Flared only in an emergency
Onion Knight Federal Com 204H		Sec 4 T22S R34E	277' FSL & 344' FEL	800	Flared	Flared only in an emergency

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 **DCP MIDSTREAM, LP** and will be connected to **DCP MIDSTREAM'S LOW** pressure gathering system located in **EDDY** County, New Mexico. It will require _____ ft of pipeline to connect the facility to **LOW** pressure gathering system. Apache Corporation provides (periodically) to **DCP MIDSTREAM, LP** a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, Apache Corporation and **DCP MIDSTREAM, LP** have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at **DCP'S ARTESIA** Processing Plant located in **Sec. 7, Twp 18S, Rng 28E, 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 **DCP MIDSTREAM, LP** system at that time. Based on current information, it is Apache Corporation'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