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 09 2019
RECEIVED

# GAS CAPTURE PLAN

Date: 5/7/2019

☒ Original
☐ Amended - Reason for Amendment:

Operator & OGRID No.: OXY USA INC. - 16696

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 |
|---|---|---|---|---|---|---|
| Avogato 30-31 State Com 34H | Pending | B-30-22S-33E | 240 FNL 1820 FEL | 3646 | 0 | |
| Avogato 30-31 State Com 31H | Pending | C-30-22S-33E | 240 FNL 1350 FWL | 3646 | 0 | |
| Avogato 30-31 State Com 35H | Pending | B-30-22S-33E | 240 FNL 1785 FEL | 3646 | 0 | |
| Avogato 30-31 State Com 32H | Pending | C-30-22S-33E | 240 FNL 1385 FWL | 3646 | 0 | |
| Avogato 30-31 State Com 21H | Pending | C-30-22S-33E | 420 FNL 1350 FWL | 2123 | 0 | |
| Avogato 30-31 State Com 33H | Pending 30-024-45925 | C-30-22S-33E | 240 FNL 1420 FWL | 3646 | 0 | |
| Avogato 30-31 State Com 22H | Pending | C-30-22S-33E | 420 FNL 1385 FWL | 2123 | 0 | |
| Avogato 30-31 State Com 4H | Pending | A-30-22S-33E | 160 FNL 1120 FEL | 1728 | 0 | |
| Avogato 30-31 State Com 13H | Pending | B-30-22S-33E | 160 FNL 2375 FEL | 2299 | 0 | |
| Avogato 30-31 State Com 23H | Pending | C-30-22S-33E | 420 FNL 1420 FWL | 2123 | 0 | |
| Avogato 30-31 State Com 24H | Pending | B-30-22S-33E | 420 FNL 1820 FEL | 2123 | 0 | |
| Avogato 30-31 State Com 11H | Pending | D-30-22S-33E | 160 FNL 885 FWL | 2299 | 0 | |
| Avogato 30-31 State Com 74H | Pending | A-30-22S-33E | 160 FNL 1155 FEL | 1574 | 0 | |
| Avogato 30-31 State Com 14H | Pending | B-30-22S-33E | 160 FNL 2340 FEL | 2299 | 0 | |
| Avogato 30-31 State Com 25H | Pending | B-30-22S-33E | 420 FNL 1785 FEL | 2123 | 0 | |
| Avogato 30-31 State Com 12H | Pending | D-30-22S-33E | 160 FNL 920 FWL | 2299 | 0 | |
| Avogato 30-31 State Com 71H | Pending | C-30-22S-33E | 240 FNL 2195 FWL | 1574 | 0 | |
| Avogato 30-31 State Com 73H | Pending | C-30-22S-33E | 240 FNL 2265 FWL | 1574 | 0 | |
| Avogato 30-31 State Com 1H | Pending | C-30-22S-33E | 420 FNL 2195 FWL | 1728 | 0 | |
| Avogato 30-31 State Com 3H | Pending | C-30-22S-33E | 420 FNL 2265 FWL | 1728 | 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 DCP Midstream, LP ("DCP") and will be connected to DCP's low/high pressure gathering system located in Lea County, New Mexico. OXY USA INC. ("OXY") provides (periodically) to DCP a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, OXY and DCP have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at DCP's Zia Processing Plant located in Sec. 19, Twn. 19S, Rng. 32E, Lea 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's 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