

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

HOBBS OCD

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

Form C-129
Revised August 1, 2011

Submit one copy to appropriate
District Office

NFO Permit No. _____
(For Division Use Only)

APPLICATION FOR EXCEPTION TO NO-FLARE RULE 19.15.18.12

(See Rule 19.15.18.12 NMAC and Rule 19.15.7.37 NMAC)

A. Applicant McElvain Energy Inc.
whose address is: 1050 17th Street Ste 2500, Denver CO, 80265

hereby requests an exception to Rule 19.15.18.12 for 180 90 days or until

_____, Yr _____, for the following described tank battery (or LACT):

Name of Lease: McElvain #9 (025-38481) Name of Pool EK DELAWARE

Location of Battery: Unit Letter F Section 25 Township 18S Range 33E

Number of wells producing into battery 1

B. Based upon oil production of 15 barrels per day, the estimated * volume
of gas to be flared is 43 MCF; Value \$110 per day.

C. Name and location of nearest gas gathering facility:

Frontier Field Services

D. Distance _____ Meter at site _____ Estimated cost of connection _____ Connected/Non-Marketable Gas

E. This exception is requested for the following reasons: Continued crude oil recovery

Frontier Field Services, has denied McElvain access to the pipeline on six wells (McElvain #2, #5, #6, #7, #8, & #9) due to high nitrogen levels (> 4%) present in the gas stream. Since that time, MEI has been working with Frontier on a solution to the high nitrogen issue so gas sales can be resumed. However, no workable solution has been identified at this time. Therefore, MEI is requesting permission to combust a volume of approximately 28 Mcfd, through an enclosed combustor, until which time Frontier Field Services can resume transportation, or MEI can find an alternate transporter, whichever happens first.

OPERATOR

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Signature Tony Cooper

Printed Name
& Title TONY COOPER - SR EHS SPECIALIST

E-mail
Address TONYC@MCELVAIN.COM

OIL CONSERVATION DIVISION

Approved Until 12/18/2016

By Mary Brown

Title Dist. Supervisor

Date 9/19/2016