

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTNMOCD  
HobbsFORM APPROVED  
OMB NO. 1004-0137  
Expires: January 31, 2018**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No.  
NMNM0245247

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.  
MCELVAIN 89. API Well No.  
30-025-3801210. Field and Pool or Exploratory Area  
EK BONE SPRING

11. County or Parish, State

LEA COUNTY COUNTY, NM

**SUBMIT IN TRIPLICATE - Other instructions on page 2**

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other2. Name of Operator  
MCELVAIN ENERGY INC.Contact: TONY G COOPER  
E-Mail: tony.cooper@mcelvain.com3a. Address  
1050 17TH ST STE. 2500  
DENVER, CO 802653b. Phone No. (include area code)  
Ph: 303-893-0933 Ext: 331

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 30 T18S R34E Mer NMP 1905FSL 660FWL

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Venting and/or Flaring
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.

McElvain Energy Inc. (MEI) respectfully requests a 1-year extension to continue to combust approximately 18 mcf of non-marketable natural gas from this well. This request is necessary because the gas transporter, Frontier Field Services, has denied MEI access to the pipeline on this well due to high nitrogen levels (> 4%) which makes the gas non-marketable. MEI has been working with Frontier on a solution so that gas sales can be resumed. However, no workable solution has been identified to this date. Allowing for the combustion of the gas will enable MEI to continue to produce ~7 BOPD from the well.

MEI decided to submit a separate Sundry for this well (McElvain #8) because it is a separate combustion project as the gas from this well is being combusted on-site, not at the McElvain #4 as in the case for the rest of the wells in this field.

**SEE ATTACHED FOR  
CONDITIONS OF APPROVAL**

14. I hereby certify that the foregoing is true and correct.	
Electronic Submission #405509 verified by the BLM Well Information System For MCELVAIN ENERGY INC., sent to the Hobbs Committed to AFMSS for processing by JENNIFER SANCHEZ on 02/23/2018	
Name (Printed/Typed) KELLOFF JOE	Title VP PRODUCTION
Signature (Electronic Submission)	Date 02/22/2018
<b>THIS SPACE FOR FEDERAL OR STATE OFFICE USE</b>	
Approved By _____	Title _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office _____
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.	

(Instructions on page 2)

**\*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\* OPERATOR-SUBMITTED \*\***

**Additional data for EC transaction #405509 that would not fit on the form**

**32. Additional remarks, continued**

**Note:**

Initial approval for the combustion of natural gas at this well site came through approved Sundry SN 0852-35396 EC Trans #358067.

A Sundry for the 1 year extension of combustion for the other MEI wells referenced in the initial Sundry was recently approved under EC Transaction #390066, Serial Number 852-67296.

The C-129 for the McElvain #8 has been approved by NMOCD and is attached for your review.



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  
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 17<sup>th</sup> Street Ste. 2500 Denver Colorado 80265,  
hereby requests an exception to Rule 19.15.18.12 for \_\_\_\_\_ days or until  
October 17, \_\_\_\_\_, Yr 2018, for the following described tank battery (or LACT):  
Name of Lease McElvain #8 (025-38012) Name of Pool 21655 E-K; DELAWARE  
Location of Battery: Unit Letter L-30-18S-34E 1905 FSL 660 FWL  
Number of wells producing into battery 1
- B. Based upon oil production of 7 barrels per day, the estimated \* volume  
of gas to be flared is 11 MCF; Value \_\_\_\_\_ per day.
- C. Name and location of nearest gas gathering facility:  
Frontier Field Services
- D. Distance \_\_\_\_\_ Estimated cost of connection \_\_\_\_\_ Connected \_\_\_\_\_
- E. This exception is requested for the following reasons: Frontier Field Services has ceased purchasing the gas from this well due to high N2 content (>4%) To keep the well producing oil McElvain is requesting permission to combust the gas in an enclosed combustor (60" Cimarron). The volume of flared gas is being estimated by GOR calculation

**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 Regulator Mgr

E-mail Address tonyco@mcelvain.com

Date 2-9-18 Telephone No. 303 962-6489

**OIL CONSERVATION DIVISION**

Approved Until 5/9/2018

By Mark Brown

Title AO/II

Date 2/13/2018

\* Gas-Oil ratio test may be required to verify estimated gas volume.

**BUREAU OF LAND MANAGEMENT**  
**Carlsbad Field Office**  
**620 East Greene Street**  
**Carlsbad, New Mexico 88220**  
**575-234-5972**

**Condition of Approval to Flare Gas**

1. Subject to like approval from NMOCD
2. **Flared volumes are considered "avoidably lost" and will require payment of royalties. Volumes shall be reported on OGOR "B" reports as disposition code "08**
3. Approval not to exceed 90 days, if flaring is still required past 90 days submit new request for approval.
4. Submit Subsequent Report with actual volumes of gas flared for each month gas is flared on a sundry form 3160-5.
5. "Avoidably lost" flare volumes shall be metered due to their royalty bearing status. Install gas meter on vent/flare line to measure gas prior to venting/flaring operations if it is not equipped as such at this time.
6. This approval does not authorize any additional surface disturbance.
7. Without proper economic justification, flaring will be royalty bearing.

**43CFR §3162.7-1 Disposition of production.**

(a) The operator shall put into marketable condition, if economically feasible, all oil, other hydrocarbons, gas, and sulphur produced from the leased land.

(d) The operator shall conduct operations in such a manner as to prevent avoidable loss of oil and gas. A operator shall be liable for royalty payments on oil or gas lost or wasted from a lease site, or allocated to a lease site, when such loss or waste is due to negligence on the part of the operator of such lease, or due to the failure of the operator to comply with any regulation, order or citation issued pursuant to this part.