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

HOBBS OCD

- SEP 19 2016

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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 #2 (025-27543)__Name of Pool _EK Bone Springs_____

Location of Battery: Unit Letter _____L____Section ___29 Township __18S_____Range _34E_____

Number of wells producing into battery _____1_____

B. Based upon oil production of _____4_____barrels per day, the estimated * volume

of gas to be flared is _____28_____MCF; Value ____$77_____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 until which time Frontier Field Services can resume transportation, or MEI can find an alternate transporter, whichever happens first.

OPERATOR	OIL CONSERVATION DIVISION
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.	Approved Until 12/18/2016
Signature Tony Cooper	By Maxey Brown
Printed Name & Title TONY COOPER - SR EHS SPECIALIST	Title Dist Supervisor
E-mail Address___TONYC@MCELVAIN.COM_____	Date 9/19/2016