

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Hobbs

FORM 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

HOBBS OCD

5. Lease Serial No.
NMNM0245247

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

FEB 06 2018

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

8. Well Name and No.
MCELVAIN 04

9. API Well No.
30-025-28997-00-S2

10. Field and Pool or Exploratory Area
EK

11. County or Parish, State
LEA COUNTY, NM

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
MCELVAIN OIL & GAS PROP INC

Contact: TONY G COOPER
E-Mail: tony.cooper@mcelvain.com

3a. Address
1050 17TH STREET SUITE 1800
DENVER, CO 80265-1801

3b. Phone No. (include area code)
Ph: 303-893-0933 Ext: 331

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec 25 T18S R33E SWSE 660FSL 1980FEL

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	
	<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 recomplate 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.

Combustor

McElvain Energy Inc. (MEI) respectfully requests a 1-year extension to continue to combust approximately 150 mcf/d of non-marketable natural gas from five MEI vertical oil wells at the McElvain 4 well pad. This request is necessary because the gas transporter, Frontier Field Services, has denied McElvain access to the pipeline on the five wells (McElvain 4,5,6,7, and 9) due to high nitrogen levels (greater than 4 percent) present in the gas stream. The high nitrogen levels render 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. Due to the low volume of gas produced from these older vertical wells, McElvain is currently transporting the gas from the McElvain 4, 5, 6, 7, and 9, to an enclosed combustor at the McElvain 4 well pad. The combustion portion of the project has already been approved by the BLM Carlsbad

14. I hereby certify that the foregoing is true and correct.

**Electronic Submission #390066 verified by the BLM Well Information System
For MCELVAIN OIL & GAS PROP INC, sent to the Hobbs
Committed to AFMSS for processing by DEBORAH MCKINNEY on 11/09/2017 (18DLM0066SE)**

Name (Printed/Typed) KELLOFF JOE Title VP PRODUCTION

Signature (Electronic Submission) Date 09/27/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By (BLM Approver, Not Specified) *[Signature]* Title *SPE* Date 02/01/2018

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 Hobbs

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)

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

*MAB/OCD
2/1/2018*

Additional data for EC transaction #390066 that would not fit on the form

32. Additional remarks, continued

Engineering Group.

MEI understands that the following conditions may apply:

MEI may be required to provide volume verification to the AO
MEI will be required to comply with NTL-4A requirements.
Approval does not authorize any additional surface disturbance.

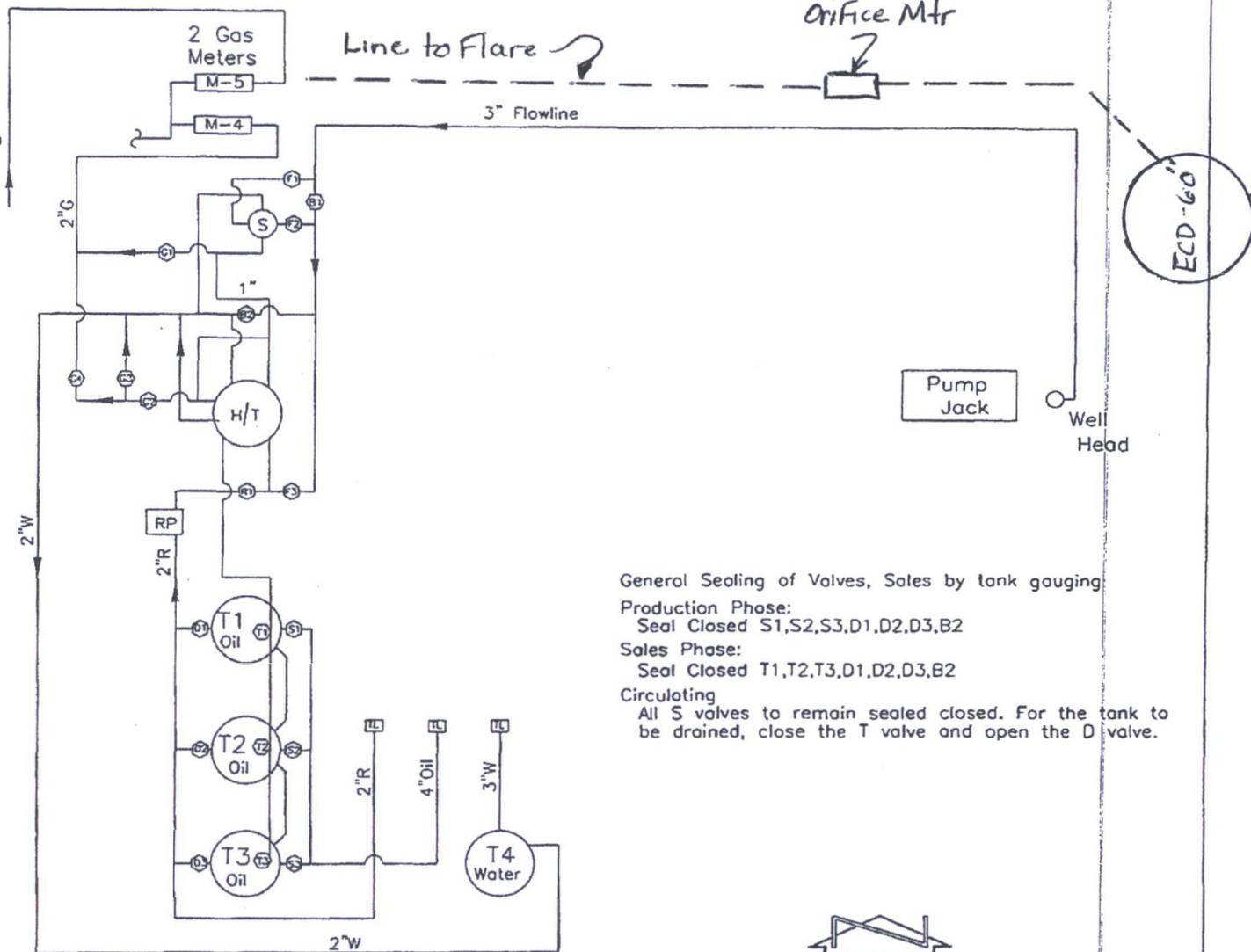
Subject to like approval from NMOCD.

A site diagram is attached

Previous Sundry Info - SN 0852-35396 EC Trans # 358067

Note:
 There are Two Meters on this site.
 M-5 is for McElvain Well No 5
 M-4 is for this site.

3" G
 (From McElvain
 Well No.5)



General Sealing of Valves, Sales by tank gauging
 Production Phase:
 Seal Closed S1,S2,S3,D1,D2,D3,B2
 Sales Phase:
 Seal Closed T1,T2,T3,D1,D2,D3,B2
 Circulating
 All S valves to remain sealed closed. For the tank to
 be drained, close the T valve and open the D valve.



Approximate

GEOMAT INC
 GEOMAT Project No. 43-0100

SITE SECURITY PLAN
Facility Diagram

Facility Description
 McElvain Federal #4
 API # 30-025-28997
 SW SE, Sec. 25, T18S, R33E
 Lea County, New Mexico

**McElvain Oil & Gas
 Properties, Inc**

Equipment:

-  Separator
-  Heater/Treater
-  Liquid Storage Tank
-  Truck Loading Connection
-  Recycle Pump

Piping:

- x"G x" Gas Line
- x"W x" Water Line
- x"Oil x" Oil Line
- x"R x" Return/Recycle Line
- x"B x" Blow Off Line
- (UG) Underground Line
-  Connected Lines
-  Not Connected Lines
-  Direction of Flow

Valves:

-  Drain Valve
-  Flow Valve
-  Gas Valve
-  Tank Fill Valve
-  Sales Valve
-  Return/Recycle Valve
-  By Pass Valve

 **GEOMAT** INC
GEOMAT Project No. 43-0100

SITE SECURITY PLAN
Drawing Key

Facility Description
McElvain Lease Properties
Lea County, New Mexico

McElvain Oil & Gas
Properties, Inc

BUREAU OF LAND MANAGEMENT
Carlsbad Field Office

Mcelvain Energy INC.
Mcelvain 4
3002528997

February 1, 2018

Condition of Approval to Flare Gas

1. Subject to like approval from NMOCD
2. **Flared volumes are considered "unavoidably lost" and will not require payment of royalties due to economic justification.**
3. Approval not to exceed 12 Months from 10/17/2017-10/17/2018), if flaring is still required past 12 months submit a new request for approval.