

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.*

5. Lease Serial No.  
NMNM116166

6. If Indian, Allottee or Tribe Name

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

7. If Unit or CA/Agreement, Name and/or No.  
NMNM136644

8. Well Name and No.  
EK 29 BS2 FEDERAL COM 3H

9. API Well No.  
30-025-42699-00-S1

10. Field and Pool or Exploratory Area  
EK-BONE SPRING

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 29 T18S R34E SESW 305FSL 2155FEL

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

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

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 recompleat 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 recompleat 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. is respectfully requesting to divert the disposal of production water from 7 vertical wells and 2 horizontal wells from previously approved commercial SWD facilities to the BLM approved McElvain Seely Recycling Containment Facility (SRC), ROW Grant (#136336). The produced water will be stored at the SRC for future use during McElvain Energy Inc. hydraulic fracturing operations in Qtr 3 & 4 of 2017. I have attached a spreadsheet with all of the water info required under OSO #7. I have also attached a copy of the Seely Recycling Facility ROW Grant #136336. Included within the ROW Grant is an engineering diagram of the pond and the facility's approved reclamation/closure plan. A file with lab results from recent produced water analysis on the wells producing over 5BWPD (OSO #7) are also attached to this Sundry.

The McElvain Energy Inc. area representative for SENM is;



14. I hereby certify that the foregoing is true and correct.  
Electronic Submission #383651 verified by the BLM Well Information System  
For MCELVAIN OIL & GAS PROP INC, sent to the Hobbs  
Committed to AFMSS for processing by PRISCILLA PEREZ on 09/26/2017 (17PP0638SE)

Name (Printed/Typed) TONY G COOPER Title SR EHS SPECIALIST

Signature (Electronic Submission) Date 08/03/2017

- per J. Amos 3/15/18

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved By \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

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)

**\*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\* BLM REVISED \*\***

**Additional data for EC transaction #383651 that would not fit on the form**

**32. Additional remarks, continued**

Brian Odell  
970-930-5868  
1050 17th Street Ste 2500  
Denver CO 80265  
brian.odell@mcelvain.com

Respectfully submitted,

Tony Cooper  
Regulatory Compliance Manager  
McElvain Energy Inc.  
1050 17th Street Suite 2500  
Denver CO 80265  
303-962-6489 direct  
303-501-0004 cell  
tony.cooper@mcelvain.com

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**RIGHT-OF-WAY NOTICE TO PROCEED**

Right-of-Way or Temporary Use Permit (TUP) Serial Number NM-136336		Seely Containment Pond
Date 02/15/2017	Issuing Office Carlsbad Field Office	
Right-of-Way or TUP name Seely Containment Pond		

Certified/Registered Mail-Return Receipt Requested

INSTRUCTIONS — Use Certified or Registered Mail or hand deliver. Send or give original to Holder. Distribute other copies as indicated after receipt date.

Holder **McElvain Energy, Inc.**

In accordance with the terms and conditions of the above referenced right-of-way grant or TUP you are hereby authorized to proceed with the activities noted below in the locations specified. Map(s) are attached  Yes  No

Activity	Location
Construct facilities granted under right-of-way NM-136336 (Seely Containment Pond) a 600 ft. by 680 ft. containment Pond subject to the original terms and conditions contained in the grant, Exhibit "A" and any additional stipulations attached hereto.	New Mexico Prime Meridian
See attached plats.	See Attached Plats.
	NOTE: Associated pipelines are pending Cultural Resources.

Authorized officer is

*T. Bryson*  
(Name)

Field Manager *Acting*  
(Title)

Onsite inspection and compliance of the Right-of-Way or TUP stipulations will be conducted by the authorized officer's representative

Randall Pair  
(Name of Authorized Officer's Representative)

620 East Greene, Carlsbad NM, 88220  
(Office Street Address City State Zip)

575-234-6240  
(Office Phone Number)

575-361-0062  
(Cell Phone Number)

(Authorized Officer's or Representative's Signature)

(Date)

Holders Acknowledgment when notices delivered in person

*David W. Sicle*  
(Signature of Recipient)  
**David W. Sicle**  
Vice President, Land  
(Name of Recipient)

*T.H. McElvain Oil & Gas LLP*  
(Firm Name)  
**T.H. McElvain Oil & Gas LLP**  
By: *McElvain Energy Inc., General Partner*  
3-1-17  
(Date)

HOLDER  CASE FILE



# United States Department of the Interior

Bureau of Land Management

Carlsbad Field Office

620 E. Greene St.

Carlsbad, NM 88220-6292



**In Reply Refer to:**

NM-136336

2800(NMP0220)

McElvain Energy Inc.  
Attn: Tony Cooper  
1050 17th St. Suite 2500  
Denver, CO 80265

Re: Right-of-Way  
NM-136336  
Seely Containment Pond

Dear Tony Cooper:

On 9/12/2016, you filed a right-of-way application for a containment pond on Federal surface.

Enclosed are two copies of an unsigned right-of-way grant for your pond. Please review the document and if it meets with your approval, sign and date both copies and return to the addresses shown above within 30 days of the date of this letter. Upon our receipt of the signed documents and the fees discussed below, we will issue the right-of-way grant, absent any other unresolved issues.

You must pay a fee to the BLM for the costs we will incur in monitoring the construction and operation of your authorized use. These fees are categorized according to the number of work hours necessary to monitor your grant, and are not refundable. We anticipate your use will require a Monitoring Category 2, the fees of which are included in the rental options below.

Rent for use of public lands must be paid in advance of such use and prior to issuance of the right-of-way grant. Rent for a linear right-of-way is based on a schedule that is adjusted annually based on the Implicit Price Deflator GNP (IPD), and inflation index. You may obtain a copy of the rent schedule from this office.

You have the option of paying the rent in 10-year periods, or for the entire term (approx. 30 years) of the right-of-way grant.

10-Year Rental Option		30-Year Rental Option	
Nine Year Rental	\$13,500.00	Twenty-Nine Year Rental	\$43,500.00
Partial Year Amount	\$1,250.00	Partial Year Amount	\$1,250.00
Monitoring Fee	\$433.00	Monitoring Fee	\$433.00
<b>TOTAL AMOUNT DUE:</b>	<b>\$15,183.00</b>	<b>TOTAL AMOUNT DUE:</b>	<b>\$45,183.00</b>

Please be aware that you may not conduct any activities related to your right-of-way project on public land until you have received an authorized grant from this office. If you have any questions, please contact Brittany Chavez at (575)234-5972.

Sincerely,

Field Manager

Acting

2-attachments

R/W Grant

# ROW Monitoring Fee Category Determination Decision For FLPMA and MLA Rights-of-Way

Application Serial Number:	NM-136336
Applicant:	McElvain Energy Inc.
Agent:	Tony Cooper
Address:	1050 17th st, Suite 2500 Denver, CO 80265
Application for:	ROW SWD
Location:	T018S, R033E, Sec 025

Personnel Needed for Monitoring	Monitoring Fee Schedule for FLPMA and MLA Rights-of-Way		
	Processing and Monitoring Category	Federal Work Hours Involved	Processing and Monitoring Fee per application as of January 1, 2014. To be adjusted annually for changes in the IDP-GDP.
Realty Specialist	12		
Cultural/Paleontological	4		
F and F Species	_____		
Wildlife/Fisheries	4		
Air/Water/Soils	_____		
Recreation/Visual	_____		
Cave/Karst	_____		
Range	_____		
Fluids/Minerals	_____		
Admin/Contracting	1		
Manager	1		
Other	_____		
Other	_____		
<b>Total Hours:</b>	<b>22</b>		
	1. Applications for new grants, assignments, renewals, and amendments to existing grants.	Estimated Federal work hours are 1 - 8	\$123
	2. Applications for new grants, assignments, renewals, and amendments to existing grants.	Estimated Federal work hours are 8 - 24	\$433
	3. Applications for new grants, assignments, renewals, and amendments to existing grants.	Estimated Federal work hours are 24 - 36	\$816
	4. Applications for new grants, assignments, renewals, and amendments to existing grants.	Estimated Federal work hours are 36 - 50	\$1,170
	5. Master Agreements	Varies	As Specified in the Agreement
	6. Applications for new grants, assignments, renewals, and amendments to existing grants.	Estimated Federal work hours are 50	Full Reasonable Costs (FLPMA) Full Actual Costs (MLA)

The appropriate Monitoring Category for this application is Category 2. The Monitoring fee for this Category is \$433.00. Monitoring fees for Categories 1-4 are non-refundable. See enclosed table for Category definitions and fee schedule.

Prepared By Brittany Chavez  
Realty Specialist Date \_\_\_\_\_

Approved By \_\_\_\_\_  
Authorized Officer Date \_\_\_\_\_

## Appeal Information

This decision may be appealed to the Interior Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 C.F.R. Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in this office (at the above address) within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition (request) pursuant to regulation 43 C.F.R. 2801.10 or 43 C.F.R. 2881.10 for a stay (suspension) of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and petition for a stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (see 43 C.F.R. 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

### Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

(1) The relative harm to the parties if the stay is granted or denied.

(2) The likelihood of the appellant's success on the merits.

(3) The likelihood of immediate and irreparable harm if the stay is not granted, and

(4) Whether the public interest favors granting the stay.

Enclosure

BLM Form 1842-1

United States Department of the Interior  
Bureau of Land Management  
RIGHT-OF-WAY GRANT  
Serial Number: NM-136336

Issuing Office  
Carlsbad Field Office

Project Name: Seely Containment Pond

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1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of Oct. 21, 1976 (90 Sta. 2776; 43 U.S.C. 1761).

2. Nature of Interest:

a. By this instrument, the holder:

McElvain Energy Inc.  
1050 17th st. Suite 2500  
Denver, CO 80265

receives a right to construct, operate, maintain, and terminate a 600 ft. by 680 ft. containment pond across public lands in Lea County, New Mexico described as follows:

T. 18 S., R. 33 E., NMPM  
sec. 25: E $\frac{1}{2}$ SE $\frac{1}{4}$ .

T. 18 S., R. 34 E., NMPM  
sec. 30: lots 3 and 4.

- b. The right-of-way or permit area granted herein is 600 ft. by 680 ft. and contains 9.36 acres, more or less.
- c. This instrument shall terminate on 12-31-2046 unless prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.
- d. This instrument may be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
- e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

3. Rental:

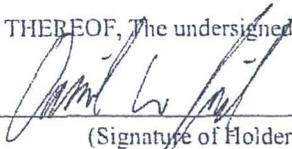
For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2880.

- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter, not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The stipulations, plans, maps, or designs set forth in Exhibit A, A-1 and B (map), attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- f. The holder shall perform all operations in a good and workman like manner so as to ensure protection of the environment and the health and safety of the public.
- g. In the event that the public land underlying the right-of-way (ROW) encompassed in this grant, or a portion thereof, is conveyed out of Federal ownership and administration of the ROW or the land underlying the ROW is not being reserved to the United States in the patent/deed and/or the ROW is not within a ROW corridor being reserved to the United States in the patent/deed, the United States waives any right it has to administer the right-of-way, or portion thereof, within the conveyed land under Federal laws, statutes, and regulations, including the regulations at 43 CFR Part [2800][2880], including any rights to have the holder apply to BLM for amendments, modifications, or assignments and for BLM to approve or recognize such amendments, modifications, or assignments. At the time of conveyance, the patentee/grantee, and their successors and assigns, shall succeed to the interests of the United States in all matters relating to the right-of-way, or portion thereof, within the conveyed land and shall be subject to applicable State and local government laws, statutes, and ordinances. After conveyance, any disputes concerning compliance with the use and the terms and conditions of the ROW shall be considered a civil matter between the patentee/grantee and the ROW Holder.

IN WITNESS THEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.

 <hr style="border: 0; border-top: 1px solid black;"/> <p style="text-align: center;">(Signature of Holder)</p> <p style="text-align: center;">David W. Siple Vice President, Land</p> <hr style="border: 0; border-top: 1px solid black;"/> <p style="text-align: center;">(Title)</p> <p style="text-align: center; font-size: 1.2em; margin-top: 10px;">3-1-17</p> <hr style="border: 0; border-top: 1px solid black;"/> <p style="text-align: center;">(Date)</p>	 <hr style="border: 0; border-top: 1px solid black;"/> <p style="text-align: center;">(Signature of Authorized Officer)</p> <p style="text-align: center;">Field Manager, Carlsbad Field Office</p> <hr style="border: 0; border-top: 1px solid black;"/> <p style="text-align: center;">(Title)</p> <hr style="border: 0; border-top: 1px solid black;"/> <p style="text-align: center;">(Effective Date of Grant)</p>
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**BLM LEASE NUMBER:** NM-136336

**COMPANY NAME:** McElvain Energy, Inc.

**ASSOCIATED WELL NAME:** Seely Containment Pond

PRODUCED WATER FRAC POND CONDITIONS OF APPROVAL

A copy of the application (APD, Grant, or Sundry Notice) and attachments, including stipulations, survey plat and diagram, will be on location during construction. BLM personnel may request to see a copy of your permit during construction to ensure compliance with all conditions of approval. Construction will cease until the permit is on location.

Holder agrees to comply with the following conditions of approval to the satisfaction of the Authorized Officer:

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this permit.
2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated.
3. Required Standard Conditions of Approval:
  - a. **Notification**  
Contact the Supervisory Environmental Protection Specialist, Jim Amos, at 575-234-5909 at least 24 hours prior to starting construction.
  - b. **Contamination**  
The operator will preclude releases of oil into open ponds. The operator must remove any accumulation of oil, condensate, or contaminant in a pond within 48 hours of discovery.
  - c. **Authorized Disturbance**  
Confine all construction and maintenance activity to the approved authorized area applied for in the application.
  - d. **Liner**  
The pond must have at least two 60 mil liners. The pond liner shall be maintained in good working condition, with no tears or holes, until the pond is closed. No trash, pipe, barrels, wireline, or metal equipment is permitted in the pond.
  - e. **Freeboard**  
Ponds shall be constructed to preclude the accumulation of precipitation runoff and maintain a minimum of 2 feet of freeboard between the maximum fluid level and the lowest point of containment at all times. If pond fluids threaten to rise to a level allowing less than 2 feet of freeboard, steps shall immediately be taken to prevent introduction of additional fluids until sufficient pond capacity has been restored through fluid removal or an alternative containment method is approved and installed.
  - f. **Monitor:**  
Personnel or a monitor must be onsite when the pond is in use.

g. **Escape Ramps**

The operator will construct and maintain frac ponds to prevent livestock, wildlife, and humans from becoming entrapped. At a minimum, the operator will construct and maintain escape ramps, ladders, or other methods of avian and terrestrial wildlife escape in frac ponds. Escape ramps must be installed at every corner of the frac pond and in the center of each side if that side exceeds 100 feet in length. Escape ramps must be in contact with the side of the frac pond, bottom of the frac pond, and the top of the frac pond berm. Escape ramps cannot be made of metal and cannot be steeper than a 3:1 slope (Horizontal Distance: Vertical Distance) or 30% slope. (*Examples of escape ramps: 12" wide wooden planks wrapped in matting, felt lining, etc.*)

h. **Exclosure Netting**

The operator will prevent humans, wildlife (including avian wildlife), and livestock access to fluid ponds that contain or have potential to contain salinity sufficient to cause harm to wildlife or livestock, hydrocarbons, or Resource Conservation and Recovery Act of 1976-exempt hazardous substances. At a minimum, the operator will install approved netting over ponds containing fluid in accordance with the requirements below. (*Note: The BLM does not approve of the use of flagging, strobe lights, metal reflectors, or noise makers as techniques for deterring wildlife.*)

Minimum Netting Requirements - The operator will:

- Construct a rigid structure made of steel tubing or wooden posts with cable strung across the pond at no more than seven (7) foot intervals along the X- and Y-axes to form a grid of 7 foot squares.
- Suspend netting a minimum of 2 feet above the fluid surface.
- Use a maximum netting mesh size of 1 ½ inches to exclude most birds.
- Cover the top and all sides of the netting support frame with netting and secure the netting at the ground surface around the entire pond to prevent wildlife entry at the netting edges. (*Note: Hog wire panels or other wire mesh panels or fencing used on the sides of the netting support frame is ineffective in excluding small wildlife and birds unless covered by the smaller mesh netting.*)
- Installation of the net must commence immediately after high activity operations cease. High activity operations include drilling operations and fracturing operations.
- Monitor and maintain the netting sufficiently to ensure the netting is functioning as intended, has not entrapped wildlife, and is free of holes and gaps greater than 1 ½ inches.
- Flagging or tags must be installed on the net in the center of the pond.

i. **Mineral Material from Excavation**

Mineral materials extracted during construction of the frac pond will be stored on-location and/or used for constructing the frac pond.

j. **Topsoil Stockpile**

The operator shall strip at least the top 6 inches of soil (root zone) from the entire frac pond area and stockpile the topsoil approximately 25 feet outside the bermed perimeter of the pond in a low profile manner, reasonably protected from wind and water erosion. Topsoil shall not be used for constructing the produced water pond. The topsoil will be used for final reclamation purposes only.

k. **Frac Pond Fence**

The operator will install and maintain enclosure fencing on all sides of the frac pond to prevent access to public, livestock, and large forms of wildlife. The fence shall be installed at the base of the berm and never on top of the berm.

Construction of the fence shall consist of steel and/or wooden posts set firmly into natural ground. Hog panel or chain-link fencing must be used as the fence and tied securely to the fence posts. Barbed-wire fencing or electric fences shall not be used. The fence height shall not be shorter than six (6) feet. The erected fence shall be maintained in adequate condition until the frac pond is reclaimed.

l. **Erosion Prevention**

Install earthen erosion-control structures as are suitable for the specific terrain and soil conditions.

m. **Reclamation Start**

- I. Reclamation efforts will commence immediately after the frac pond is no longer needed for the purpose of completing wells.
- II. Within 3 months of completion of frac operations on associated wells, all earthwork and final reclamation must be completed. This includes reclaiming and/or removal of:
  - i. Any roads approved for use with the pond
  - ii. Surface water lines
  - iii. Tanks, pumps, fencing etc.

**Requirements for Operations and Final Reclamation:**

4. If, during any phase of the construction, operation, maintenance, or termination of the frac pond, any pollutant should be released from the contaminated frac pond, the control and total removal, disposal, and cleaning up of such pollutant, wherever found, shall be the responsibility of holder, regardless of fault.

Upon failure of holder to control, dispose of, or clean up such discharge, or to repair all damages resulting there-from, the Authorized Officer may take such measures as he deems necessary to control and clean up the discharge and restore the area, including where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve holder of any responsibility as provided herein.

5. Any cultural and/or paleontological resources (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf shall be immediately reported to the Authorized Officer. Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to

determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

6. The operator shall be held responsible if noxious weeds become established within the areas of operations. Weed control shall be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipeline corridor, and adjacent land affected by the establishment of weeds due to this action. The operator shall consult with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policies.

7. After all disturbed areas have been satisfactorily contoured and prepared for seeding the location needs to be revegetated with the seed mixture provided. Seeding may need to be repeated until revegetation is successful. Operators shall contact Jim Amos, Supervisor, Environmental Protection – (575)234-5909, **prior** to beginning surface reclamation operations.

8. Seeding is required: Use the following seed mix.

- |                                                    |                                              |
|----------------------------------------------------|----------------------------------------------|
| <input type="checkbox"/> seed mixture 1            | <input type="checkbox"/> seed mixture 3      |
| <input checked="" type="checkbox"/> seed mixture 2 | <input type="checkbox"/> seed mixture 4      |
| <input type="checkbox"/> LPC mixture               | <input type="checkbox"/> Aplomado Falcon mix |

9. Special Stipulations:

**Dune Sagebrush Lizard: Within Dune Sagebrush Lizard Suitable Habitat**

In addition to the fence requirements above, the operator must install a reptile enclosure fence (*Example: silt fence*). The reptile enclosure fence must be in contact with the soil at all times around the entire frac pond.

**Lesser Prairie-Chicken:**

Oil and gas activities will not be allowed in lesser prairie-chicken habitat during the period from March 1st through June 15th annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Normal vehicle use on existing roads will not be restricted.

Exhibit A-1  
BLM SERIAL #: NM-136336  
COMPANY REFERENCE: McElvain Energy (Seely Containment Pond)

Seed Mixture 2, for Sandy Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)\* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law (s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

Species to be planted in pounds of pure live seed\* per acre:

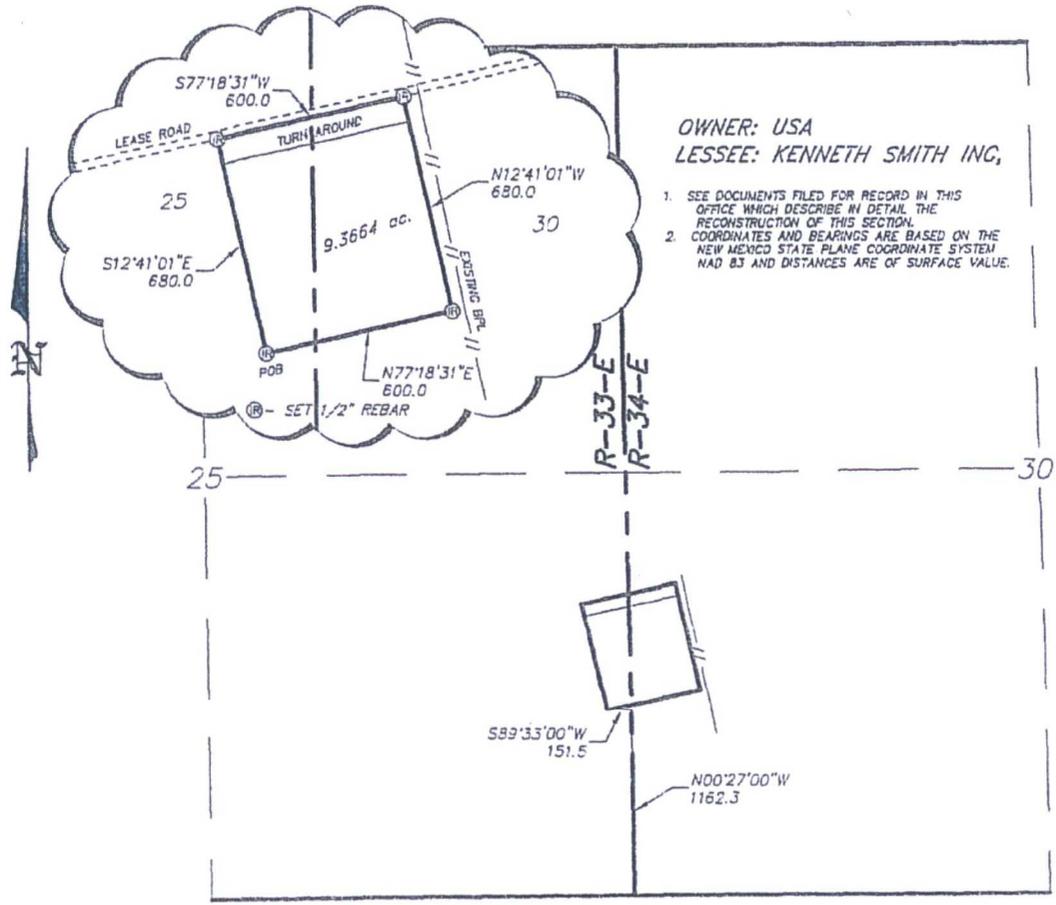
<u>Species</u>	<u>lb/acre</u>
Sand dropseed (Sporobolus cryptandrus)	1.0
Sand love grass (Eragrostis trichodes)	1.0
Plains bristlegrass (Setaria macrostachya)	2.0

\*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed

NM-136336

SECTION 25, TOWNSHIP 18 SOUTH, RANGE 33 EAST. N.M.P.M., *Exhibit B*  
 SECTION 30, TOWNSHIP 18 SOUTH, RANGE 34 EAST. N.M.P.M.,  
 LEA COUNTY, NEW MEXICO.



OWNER: USA  
 LESSEE: KENNETH SMITH INC,

1. SEE DOCUMENTS FILED FOR RECORD IN THIS OFFICE WHICH DESCRIBE IN DETAIL THE RECONSTRUCTION OF THIS SECTION.
2. COORDINATES AND BEARINGS ARE BASED ON THE NEW MEXICO STATE PLANE COORDINATE SYSTEM NAD 83 AND DISTANCES ARE OF SURFACE VALUE.

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 25, TOWNSHIP 18 SOUTH, RANGE 33 EAST AND SECTION 30, TOWNSHIP 18 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT A POINT WHICH LIES N00°27'00"W., 1162.3 FEET AND S89°33'00"W., 151.5 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 25; THENCE N77°18'31"E., 600.0 FEET; THENCE N12°41'01"W., 680.0 FEET; THENCE S77°18'31"W., 600.0 FEET; THENCE S12°41'01"E., 680.0 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND BEING 9.37 ACRES, MORE OR LESS.

SECTION 30 = 5.79 ACRES  
 SECTION 25 = 3.58 ACRES

I HEREBY CERTIFY THAT THIS SURVEY WAS PREPARED FROM FIELD NOTES, AN ACTUAL SURVEY AND MEETS OR EXCEEDS THE REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



**McElvain Energy, Inc.**  
 surveys



**McELVAIN ENERGY, INC**

REF: FRAC TRACT

A TRACT OF LAND LOCATED ON USA LAND IN

SECTION 30, TOWNSHIP 18 SOUTH, RANGE 34 EAST,  
 SECTION 25, TOWNSHIP 18 SOUTH, RANGE 33 EAST,  
 N.M.P.M., LEA COUNTY, NEW MEXICO.





## Water Analysis

506 County Road 137, Snyder, TX  
325.573.7298 fax 325.573.3340

**Date:** 27-Jun-14      **Analyst:** ecr  
**Company:** Radical Specialties      **Well #:** 5  
**Lease:**      **County:**  
**State:**      **Formation:**  
**Depth:**      **Source:**

**pH:** 6.59      **Temp (F):** 75  
**Specific Gravity:** 1.178      **Resistivity, #NUM!** ohm-m

<u>CATIONS</u>	mg/l	me/l	ppm
Sodium (calc.)	82908	3606.3	70381
Calcium	20760	1035.9	17623
Magnesium	5250	431.9	4456
Barium/strontium	0	0.0	0
Potassium	ND	---	---
Iron	ND	---	---

<u>ANIONS</u>			
Chloride	179959	5076.4	152767
Sulfate	450	9.4	382
Carbonate	< 1	---	---
Bicarbonate	153	2.5	130

**Total Dissolved Solids(calc.)**      289481      245739

### SCALE ANALYSIS:

CaCO3 Factor      3167603 Calcium Carbonate Scale Probability->      Probable  
CaSO4 Factor      9342182 Calcium Sulfate Scale Probability -->      Possible

### Field Analysis

**Date:**      **Analyst:**

**pH**

**Temp:**      **mg/l**

O<sub>2</sub>-suction      ND

O<sub>2</sub>-discharge      ND

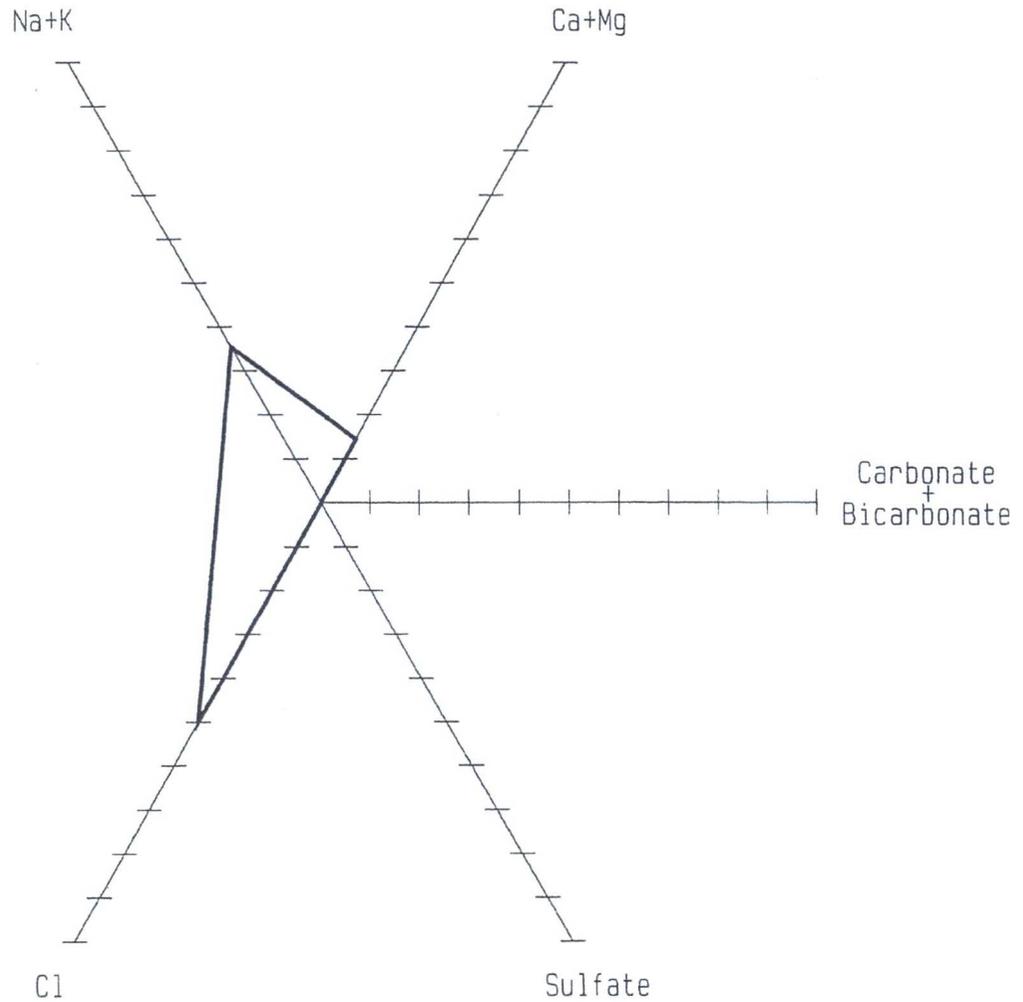
CO<sub>2</sub>      ND

H<sub>2</sub>S      ND

Total Fe      ND

Total Fe test

% MEQ/L



McELVAIN # 5

pH: 6.59

Rw @ 75 degrees F: 0.00

TDS: 289481

Specific Gravity: 1.178

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Lab: Radical Specialties

Sample Date: 06/27/2014

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Sodium & Potassium:	35.44%
Calcium & Magnesium:	14.45%
Carb & Bicarb:	.03%
Sulfate:	.09%
Chloride:	49.99%



## Water Analysis

506 County Road 137, Snyder, TX  
325.573.7298 fax 325.573.3340

Date: 27-Jun-14 Analyst: ecr  
Company: Radical Specialties Well #: 8  
Lease: County:  
State: Formation:  
Depth: Source:

pH:	6.68	Temp (F):	75
Specific Gravity	1.173	Resistivity, #NUM!	ohm-m

### CATIONS

	mg/l	me/l	ppm
Sodium (calc.)	85195	3705.8	72630
Calcium	17073	852.0	14555
Magnesium	4205	345.9	3584
Barium/strontium	0	0.0	0
Potassium	ND	---	---
Iron	ND	---	---

### ANIONS

Chloride	173961	4907.2	148304
Sulfate	450	9.4	384
Carbonate	< 1	---	---
Bicarbonate	98	1.6	84

Total Dissolved Solids(calc.) 280982 239541

### SCALE ANALYSIS:

CaCO3 Factor 1674654 Calcium Carbonate Scale Probability-> Probable  
CaSO4 Factor 7682953 Calcium Sulfate Scale Probability --> Possible

### Field Analysis

Date: Analyst:

pH

Temp: mg/l

O<sub>2</sub>-suction ND

O<sub>2</sub>-discharge ND

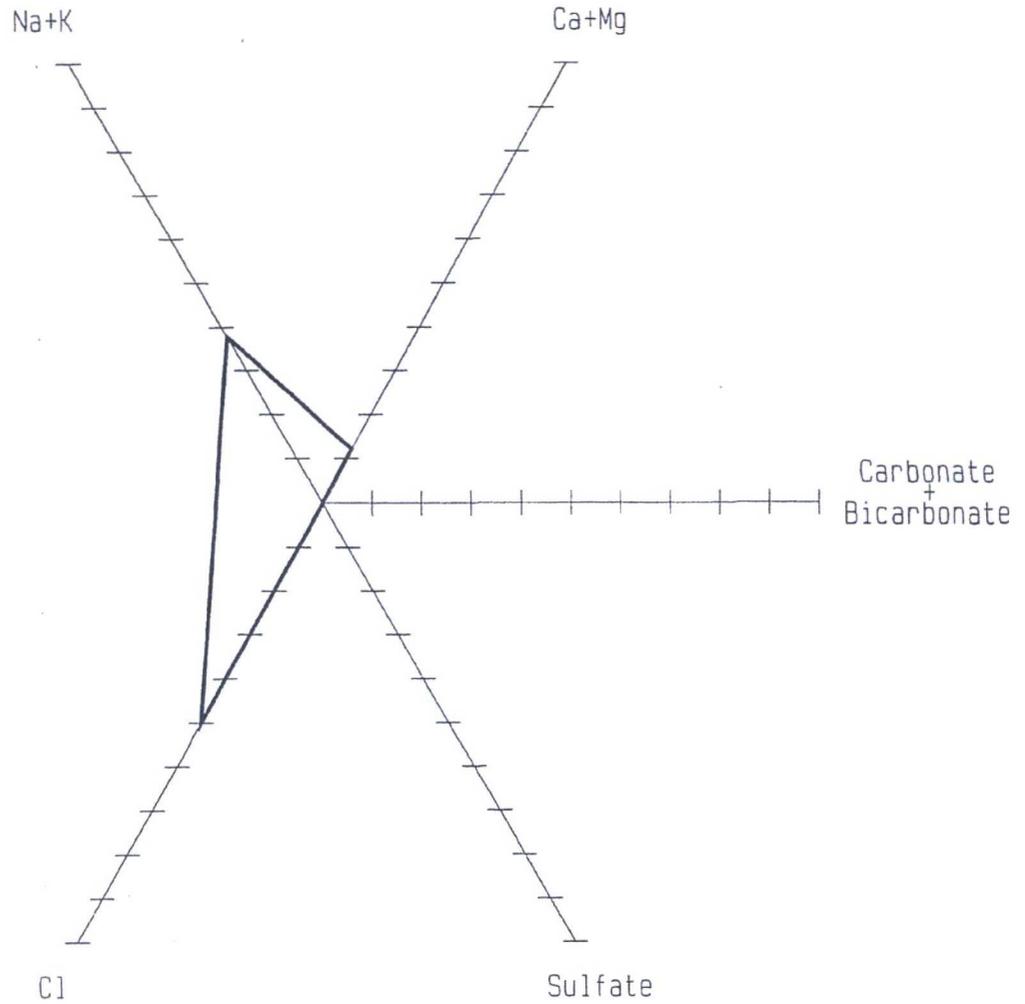
CO<sub>2</sub> ND

H<sub>2</sub>S ND

Total Fe ND

Total Fe test

% MEQ/L



McELVAIN #8 6/27/2014

6.68

Rw @ 75 degrees F: 0.00

TDS: 280982

Specific Gravity 1.171

---

Lab: Radical Specialties

Sample Date: 06/27/2014

---

Sodium & Potassium: 37.69%  
Calcium & Magnesium: 12.20%  
Carb & Bicarb: .02%  
Sulfate: .10%  
Chloride: 50%

# Impact Water Analysis Report



## SYSTEM IDENTIFICATION

Company: McElvain Energy  
 Location: EK 29 B52 Fed Com 3H  
 Sample Source: Wellhead  
 Account Manager: David Garcia

## WATER CHEMISTRY

### CATIONS

Calcium(as Ca)	4366
Magnesium(as Mg)	1499
Barium(as Ba)	0.68
Strontium(as Sr)	198.40
Iron(as Fe)	57.20
Manganese(as Mn)	2.64

### ANIONS

Chloride(as Cl)	108000
Sulfate(as SO <sub>4</sub> )	1072
Dissolved CO <sub>2</sub> (as CO <sub>2</sub> )	300.00
Bicarbonate(as HCO <sub>3</sub> )	293.09
H <sub>2</sub> S (as H <sub>2</sub> S)	95.80
Boron(as B)	19.89

Sample ID#: 77722

Sample Date: 03-23-2017  
 Report Date: 03-31-2017

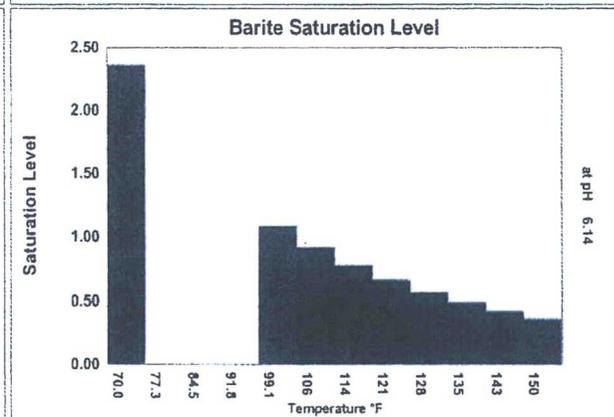
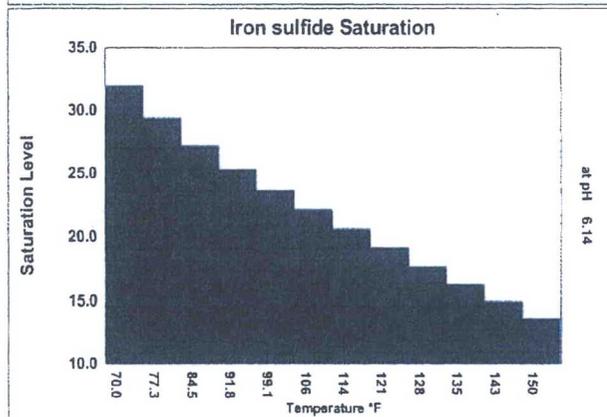
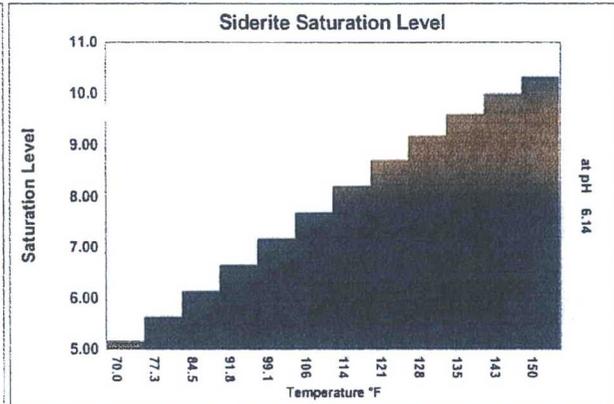
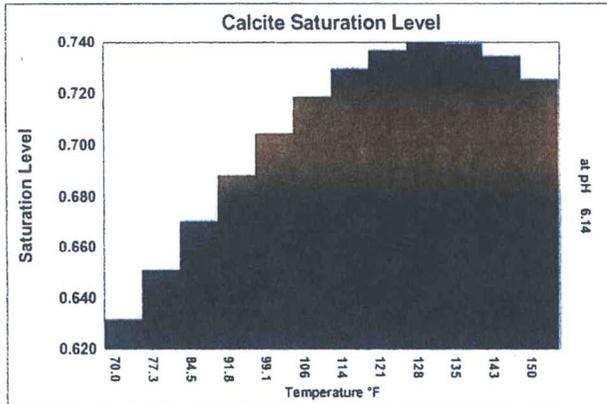
### PARAMETERS

Temperature(°F)	77.00	Sample pH	6.11
Conductivity	271688	Sp.Gr.(g/mL)	1.12
Resistivity	3.68		
T.D.S.	171486		

## SCALE AND CORROSION POTENTIAL

Temp. (°F)	Press. (atm)	Calcite CaCO <sub>3</sub>	Anhydrite CaSO <sub>4</sub>	Gypsum CaSO <sub>4</sub> *2H <sub>2</sub> O	Barite BaSO <sub>4</sub>	Celestite SrSO <sub>4</sub>	Siderite FeCO <sub>3</sub>	Mackawenite FeS	CO <sub>2</sub> (mpy)	pCO <sub>2</sub> (atm)							
70.00	1.00	0.631	-0.0259	0.358	-840.38	0.492	-561.65	2.36	0.668	0.445	-262.56	5.15	0.0413	31.89	12.48	0.147	0.149
77.27	5.91	0.651	-0.0235	0.348	-853.43	0.462	-611.42	1.90	0.550	0.426	-276.47	5.63	0.0418	29.35	12.36	0.281	0.515
84.55	10.82	0.670	-0.0214	0.342	-851.52	0.437	-656.29	1.55	0.414	0.411	-286.70	6.12	0.0421	27.17	12.24	0.375	0.880
91.82	15.73	0.688	-0.0195	0.340	-836.31	0.415	-696.75	1.29	0.258	0.400	-294.33	6.64	0.0423	25.26	12.10	0.459	1.25
99.09	20.64	0.704	-0.0179	0.341	-809.26	0.396	-732.76	1.08	0.0837	0.391	-299.96	7.16	0.0424	23.56	11.96	0.545	1.61
106.36	25.55	0.719	-0.0165	0.346	-772.08	0.389	-733.86	0.913	-0.111	0.383	-304.24	7.69	0.0424	22.04	11.80	0.608	1.98
113.64	30.45	0.729	-0.0154	0.355	-726.59	0.397	-692.66	0.776	-0.335	0.375	-308.64	8.20	0.0422	20.54	11.63	0.613	2.34
120.91	35.36	0.737	-0.0146	0.367	-674.57	0.404	-655.92	0.661	-0.594	0.367	-313.42	8.70	0.0418	19.08	11.45	0.615	2.71
128.18	40.27	0.740	-0.0141	0.383	-617.75	0.411	-623.21	0.565	-0.892	0.359	-318.57	9.17	0.0413	17.65	11.25	0.612	3.07
135.45	45.18	0.739	-0.0138	0.402	-557.72	0.418	-594.17	0.484	-1.23	0.351	-324.11	9.59	0.0405	16.25	11.03	0.606	3.44
142.73	50.09	0.734	-0.0138	0.426	-495.97	0.423	-568.44	0.416	-1.63	0.343	-330.04	9.98	0.0396	14.90	10.80	0.606	3.80
150.00	55.00	0.725	-0.0140	0.455	-433.78	0.428	-545.75	0.358	-2.08	0.335	-336.36	10.32	0.0386	13.61	10.55	0.625	4.17

Saturation Levels (xSAT) are the ratio of ion activity to solubility, e.g. (Ca)(CO<sub>3</sub>)/K<sub>sp</sub>. pCO<sub>2</sub> (atm) is the partial pressure of CO<sub>2</sub> in the gas phase. mg/L scale is the quantity of precipitation (or dissolution) required to instantaneously bring the water to equilibrium.



# Impact Water Analysis Report



## SYSTEM IDENTIFICATION

Company: Mc Elvain Energy  
 Location: GK 29 B52 Fed Corn 44  
 Sample Source: Wellhead  
 Account Manager: David Garcia

## WATER CHEMISTRY

### CATIONS

Calcium(as Ca)	5338
Magnesium(as Mg)	1781
Barium(as Ba)	0.00
Strontium(as Sr)	258.70
Iron(as Fe)	55.87
Manganese(as Mn)	1.81

### ANIONS

Chloride(as Cl)	123000
Sulfate(as SO <sub>4</sub> )	946.00
Dissolved CO <sub>2</sub> (as CO <sub>2</sub> )	230.00
Bicarbonate(as HCO <sub>3</sub> )	232.00
H <sub>2</sub> S (as H <sub>2</sub> S)	1.70
Boron(as B)	25.73

Sample ID#: 77117

Sample Date: 03-13-2017  
 Report Date: 03-14-2017

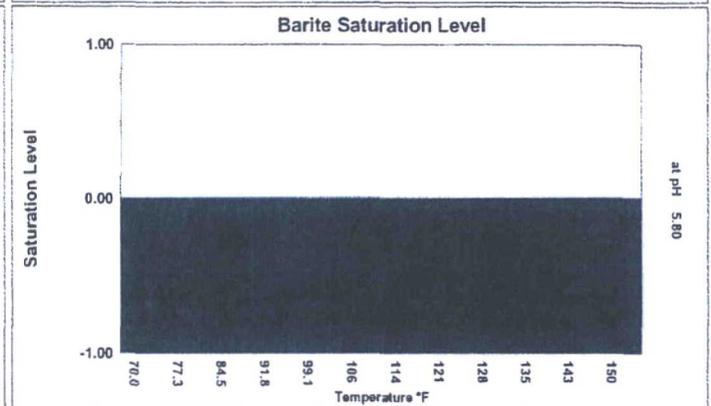
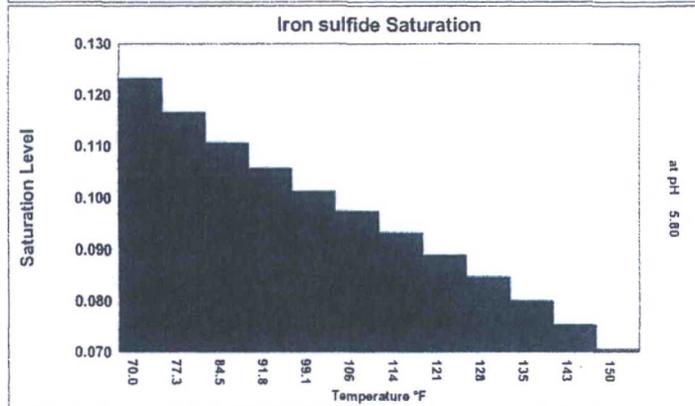
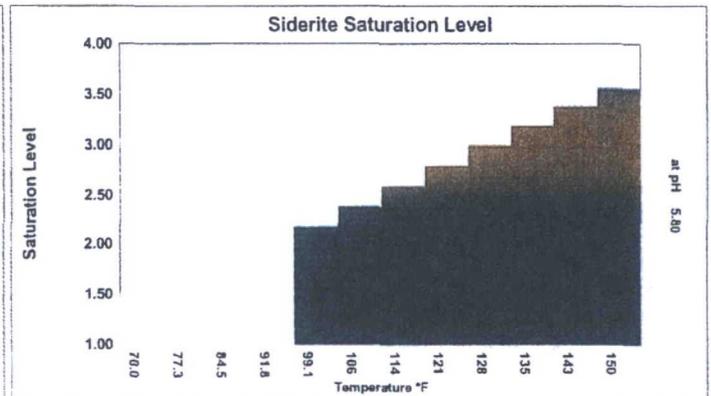
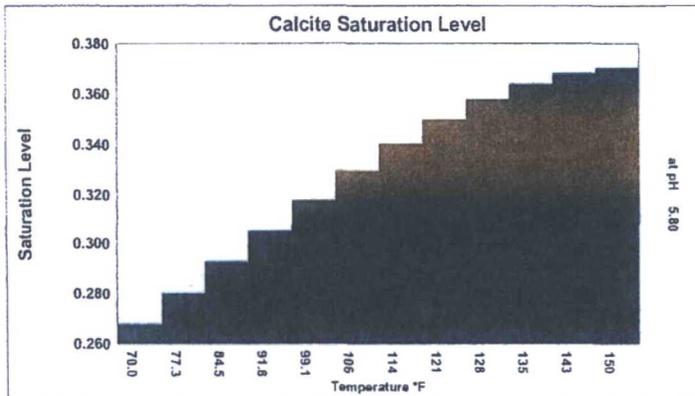
### PARAMETERS

Temperature(°F)	77.00	Sample pH	5.77
Conductivity	319052	Sp.Gr.(g/mL)	1.14
Resistivity	3.13		
T.D.S.	193005		

## SCALE AND CORROSION POTENTIAL

Temp. (°F)	Press. (atm)	Calcite CaCO <sub>3</sub>		Anhydrite CaSO <sub>4</sub>		Gypsum CaSO <sub>4</sub> *2H <sub>2</sub> O		Barite BaSO <sub>4</sub>		Celestite SrSO <sub>4</sub>		Siderite FeCO <sub>3</sub>		Mackawenite FeS		CO <sub>2</sub> (mpy)	pCO <sub>2</sub> (atm)
70.00	1.00	0.268	-0.0372	0.356	-659.48	0.474	-465.22	0.00	-0.723	0.396	-313.99	1.48	0.00509	0.123	-1.06	0.448	0.156
77.27	5.91	0.280	-0.0351	0.345	-670.51	0.445	-505.89	0.00	-0.898	0.378	-328.20	1.64	0.00615	0.116	-1.17	0.734	0.541
84.55	10.82	0.293	-0.0332	0.338	-669.77	0.419	-542.82	0.00	-1.10	0.364	-338.60	1.81	0.00710	0.111	-1.28	0.801	0.925
91.82	15.73	0.305	-0.0315	0.335	-658.32	0.397	-576.07	0.00	-1.33	0.353	-346.12	1.99	0.00796	0.106	-1.39	0.762	1.31
99.09	20.64	0.318	-0.0299	0.336	-637.43	0.377	-605.73	0.00	-1.59	0.344	-351.49	2.18	0.00872	0.101	-1.50	0.641	1.69
106.36	25.55	0.330	-0.0285	0.340	-608.50	0.370	-607.01	0.00	-1.89	0.336	-355.42	2.38	0.00939	0.0973	-1.61	0.418	2.08
113.64	30.45	0.340	-0.0272	0.348	-572.99	0.377	-573.89	0.00	-2.22	0.329	-359.47	2.58	0.00996	0.0932	-1.73	1.48	2.46
120.91	35.36	0.350	-0.0261	0.359	-532.36	0.383	-544.43	0.00	-2.61	0.321	-363.92	2.79	0.0104	0.0890	-1.85	1.50	2.84
128.18	40.27	0.358	-0.0252	0.373	-488.05	0.389	-518.32	0.00	-3.06	0.313	-368.83	2.99	0.0108	0.0846	-1.99	1.51	3.23
135.45	45.18	0.364	-0.0244	0.392	-441.24	0.394	-495.10	0.00	-3.58	0.305	-374.10	3.19	0.0111	0.0800	-2.14	1.52	3.61
142.73	50.09	0.368	-0.0238	0.414	-393.15	0.398	-474.57	0.00	-4.17	0.298	-379.79	3.38	0.0113	0.0754	-2.31	1.53	4.00
150.00	55.00	0.370	-0.0233	0.441	-344.88	0.402	-456.56	0.00	-4.85	0.290	-385.96	3.55	0.0114	0.0707	-2.48	1.55	4.38
		xSAT	mg/L	xSAT	mg/L	xSAT	mg/L	xSAT	mg/L	xSAT	mg/L	xSAT	mg/L	xSAT	mg/L		

Saturation Levels (xSAT) are the ratio of ion activity to solubility, e.g.  $\{Ca\} \cdot \{CO_2\} / K_{sp}$ . pCO<sub>2</sub> (atm) is the partial pressure of CO<sub>2</sub> in the gas phase.  
 mg/L scale is the quantity of precipitation (or dissolution) required to instantaneously bring the water to equilibrium.



<u>Wellname</u>	<u>Number</u>	<u>Lease #</u>	<u>Lot</u>	<u>Sec</u>	<u>TWN</u>	<u>RNG</u>	<u>BWPD</u>
McElvain	2	116166	L	29	18S	34E	SI
McElvain	4	245247	O	25	18S	33E	SI
McElvain	5	245247	M	25	18s	33E	9
McElvain	6	245247	L	25	18s	33E	0
McElvain	7	245247	J	25	18S	33E	1
McElvain	8	245247	L	30	18S	34E	14
McElvain	9	245247	F	25	18S	33E	0
McElvain	10	69457	L	31	18S	34E	4
EK 29 BS2 Fed Com	3H	136644	N	29	18S	34E	150
EK 29 BS2 Fed Com	4H	136645	P	30	18S	34E	100
Seely Recycle Pond (600' X 680')	#136336			25	18S	34E	NA
			&	30	18S	34E	

MCELVAIN #2 (BS)	0	0	0	Well shut-In for testing			
MCELVAIN #4	0	0	0	Shut in			
MCELVAIN #5 (DL)	0	20	9				
MCELVAIN #6 (DL)	0	10	0				
MCELVAIN #7 (1ST DL)	0	13	1				
MCELVAIN #8 (DL)	0	9	14				
MCELVAIN #9 (DL)	0	13	0				
MCELVAIN #10 (BS)	45	9	4				
PENNZOIL FEDERAL CC	0	0	0	Shut in for Repair - Swab			
EK 29 BS 2 FED. COM #	293	209	###				
EK 29 BS 2 FED. COM #	61	53	9	Shut-In for 5 days			
	399	336	###				