

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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.Lease State No.
NEW MEXICO

Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. SV BOBWHITE FED 01
2. Name of Operator CHEVRON USA INCORPORATED Contact: TONY G COOPER E-Mail: tony.cooper@mcelvain.com		9. API Well No. 30-025-32963-00-C1
3a. Address 6301 DEAUVILLE BLVD MIDLAND, TX 79706	3b. Phone No. (include area code) Ph: 303-893-0933 Ext: 331	10. Field and Pool or Exploratory Area DIOS MANO EK-YATES-7RVRS-QUEEN
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 4 T19S R34E NWSW 2355FSL 400FWL		11. County or Parish, State LEA COUNTY, NM

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 recompletable 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. recently purchased this well from Chevron USA. McElvain would like to return this well to producing status. To do this McElvain is requesting permission to flare the non-marketable natural gas on-site. The gas was being sold to Frontier Field Services but is now considered non-marketable due to high N₂ and CO₂ levels in the gas. McElvain is requesting the flaring of the gas to be considered non-royalty bearing due to the lack of marketability of the gas. Flared gas volumes will be reported monthly by using the wells historical production to calculate a GOR. A small open flame style flare with auto-igniter will be installed on the well pad. McElvain expects the daily production of this well to be 5 BOPD with 8-10 MCFD flared. I have attached a Gas Quality Specs Notice from Frontier Field Services and the most recent gas analysis for the well showing the N₂ levels of the gas.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #419344 verified by the BLM Well Information System For CHEVRON USA INCORPORATED, sent to the Hobbs Committed to AFSS for processing by PRISCILLA PEREZ on 05/23/2018 (18PP1066SE)	
Name (Printed/Typed) KELLOFF JOE	Title VP PRODUCTION
Signature (Electronic Submission)	Date 05/08/2018

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>/s/ Jonathon Shepard</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>5/31/18</u>
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 <u>CFO</u>

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 6/11/2018



May 13, 2016

VIA FAX: and U.S. Mail

CHEVRON USA INC
Contract Administration
MCBU Commercial
1500 Louisiana, 3rd Floor
Houston, TX 77002

RE: Majamar System in Lea, Eddy and Chaves County, NM – Gas Quality Specification Notice
Force Majeure – Transwestern Pipeline

Frontier Field Services, LLC (FFS) has been notified by Transwestern Pipeline Company (TW) that it is in violation of the TW tariff regarding nitrogen content and are at risk of having the entire plant shut down if it does not reduce the nitrogen content in its residue gas stream to meet the TW nitrogen specification.

Therefore, we are and have been in the process of blocking in various delivery points that don't meet the quality specifications for nitrogen outlined in your contracts(s). FFS field representatives will be contacting your field representatives if any of your delivery points fall into this category and we will cease accepting gas from such delivery points until further notice.

FFS is still evaluating as to how many delivery points will be affected and will do everything possible to maximize throughput on the Majamar System.

While FFS will endeavor to take as much out of spec gas as it can without running in excess of the TW spec, FFS reserves the right to cease accepting such gas at other delivery points if such gas also does not meet the quality requirements of our contracts, and FFS' acceptance of such gas is not a waiver of FFS' right to cease acceptance of such gas in the future.

We anticipate that this could be a long term event and will notify you if and when we will be able to resume accepting the affected gas.

If you have any questions, please don't hesitate to call me at 918.388.8420.

Sincerely,

Jeff Hull

Jeff Hull
Vice President – Gas Supply

MANLEY GAS TESTING, INC.

P.O. DRAWER 193

ODESSA, TEXAS 79760

OFFICE(432)367-3024

FAX(432)367-1166

E-MAIL: MANLEYGAST@AOL.COM

CHARGE..... 150 - 0

DATE SAMPLED..... 07-14-15

REC. NO. 46

DATE RUN..... 07-17-15

TEST NUMBER.. 14633

EFFECT. DATE..... 08-01-15

STATION NO. ... 06035519

PRODUCER CHEVRON

SAMPLE NAME.... SV BOB WHITE

TYPE: SPOT

RECEIVED FROM.. FRONTIER FIELD SERVICES LLC - MALJAMAR

FLOWING PRESSURE 45.3 PSIA

FLOWING TEMPERATURE 97 F

SAMPLED BY: TH

CYLINDER NO. ... 054

FRACTIONAL ANALYSIS
CALCULATED @ 14.650 PSIA AND 60F

	MOL%	GPM (REAL)
HYDROGEN SULFIDE...	0.400	
NITROGEN.....	4.982	
CARBON DIOXIDE.....	5.494	
METHANE.....	65.641	
ETHANE.....	11.290	3.016
PROPANE.....	6.576	1.809
ISO-BUTANE.....	0.733	0.240
NOR-BUTANE.....	1.967	0.620
ISO-PENTANE.....	0.553	0.202
NOR-PENTANE.....	0.581	0.210
HEXANES +.....	1.783	0.777
TOTALS	100.000	6.874

H2S PPMV = 4000

'Z' FACTOR (DRY) = 0.9955

'Z' FACTOR (WET) = 0.9951

CALC. MOL. WT. = 24.82

..CALCULATED SPECIFIC GRAVITIES..

REAL, DRY 0.8606

REAL, WET 0.8568

..CALCULATED GROSS HEATING VALUES..

BTU/CF - REAL, DRY 1255

BTU/CF - REAL, WET 1233

DISTRIBUTION AND REMARKS:

N

ANALYZED BY: BJ

** R **

APPROVED:



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. Approval not to exceed 180 days from date of submission unless otherwise specified in Sundry Notice.
2. All flaring under this request is considered to be "avoidably lost":
Volumes flared beyond limits defined in 43 CFR 3179.7 are considered "avoidably lost" and will require payment of royalties, unless an exception is granted in accordance with 43 CFR 3179.
Volumes for avoidably lost gas shall be reported on OGOR "B" reports as disposition code "08".

Exceptions:

- a. The first 24 hours of a temporary emergency flare is considered "unavoidably lost" and is therefore royalty free. Flared volumes that are considered unavoidably lost are not to be included in Sundry Notice (Form 3160-5). These Volumes are not royalty bearing and shall be reported on OGOR "B" as either disposition code "21" or "22".
- b. If the operator believes that the flared volumes were "unavoidably lost", the operator can submit a request via Sundry Notice (Form 3160-5) with justification for an exception in accordance with 43 CFR 3179.4, 3179.103 - 3179.105.