

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.*5. Lease Serial No.
NMNM116166

6. If Indian, Allottee or Tribe Name

7. If Unit or Easement, Name and/or No.
NMNM1366448. Well Name and No.
EK 29 BS2 FEDERAL COM 3H9. API Well No.
30-025-42699-00-S110. Field and Pool or Exploratory Area
EK-BONE SPRING11. County or Parish, State
LEA COUNTY, NM**SUBMIT IN TRIPLICATE - Other instructions on page 2**

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 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 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 is requesting permission to flare gas at this well for a short period of time. The wellbore has been charged with nitrogen to protect it from upcoming fracturing operations on 3 Bone Spring wells in the immediate vicinity. The flaring should begin sometime around January 2, 2018 and is estimated to last for no more than 60 days. Flaring is required because the gas will be non-marketable due to the high nitrogen content (> 4% by contract). This is an experimental procedure so we are unsure how long it will take the nitrogen to dissipate from the gas streams to a marketable level. As soon as the gas composition deems it to be marketable again the gas will return to onsite sales.

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

Electronic Submission #397081 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 12/15/2017 (18PP0360SE)

Name (Printed/Typed) TONY G COOPER

Title SR EHS SPECIALIST

Signature (Electronic Submission)

Date 12/06/2017

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

/s/ Jonathon Shepard

Title

PETROLEUM ENGINEER

Date

5/20/2018

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

CFO

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 **

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.