

N.M. Oil Cons. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210

Form 3120-3  
(August 1999)



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.  
NM-12557

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.

Duncan Federal #3

9. API Well No.

30-005- 63564

10. Field and Pool, or Exploratory

Wolf Lake San Andres, South

11. Sec., T., R., M., or Blk. and Survey or Area

Sec.07, T-9S, R-28E NMPM

12. County or Parish  
Chaves

13. State  
NM

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other

☒ Single Zone ☐ Multiple Zone

2. Name of Operator

Jalapeno Corporation

3a. Address

P.O. Box 1608, Albuquerque, NM 87108

3b. Phone No. (include area code)  
(505) 242-2050

4. Location of Well (Report location clearly and in accordance with any State requirements.)

At surface 329' FSL & 329' FWL

At proposed prod. zone same 330 S/W

lot 4

14. Distance in miles and direction from nearest town or post office\*  
24 miles NE of Roswell, NM

15. Distance from proposed\*  
location to nearest  
property or lease line, ft.  
(Also to nearest drilg. unit line, if any)

16. No. of Acres in lease

1074.24

17. Spacing Unit dedicated to this well

39.57

18. Distance from proposed location\*  
to nearest well, drilling, completed,  
applied for, on this lease, ft.

19. Proposed Depth

2,425' from surface

20. BLM/BIA Bond No. on file

21. Elevations (Show whether DF, KDB, RT, GL, etc.)  
3879 GL

22. Approximate date work will start\*  
4/1/03

23. Estimated duration  
120 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (If the location is on National Forest System Lands, the  
SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see  
Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the  
authorized officer.

25. Signature

Jalapeno Corp. By: *[Signature]*

Name (Printed/Typed)

Harvey E. Yates, Jr.

Date  
3/15/03

Title  
President

Approved by (Signature)

/s/ LARRY D. BRAY

Name (Printed/Typed)

/s/ LARRY D. BRAY

Date  
APR 18 2003

Title  
Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL FIELD OFFICE

APPROVED FOR 1 YEAR

Application approval 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.

Conditions of approval, if any, are attached.

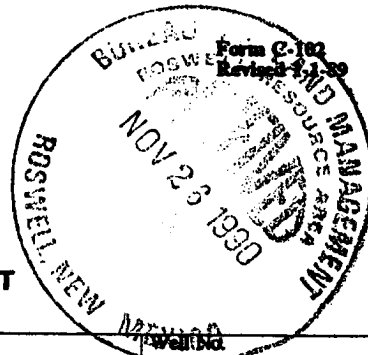
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse)

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088



DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator CIBOLA ENERGY CORP.			Lease Duncan Federal		3
Unit Letter M	Section 7	Township 9 South	Range 28 East	County Chaves	NMPM
Actual Footage Location of Well: 330 feet from the South line and 330 feet from the West line					
Ground level Elev. 3882.4	Producing Formation San Andres		Pool	Dedicated Acreage: 39.57 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.

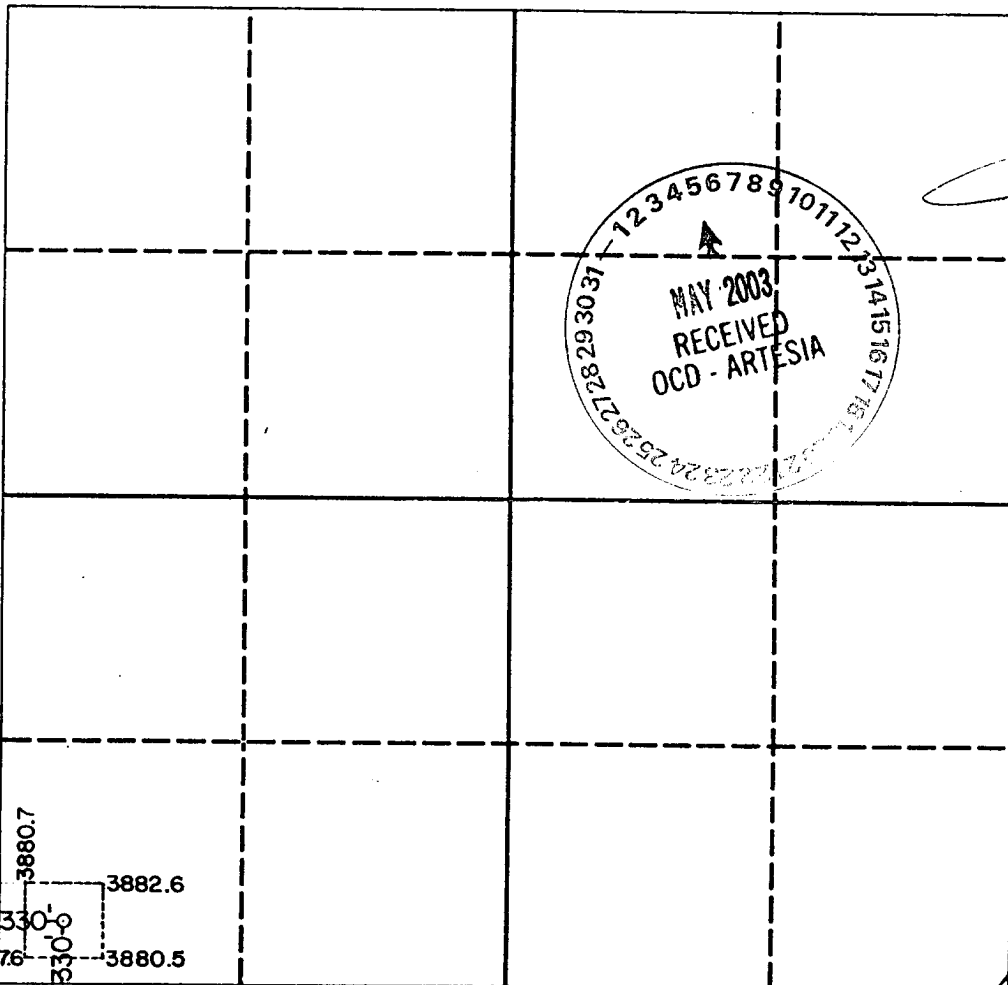
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

☐ Yes ☐ No If answer is "yes" type of consolidation \_\_\_\_\_

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature  
Printed Name  
Harvey E. Yates, Jr.

Position  
President  
Company  
Cibola Energy Corp.

Date  
November 20, 1990

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed  
October 24, 1990

Signature & Seal of  
Professional Surveyor

Certificate No. JOHN W. WEST, 676  
RONALD J. EIDSON, 3239

# ***Jalapeño Corporation***

***P.O. Box 1608***

***Albuquerque, NM 87103-1608***

***Phone: (505) 242-2050 Fax: (505) 242-8501***

May 1, 2003

Mr. Brian Arrant  
Oil Conservation District II  
Artesia Office  
1301 W. Grand Ave.  
Artesia, NM 88210



RE: Duncan Federal #3  
Sec. 7-M, T-09S, R-28E  
Chaves County, NM

Dear Mr. Arrant:

We talked last week regarding the Duncan Federal #3, the location for which, on our most recent Application, was listed at 329' FSL & FWL. This well will be drilled 330' FSL & FWL and we send this letter at your request to acknowledge that fact.

Enclosed please find two (2) surveys, both done by John West Engineering. The first survey was done on October 24, 1990. The stake from that earlier survey was, 12 years later (on January 29, 2003) still in place. I pointed out the stake and told the survey crew I wanted to drill the well at the location of the stake.

Later I noticed that the location of the stake was shown on their 2003 work as being at 329' FSL & FWL and I asked the Survey Crew Chief how that could be. The response was that in the period between the two stakings, survey equipment (satellite?) has improved the accuracy of surveys.

Yours truly,

Harvey E. Yates, Jr.  
President

Jalapeño Corporation  
Duncan Federal #3  
329' FSL & FWL, Sec. 7 M, Twn-09S, Rge-28E  
Chaves County, New Mexico  
Application to Drill

1) **PLAT**

Attached are 5 original Plats, signed for Jalapeño Corporation by Harvey E. Yates, Jr., President and by Ronald Eidson of John West Surveying, along with copies of a Vicinity Map and Location Verification Map.

2) **DRILLING PLAN**

We propose to drill this well using a Cable Tool to an estimated TD of 2425 feet to test the P1 and P2 zones of the Wolf Lake San Andres, South Formation. If the well is productive, we will complete it by running and cementing 5-1/2" 17# casing. If it is not productive, we will plug it following required plugging procedures.

Proposed casing and cementing program

Size of Hole	Size of Casing	Weight / Ft	Setting Depth	Quantity of Cement
12 1/4	8 5/8	23#	<del>445</del> ft. <b>550'</b>	Circulate
7 7/8	5 1/2	17#	2425 ft.	200 sx

3) **SURFACE USE PLAN** (Attached separately - Exhibit "A")

4) **BOND**

Jalapeño Corporation's Bond is with Gulf Insurance: #58-73-29, #58-73-30 and #58-73-31

5) **OPERATOR CERTIFICATION**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Jalapeño Corporation and its contractors and sub-contractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of No. 18 U.S.C. #1001 for filing of a false statement.

Jalapeño Corporation

  
Harvey E. Yates, Jr.

3/15/03  
Date

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-005-	Pool Code 65075	Pool Name Wolf Lake San Andres, South
Property Code	Property Name DUNCAN FEDERAL	Well Number 3
OGRID No. 026307	Operator Name JALAPENO CORPORATION	Elevation 3879'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	7	9-S	28-E		329	SOUTH	329	WEST	CHAVES

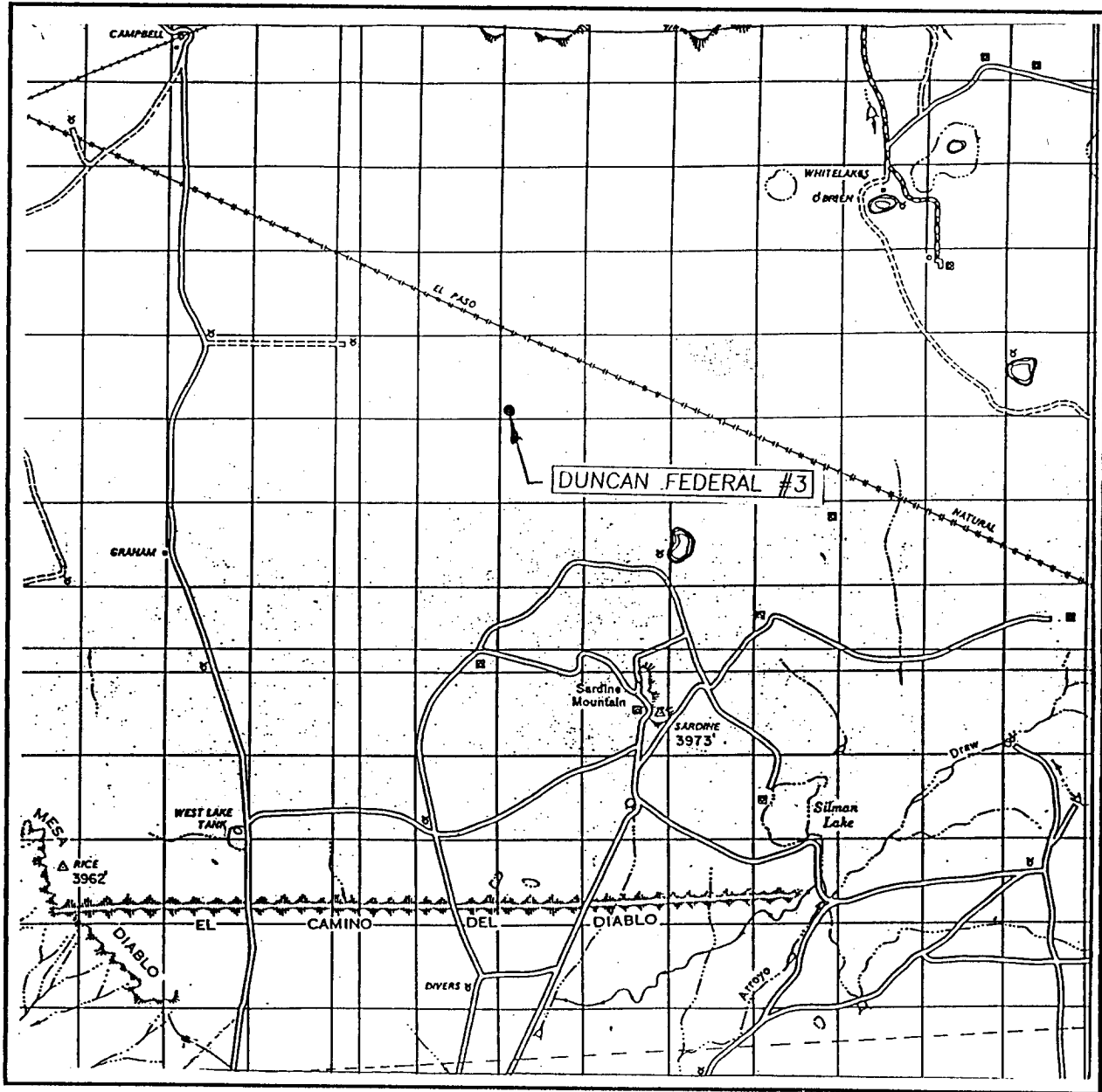
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 39.57	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. JALAPENO CORPORATION   Signature Harvey E. Yates, Jr. Printed Name President Title Date 3/15/03	
				<b>SURVEYOR CERTIFICATION</b>  I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.  JANUARY 29, 2003 Date Surveyed Signature & Seal of Professional Surveyor  Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641	
<b>DETAIL</b> 3878.9' 3880.3' 3878.6' 3878.8'				<b>GEOGRAPHIC COORDINATES</b> SPC NME NAD 1927 Y = 824428.1 X = 560009.6 LAT. - 32°32'27.86"N LONG. - 104°08'10.99"W	
<b>SEE DETAIL</b> 					

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 7 TWP. 9-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 329' FSL & 329' FWL

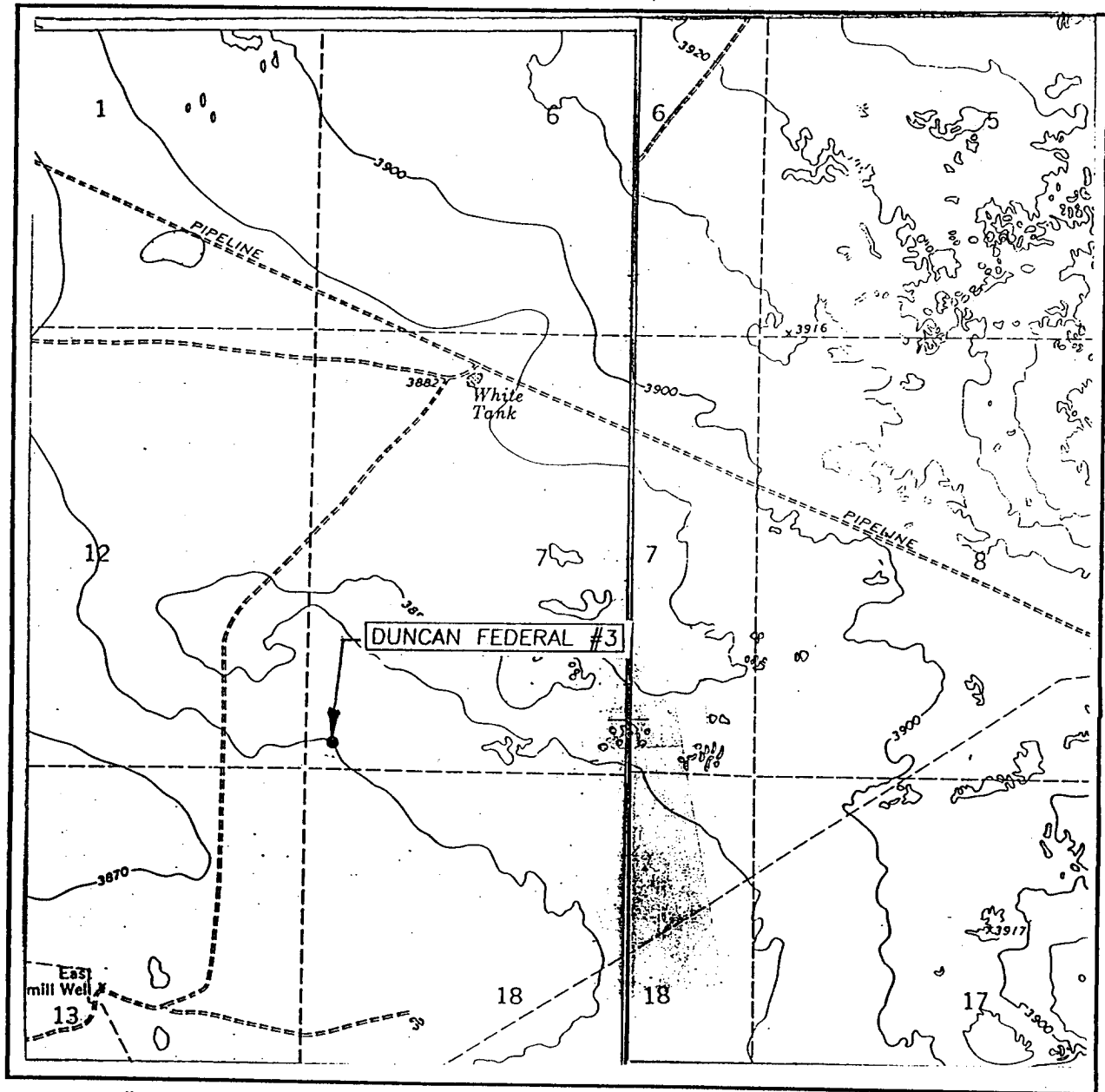
ELEVATION 3879'

OPERATOR JALAPENO CORPORATION

LEASE DUNCAN FEDERAL

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL: 10'  
CAMPBELL,  
SARDINE LAKE, NM

SEC. 7 TWP. 9-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 329' FSL & 329' FWL

ELEVATION 3879'

OPERATOR JALAPENO CORPORATION

LEASE DUNCAN FEDERAL

U.S.G.S. TOPOGRAPHIC MAP  
CAMPBELL, SARDINE LAKE, N.M.

JOHN WEST SURVEYING  
HOBBS, NEW MEXICO  
(505) 393-3117