

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brizos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
Revised August 1, 2011

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOC District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

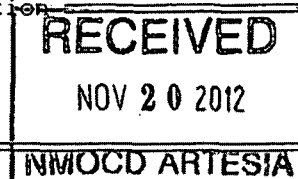
Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1. Operator: JALAPENO CORPORATION OGRID #: 26307
Address: PO BOX 1608; ALBUQUERQUE, NEW MEXICO 87103-1608
Facility or well name: DAWG #1
API Number: 30-005-64158 OCD Permit Number: 213627
U/L or Qtr/Qtr H Section 21 Township 9S Range 27E County: CHAVES
Center of Proposed Design: Latitude 33.519429° N Longitude 104.191586° W NAD: ☒ 1927 ☐ 1983
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2. ☐ Closed-loop System: Subsection H of 19.15.17.11 NMAC
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A
☐ Above Ground Steel Tanks or ☒ Haul-off Bins

3. Signs: Subsection C of 19.15.17.11 NMAC
☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
☒ Signed in compliance with 19.15.16.8 NMAC



4. Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number: _____
☐ Previously Approved Operating and Maintenance Plan API Number: _____

5. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: Gandy Marley Landfarm Disposal Facility Permit Number: NM 711-01-0019
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☒ No
Required for impacted areas which will not be used for future service and operations:
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6. Operator Application Certification:
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.
Name (Print): H. EMMONS YATES III Title: GEOLOGICAL ANALYST
Signature: [Signature] Date: Nov 19, 2012
e-mail address: eyates@jalapenocorp.com Telephone: 505-242-2050

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only) 5/22/14

OCD Representative Signature: RDade

Approval Date: 11/21/2012

Title: Dist # Supervisor

OCD Permit Number: 213627

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☒ Closure Completion Date: 2/19/2014

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: Gandy Marley Landfarm

Disposal Facility Permit Number: NM 711-01-0019

Disposal Facility Name: _____

Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☒ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): H. Emmons Yates III

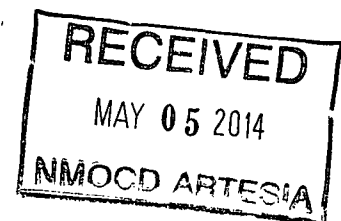
Title: Vice President

Signature: H. Emmons Yates III

Date: April 29, 2014

e-mail address: eyates@jalapenocorp.com

Telephone: 505-242-2050



Jalapeño Corporation

DAWG #1

2225' FNL & 704' FEL

SECTION 21, T. 9-S, R. 27-E

CHAVES COUNTY, NEW MEXICO

DESIGN PLAN

- We will design the closed-loop system to contain all liquids and solids and prevent contamination of fresh water and protect public health and the environment.
- We will stockpile the available topsoil for use as the final cover at the time of closure.
- A 12" x 24" sign will be provided in accordance with Sub. C of 19.15.17.11.
- A surrounding perimeter fence will be installed around the entire well site.
- Drilling cuttings will be bailed into and maintained in a haul-off bin.

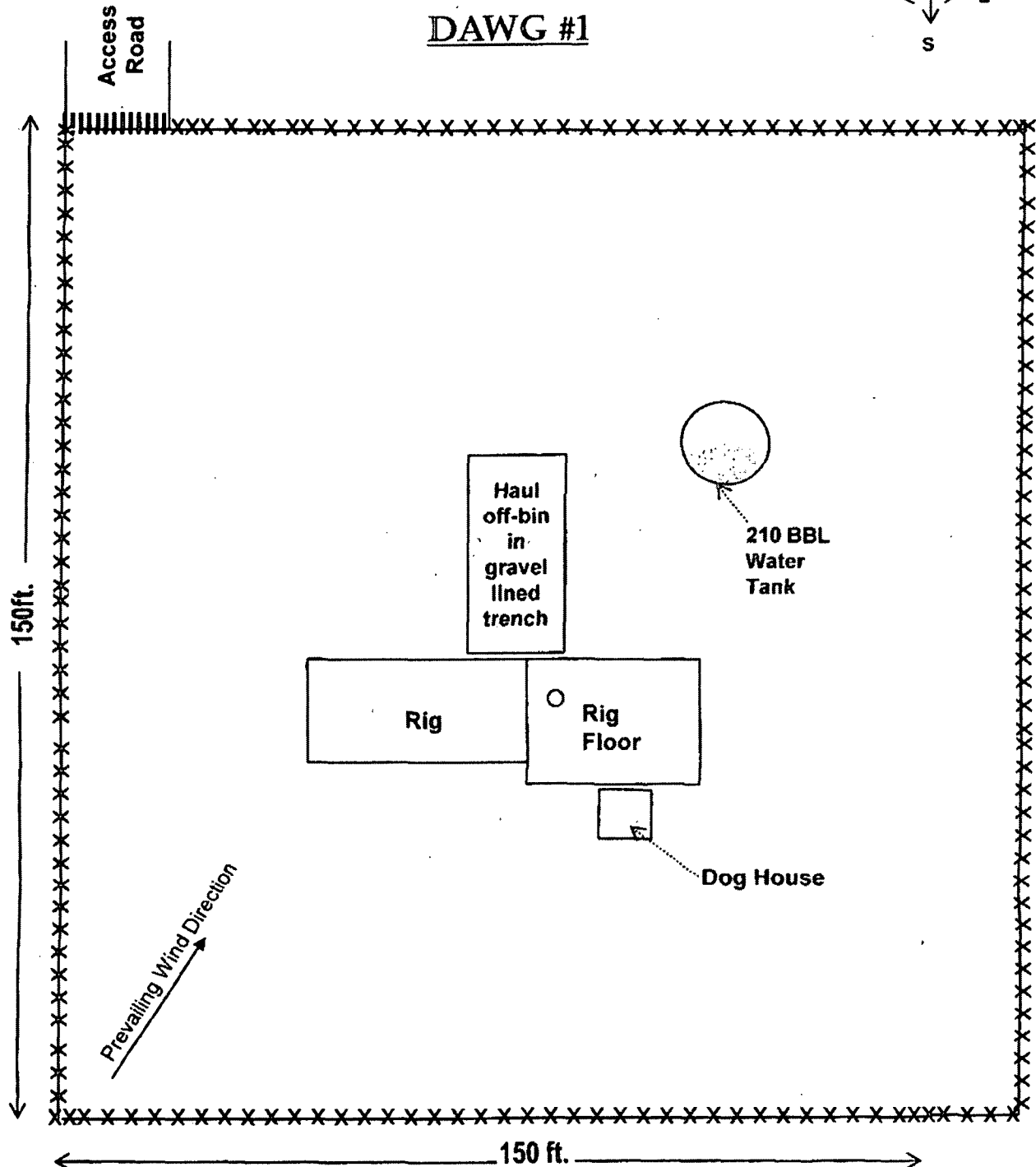
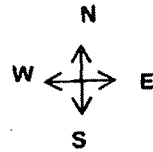
OPERATING AND MAINTENANCE PLAN

- We will operate and maintain the closed-loop system to contain all liquids and solids and prevent contamination of fresh water and protect public health and the environment.
- The equipment will be continuously monitored during operations.
- Should any leaks develop in the closed-loop system, we will remove all liquids and notify the OCD's Field office within 48 hours and we will immediately repair or replace the equipment.
- Drilling cuttings will be bailed into a haul-off bin located in a gravel lined trench off the rig floor. This is necessary because the hole will be drilled using a cable tool rig.
- All drilling fluids and cuttings in the haul-off bins will be transported to an approved disposal facilities (Gandy-Marley Landfarm, Permit #NM-0010019).

CLOSURE PLAN

- Once we are no longer using the area associated with a closed-loop system, we will reclaim all areas associated with the closed-loop system to a safe and stable condition that blends with the surrounding undisturbed area in accordance with OCD rules and regulations.

JALAPENO CORPORATION
DAWG #1



LEGEND	
---xxx---	Fence
	Cattle guard

SEC. 21TWP. 09S RGE. 27E
COUNTY CHAVES STATE NEW MEXICO
DESCRIPTION 2225FNL & 704 FEL