

OIL CONSERVATION DIVISION
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

MAR 27 2017

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO. 30-005-63762	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. VA 2401	
7. Lease Name or Unit Agreement Name SCROUNGER STATE	
8. Well Number	1
9. OGRID Number	26307
10. Pool name or Wildcat Wolf Lake South	

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator JALAPENO CORPORATION	
3. Address of Operator PO BOX 1608, ALBUQUERQUE, NM 87103	
4. Well Location Unit Letter <u>A</u> : <u>412</u> feet from the <u>North</u> line and <u>330</u> feet from the <u>East</u> line Section <u>13</u> Township <u>9-S</u> Range <u>27-E</u> NMPM County <u>Chaves</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) GR 3877'	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input checked="" type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: CHANGES TO P&A PLANS <input checked="" type="checkbox"/>	

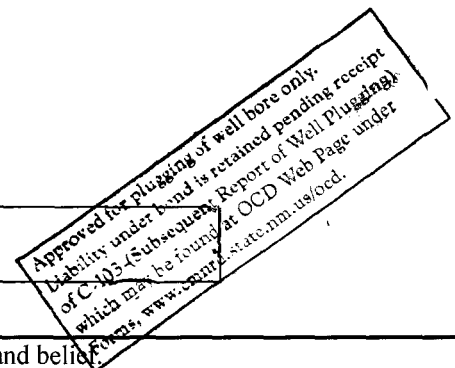
13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

3/17/17 -

- Jalapeno Corporation commenced the P&A job for the Scrounger State#1.
- Rotary Wireline services set a CIBP at 2108' and perforated the 15.5# production casing at 1100'.
- Par 5 services set an initial cement plug and shut down for 4 hours. After 4 hours the crew went to tag the bottom plug and found that the cement plug rose to 2078'.
- Par 5 then reentered the well and set another 25 sack cement plug.
- The job was shut down for the day.

3/18/17 - (Continued on second page. Attachments follow.)

Spud Date: 10/17/05	Rig Release Date:
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I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE <u>H. Emmons Yates, III</u>	TITLE <u>Vice President</u>	DATE <u>March 21, 2017</u>
Type or print name <u>H. Emmons Yates, III</u>	E-mail address: <u>eyates@jalapenocorp.com</u>	PHONE: <u>505-242-2050</u>
For State Use Only		
APPROVED BY: <u>Ralph L. Byrd</u>	TITLE <u>COMPLIANCE OFFICER</u>	DATE <u>3/29/2017</u>
Conditions of Approval (if any):		

(#13, continued from previous page)

3/18/17 -

- The crew arrives on location and tags the bottom plug at 1908'.
- The crew then fills the hole with salt water spacing gel to 1100'.
- The crew then begins to try and circulate fluid through the perforations at 1100'. The crew begins to gain pressure and eventually reaches 1000# PSI.
- It is determined that a call needs to be made to Jalapeno Corporations home office in order to determine how to proceed.
- It is determined that the initial schematic Jalapeno Corporation submitted to the OCD was inaccurate. Jalapeno had originally believed that the production casing had only been cemented to 1100'. However, after reexamining the cement bond log submitted to the OCD when the well was originally completed, it is determined that the production cement had been cemented to surface.
- After realizing that the approved P&A process would have to be deviated from, Emmons Yates proceeded to call Mr. Byrd at the OCD. Emmons Yates was unable to reach Mr. Byrd on his phone, as his voicemail box had not yet been set up.
- Mr. Yates then proceeded to call both the OCD Artesia field office and the number that the OCD left for 24 hour emergency contacts. He left messages for people to call him back because we needed some direction on the Scrounger P&A job.
- However, after not receiving a call back and still having the crews on the Scrounger location, Mr. Yates decided to send a fax message to the Artesia field office detailing what had taken place.
- After having not heard from the OCD, Mr. Yates told the field crew to fill up the borehole with cement from 1100' to surface.

With this subsequent report notice, Jalapeno Corporation is also submitting copies of the cement bond log, the fax sent to the OCD, as well as phone call record detailing the phone calls that Mr. Yates made on the 18th.

Also included are revised and accurate before and after well bore schematics.