

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
May 27, 2004

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to appropriate District Office  
**RECEIVED**  
MAY 15 2006  
☐ AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

Operator Name and Address <b>Jalapeno Corporation - PO Box 1608 -Albuquerque, NM 87013</b>		OGRID Number <b>26304</b>
Property Code <b>35004</b>	Property Name <b>Scrounger State</b>	API Number <b>30 - 005 - 63827</b>
Proposed Pool 1 <b>Wolf Lake - San Andres, South- 65075</b>		Well No. <b>2</b>
Proposed Pool 2		

**Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>13</b>	<b>9-S</b>	<b>27-E</b>		<b>990</b>	<b>NORTH</b>	<b>330</b>	<b>EAST</b>	<b>CHAVES</b>

**Proposed 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

**Additional Well Information**

Work Type Code <b>N</b>	Well Type Code <b>O</b>	Cable/Rotary <b>C</b>	Lease Type Code <b>S</b>	Ground Level Elevation <b>3875</b>
Multiple <b>No</b>	Proposed Depth <b>2300'</b>	Formation <b>San Andres</b>	Contractor <b>JO Hammond</b>	Spud Date <b>6/15/06</b>
Depth to Groundwater <b>375-385</b>		Distance from nearest fresh water well <b>East Wind Mill Well approx. 1/2 mile</b>		Distance from nearest surface water <b>White Tank Watering Reservoir approx. 1 &amp; 1/5 miles</b>
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 mils thick Clay <input type="checkbox"/> Pit Volume: 5600 bbls Drilling Method: CABLE TOOL				
Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

**Proposed Casing and Cement Program**

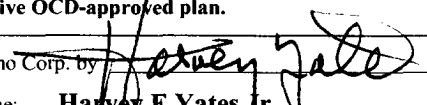
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
<b>12 1/4</b>	<b>8 5/8</b>	<b>23#</b>	<b>500'</b>	<b>250 to circulate</b>	<b>Surface</b>
<b>7 7/8</b>	<b>5 1/2"</b>	<b>15.5#</b>	<b>2300</b>	<b>250 SX</b>	<b>500'</b>

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

**We propose to drill this well using a cable tool rig to an estimated TD of 2300' to test the Slaughter Zone of the San Andres. If the well is productive, we will complete it by running & cementing 5 1/2" 15.5lb casing. If it is not productive, we will plug it following required plugging procedures. The blowout prevention program: Henderlite Control Head. No abnormal temperatures or pressures are expected.**

**See attached for Hydrogen Sulfide Contingency Per Rule 118 as well as a pit application Form C-144.**

**This well would be drilled on the same proration unit as was drilled the producing Scrounger #1, located 330 FNL and 330 FEL. If the #2 is successful, the production will be piped to the #1 tank battery.**

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines <input checked="" type="checkbox"/> , a general permit <input type="checkbox"/> , or an alternative OCD-approved plan.		OIL CONSERVATION DIVISION	
Jalapeno Corp. by 		Approved by:	
Printed name: <b>Harvey E Yates Jr.</b>		<b>BRYAN G. ARRANT</b>	
Title: <b>President</b>		Title: <b>DISTRICT II GEOLOGIST</b>	
Approval Date: <b>MAY 15 2006</b>		Expiration Date: <b>MAY 15 2007</b>	
Date: <b>5/9/06</b>	Phone: <b>(505) 242-2050</b>	Conditions of Approval Attached <input type="checkbox"/>	

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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, New Mexico 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name SCROUNGER STATE	Well Number 2
OGRID No.	Operator Name JALAPENO CORPORATION	Elevation 3875'

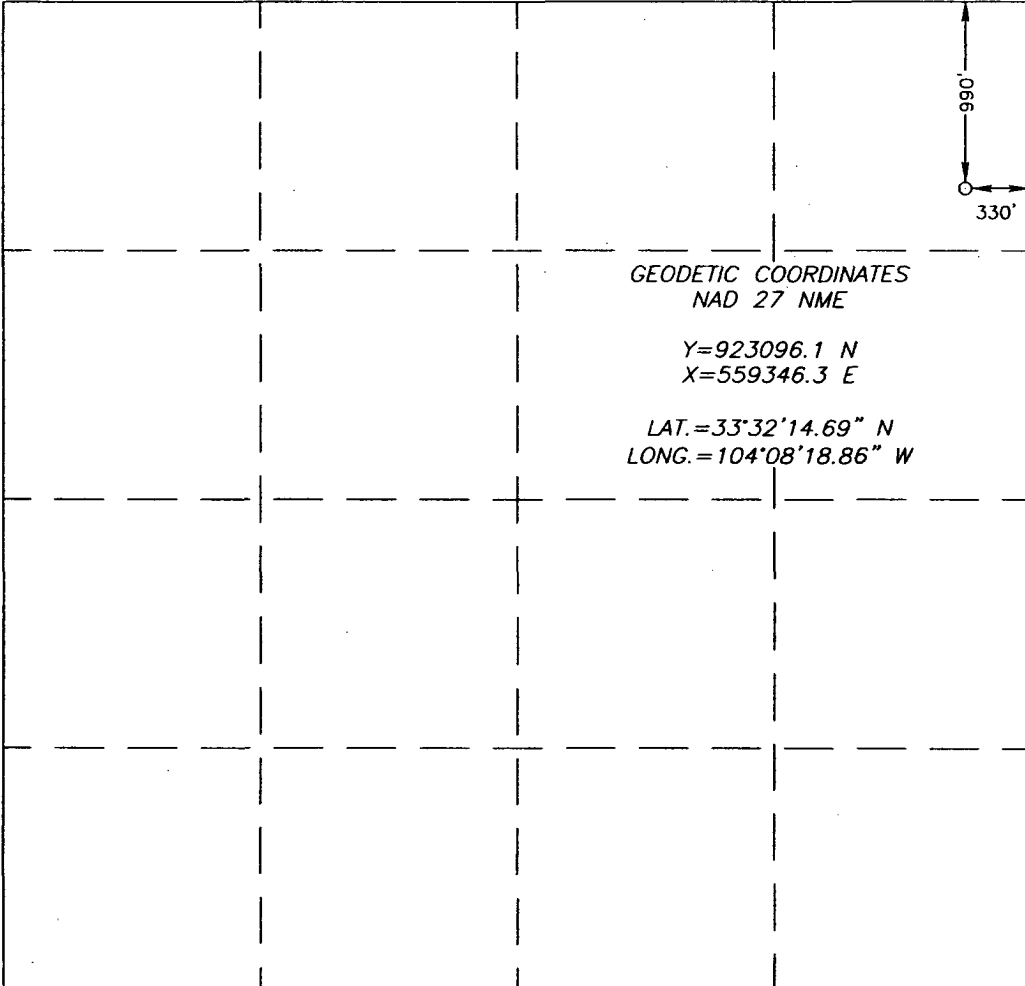
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	13	9-S	27-E		990	NORTH	330	EAST	CHAVES

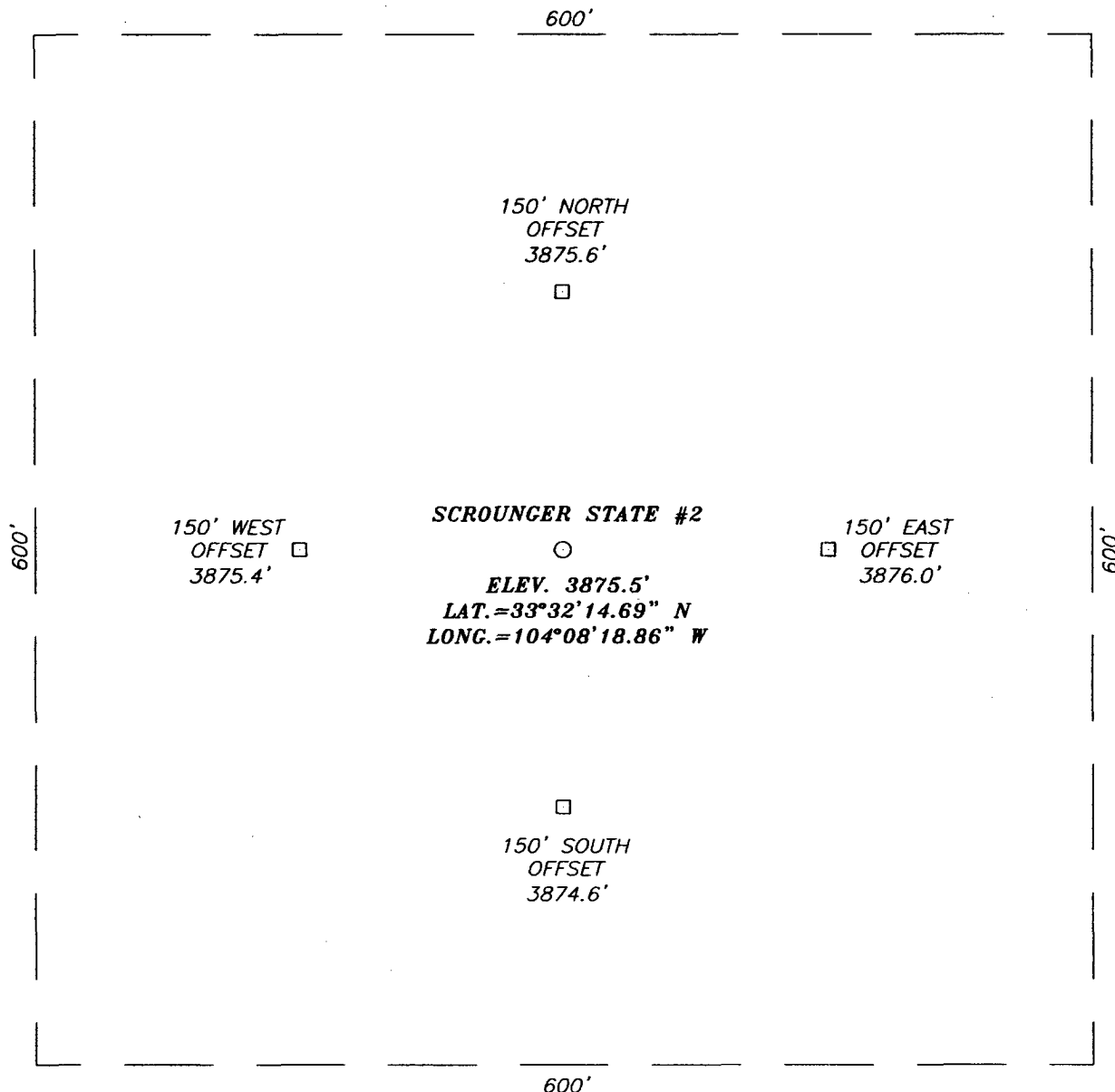
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres		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

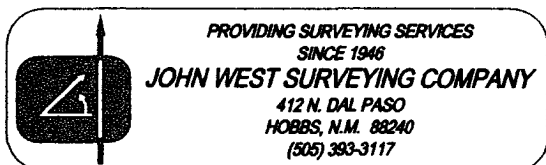
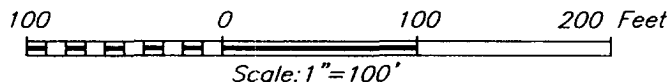
 <p>GEODETIC COORDINATES NAD 27 NME Y=923096.1 N X=559346.3 E LAT.=33°32'14.69" N LONG.=104°08'18.86" W</p>	<b>OPERATOR CERTIFICATION</b> <i>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Jalapeno Corporation by <i>Harvey Yates</i> 5/9/06 Signature _____ Date _____ Harvey Yates Printed Name _____
	<b>SURVEYOR CERTIFICATION</b> <i>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.</i>  MAY 1, 2006 Date Surveyed _____ MR Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 5/10/06 Q6.11.0744 Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239

**SECTION 13, TOWNSHIP 9 SOUTH, RANGE 27 EAST, N.M.P.M.,**  
 CHAVES COUNTY, NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF U.S. HWY. #380 AND PANDEROSA RD., GO NORTH ON PONDAROSA RD. APPROX. 11.1 MILES. TURN RIGHT AND GO SOUTHEAST APPROX. APPROX. 4.4 MILES. TURN RIGHT AND GO SOUTHWEST APPROX. 1.3 MILES. THIS LOCATION IS APPROX. 500 FEET EAST.

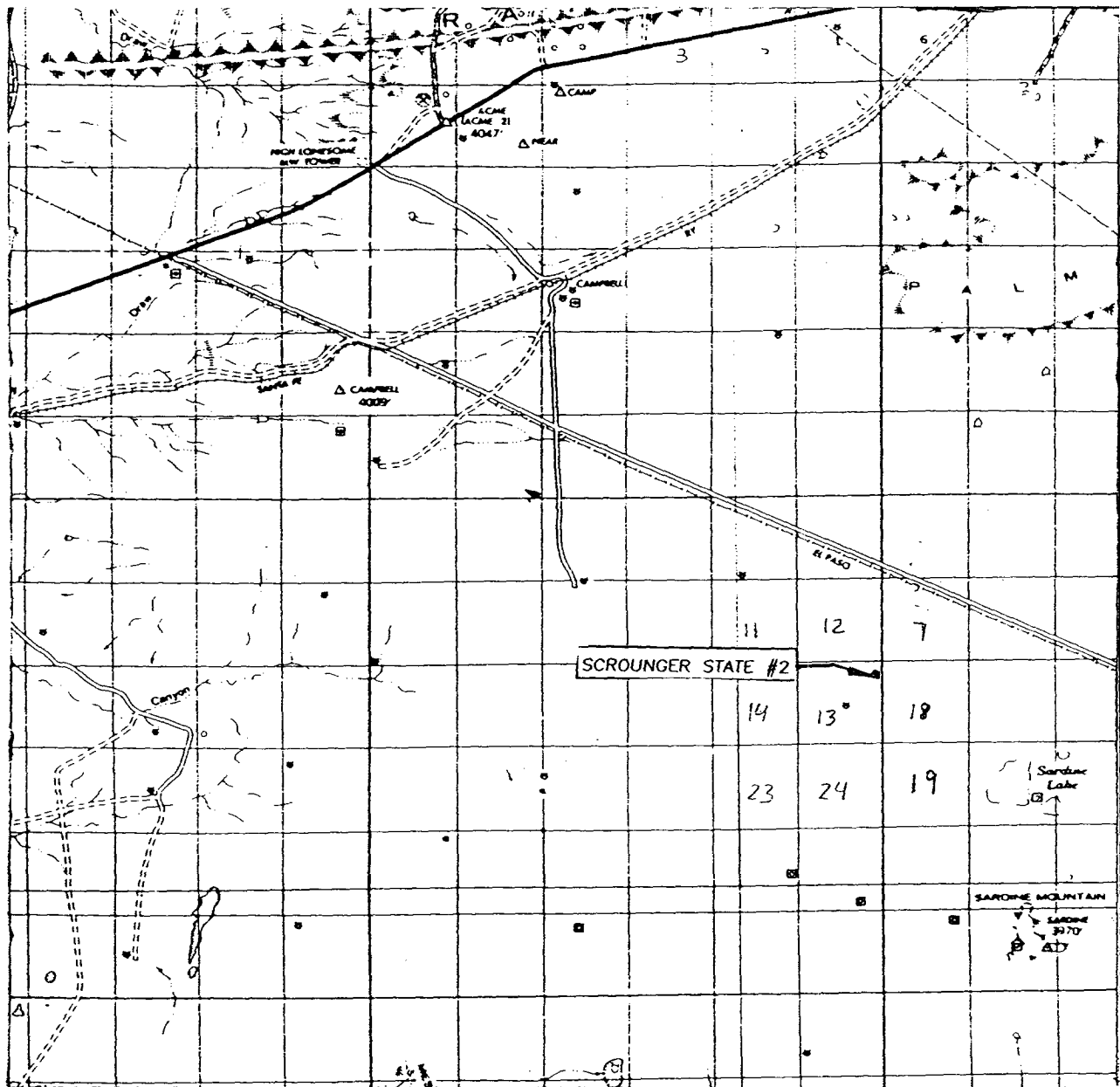


**JALAPENO CORPORATION**

SCROUNGER STATE #2  
 LOCATED 990 FEET FROM THE NORTH LINE  
 AND 330 FEET FROM THE EAST LINE OF SECTION 13,  
 TOWNSHIP 9 SOUTH, RANGE 27 EAST, N.M.P.M.,  
 CHAVES COUNTY, NEW MEXICO.

Survey Date: 05/01/06	Sheet 1 of 1 Sheets
W.O. Number: 06.11.0744	Dr By: M.R.
Date: 05/04/06	Disk: CD#6
06110744	Scale: 1"=100'

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 13 TWP. 9-S RGE. 27-E

SURVEY N.M.P.M.

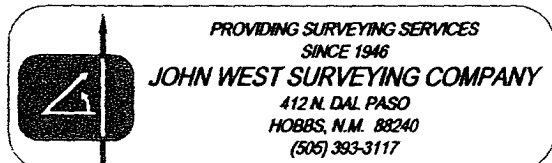
COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 990' FNL & 330' FEL

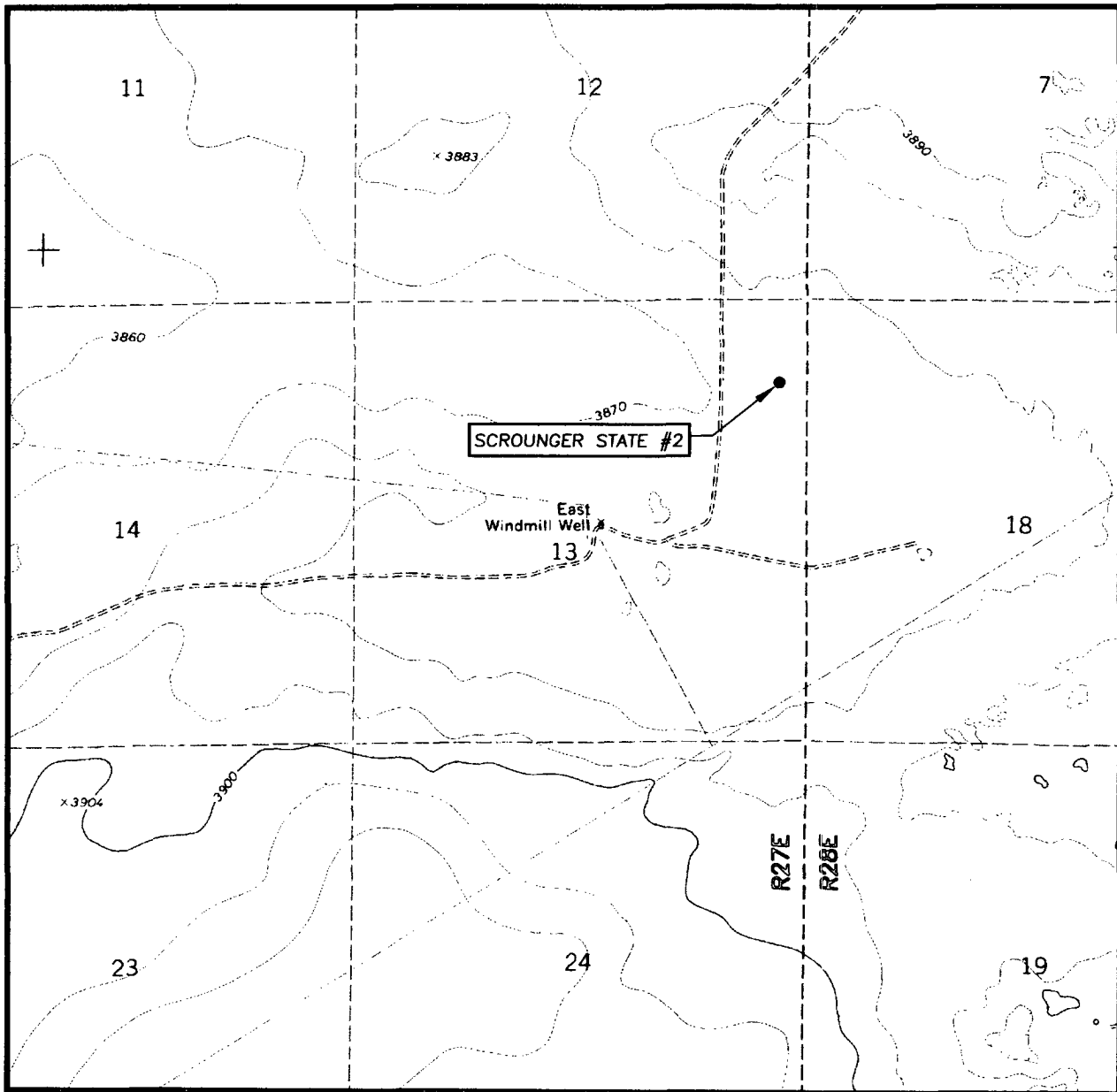
ELEVATION 3875'

OPERATOR JALAPENO CORPORATION

LEASE SCROUNGER STATE



# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
CAMPBELL, N.M. - 10'

SEC. 13 TWP. 9-S RGE. 27-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

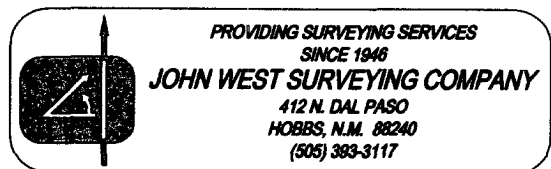
DESCRIPTION 990' FNL & 330' FEL

ELEVATION 3875'

OPERATOR JALAPENO CORPORATION

LEASE SCROUNGER STATE

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



PROVIDING SURVEYING SERVICES  
SINCE 1946

**JOHN WEST SURVEYING COMPANY**

412 N. DAL PASO  
HOBBS, N.M. 88240  
(505) 383-3117

## ***Hydrogen Sulfide Contingency Per Rule 118***

### ***Scrounger State #2 T9-S R 27-E S 13 Chaves County***

In accordance with the rules and procedures detailed in OCD Rule 118, it has been determined that the H<sub>2</sub>S level present at the above-mentioned site does not exceed 100 ppm at this time, nor do we expect it to exceed that level on the location during drilling operations. However, during drilling the following protective measures shall be implemented by the operator to address this issue:

- The pumper and drill crew shall be issued gas masks which are appropriate for escape in the event of discharge.
- The cable tool rig utilized in this operation shall be oriented so the prevailing wind would carry away from the rig floor any discharge, and when practical, location of tank batteries will also be so situated.
- Signage shall be placed onsite which alerts the public to the possible presence of Hydrogen Sulfide gas.
- A directional wind indicator shall be placed on site.
- The drill site shall have a gas detection device, Industrial Scientific Model iTX Monitor Model LEL, placed near the pit downwind from the borehold. The detector will have an alarm sufficient in sound level to alert the crew to the presence of gas.
- The drill crew will have a cell phone.

The following site conditions have been noted which affect the application of hazard mitigation in this circumstance:

- The site though next to an El Paso Pipeline road is not proximate to any public road.
- The site is generally flat, with no areas in which gas is likely to settle.