

DATE 2/28/03	SUBMITTER 3/15/03	ENGINEER DC	LOGGED IN MN	TYPE SWD	FILE NO. PKR10305954105
--------------	-------------------	-------------	--------------	----------	-------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



DRC

876

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

FEB 28 2003

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply**

- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☒ Offset Operators, Leaseholders or Surface Owner(SLO)
 [C] ☒ Application is One Which Requires Published Legal Notice
 [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Certification**

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.

I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Harvey E. Yates, Jr.

Print or Type Name

Signature

President

Title

2/26/03

Date

e-mail Address

Jalapeño Corporation

P.O. Box 1608, Albuquerque, NM 87103-1608

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

February 26, 2003

New Mexico Oil Conservation Division
Attn: Mr. David Catanach
Engineering Bureau
1220 S. St. Francis Drive
Santa Fe, NM 87505

Dear Mr. Catanach:

On February 19, 2002, this company was granted approval to convert the Louise Yates State #1 to a water disposal well. Please see the attached approval: Administrative Order SWD-830.

Following the approval mentioned above, we drilled the Louise Yates State #4, which is approximately 2640 feet north of the #1, and located on the same Lease - #VA-2401. Unfortunately, we recently determined that the #4 well will not be an economic oil producer. However, we also determined that because of the better porosity in the #4 than in the #1, the #4 would make a much better disposal well than would the #1. Consequently, we are filing an application to convert the Louise Yates State #4 to a water disposal well. Enclosed please find the original and one copy of that water disposal application.

The legal advertisement will run in the Roswell Daily Record on Sunday, March 2, 2003. I will forward the Affidavit of Publication to you as soon as it is sent to me.

Please contact us if there are any questions.

Sincerely yours,



Anne Riggs, Adm. Asst.

Enclosures: Application Packet and Logs

cc: NM-OCD, District II, Artesia
BLM - Roswell

APPLICATION FOR AUTHORIZATION TO INJECT

OPERATOR: Jalapeño Corporation
OGRID: 25903

WELL NAME: Louise Yates State #4
LOCATION: Chaves County
Section 7 - F, Twn: 9-S, Rge 28-E
2310' FNL & 2310' FWL
API: 30-005-63380
Lease #: VA 2401
Property Code: 28049
Pool Code: 65075
Pool Name: Wolf Lake San Andres, South

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance XX Disposal Storage
Application qualifies for administrative approval? X Yes No
- II. OPERATOR: Jalapeno Corporation
ADDRESS: P.O. Box 1608, Albuquerque, NM 87103-1608
CONTACT PARTY: Harvey Yates, Jr. (Anne Riggs, Adm. Asst.) PHONE: (505) 242-2050
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? Yes XX No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
- NAME: Harvey E. Yates, Jr. TITLE: President
SIGNATURE: [Signature] DATE: 2/26/03
- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: Logs submitted with Completion Report
11/15/01

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

Side I

INJECTION WELL DATA SHEET

OPERATOR: Jalapeno CorporationWELL NAME & NUMBER: Louise Yates State #4

WELL LOCATION: <u>2310' FNL & 2310' FWL</u>	<u>F</u>	<u>07</u>	<u>09S</u>	<u>28E</u>
FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC

See attached

WELL CONSTRUCTION DATASurface CasingHole Size: 12 1/4" Casing Size: 8 5/8"
Premium PlusCemented with: 260 sx. or ft³Top of Cement: Surface Method Determined: VisualIntermediate Casing

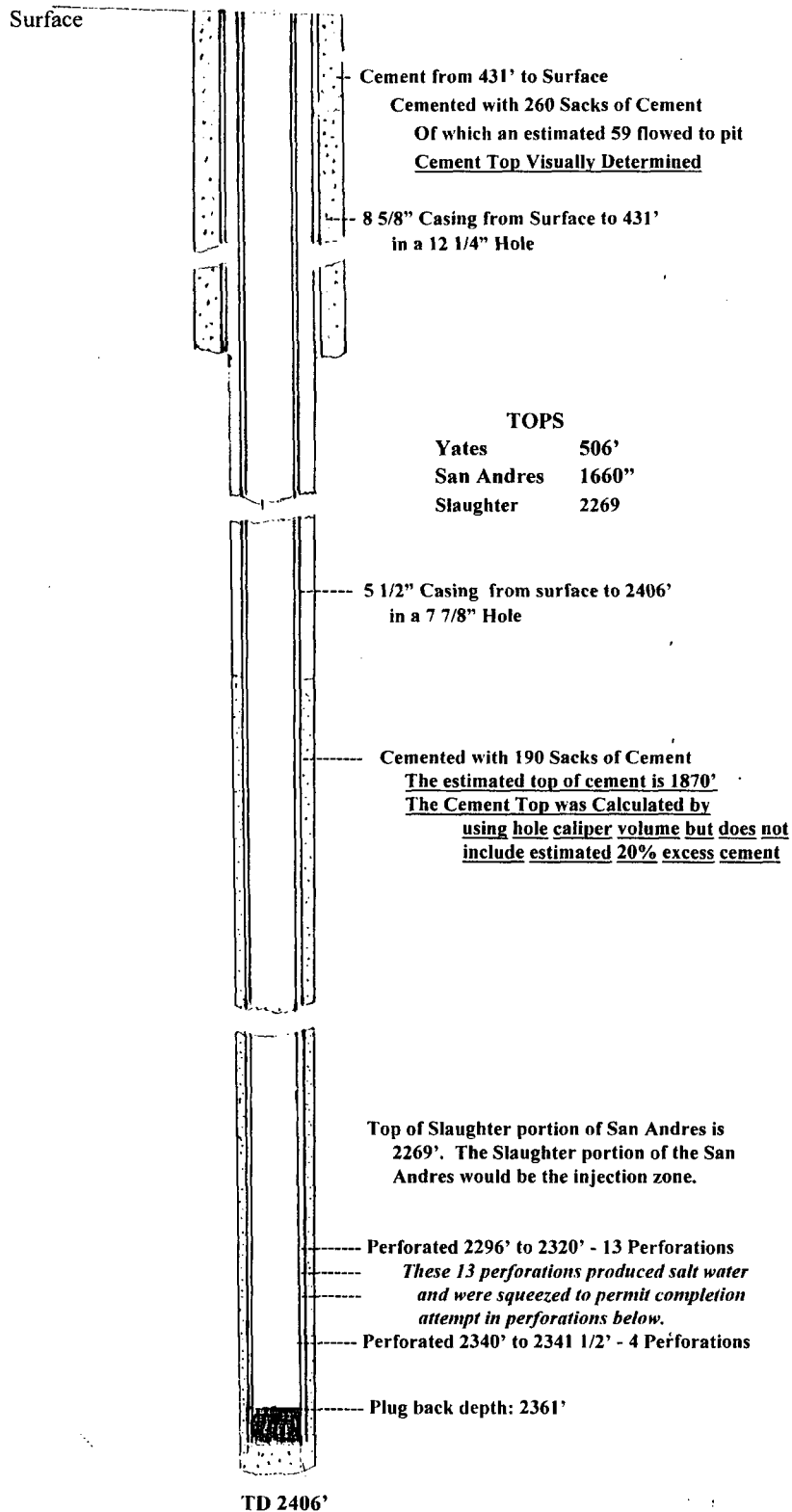
N/A

Hole Size: Casing Size: Cemented with: sx. or ft³Top of Cement: Method Determined: Production CasingHole Size: 7 7/8" Casing Size: 5 1/2"
50/50 poz premiumCemented with: 190 sx. or ft³Top of Cement: 1,870 Method Determined: does not include
estimated 20% excess cementTotal Depth: 2,417'Injection Interval2,296' feet to 2,341.5'

(Perforated or Open Hole; indicate which)

Louise Yates State # 4 Before Disposal Approval
2310' FNL & 2310' FWL. Sec. 7, T9S. R28E. Chaves Co., N.M.

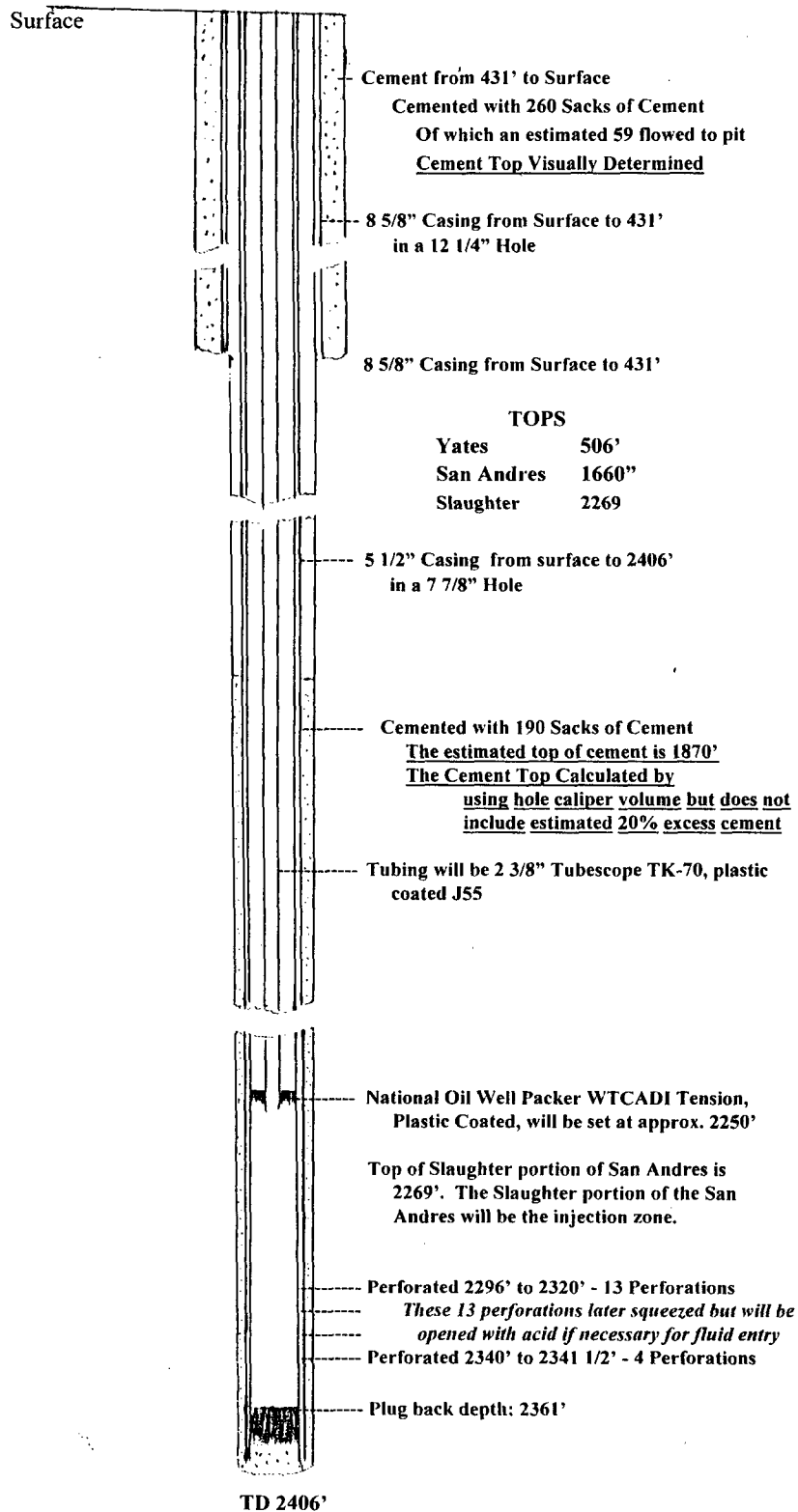
Before Conversion to water disposal well



Louise Yates State # 4 **AFTER DISPOSAL APPROVAL**

2310' FNL & 2310' FWL. Sec. 7, T9S. R28E. Chaves Co., N.M.

Conversion to water disposal well



INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" Lining Material: Plastic

Type of Packer: National Oil Well Packer (formerly Mission) WTCADI
Tension Packer, Plastic coated

Packer Setting Depth: 2,250'

Other Type of Tubing/Casing Seal (if applicable): 2 3/8" Tubescope TK-70, plastic coated J55 tubing

Additional Data

1. Is this a new well drilled for injection? Yes XX No

If no, for what purpose was the well originally drilled? Oil well

2. Name of the Injection Formation: Slaughter zone of the San Andres

3. Name of Field or Pool (if applicable): Wolf Lake San Andres, South

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. No

See attached sheet

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area: None known - overlying/underlying zones,

though not drilled in this well are: Abo, Pennsylvanian,

Siluro Devonian & Mississippian

C-108: Paragraph III Detail - Louise Yates State #4 - Proposed Disposal Well

INJECTION WELL DATA SHEET

Side 2 - Number 4

III. Side 2, #4: Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. Sacks of cement or plug(s) used.

The Louise Yates State #4 has not been perforated in any other than the Slaughter zone of the San Andres.

The well was perforated and acidized as follows: 2296-98,' 2306-14.' Then, because these perforations produced formation water, we squeezed them with 50 sacks of cement, drilled out the cement in the casing and then perforated from 2340' to 2341.5,' twenty feet below the earlier perforations. We acidized the lower perfs, but they too yielded only water. We plan to initially dispose into the perforations from 2340-2341,' but if those perforations do not allow sufficient water intake, we plan to open the squeezed perforations by acidizing them in order to add them to the open perforations.

C-108: Paragraphs V - Proposed Disposal Well - Louise Yates State #4

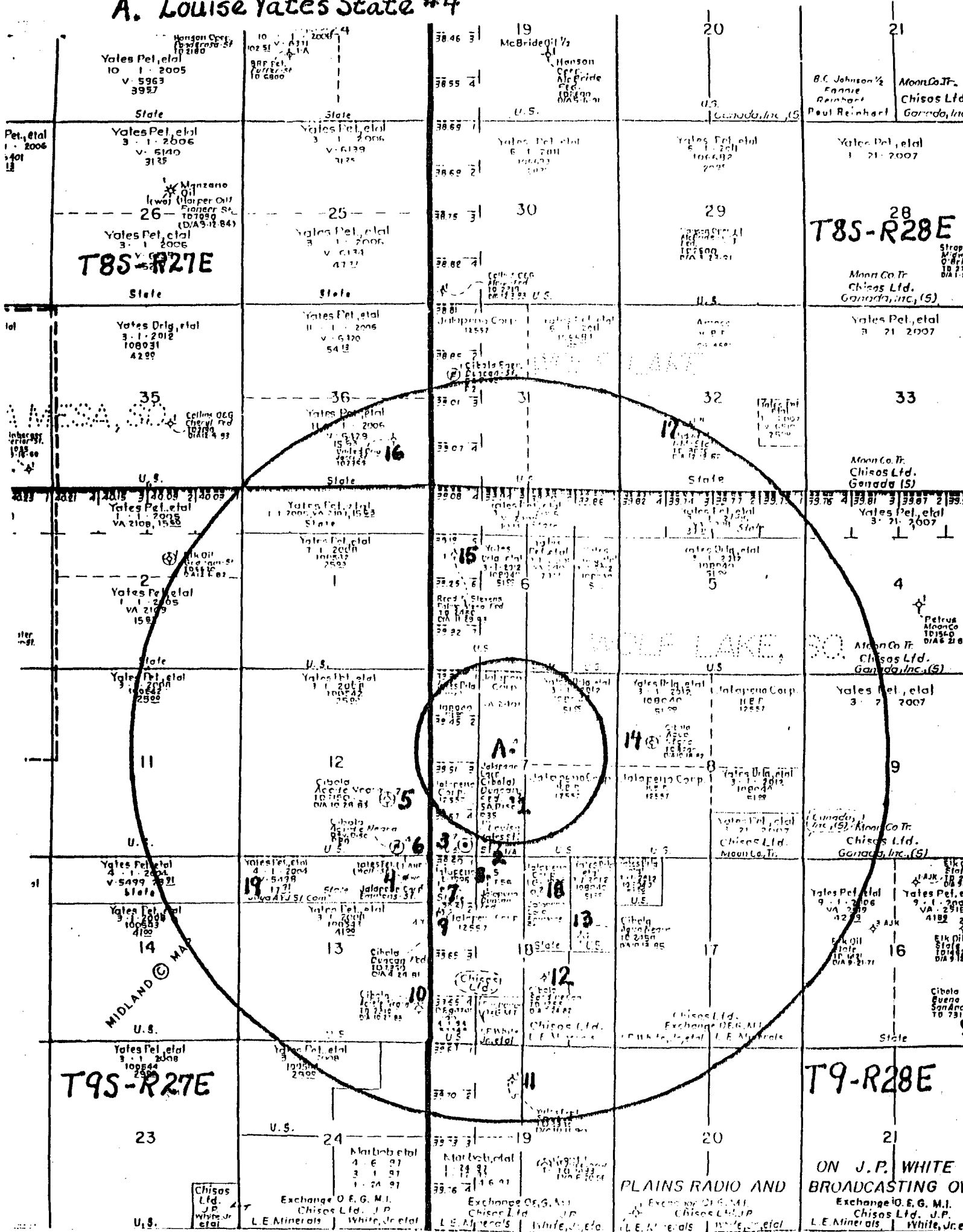
V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

See map following page.

The following wells fall within the two miles of subject well "A"
(The ## identifies wells within one-half mile - the area of review.)

A. Louise Yates State #4		2310' FNL & 2310' FWL	Sec. 07	09S-28E
##	1. Louise Yates State #2	1650' FSL & 2310' FWL	Sec. 07	09S-28E
##	2. Louise Yates State #1	330' FSL & 1980' FWL	Sec. 07	09S-28E
	3. Duncan Federal #2	330' FSL & 990' FWL	Sec. 07	09S-28E
	4. Wolf AHF State #1	660' FNL & 660' FEL	Sec. 13	09S-27E
	5. Aceite Negra #2	1650' FSL & 1200' FEL	Sec. 12	09S-27E
	6. Aceite Negra #4	330' FSL & 940' FEL	Sec. 12	09S-27E
	7. Emmons State #1	990' FNL & 330' FWL	Sec. 18	09S-28E
	8. Duncan Federal #5	660' FNL & 1650' FWL	Sec. 18	09S-28E
	9. Duncan Federal #4Y	1650' FNL & 324' FWL	Sec. 18	09S-28E
	10. Aceite Negra #3	990' FSL & 330' FEL	Sec. 13	09S-27E
	11. Sardine #1	990' FNL & 2298' FWL	Sec. 19	09S-28E
	12. Sardine Can	1980' FSL & 1980' FEL	Sec. 18	09S-28E
	13. Agua Negra #2	2310' FNL & 990' FEL	Sec. 18	09S-38E
	14. Agua Negra #1	1980' FNL & 990' FWL	Sec. 08	09S-28E
	15. Palma Mesa Fed. #1	1980' FNL & 660' FWL	Sec. 06	09S-28E
	16. Jacci State #1	1650' FSL & 990' FEL	Sec. 36	08S-27E
	17. State "N" #1	1980' FSL & 1980' FWL	Sec. 32	08S-28E
	18. Emmons State #2	330' FNL & 2310' FEL	Sec. 18	09S-28E
	(staked; never drilled)			
	19. Joya AYJ St. Com.	(NW/4; no footages; proposal only)	Sec. 13	09S-27E

A. Louise Yates State #4



C-108: Paragraphs VI - Proposed Disposal Well - Louise Yates State #4

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrates the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

Wells Within Area of Review

Well Name:	Louise Yates State #2 (Oil)
Operator:	Jalapeño Corporation
Location:	Unit K; Section 7, T-9S, R-28E; 1650'FSL/2310' FWL
Status:	Producing
Dates:	Spud: 6/14/01; TD: 6/23/01; Completed: 9/24/01
Total Depth:	TD: 2426'; PBTD: 2406'
Completion Interval:	2200'-2394' San Andres
Construction:	Surface Casing: Hole Size: 12 ¼ Casing Size: 8 5/8" Depth Set: 434' Cement: 260 sx. TOC: Surface Production Casing: Hole Size: 7 7/8" Casing Size: 5 1/2" Depth Set: 2430' Cement: 190 sx. Calc.TOC: 1280'
Well Name:	Louise Yates State #1 (Oil)
Operator:	Jalapeño Corporation
Location:	Unit N; Section 07, T-9S, R-28E; 330'FSL & 1980'FWL
Status:	In process of being plugged
Dates:	Spud: 5/02/92; TD: 9/30/93; Completed: 5/10/97
Total Depth:	TD: 3322'; PBTD: 2860'
Completion Interval:	2262'-2722' San Andres
Construction:	Surface Casing: Hole Size: 12 1/2" Casing Size: 8 5/8" Depth Set: 411' Cement: 310 sx. TOC: Surface Production Casing: Hole Size: 7 7/8" Casing Size: 5 1/2" Depth Set: 3322' Cement: 375 sx. Calc.TOC: 2,860'

C-108: Paragraphs VII, VIII - Louise Yates State #4 - Proposed Water Disposal Well

Paragraph VII: Proposed Operation

1. Proposed average and maximum daily rate and volume of fluids to be injected:

Initially, the injection volume should be approximately 75 barrels per day.
This rate will increase as more of the Wolf Lake San Andres field is developed.
Maximum volume will be approximately 200 barrels per day.

2. System will be closed; holding tanks on location for water storage.

3. Maximum Injection Pressure expected: 900 psi
Average Injection Pressure expected: 50 psi

4. Source of Injection Water:

The source is the San Andres from the Wolf Lake San Andres, South field area.
The disposal formation is the Slaughter zone of the San Andres in the Wolf Lake San Andres, South Field area. This is reinjected water, hence, no water analysis is required.

5. No chemical analysis is required because the disposal zone produces oil within a one mile area.

Paragraph VIII: Geologic Data on the Injection Zone

We propose to inject water into the Slaughter zone of the San Andres.

The porosity zones into which water would be injected are shown on the attached electric logs, copies of which are attached for your reference. Water would go into the zones from 2340' to 2341.5' initially. However, the zone from 2296-2320' would be added if water intake is insufficient.

The zones are dolomite with lime stringers. The top of the P1 of the Slaughter is approximately 2267' (+ 1628'). The PBTD of the well at 2361' sits immediately below the P2. Thus the potential affected Slaughter zone covers 2267' to 2361,' approximately 94 feet.

The top of the San Andres itself is at approximately 1633 feet and the bottom of the San Andres is approximately 2870 feet.

Though there is no water well within 1 mile, the source of livestock and drinking water in the area lies above 400 feet and is known in the area as Santa Rosa Sand. This zone is covered by surface casing.

C-108: Paragraphs IX, X, XI, XII - Louise Yates State #4 - Water Disposal Well

Paragraph IX: Proposed Stimulation Program

As stated above, we prefer to utilize the existing perforations (2340-2341.5'). However, if these perfs do not have sufficient intake, we would open the earlier squeezed perfs, from 2296-2320' utilizing 2000 gallons of 20% HCL. Additional similar stimulation would be performed as needed.

Paragraph X: Logs/Test Data

To our knowledge, all logs and test data have been submitted to the Oil Conservation Division. Logs were submitted with our Completion Report 11/15/01; however, we are submitting additional electric logs on the Louise Yates State #4.

Paragraph XI: Chemical Analysis of Fresh Water Wells (See attached map)

The only water well, East Windmill Well is greater than a mile from the Louise Yates State #4; thus, no analysis is being submitted.

Paragraph XII: Affirmation

I have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

TopoZone.com

Target is UTM

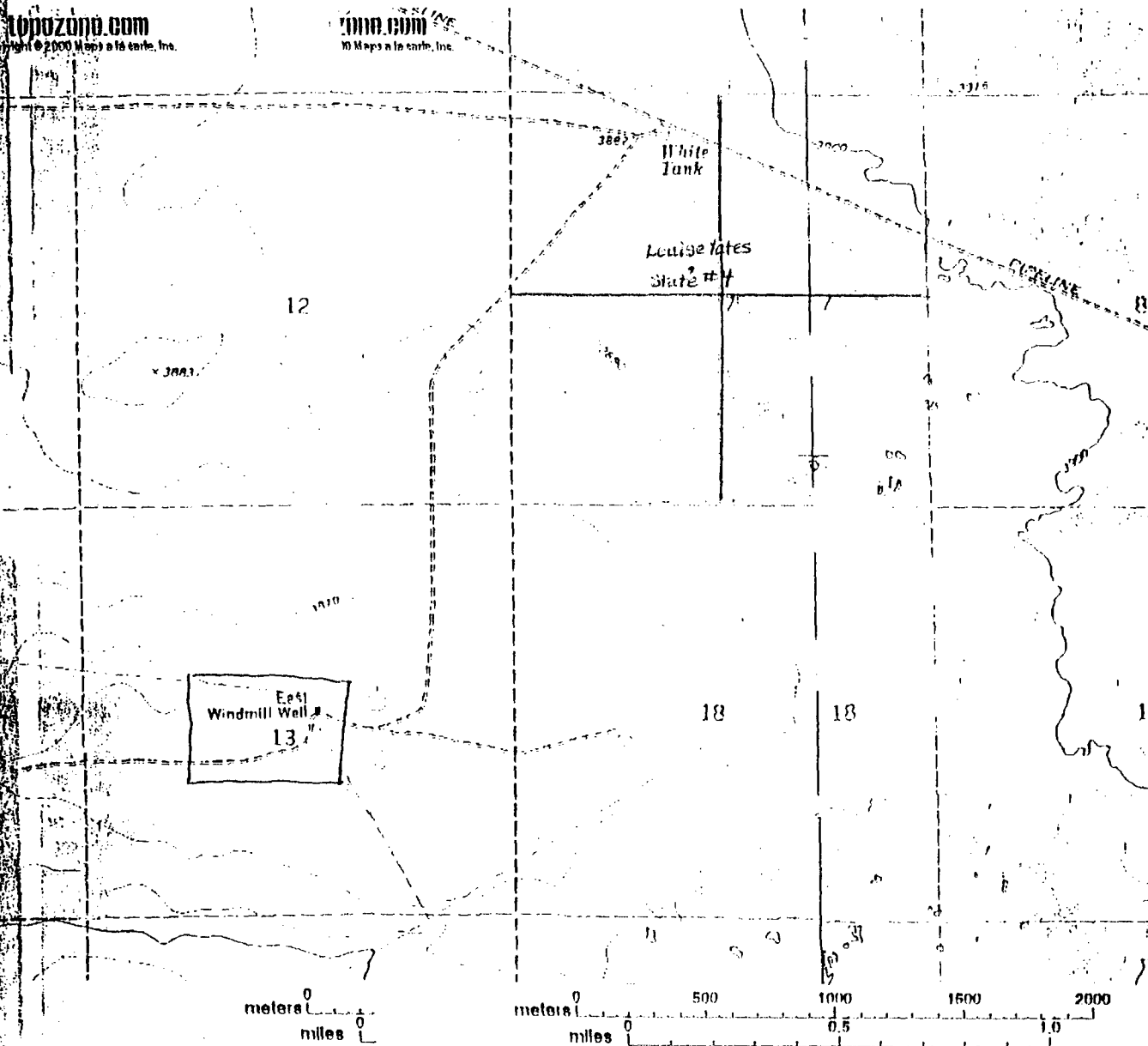
Map center is UTM 13 581233E 3711331N - CAMPBELL quad [Quad Info]

TopoZone.com

Copyright © 2000 Maps a la carte, Inc.

TopoZone.com

10 Maps a la carte, Inc.


<http://www.topozone.com/print.asp?z=13&npozone.com/print.asp?z=13&n=3711331&e=581233&s=25&symshow=n>

10/25/01

C-108: Paragraph XI (detail) - Louise Yates State #4 - Water Disposal Well
 Location of Water Well (East Windmill)

DATE: February 26, 2003

FROM: JALAPEÑO CORPORATION
Anne Riggs
Fax: (505) 242-8501
Phone: (505) 242-2050

TO: Roswell Daily Record

ATTN: Legals Section

FAX: 1-505-625-0421

Dear Sir/Madam:

Please print, one time only, the "Notice of Application" which follows. It should be printed in the "Legals" section on Sunday, March 2, 2003.

Please send (mail or fax) the invoice to my attention:

Jalapeño Corporation
P.O. Box 1608
Albuquerque, NM 87103-1608
Fax: (505) 242-2050

Following payment, please submit to my attention an Affidavit of Publication that I can forward to the NMOCD in Santa Fe.

Thank you,



Anne Riggs
Adm. Asst.

To be published in the "Legals" section of the Roswell Daily Record
Sunday, March 2, 2003

NOTICE OF APPLICATION

JALAPEÑO CORPORATION, P.O. Box 1608, Albuquerque, New Mexico 87103, has filed an application with the Oil Conservation Division to convert the Louise Yates State #4 to a salt water disposal well. This injection well is located 2310' FNL and 2310' FWL of Sec. 07-9S-28E, Chaves County. Water will be injected into the San Andres formation from 2296' to 2341.5'. The maximum water to be injected will be 200 Bbls/day with a maximum pressure of 900 psi. Any questions should be directed to Harvey E. Yates, Jr., at (505) 242-2050. Parties must file objections or requests for hearing with the NMOCD, 1220 S. St. Francis Dr., Santa Fe, NM 87504 within 15 days.

Louise Yates State #4 - Proposed Water Disposal Well

Parties Within Area of Review
(Mailed Certified/Return Receipt)

Owner of surface of the land on which well is to be located

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, NM 87504-1148

Leasehold Operators within one-half mile of the well location

Jalapeño Corporation (Operator of well - mailing requirement waived)
P.O. Box 1608
Albuquerque, NM 87103-1608

Yates Drilling Company
105 South Fourth Street
Artesia, NM 88210

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Jalapeño Corporation

P.O. Box 1608, Albuquerque, NM 87103-1608

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

February 26, 2003

Certified/Return Receipt Requested

To: Surface Owner (NM SLO)
Commissioner of Public Lands
Leasehold Operators (See Attached List)

Re: Application for Water Disposal Well
Louise Yates State #4
Section 7, F
Township 9 South; Range 28 East
Chaves County, New Mexico

Ladies & Gentlemen:

Jalapeño Corporation is submitting to the Oil Conservation Division of the State of New Mexico an application to convert the existing Louise Yates State #4, at the above-captioned location, to a salt water disposal (SWD) well.

Pursuant to Paragraph XIII of the attached Form C-108, a copy of our application is enclosed.

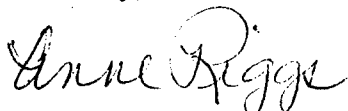
Any party desiring to file an objection or a request for hearing should address same to:

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87504

Any objection or request for hearing must be filed within 15 days from the date this application was mailed to you.

If we can assist you in your evaluation of this proposal, please call Mr. Harvey E. Yates, Jr., at (505) 242-2050.

Yours truly,



Anne Riggs, Adm. Asst. To
Harvey E. Yates, Jr

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

CERTIFIED MAIL

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only. No Insurance Coverage Provided) SWS-1000-1-11-94	
O F F I C I A L U S E	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Postmark Here	
Sent To St. of NM-Commissioner of Public Lands <hr/> Street, Apt. No., or PO Box No. P.O. Box 1148 <hr/> City, State, ZIP+ 4 Santa Fe, NM 87504-1148	
PS Form 3800, January 2001 See Reverse for Instructions	

Is your RETURN ADDRESS completed on the reverse side?

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
3. Article Addressed to: State of New Mexico Commissioner of Public Lands P.O. Box 1148 Santa Fe, NM 87504-1148		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD 7. Date of Delivery
5. Received By: (Print Name)		8. Addressee's Address (Only if requested and fee is paid)
6. Signature: (Addressee or Agent) X		

Thank you for using Return Receipt Service.



U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Postmark Here	
Sent To Yates Drilling Co.	
Street, Apt. No., or PO Box No. 105 South Fourth St.	
City, State, ZIP+ 4 Artesia, NM 88210	
PS Form 3800, January 2001 See Reverse for Instructions	

Is your RETURN ADDRESS completed on the reverse side?

SENDER:	
<ul style="list-style-type: none">■ Complete items 1 and/or 2 for additional services.■ Complete items 3, 4a, and 4b.■ Print your name and address on the reverse of this form so that we can return this card to you.■ Attach this form to the front of the mailpiece, or on the back if space does not permit.■ Write "Return Receipt Requested" on the mailpiece below the article number.■ The Return Receipt will show to whom the article was delivered and the date delivered.	<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>
3. Article Addressed to:	4a. Article Number
Yates Drilling Company	7001 1940 0000 1715 6015
105 South Fourth Street	4b. Service Type
Artesia, NM 88210	<input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified
	<input type="checkbox"/> Express Mail <input type="checkbox"/> Insured
	<input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received By: (Print Name)	7. Date of Delivery
6. Signature: (Addressee or Agent)	8. Addressee's Address (Only if requested and fee is paid)
X	

Thank you for using Return Receipt Service.

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

CERTIFIED MAIL

U.S. Postal Service CERTIFIED MAIL RECEIPT <i>(Domestic Mail Only. No Insurance Coverage Provided)</i> SWD 3811-10-12	
OFFICIAL USE	
Postage \$ _____ Certified Fee _____ Return Receipt Fee (Endorsement Required) _____ Restricted Delivery Fee (Endorsement Required) _____ Total Postage & Fees \$ _____	Postmark Here
Sent To Yates Petroleum Corp. Street, Apt. No.; or PO Box No. 105 South Fourth St. City, State, ZIP+ 4 Artesia, NM 88210	
PS Form 3800, January 2001 See Reverse for Instructions	

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

7001 1940 0000 1715 6022

4b. Service Type

- | | |
|---------------------------------------------------------|-----------------------------------------------|
| <input type="checkbox"/> Registered | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

Louise Yates State #4 - Proposed Water Disposal Well

Other Parties Receiving Notification (Sent by First Class Mail)

Required copy to District Office - Artesia

Other Surface Owner within the 2-mile radius

Bureau of Land Management
Roswell Office
2909 W. Second Street
Roswell, NM 88201

Working Interest Owners within the Area of Review (Cover letter attached)

Asher Enterprises Ltd. Co.
P.O. Box 423
Artesia, NM 88211-0423

Clifford Blaugrund
7513 La Madera NE
Albuquerque, NM 87109

Campbell Investments Co.
P.O. Box 3854
Roswell, NM 88202-3854

Clarke C. Coll
701 West Country Club Road
Roswell, NM 88201

Bill Fenn
P.O. Box 1757
Roswell, NM 88202-1757

Read & Stevens, Inc.
P.O. Box 1518
Roswell, NM 88202-1518

Jalapeño Corporation

P.O. Box 1608, Albuquerque, NM 87103-1608

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

February 26, 2003

TO: Interested Parties

Re: Application for Water Disposal Well
Louise Yates State #4
Section 7, F
Township 9 South; Range 28 East
Chaves County, New Mexico

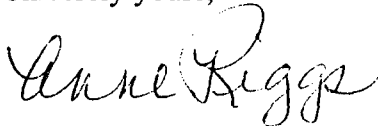
Ladies & Gentlemen:

Jalapeño Corporation is submitting to the Oil Conservation Division of the State of New Mexico an application to convert the existing Louise Yates State #4, at the above-captioned location, to a salt water disposal (SWD) well.

Although the application process does not require that we inform you, we felt that because of your interests in the area surrounding the captioned well, you should be aware of this application, a copy of which we have enclosed for your review.

If you have any questions regarding the application, please contact Mr. Yates at the above number.

Sincerely yours,

A handwritten signature in cursive script that reads "Anne Riggs".

Anne Riggs, Adm.Asst.to
Harvey E. Yates, Jr.
President

Jalapeño Corporation

P.O. Box 1608, Albuquerque, NM 87103-1608

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

March 10, 2003

New Mexico Oil Conservation Division
Attn: Mr. David Catanach
Engineering Bureau
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: Application for Water Disposal
Louise Yates State #4
Lease #VA-2401
Chaves County, New Mexico
Sec. 7F Twn-9S Rge 28E
API: 30-005-63380

Dear Mr. Catanach:

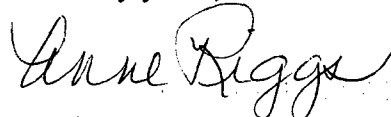
On February 27, 2003, we sent to your office an "Application for Authorization to Inject" for the above-captioned well. Enclosed please find the following required "Proofs of Notice" to attach to our Application:

- 1) Affidavit of Publication - Printed in the Roswell Daily Record on March 2, 2003
- 2) Copies of the completed Certified/Return Receipts which were sent to those parties within the Area of Review.

Please contact us should anything further be needed.

Thank you for your attention to the Application; we look forward to your response.

Sincerely yours,



Anne Riggs, Adm. Asst. to
Harvey E. Yates, Jr.
President

AFFIDAVIT OF PUBLICATION

COUNTY OF CHAVES
STATE OF NEW MEXICO

I, Fran Saunders,
Legals Clerk

Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico, do solemnly swear that the clipping hereto attached was published in the regular and entire issue of said paper and not in a supplement thereof for a period of:

one time

beginning with the issue dated

March 2nd 2003

and ending with the issue dated

March 2nd 2003

Fran Saunders

Clerk

Sworn and subscribed to before me

This 5th day of March 2003

Marilyn S. Shipper

Notary Public

My Commission expires
July 25, 2006

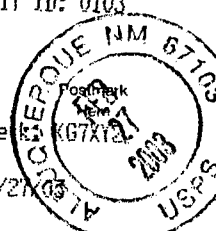
(SEAL)

Publish March 2, 2003

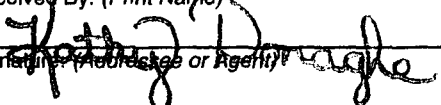
NOTICE OF APPLICATION

JALAPENO CORPORATION, P.O. Box 1608, Albuquerque, New Mexico 87103, has filed an application with the Oil Conservation Division to convert the Louise Yates State #4 to a salt water disposal well. This injection well is located 2310' FNL and 2310' FWL of Sec. 07-9S-28E, Chaves County. Water will be injected into the San Andres formation from 2296' to 2341.5'. The maximum water to be injected will be 200 Bbls/day with a maximum pressure of 900 psi. Any questions should be directed to Harvey E. Yates, Jr., at (505)242-2050. Parties must file objections or requests for hearing with the NMOCD, 1220 S. St. Francis Dr., Santa Fe, NM 87504 within 15 days.

7001 1940 0000 1715 6022

U.S. Postal Service		
CERTIFIED MAIL RECEIPT		
(Domestic Mail Only; No Insurance Coverage Provided)		
OFFICIAL 88210		
Postage	\$ 1.06	UNIT ID: 0103 
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.11	
Sent To Yates Petroleum Corp.		
Street, Apt. No., or PO Box No. 105 South Fourth St.		
City, State, ZIP+4 Artesia, NM 88210		
PS Form 3800, January 2001 See Reverse for Instructions		

Is your RETURN ADDRESS completed on the reverse side?

SENDER: <ul style="list-style-type: none">Complete items 1 and/or 2 for additional services.Complete items 3, 4a, and 4b.Print your name and address on the reverse of this form so that we can return this card to you.Attach this form to the front of the mailpiece, or on the back if space does not permit.Write "Return Receipt Requested" on the mailpiece below the article number.The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Yates Petroleum Corporation 105 South Fourth Street Artesia, NM 88210		7001 1940 0000 1715 6022	
4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD		7. Date of Delivery MAR 03 2003	
5. Received By: (Print Name) 		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Addressee or Agent) X			

Thank you for using Return Receipt Service.

2002 1940 0000 1715 6015 5109 5121

Postage	\$ 1.06
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11

UNIT ID: 01073

TELEQUEPQUE NM 87103

Postmark
Alb
2003

Alert: K67-103

02/27/03 USPS

Sent To **Yates Drilling Co.**
 Street, Apt. No.;
 or PO Box No. **105 South Fourth St.**
 City, State, ZIP + 4 **Artesia, NM 88210**

PS Form 3800, January 2001 See Reverse for Instructions

Is your RETURN ADDRESS completed on the reverse side?

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

7001 1940 0000 1715 6015

☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

MAR 03 2003

By: (Print Name) Kathy Donaghe

6. Signature: (Addressee or Agent)
X KATHY DONAGHE

8. Addressee's Address (Only if requested and fee is paid)

Domestic Return Receipt

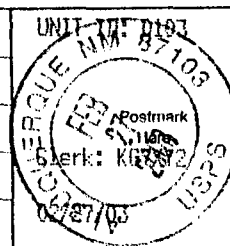
Thank you for using Return Receipt Service.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided)
 SWD ADP 11174

7001 1940 0000 1715 6008

UNIT 1715 6008
SANTA FE, NM 87504 **AL USE**

Postage	\$ 1.06
Certified Fee	2.30
Return Receipt Fee (Endorsement Required)	1.75
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.11



Sent To
 St. of NM-Commissioner of Public Lands
 Street, Apt. No.,
 or PO Box No. P.O. Box 1148
 City, State, ZIP+4 Santa Fe, NM 87504-1148

PS Form 3800, January 2001 See Reverse for Instructions

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

State of New Mexico
 Commissioner of Public Lands
 P.O. Box 1148
 Santa Fe, NM 87504-1148

7001 1940 0000 1715 6008

4b. Service Type

- | | |
|---------------------------------------------------------|-----------------------------------------------|
| <input type="checkbox"/> Registered | <input checked="" type="checkbox"/> Certified |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Return Receipt for Merchandise | <input type="checkbox"/> COD |

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

5. Received By (Print Name)

6. Signature (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.