

DATE 2/4/02	JOB NO. 2/19/02	ENGINEER DC	LOGGED IN MV	TYPE SWD	APP NO. 203835277
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



830

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 11 2002

[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
- [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. BY *[Signature]* President 1/30/02
 Print or Type Name Signature Title Date

e-mail Address

Jalapeno Corporation

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

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

January 30, 2002

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

RE: Application to Convert

Dear Mr. Catanach:

Enclosed please find our application to convert to a water disposal well - original and 1 copy.

The legal advertisement will run in the Roswell Daily Record on Sunday, February 3, 2002.
I will forward the Affidavit of Publication to you as soon as it is sent to me.

Please contact me if there are any questions.

Thank you.

Sincerely yours,



Anne Riggs, Adm.Asst.

Cc: NM-OCD, District II
Eddy County, NM

Enclosures: Application Packet
Logs: (a) Dual Laterolog Micro-SFL
(b) Compensated Neutron-Litho-Density

APPLICATION FOR AUTHORIZATION TO INJECT

OPERATOR: Jalapeno Corporation

OGRID: 25903

WELL NAME: Louise Yates State #1

LOCATION: Chaves County

Section 7 - N, Twn: 9-S, Rge 28-E

330' FSL & 1980' FWL

API: 30-005-62894

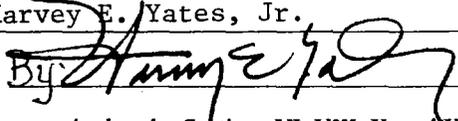
Lease #: VA 2401

Property Code: 20451

Pool Code: 65075

Pool Name: Wolfe Lake San Andres, South

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance XX Disposal _____ Storage
Application qualifies for administrative approval? _____ Yes _____ No
- II. OPERATOR: Jalapeno Corporation
ADDRESS: P.O. Box 1608, Albuquerque, NM 87103-1608
CONTACT PARTY: Harvey Yates (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:  DATE: 4/30/02
- * 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: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

Side 1

INJECTION WELL DATA SHEET

OPERATOR: Jalapeno Corporation

WELL NAME & NUMBER: Louise Yates State #1

WELL LOCATION: 330' FSL / 1980' FWL UNIT LETTER: N SECTION: 07 TOWNSHIP: 09-S RANGE: 28-E

WELLBORE SCHEMATIC

WELL CONSTRUCTION DATA
Surface Casing

See attached schematics:
Before Drillout
After Drillout

Hole Size: 12 1/2 Casing Size: 8 5/8
Cemented with: 310 - premium sx. or _____ ft³
Top of Cement: Surface Method Determined: Visual

Intermediate Casing

Hole Size: _____ Casing Size: _____
Cemented with: _____ sx. or _____ ft³
Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 7 7/8 Casing Size: 5 1/2
Cemented with: 375 50/50 poz C sx. or _____ ft³
Top of Cement: 1230 FFS Method Determined: Bond Log

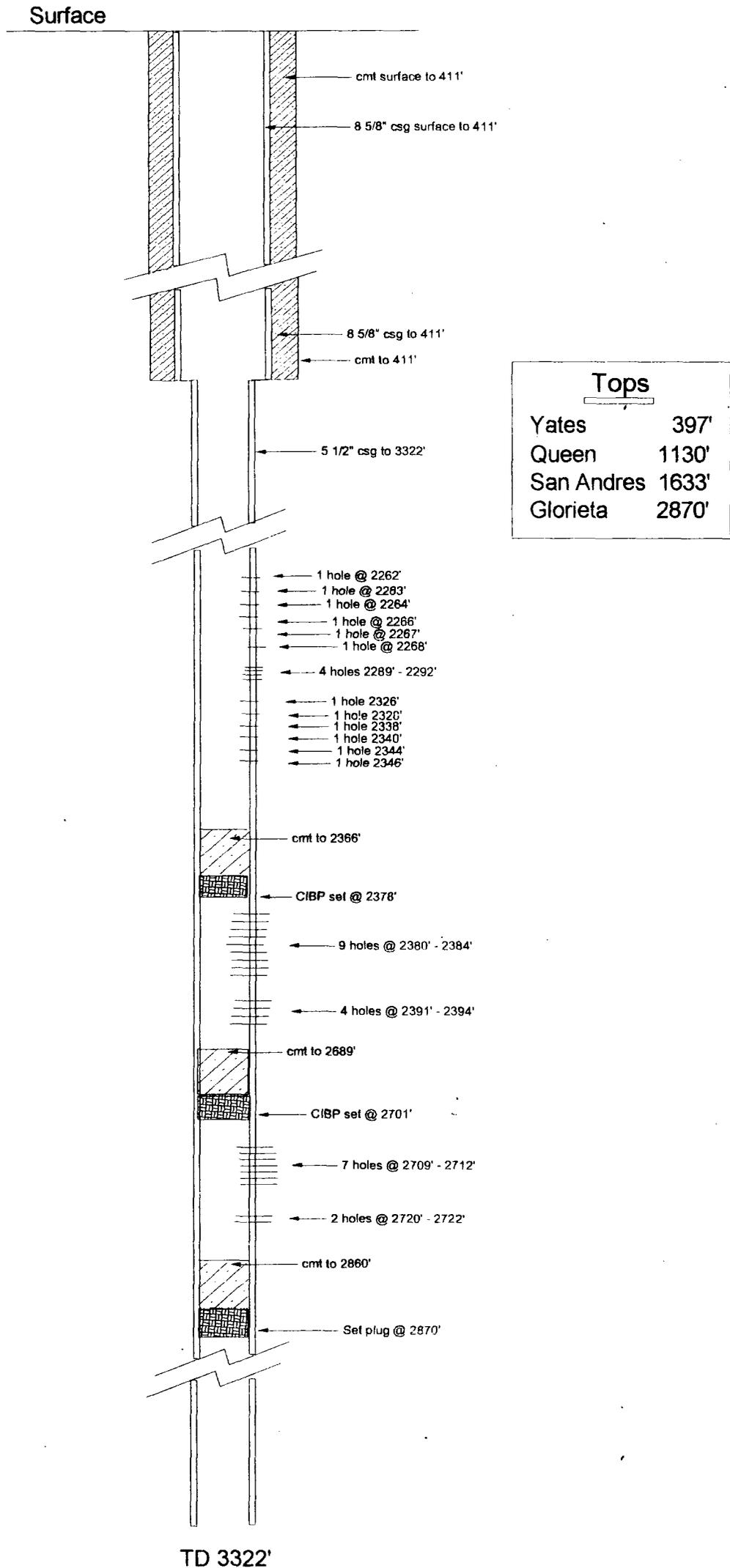
Total Depth: 3322' [2/97: PB 2870'] TOC 2860' [3/98: CTBP 2701' / TOC 2694']
Injection Interval [3/98: CTBP 2378' / TOC 2366']
Before drill out: 2262 feet to 2346
After drill out: 2262 feet to 2855

(Perforated or ~~Open~~ Open ~~Intake~~; indicate which)

Louise Yates State #1

330' FSL 1980' FWL Sec. 7 T9S R28E Chaves Co., NM

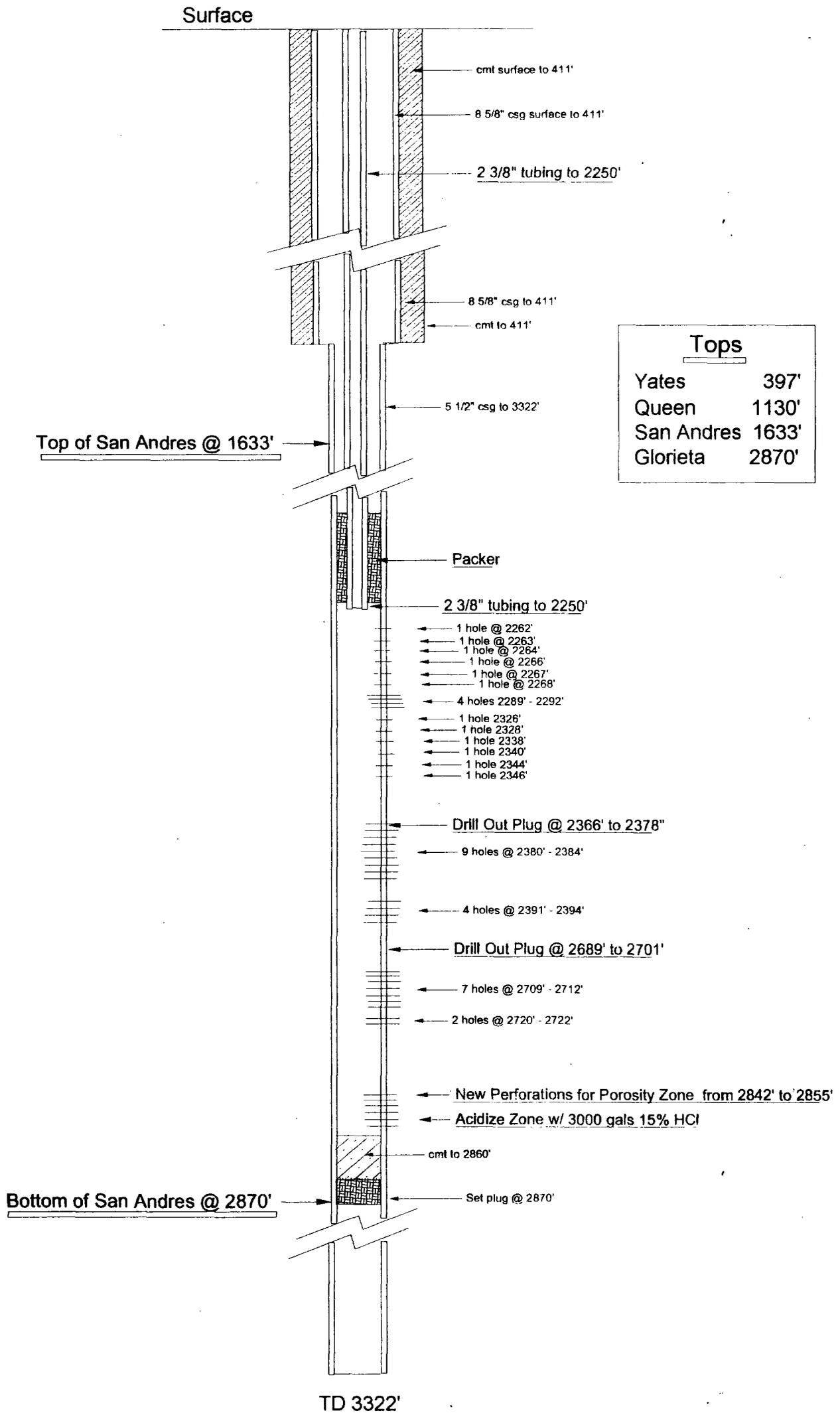
Before conversion to water disposal well



Louise Yates State #1

330' FSL 1980' FWL Sec. 7 T9S R28E Chaves Co., NM

After conversion to water disposal well



INJECTION WELL DATA SHEET

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

Type of Packer: A D-1

Packer Setting Depth: 2100

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

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

If no, for what purpose was the well originally drilled? 011

2. Name of the Injection Formation: San Andres

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

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.

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 #1 - 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 #1 has not been perforated in any other than the San Andres zone.

Three plugs have been set at the following depths:

2/97: 2870' (TOC: 2860')

3/98: 2701' (TOC: 2689')

3/98: 2378' (TOC: 2366')

The current injection intervals are 2262-68'; 2289-2292'; and 2326-2346'.

Our intention is to drill out the plugs set at 2378' and 2701' and utilize the existing perforations (2380-2394' and 2709-2722'), plus add a new set of perforations from 2842' to 2855'. We intend to acidize the new perforations with 3000 gallons 15% HCL before injecting water into these new perforations.

C-108: Paragraphs V, VI - Proposed Disposal Well - Louise Yates State #1

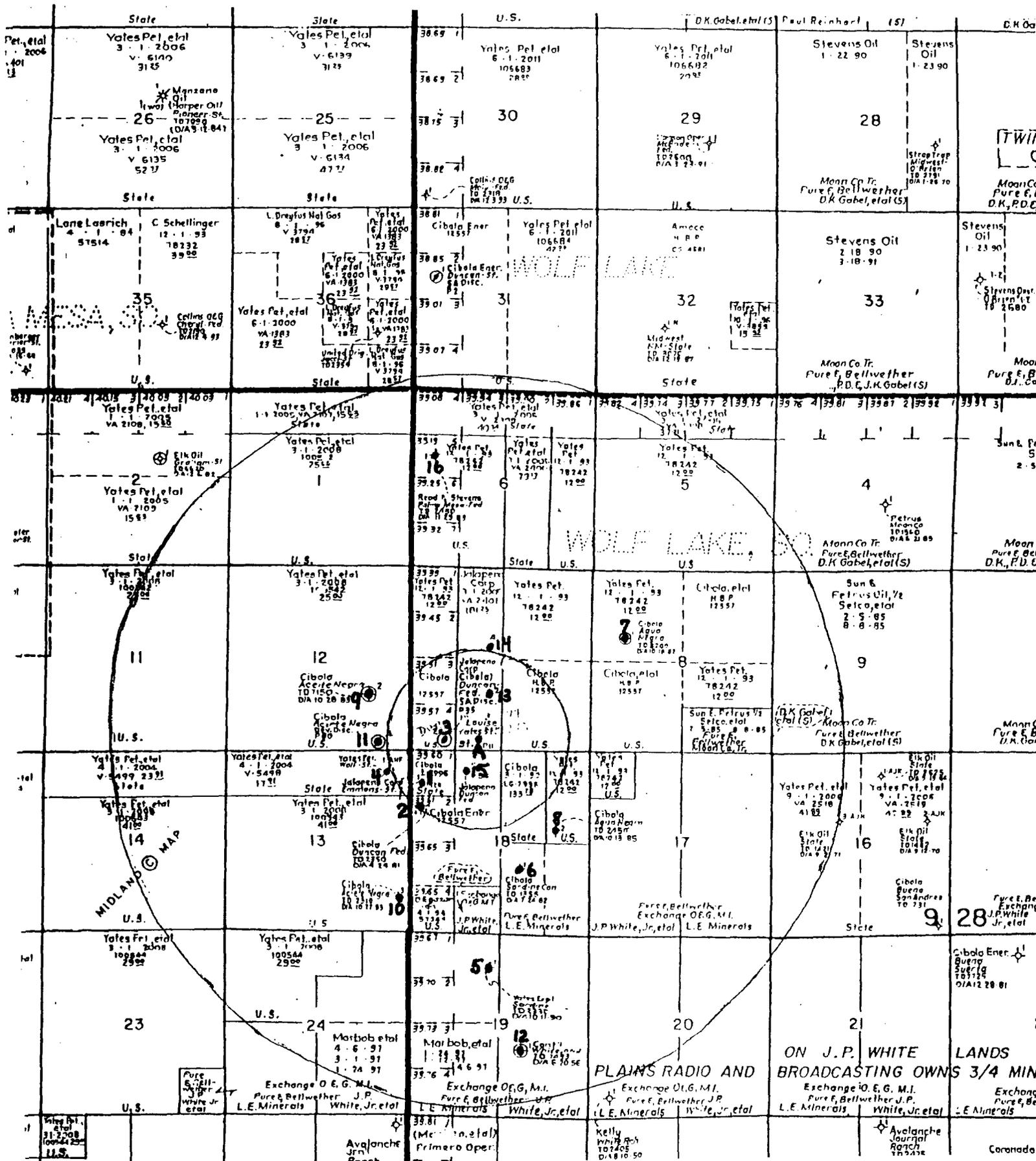
V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

See map following page.

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.

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

A.	Louise Yates State #1	330' FSL & 1980' FWL	Sec. 07	09S-28E
##	1. Emmons State #1	990' FNL & 330' FWL	Sec. 18	09S-28E
##	2. Duncan Federal #4Y	1650' FNL & 324' FWL	Sec. 18	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. Sardine #1	990' FNL & 2298' FWL	Sec. 19	09S-28E
	6. Sardine Can	1980' FSL & 1980' FEL	Sec. 18	09S-28E
	7. Agua Negra #1	1980' FNL & 990' FWL	Sec. 08	09S-28E
	8. Agua Negra #2	2310' FNL & 990' FEL	Sec. 18	09S-38E
	9. Aceite Negra #2	1650' FSL & 1200' FEL	Sec. 12	09S-27E
	10. Aceite Negra #3	990' FSL & 330' FEL	Sec. 13	09S-27E
	11. Aceite Negra #4	330' FSL & 940' FEL	Sec. 12	09S-27E
	12. Continental White 19-#1	1980' FSL & 1980' FEL	Sec. 19	09S-28E
##	13. Louise Yates State #2	1650' FSL & 2310' FWL	Sec. 07	09S-28E
##	14. Louise Yates State #4	2310' FNL & 2310' FWL	Sec. 07	09S-28E
##	15. Duncan Federal #5	660' FNL & 1650' FWL	Sec. 18	09S-28E
	16. Palma Mesa Fed. #1	1980' FNL & 660' FWL	Sec. 06	09S-28E



C-108 Paragraph VI (continuation): Proposed Disposal Well - Louise Yates State #1

Wells Within Area of Review (Page 1 of 2)

Well Name: **Duncan Federal #2 (Oil)**
Operator: Jalapeno Corporation
Location: Unit M, Lot 4; Section 7, T-9S, R-28E; 330' FSL/990' FWL
Status: Producing
Dates: Spud: 5-10-88; TD: 6-8-88; Completed: 8-15-88 ✓
Total Depth: 2317
Completion Interval: 2241' - 2265' San Andres
Construction: Surface Casing: Hole Size: 12 1/2" Casing Size: 7 5/8"
Depth Set: 419' Cement: 150 sx.
Circulated to surface per Completion Report/Log
Production Casing: Hole Size: 6 1/2" Casing Size: 4 1/2"
Depth Set: 2317' Cement: 90 sx.
TOC: 1735' - Calculated Estimate

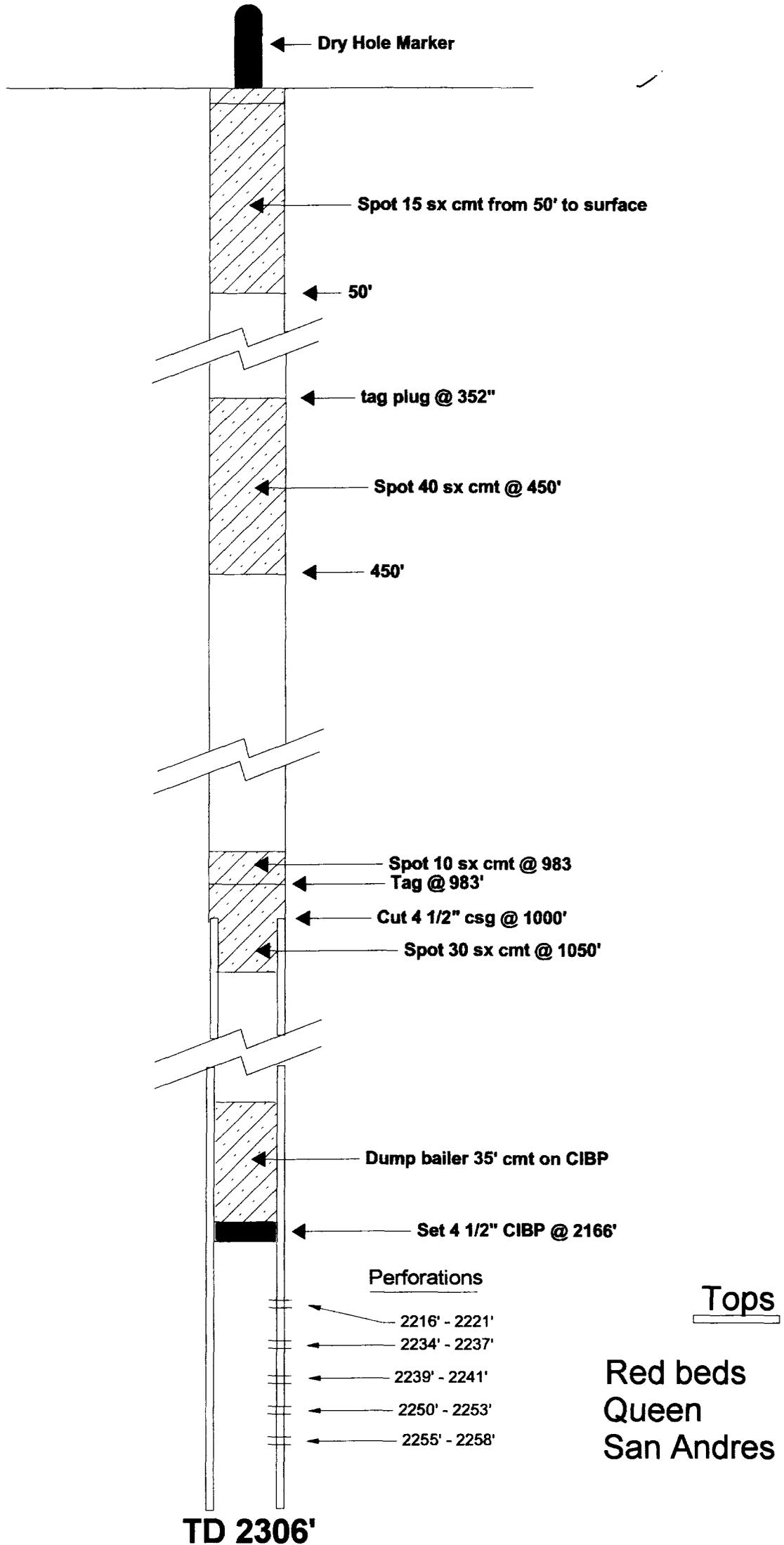
Well Name: **Duncan Federal #4-Y (Oil)**
Operator: Jalapeno Corporation
Location: Lot E; Section 18, T-9S, R-28E; 1650'FN/324' FWL
Status: Plugged 10/24/01 ** (See attached Schematic)
Dates: Spud: 6/14/91; TD: 8/09/91; Completed: 1/17/92; Plugged: 10/24/01
Total Depth: 2308'
Completion Interval: 2216'-2258' - Slaughter zone of San Andres
Construction: Surface Casing: Hole Size: 12 1/4" Casing Size: 8 5/8" ✓
Depth Set: 400' Cement: 250 sx
Circulated to top - Visual
Production Casing: Hole Size: 7 7/8" Casing Size: 4 1/2"
Depth Set: 2306' Cement: 90 sx lite/115 prem
TOC: 1278' per Bond Log

Well Name: **Duncan Federal #5 (Oil)**
Operator: Jalapeno Corporation
Location: Lot C; Section 18, T-9S, R-28E; 660'FNL/1650' FWL
Status: Producing
Dates: Spud: 7/28/95; TD: 3/18/97; Completed: 3/25/98;
Re-completion: 3/2000
Total Depth: TD: 2345'; PBTD: 2340' (3/97); PBTD: 2325' (3/00)
Completion Interval: 2239 - 2319 (3/98); 2329 1/2-2330 1/2 (3/00) San Andres
Construction: Surface Casing: Hole Size: 13 Casing Size: 8 5/8" ✓
Depth Set: 441' Cement: 200 sx.
Circulated to top - Visual
Production Casing: Hole Size: 7 7/8" Casing Size: 5 1/2"
Depth Set: 2345' Cement: 275 sx.
TOC: 1067' - per Bond Log

Duncan Federal #4-Y

1650' FNL 324' FWL Sec. 18 T9S R28E, Chaves Co., NM

AFTER PLUGGING



C-108 Part VI (continuation): Proposed Disposal Well: Louise Yates State #1

Wells Within Area of Review (Page 2 of 2)

Well Name: **Emmons State #1** (Oil)
Operator: Jalapeno Corporation
Location: Unit D, Lot 1; Section 18, T-9S, R-28E; 990'FNL/330'FWL
Status: Producing
Dates: Spud: 2-28-90; TD: 3-31-90; Completed: 4-7-90
Total Depth: 2354'
Completion Interval: 2221-2258; P1 of Slaughter Zone of San Andres
Construction: Surface Casing: Hole Size: 12 1/2" Casing Size: 8 5/8"
Depth Set: 382' Cement: 220 sx.
1-inched with 40 sx cement to surface per
Drilling Report 3/8/90 ✓
Production Casing: Hole Size: 7 7/8" Casing Size: 4 1/2"
Depth Set: 2344' Cement: 135 sx.
Probable TOC: 1450' per Bond Log 4/4/90

Well Name: **Louise Yates State #2** (Oil)
Operator: Jalapeno Corporation
Location: Unit K; Section 7, T-9S, R-28E; 1650'FSL/2310' FWL
Status: In process of being put on production
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 1/4" 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 #4** (Oil)
Operator: Jalapeno Corporation
Location: Unit F; Section 07, T-9S, R-28E; 2310'FNL & FWL
Status: Producing
Dates: Spud: 6/07/01; TD: 6/13/01; Completed: 9/28/01
Total Depth: TD: 2417'; PBTD: 2343' ✓
Completion Interval: 2296'-2320' San Andres
Construction: Surface Casing: Hole Size: 12 1/4" Casing Size: 8 5/8"
Depth Set: 420' Cement: 260 sx.
TOC: Surface
Production Casing: Hole Size: 7 7/8" Casing Size: 5 1/2"
Depth Set: 2408' Cement: 190 sx.
Calc.TOC: 1,000'

C-108: Paragraphs VII, VIII, IX - Louise Yates State #1 - 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 110 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 field area. The disposal formation is the San Andres in the Wolf Lake San Andres 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 and San Angelo zones 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 2262' to 2855'. Perforations cover a more limited area within this expanse.

The zones are dolomite with anhydrite stringers. The top of the P1-P3 is approximately 2245'. The combined Slaughter is approximately 155 feet thick. The San Angelo is 170 feet thick. The top of the San Andres itself is at approximately 1633 feet and the bottom of the San Andres is approximately 2870 feet.

The source of livestock and drinking water in the area lies above 400 feet and is known in the area as the Santa Rosa Sand. This zone is covered by surface casing.

Paragraph IX: Proposed Stimulation Program

We think the well will take the necessary fluid without further stimulation except for the proposed stimulation of the new perforations (from 2842' to 2855', as shown in the schematic in Paragraph III). However, if further stimulation is necessary, we propose to acidize it with approximately 7000 gallons of 20% HCL. Additional similar stimulation would be performed as needed.

C-108: Paragraphs X, XI, XII - Louise Yates State #1 - Water Disposal Well

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 5/28/97; however, we are submitting additional electric logs on the Louise Yates State #1.

Paragraph XI: Chemical Analysis of Fresh Water Wells

The only water well, East Windmill Well (appearing to be located slightly less than a mile from the Louise Yates State #1 - see attached map) is not hooked up at the present time, and seemingly has not been used for a long while. The water in the stock tank appears to be flowing up from a well under the broken-down windmill. The sample was taken from the stock tank.

See attached analysis.

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.

ILLEGIBLE

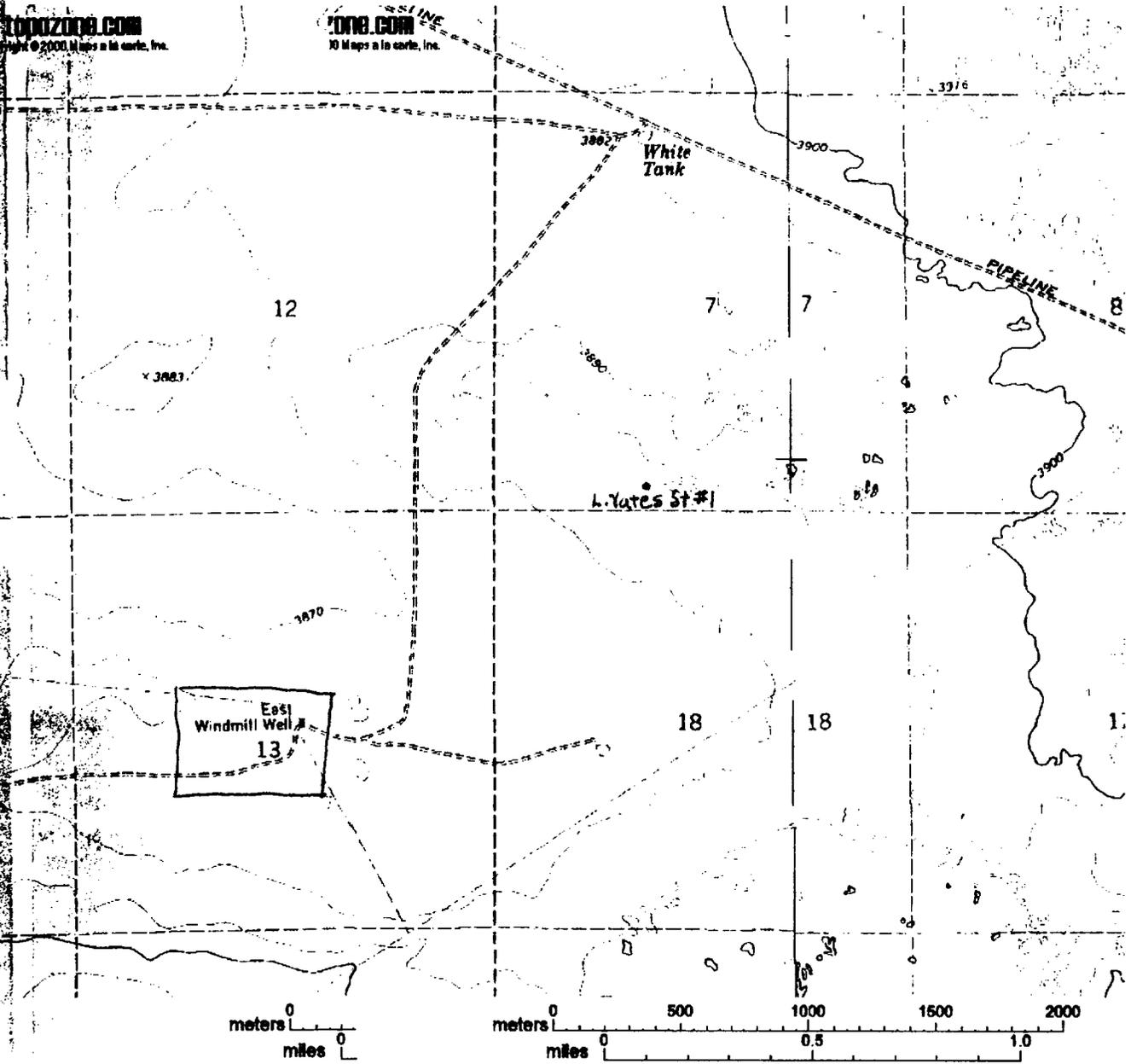
TopoZone.com

Target is UTM

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

TOPOZONE.COM
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<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 #1 - Water Disposal Well
Location of Water Well (East Windmill)



HALLIBURTON
 CENTRAL OPERATIONS LABORATORY
 WATER ANALYSIS REPORT
 HOBBS, NEW MEXICO

COMPANY Jalapeno Corp.
Windmill H2O Sample
Louise Yates State # 1 SWD Project

REPORT W01-123
 DATE December 5, 2001
 DISTRICT Hobbs N.M.

SUBMITTED BY _____

WELL Louise Yates State # 1 DEPTH _____ FORMATION _____
 COUNTY _____ FIELD _____ SOURCE _____

SAMPLE Windmill H2O Sample

Sample Temp.	<u>68</u>	°F	_____	°F	_____	°F	_____	°F
RESISTIVITY	<u>0.33</u>		_____		_____		_____	
SPECIFIC GR.	<u>1.014</u>		_____		_____		_____	
pH	<u>8.12</u>		_____		_____		_____	
CALCIUM	<u>1,100</u>	mpl	_____	mpl	_____	mpl	_____	mpl
MAGNESIUM	<u>960</u>	mpl	_____	mpl	_____	mpl	_____	mpl
CHLORIDE	<u>12,168</u>	mpl	_____	mpl	_____	mpl	_____	mpl
SULFATES	<u>2,793</u>	mpl	_____	mpl	_____	mpl	_____	mpl
BICARBONATES	<u>30</u>	mpl	_____	mpl	_____	mpl	_____	mpl
SOLUBLE IRON	<u>0</u>	mpl	_____	mpl	_____	mpl	_____	mpl
Sodium	<u>6162</u>	mpl	<u>0</u>	mpl	<u>0</u>	mpl	<u>0</u>	mpl
TDS	<u>23,213</u>	mpl	<u>0</u>	mpl	<u>0</u>	mpl	<u>0</u>	mpl
OIL GRAVITY	<u>@</u>	°F	<u>@</u>	°F	<u>@</u>	°F	<u>@</u>	°F

REMARKS _____

MPL = Milligrams per liter
 Resistivity measured in Ohm/m2/m

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management. It may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Co.

ANALYST Mike Armstrong & James Bonner

C-108: Paragraph XI (detail) - Louise Yates State #1 - Water Disposal Well
 Chemical Analysis of East Windmill water well

To be published in the "Legals" section of the Roswell Daily Record
Sunday, February 3, 2002

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 #1 to a salt water disposal well. This injection well is located 330' FSL and 1980' FWL of Sec. 07-9S-28E, Chaves County. Water will be injected into the San Andres formation from 2262' to 2855'. 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.

C-108: Paragraph XIV - Louise Yates State #1 - Proposed Disposal Well

PROOF OF NOTICE

Attached please find copies of our Certified mailing to

- 1) Owner of the Surface of the Land
on which the well is located:
State of New Mexico
Commissioner of Public Lands

And

- 2) Bureau of Land Management
Roswell Office

Jalapeno Corporation is the only leasehold operator
of wells within the half-mile radius;
however, since Jalapeno Corp. is also the owner of the
Louise Yates State #1,
no certified copy has been mailed

Courtesy copies are being sent to leasehold operators
and working interest owners in the area -
see attached listing

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:

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

4a. Article Number

7001 0320 0002 6330 5248

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- 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)

PS Form 3811, December 1994

Domestic Return Receipt

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



7001 0320 0002 6330 5248
 7001 0320 0002 6330 5248

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

Postage	\$	Postpaid Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

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.

7001 0320 0002 6330 5248

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

Postage	\$	Postpaid Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.09	

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.



Posted 2/1/02

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: Bur. of Land Management Roswell Office 2909 W. Second Street Roswell, NM 88201		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	
5. Received By: (Print Name)		7. Date of Delivery	
6. Signature: (Addressee or Agent) X		8. Addressee's Address (Only if requested and fee is paid)	

Thank you for using Return Receipt Service.

PS Form 3811, December 1994

Domestic Return Receipt

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

CERTIFIED MAIL

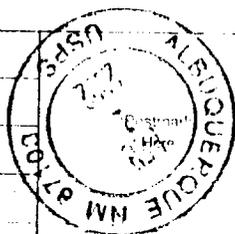


7001 0320 0002 6330 5255
 7001 0320 0002 6330 5255

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Sent To Bureau of Land.Mgmt - Roswell Office	
Street, Apt. No., or PO Box No. 2909 W. Second Street	
City, State, ZIP+4 Roswell, NM 88201	
PS Form 3800, January 2001. See Reverse for Instructions.	

7001 0320 0002 6330 5255

U.S. Postal Service	
CERTIFIED MAIL RECEIPT	
(Domestic Mail Only; No Insurance Coverage Provided)	
Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.09
Sent To Bureau of Land.Mgmt - Roswell Office	
Street, Apt. No., or PO Box No. 2909 W. Second Street	
City, State, ZIP+4 Roswell, NM 88201	
PS Form 3800, January 2001. See Reverse for Instructions.	



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- Complete items 3, 4a, and 4b.
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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 NM-OCD, District II
 1301 W. Grand Avenue
 Artesia, NM 88210

4a. Article Number
 7001 0320 0002 6330 5293

4b. Service Type
 Registered Certified
 Express Mail Insured
 Return Receipt for Merchandise 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.

PS Form 3811, December 1994

Domestic Return Receipt

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



7001 0320 0002 6330 5293
 7001 0320 0002 6330 5293

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

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To: NM-OCD, Dist. II
 Street, Apt. No. or PO Box No. 1301 W. Grand Ave.
 City, State, ZIP+4: Artesia, NM 88210

PS Form 3800 (Return Only) January 2001 See Reverse for Instructions

7001 0320 0000 6330 5293

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

Postage	\$	Postmark Here
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 5.09	

Sent To: NM-OCD, Dist. II
 Street, Apt. No. or PO Box No. 1301 W. Grand Ave.
 City, State, ZIP+4: Artesia, NM 88210

PS Form 3800 (Return Only) January 2001 See Reverse for Instructions

C-108: Paragraph XIV: - Proposed Disposal Well - Louise Yates State #1

Louise Yates State #1

Section 7, N

Township 9 South; Range 28 East

Chaves County, New Mexico

Parties Within Area of Review

Owner of the 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

Owner of the surface of the land within half-mile radius

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

Leasehold Operators within one-half mile of the well location

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

Others (Working Interest Owners & Operator of Well within the 2-mile radius)

Yates Petroleum Corporation
105 South Fourth Street
Artesia, NM 88210

Clifford Blaugrund
7513 La Madera NE
Albuquerque, NM 87109

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

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

Stevens Operating
P.O. Box 1675
Roswell, NM 88202-1675

Jalapeno Corporation

P.O. Box 1608

Albuquerque, NM 87103-1608

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

January 30, 2002

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

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

RE: Application to Convert to SWD well

Dear Sirs:

According to the instructions with the Application to convert a well to a water disposal well, the following notifications are required:

Notification of the Surface Owner of the land on which the well is located,
and
Notification and/or Concurrent Approval by the BLM or SLO.

We thus enclose for your review a copy of our application which we have submitted to the State Oil Conservation Division in Santa Fe.

Please contact us if there is any question.

Sincerely yours,



Anne Riggs, Adm.Asst.

Jalapeno Corporation

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

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

January 30, 2002

TO: Interested Parties

Re: Application for Water Disposal Well
Louise Yates State #1
Section 7, N
Township 9 South; Range 28 East
Chaves County, New Mexico

Ladies & Gentlemen:

Jalapeno Corporation is submitting to the Oil Conservation Division of the State of New Mexico an application to convert the existing Louise Yates State #1, 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,



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