

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. OIL CONSERVATION DIVISION

811 S. FIRST STREET

ARTESIA, NM 88210

FORM APPROVED  
MB No 1004-0137  
Expires: July 31, 2010

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

Case Serial No  
NM-12557

6 If Indian, Allottee or Tribe Name  
N/A

**SUBMIT IN TRIPLICATE** - Other instructions on page 2.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Jalapeno Corporation

3a. Address

PO BOX 1608  
ALBUQUERQUE, NM 87103

3b. Phone No. (include area code)

505-242-2050

7. If Unit of CA/Agreement, Name and/or No  
N/A

8. Well Name and No

Jan Federal #1.

9 API Well No

30-005-64154

4 Location of Well (Footage, Sec., T., R., M., or Survey Description)

1918 FSL & 450 FWL; Sec 31, T-8S, R-28E

10. Field and Pool or Exploratory Area  
Wildcat

11 Country or Parish, State

Chaves County, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other 2nd Addendum to Form 3160-3
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13 Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

THE DRILLING RIG WILL RUN ON DIESEL FUEL AND IF THE WELL IS SUCCESSFUL, WE WILL MOVE A PUMP JACK ON LOCATION WITH A MOTOR. THE MOTOR WILL RUN ON EITHER CASINGHEAD GAS OR PROPONE.

SEE ATTACHED EXHIBIT E FOR DRILLING RIG DETAILS.

Accepted for record  
NMOCD

tes  
1/20/2012



ACCEPTED FOR RECORD  
ROSWELL FIELD OFFICE

DEC 08 2011

NAME B. Skoog  
ENVIRONMENTAL PROTECTION  
SPECIALIST

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed)

Harvey E. Yates, Jr.

Title PRESIDENT

Signature

*Harvey E. Yates, Jr.*

Date 12/07/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

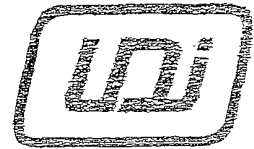
Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on page 2)



United Drilling, Inc.

## Rig 11 Inventory for Mud Drilling

Depth Rating - 4000'

Drawworks:	Gardner Denver 2500 Trailer Mounted Powered by 12 v 71 Detroit with Allison Torque Converter
Derrick:	75' - 160,000#
Rotary Table:	18" Gardner Denver
Water Tank:	1 - 500 Barrel
Drill Pipe:	4000' of 4-1/2
Drill Collars:	20 x 30'
BOP:	8" Annular BOP
Sub:	6 x 8 x 10
Light Plant:	1 - 140 KW 1 - 135 KW
Air compressors & related equipment	2 - Ingersol Rand 1200 CFM x 350psi 1 - G.D. Injection Pump 1 - G.D. Air Booster 2100 CFM x 500 psi

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

N.M. OIL CONSERVATION DIVISION  
811 S. FIRST STREET  
ARTESIA, NM 88210  
FORM APPROVED  
OMB No 1004-0137  
Expires: July 31, 2010  
Lease Serial No.  
NM-12557

**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

**SUBMIT IN TRIPLICATE** – Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Jalapeno Corporation		7. If Unit of CA/Agreement, Name and/or No. N/A
3a. Address PO BOX 1608 ALBUQUERQUE, NM 87103		8. Well Name and No. Jan Federal #1
3b. Phone No (include area code) 505-242-2050		9. API Well No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1918 FSL & 450 FWL; Sec. 31, T-8S, R-28E		10. Field and Pool or Exploratory Area Wildcat
		11. Country or Parish, State Chaves County, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

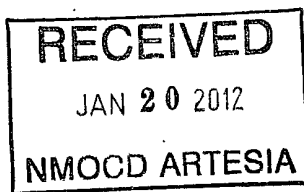
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- SEE FOLLOWING PAGES -

Accepted for record  
NMOCD

TES 1/20/2012



ACCEPTED FOR RECORD

DEC 07 2011

NAME B. SKOZZS  
ENVIRONMENTAL PROTECTION  
SPECIALIST

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) H. Emmons Yates III		Title Geological Analyst
Signature <u>H. Emmons Yates III</u>		Date Dec 3, 2011

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	

**ENTERED IN  
AFMSS**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

# **Jalapeño Corporation**

**JAN FEDERAL #1**

**1918 FSL & 450 FWL**

**SECTION 31, T. 8-S, R. 28-E**

**CHAVES COUNTY, NEW MEXICO**

## **APPLICATION FOR PERMIT TO DRILL - ADDENDUM**

### **ADDITIONAL INFORMATION ON DRILLING PLAN & SURFACE USE PLAN OF OPERATIONS**

1. **CORRECTED COVER SHEET, FORM 3160-3 #14**

The nearest town is Roswell which is approximately 34 miles from the proposed well site. See corrected Form 3160-3 cover sheet.

2. **RIGHT-OF-WAYS**

We will send a completed Standard Form 299 regarding the R.O.W.s to the BLM office in Roswell separately from this information.

3. **POWER SOURCE**

No power source will be needed.

4. **DIAGRAM OF BLOOIE LINE, INCLUDING GAS IGNITION & DUST SUPPRESSION SYSTEM**

See Exhibit A.

5. **DRILLING RIG**

An Air Rotary Rig (CF 2500 Drilling Rig) will be used.

6. **LOCATION OF EXISTING WELLS MAP**

See Exhibit B.

7. **PROPOSED PRODUCTION FACILITIES MAP**

See Exhibit C.

8. **LOCATION AND TYPE WATER SUPPLY**

We are going to use a 250bbls steel water tank on location. The water will be obtained from Roswell city water and will be hauled by Jim Water Service.

9. **PLANS FOR SURFACE RECLAMATION**

We try to leave as small a footprint as possible that is why our well pads are small to begin with. We will reclaim as much of the area as possible that is not needed for active support of production.

# **Jalapeño Corporation**

## **JAN FEDERAL #1**

**1918 FSL & 450 FWL**

**SECTION 31, T. 8-S, R. 28-E**

**CHAVES COUNTY, NEW MEXICO**

Top soil will be stockpiled on the eastern side of the well pad. If the hole is dry or after production ceases the caliche will be scraped up and used on a road or another location. The top soil will be spread over the location and the site will be seeded with the seed mixture then required by the BLM.

### **10. RECLAMATION DIAGRAM**

See Exhibit D.

### **11. PROPOSED ROAD CONSTRUCTION ACROSS DUNEY LAND WITH EXISTING BLOW-OUTS**

We will run and fill across the duney land until a road base is accomplished. We will then caliche the road base.

### **12. LOCATION OF CONSTRUCTION MATERIALS**

Caliche will be obtained from a pit which Jalapeno leases from the State of New Mexico in Lot 1 of Section 3, Township 9 South and Range 27 East in the Chaves County.

### **13. PROPOSED WELL PAD DIMENSIONS**

The dimensions of the proposed well pad are 200 feet by 150 feet. See Exhibit D.

### **14. PONDS & STREAMS**

There appears to be a small playa lakes approximately 3,461 feet to the Northwest of the proposed well site.

### **15. DESIGN PLAN**

We will have a perimeter fence surrounding the well pad. See Exhibit A.

## **ARCHAEOLOGICAL SURVEY**

On December 2<sup>nd</sup>, 2011, Dorothy Griffith of Archaeological Survey Consultants hand-delivered the Archaeological Survey Report for this well site to the BLM office in Roswell. If additional copies of the report are needed, please contact us.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

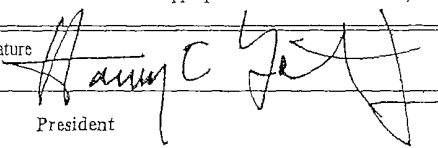
FORM APPROVED  
OMB No 1004-0137  
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No NM-12557
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name N/A
2. Name of Operator Jalapeno Corporation		7. If Unit or CA Agreement, Name and No. N/A
3a. Address P.O. Box 1608 Albuquerque, NM 87103-1608	3b. Phone No. (include area code) 505-242-2050	8. Lease Name and Well No Jan Federal #1
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1918' FSL & 450' FEL At proposed prod. zone Same		9. API Well No.
14. Distance in miles and direction from nearest town or post office* <del>6.2 miles from Roswell</del> approximately 34 miles from Roswell		10. Field and Pool, or Exploratory Wildcat
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any) 450' from lease line & 450' from unit line	16. No of acres in lease 1074.24	11. Sec., T R M. or Blk. and Survey or Area Sec. 31, T-8S, R-28E
17. Spacing Unit dedicated to this well L	18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1,215ft	12. County or Parish Chaves County
19. Proposed Depth 2,400	20. BLM/BIA Bond No. on file B 002462	13. State NM
21. Elevations (Show whether DF, KDB, RT, GL, etc) 3923' GL	22. Approximate date work will start* * *	23. Estimated duration 90 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, shall be attached to this form

- |   |   |
|---|---|
| 1. Well plat certified by a registered surveyor   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above)    |
| 2. A Drilling Plan.   | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the authorized officer |

25. Signature 	Name (Printed/Typed) Harvey E. Yates, Jr.	Date 11/7/11
Title President		
Approved by (Signature)	Name (Printed/Typed)	Date
Title	Office 505-242-2050	

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon  
Conditions of approval, if any, are attached.

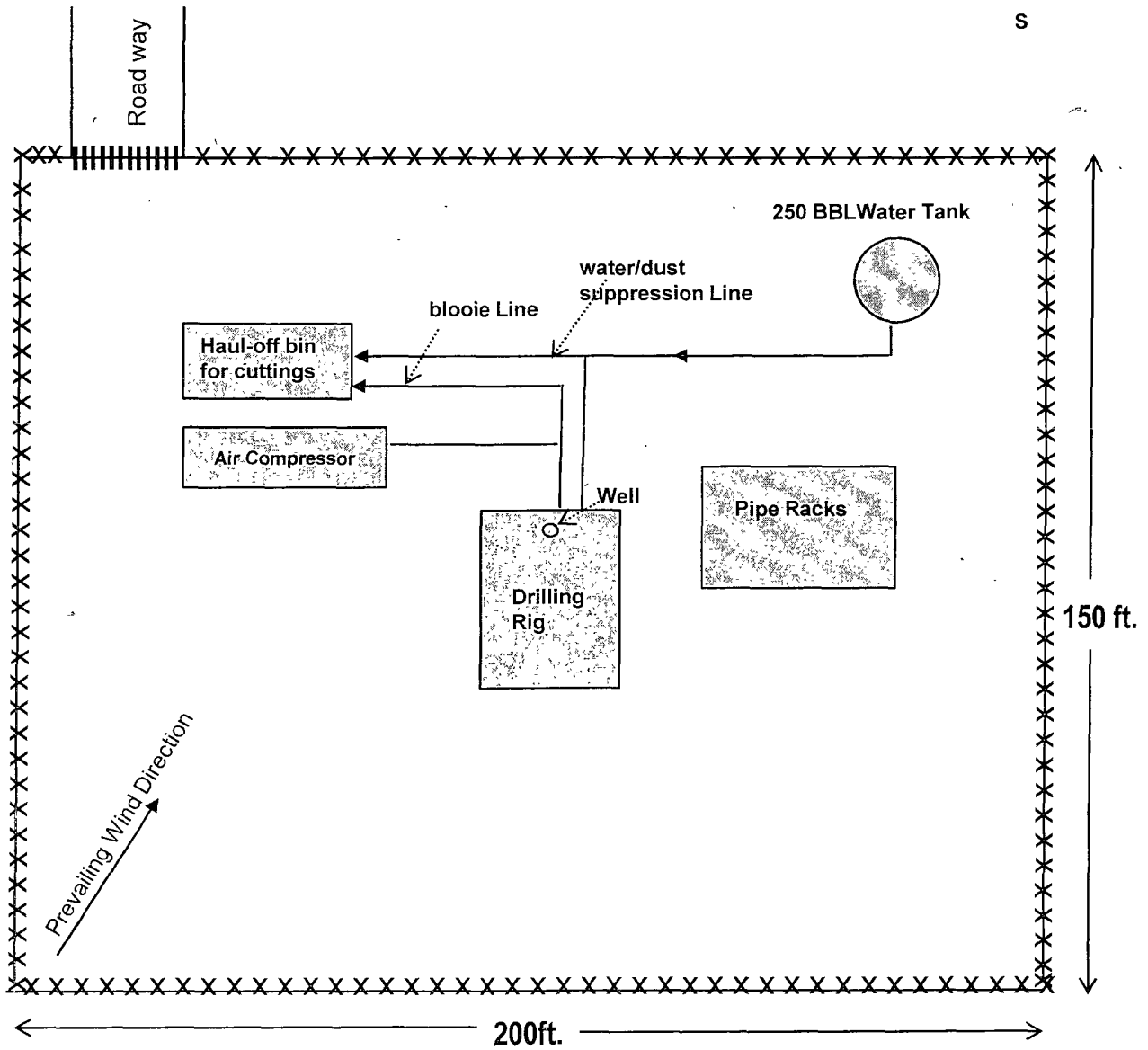
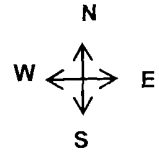
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\*(Instructions on page 2) \*\* Approximately 90 days after APD approval by BLM and OCD, subject to rig availability.

Exhibit #A

JALAPENO CORPORATION

JAN FEDERAL #1



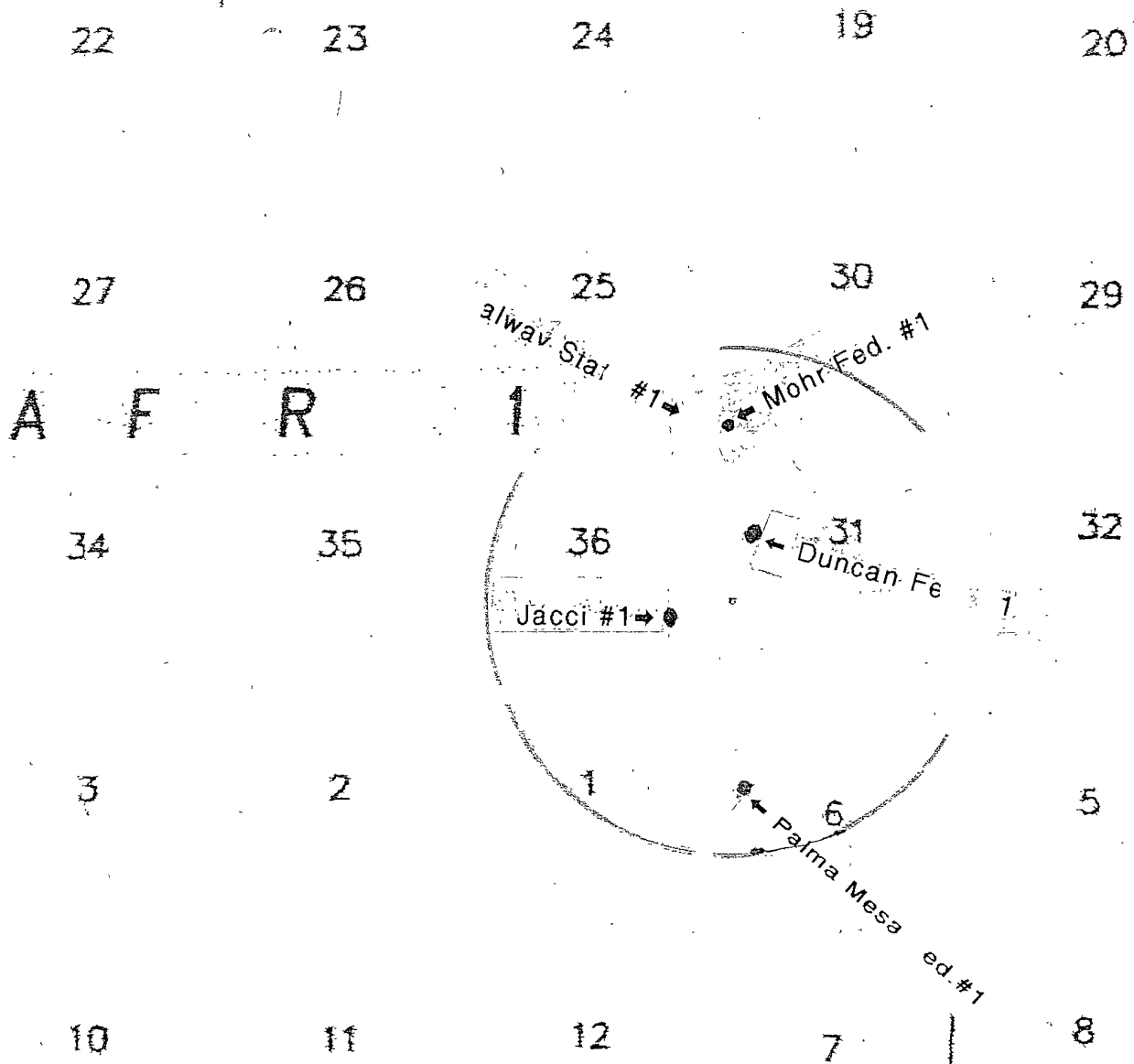
LEGEND

- ....XXX... Fence
- ....||||| Cattle guard

SEC 31 TWP. 08S RGE. 28E  
COUNTY CHAVES STATE NEW MEXICO  
DESCRIPTION 1918FSL & 450FWL  
LEASE 12557  
U S G S. TOPOGRAPHIC MAP

Exhibit #B

JALAPENO CORPORATION  
JAN FEDERAL #1





# JALAPENO CORPORATION

Jan Federal #1

Lease No.: 12557

1918' FSL & 450" FWL

Sec. 31, T8S, R28E

Chaves, New Mexico

## THE SITE SECURITY PLAN IS LOCATED AT:

JALAPENO CORPORATION

1429 CENTRAL NW

ALBUQUERQUE, NEW MEXICO 87104

→ Direction of Flow

P1 Production Valve

S1 Sales Valve

E1 Equalizing Valve

BSW BS & W Valve

F Fill Line

O Oil Line

G Gas Line

w Water Line

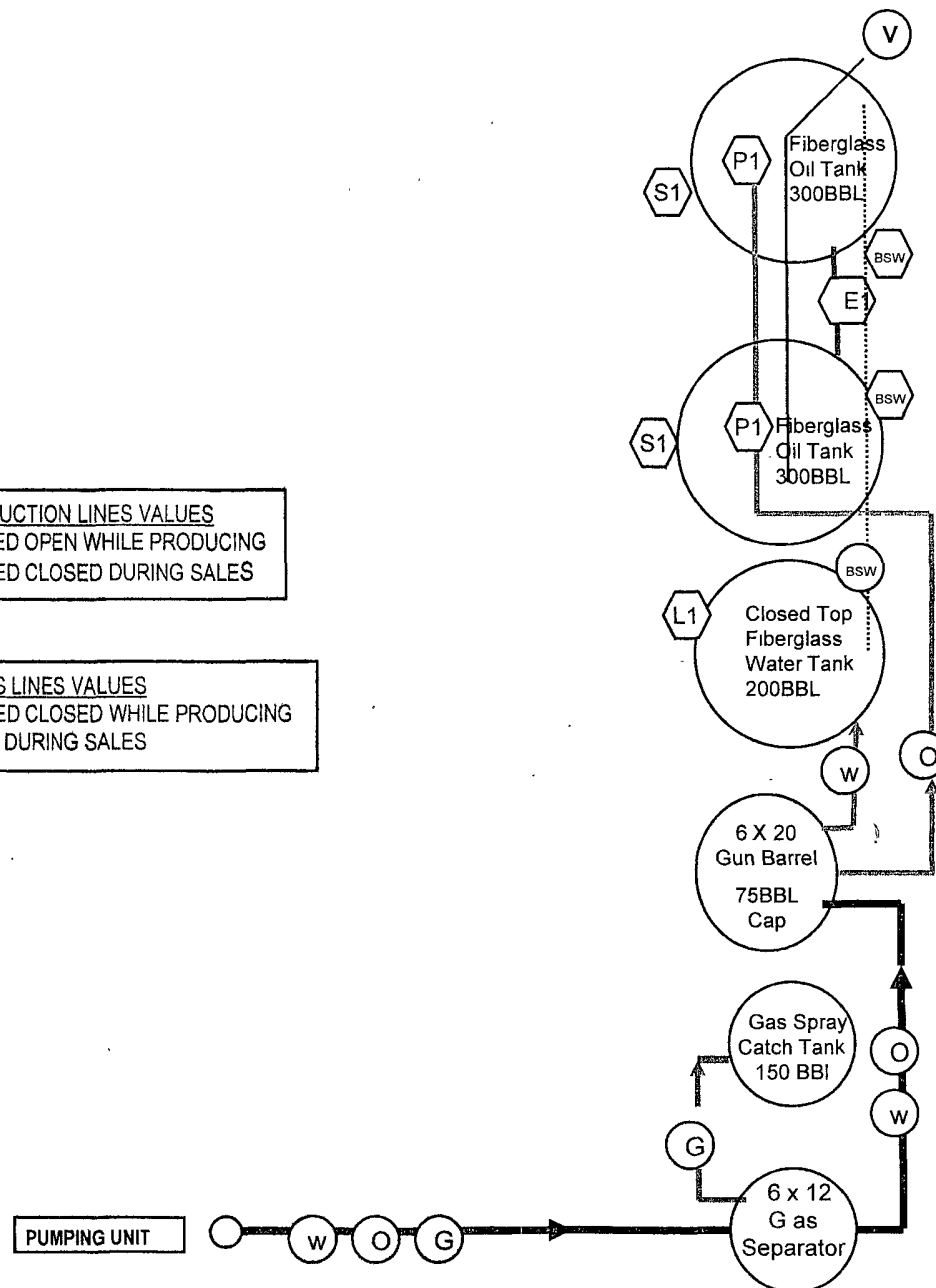
V Vent Valve

L1 Load Valve

BSW BS & W Line

PRODUCTION LINES VALUES  
SEALED OPEN WHILE PRODUCING  
SEALED CLOSED DURING SALES

SALES LINES VALUES  
SEALED CLOSED WHILE PRODUCING  
OPEN DURING SALES

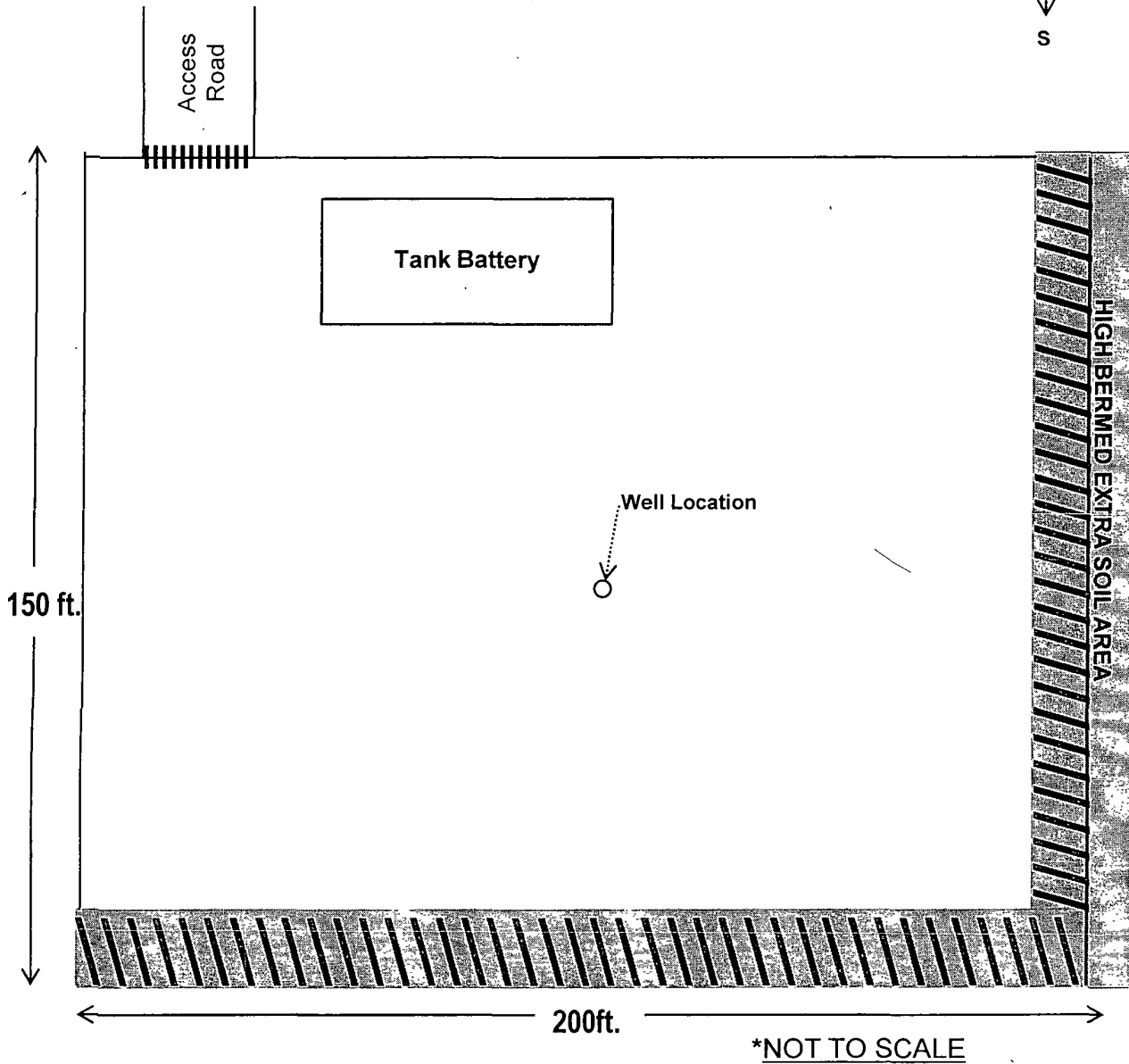
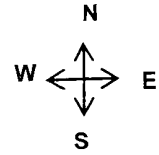




North

Exhibit #C

Exhibit #D

JALAPENO CORPORATION  
JAN FEDERAL #1



LEGEND	
	Reclaimed Area
	Cattle guard

\*We try to leave as small a footprint as possible that is why our well pads are small to begin with. We will reclaim as much of the area as possible that is not needed for active support of production.