

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

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

☒ Oil Well ☐ Gas Well ☐ Other

2 Name of Operator

Jalapeno Corporation

26307

3a Address

PO BOX 1608
ALBUQUERQUE, NM 87103

3b. Phone No (include area code)

505-242-2050

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

430 FSL & 330 FWL, Sec. 6, T-9S, R-28E

5 Lease Serial No
NM-108040

6. If Indian, Allottee or Tribe Name
N/A

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

8 Well Name and No

Crooked Bill Federal #1

9 API Well No.

30-005-64156

10 Field and Pool or Exploratory Area
Wildcat

11 Country or Parish, State
Chaves County, NM

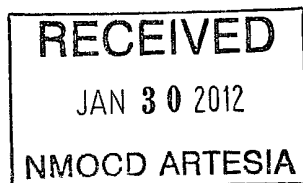
12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

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 Addendum to
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Form 3160-3
	<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.)

- SEE FOLLOWING PAGES -

ACCEPTED FOR RECORD



JAN 27 2012
NAME Jared Keen
NATURAL RESOURCE
SPECIALIST
ROSWELL FIELD OFFICE

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

H. Emmons Yates III

Title

Geological Analyst

Signature

H. Emmons Yates III

Date

Dec 10, 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)

Jalapeño Corporation
CROOKED BILL FEDERAL #1
430 FSL & 330 FWL
SECTION 6, T. 9-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. **POWER SOURCE**

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 propane.

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

See Exhibit A.

3. **DRILLING RIG**

- For a description of drilling equipment, see Exhibit #E.
- The deduster equipment consists of a closed trailer into which cuttings will be blown and a water hose with a sprinkler head.
- The hose with a sprinkler head will be placed inside the trailer to suppress dust. The closed trailer sits on top of a bin which is part of the closed loop system. Cutting will fall into the bin.
- We will not have mud circulation equipment available on site because we are using an air rotary system. We have drilled over 50 of these San Andres wells with air and never have we needed a mud backup system.
- As to the pilot light and igniter, prior to the time that the NMOCD began requiring the use of the closed loop system, the bouie line would be directed into a pit. At the end of the bouie line a 5 gallon can with a lit diesel soaked rag would be placed to ignite any gas which may escape. However in that the line will instead be directed into a closed loop system, it is not clear how that would work. The proposed well is for a San Andres oil test and little if any gas is expected. The rig will be equipped with gas sensing equipment and an alarm to detect any escaping gas. The drilling rig has a 500 BBL water tank that will be on location and if gas becomes a problem, the hole will be flooded with water.

4. **LOCATION OF EXISTING WELLS MAP**

See Exhibit B.

5. **PROPOSED PRODUCTION FACILITIES MAP**

See Exhibit C.

6. **LOCATION AND TYPE WATER SUPPLY**

The drilling rig will have a 500 BBL steel water tank on location. The water will be obtained from Roswell city water and will be hauled by Jim Water Service.

Jalapeno Corporation
CROOKED BILL FEDERAL #1
430 FSL & 330 FWL
SECTION 6, T. 9-S, R. 28-E
CHAVES COUNTY, NEW MEXICO

7. **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.

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.

8. **RECLAMATION DIAGRAM**

See Exhibit D.

9. **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.

10. **PROPOSED WELL PAD DIMENSIONS**

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

11. **PONDS & STREAMS**

12. There appears to be a small playa lake approximately 9,729 feet to the Northeast of the proposed well site. There is a cattle watering in section 7 unit C but the water is piped in. Sometimes the rancher allows the water to pond in an earthen tank.

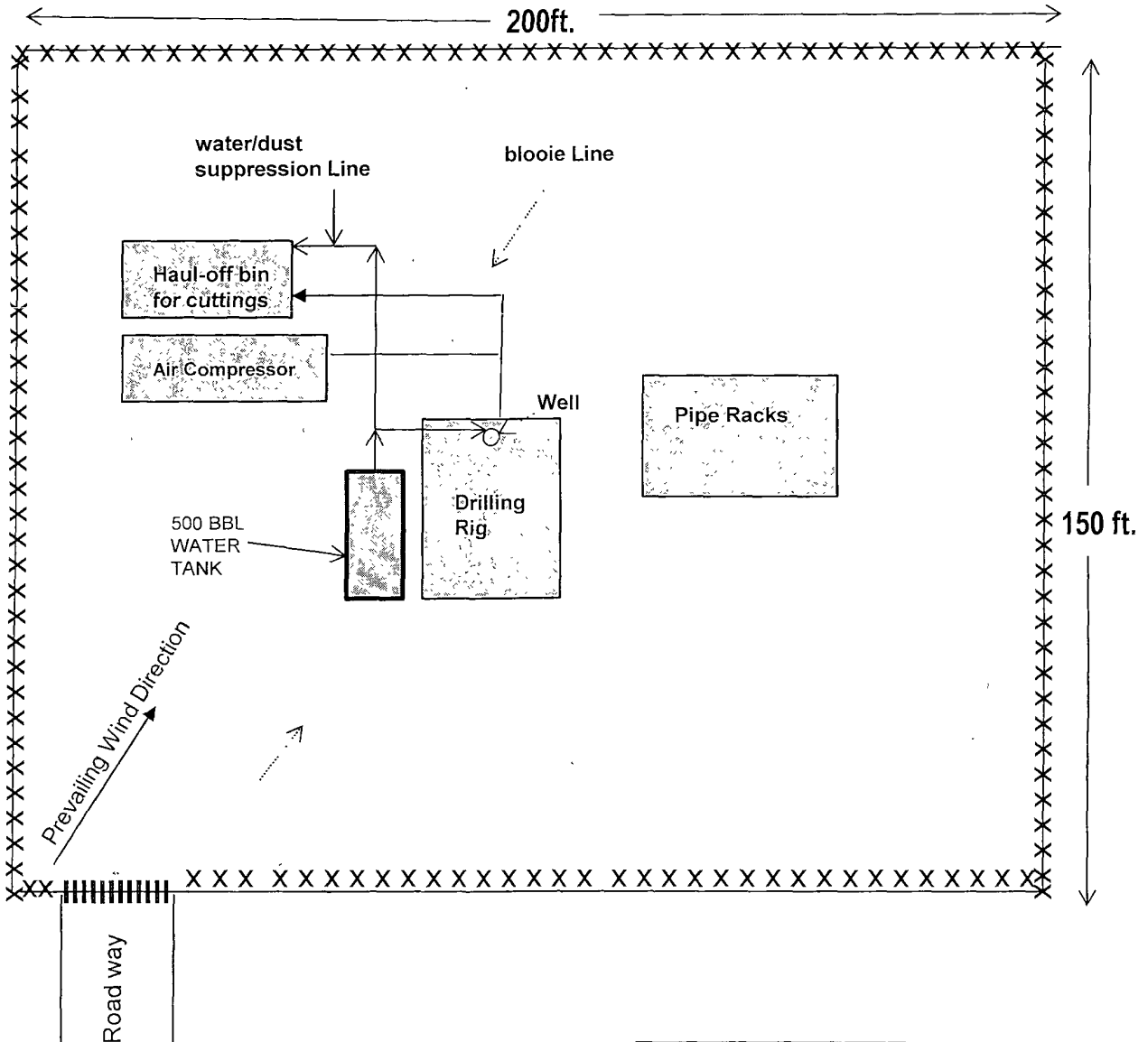
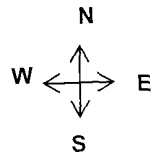
13. **DESIGN PLAN**

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

ARCHAEOLOGICAL SURVEY

Dorothy Griffiths of Archaeological Survey Consultants will hand-deliver the Archaeological Survey for the Crooked Bill #1 to the BLM office in Roswell this week.

EXHIBIT #A
JALAPENO CORPORATION
CROOKED BILL FEDERAL #1



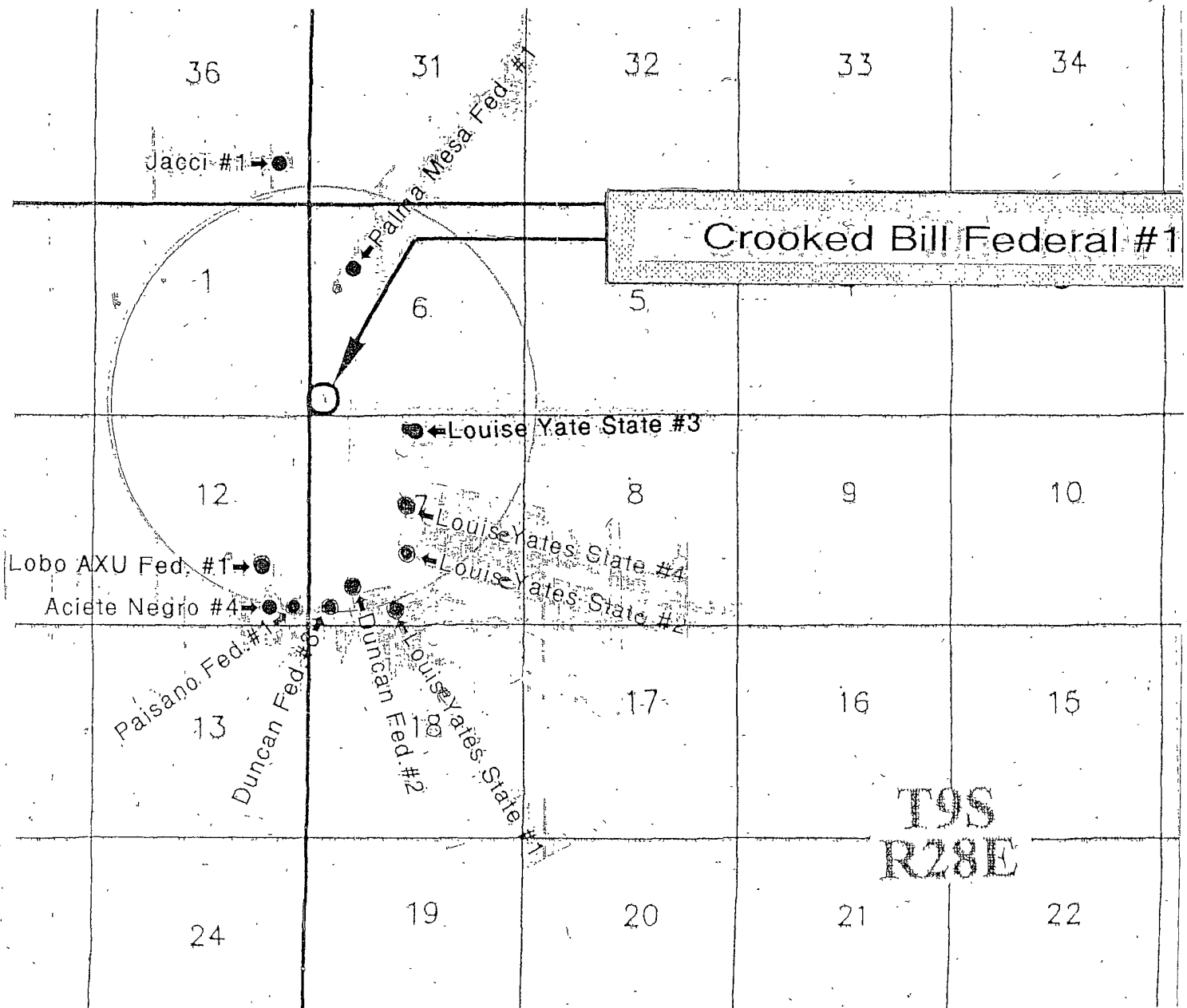
LEGEND

- xxx Fence
- ||||| Cattle guard

EXHIBIT #B

JALAPENO CORPORATION

CROOKED BILL FEDERAL #1



JALAPENO CORPORATION

Crooked Bill Federal #1
430' FSL & 330" FwL

Sec 6, T9S, 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

(BSV) BS & W Line

PRODUCTION LINES VALUES
SEALED OPEN WHILE PRODUCING
SEALED CLOSED DURING SALES

SALES LINES VALUES
SEALED CLOSED WHILE PRODUCING
OPEN DURING SALES

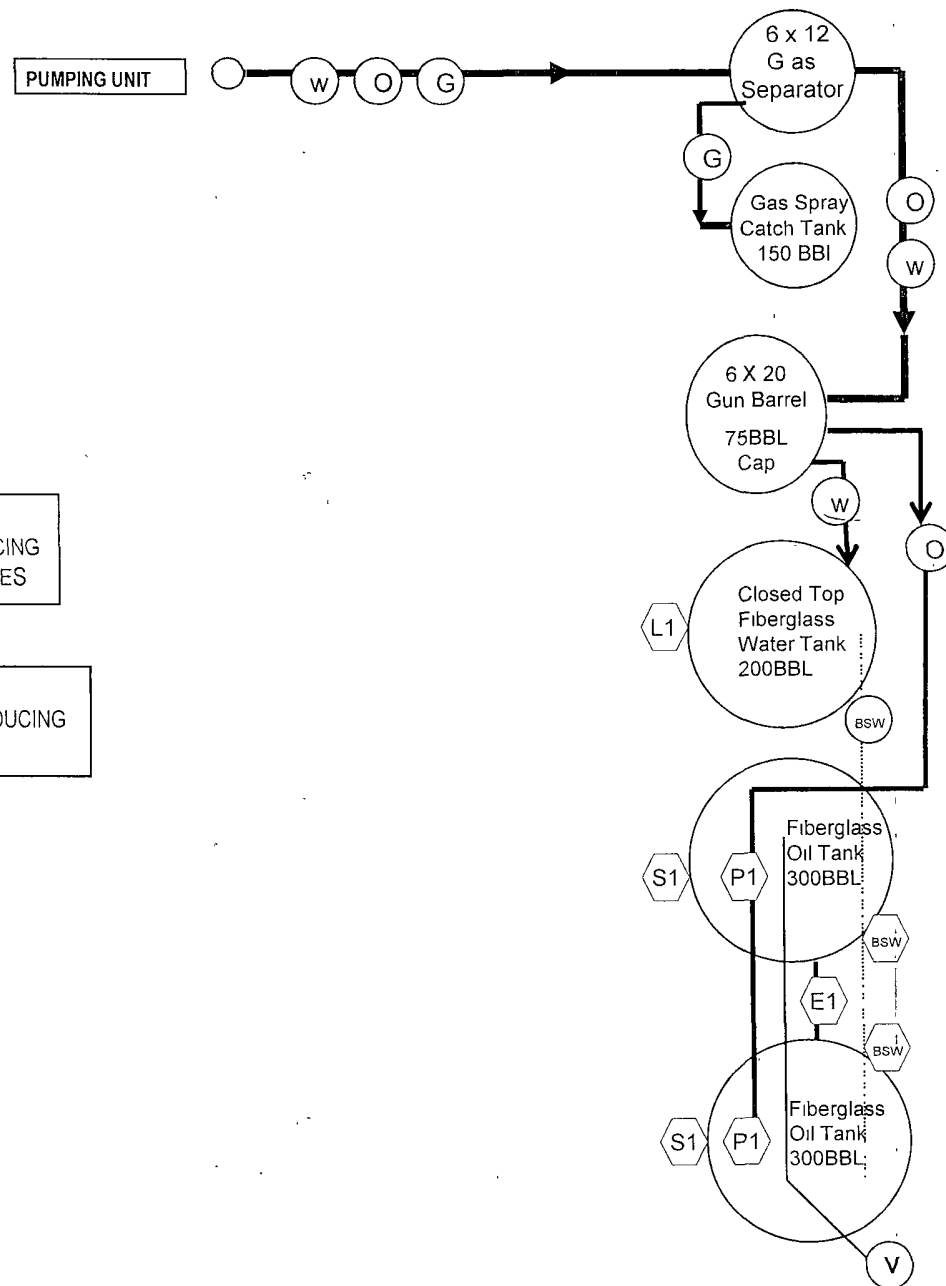
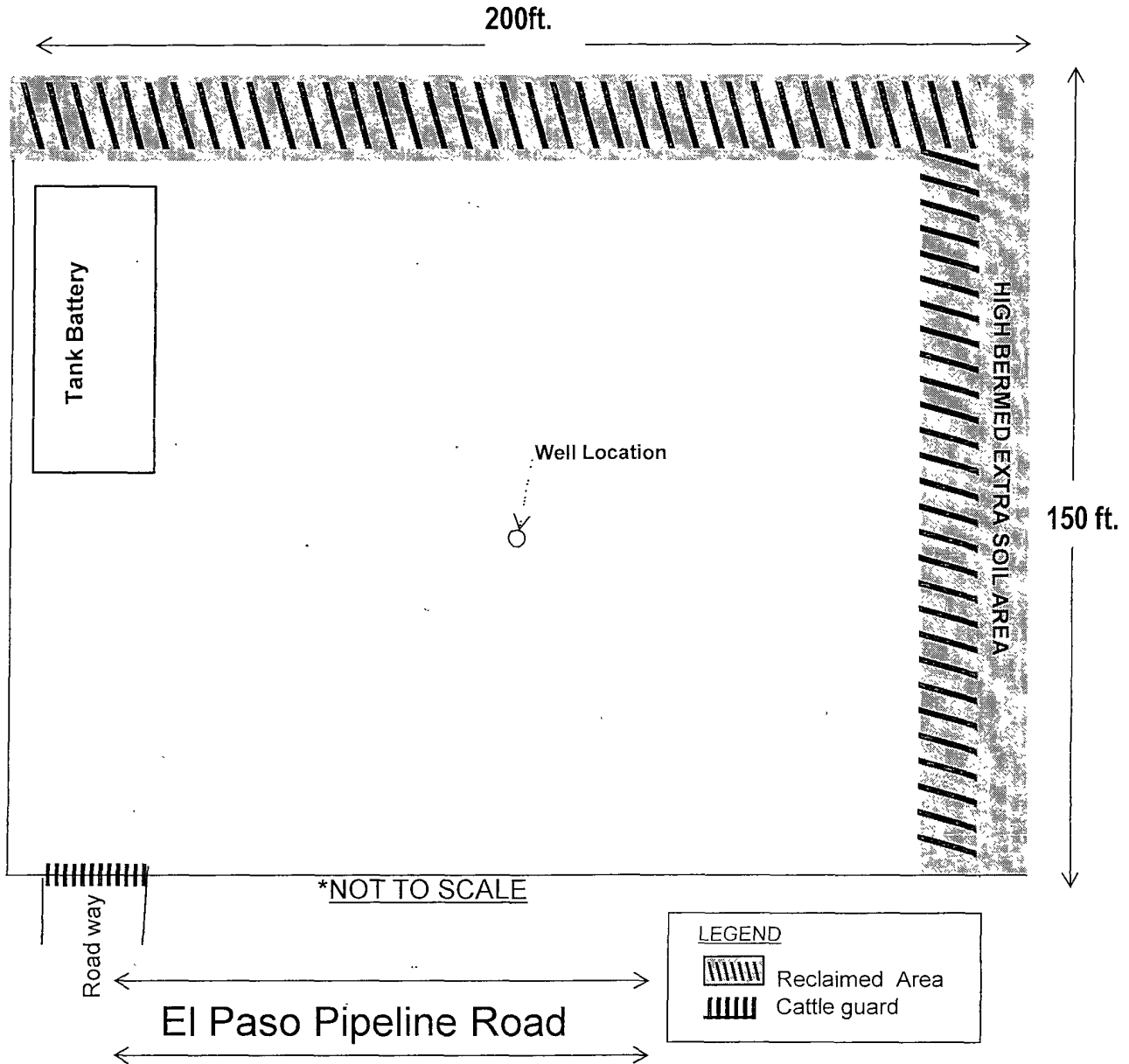
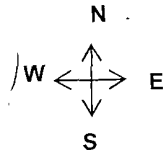


Exhibit C

Exhibit #D

JALAPENO CORPORATION
CROOKED BILL FEDERAL #1



*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.



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