

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTN.M. OIL CONSERVATION DIVISION  
811 S. FIRST STREET  
ARTESIA, NM 88210FORM APPROVED  
OMB No 1004-0137  
Expires July 31, 2010Case 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.**

6 If Indian, Allottee or Tribe Name  
N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2

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

1 Type of Well

☒ Oil Well ☐ Gas Well ☐ Other8 Well Name and No  
Jan Federal #1

2 Name of Operator

Jalapeno Corporation

9 API Well No.

005-64154

3a Address

PO BOX 1608  
ALBUQUERQUE, NM 87103

3b Phone No. (include area code)

505-242-2050

10 Field and Pool or Exploratory Area  
Wildcat

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

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

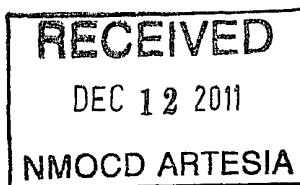
11 Country or Parish, State  
Chaves County, NM

## 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 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.)

- SEE FOLLOWING PAGES -

Accepted for record  
NMOCDJES  
12/13/11

ACCEPTED FOR RECORD

DEC 07 2011

NAME B. Skoog  
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

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

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**

**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

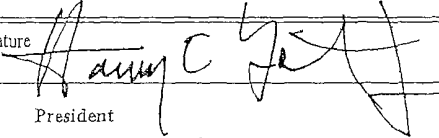
FORM APPROVED  
OMB No 1004-0137  
Expires March 31, 2007

|  |  |  |
|--|--|--|
| 1a. Type of work <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER  |  | 5. Lease Serial No.<br>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<br>N/A                        |
| 2. Name of Operator<br>Jalapeno Corporation  |  | 7. If Unit or CA Agreement, Name and No<br>N/A                     |
| 3a. Address P.O. Box 1608<br>Albuquerque, NM 87103-1608  |  | 8. Lease Name and Well No.<br>Jan Federal #1                       |
| 3b. Phone No. (include area code)<br>505-242-2050  |  | 9. API Well No   |
| 4. Location of Well (Report location clearly and in accordance with any State requirements *)<br>At surface 1918' FSL & 450' FEL<br>At proposed prod zone Same   |  | 10. Field and Pool, or Exploratory<br>Wildcat                      |
| 14. Distance in miles and direction from nearest town or post office*<br><del>0.2 miles from Roswell</del> approximately 34 miles from Roswell   |  | 11. Sec., T R M. or Blk and Survey or Area<br>Sec. 31, T-8S, R-28E |
| 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<br>1074.24         | 12. County or Parish<br>Chaves County                              |
| 17. Spacing Unit dedicated to this well<br>L   | 13. State<br>NM                              |  |
| 18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1,215ft  | 19. Proposed Depth<br>2,400                  | 20. BLM/BIA Bond No. on file<br>B' 002462                          |
| 21. Elevations (Show whether DF, KDB, RT, GL, etc)<br>3923' GL   | 22. Approximate date work will start*<br>* * | 23. Estimated duration<br>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)<br>Harvey E. Yates, Jr. | Date<br>11/7/11 |
| Title<br>President  |  |                 |
| Approved by (Signature)   | Name (Printed/Typed)                         | Date            |
| Title   | Office<br>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

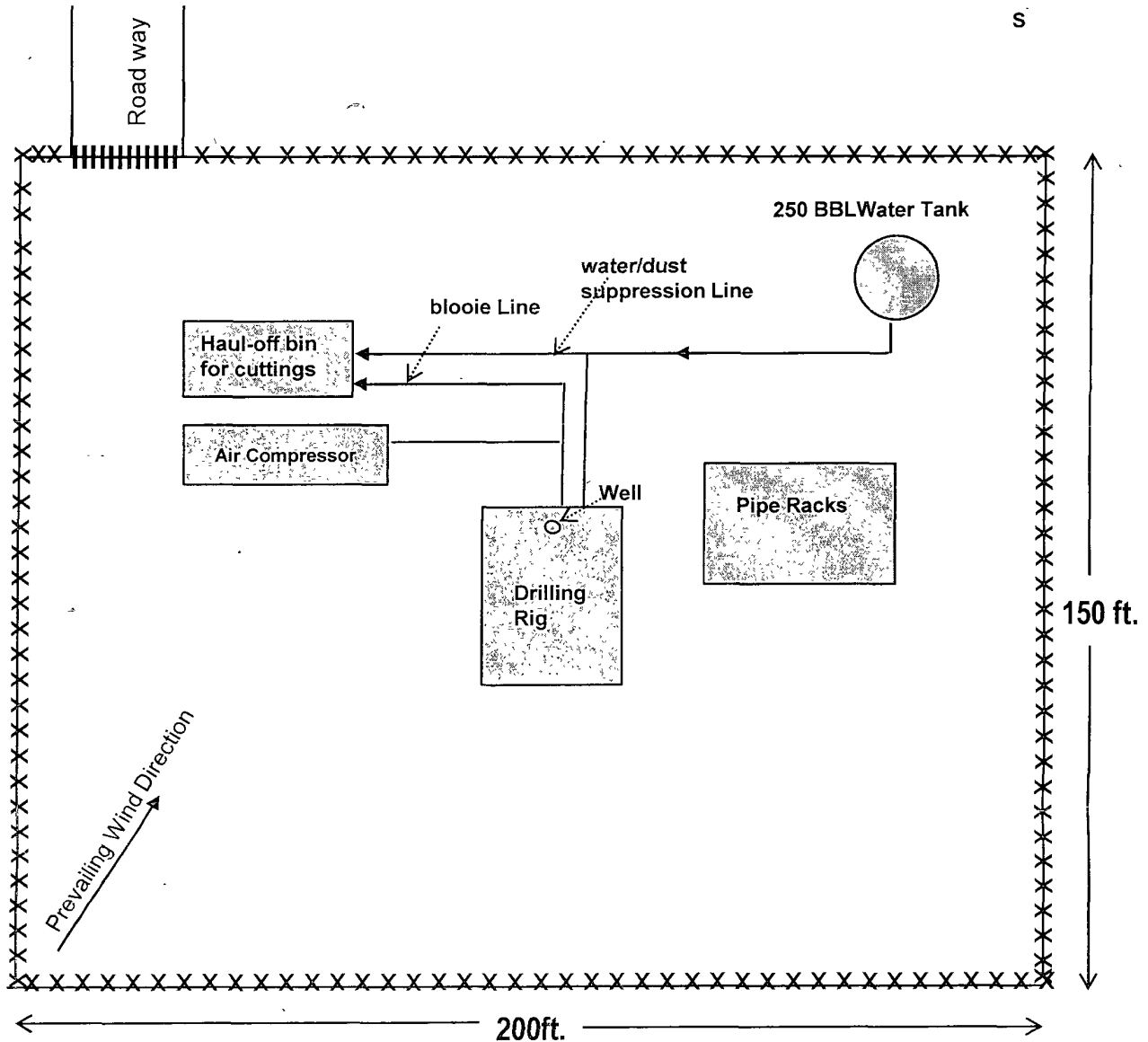
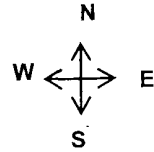
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

Exhibit #A

JALAPENO CORPORATION

JAN FEDERAL #1



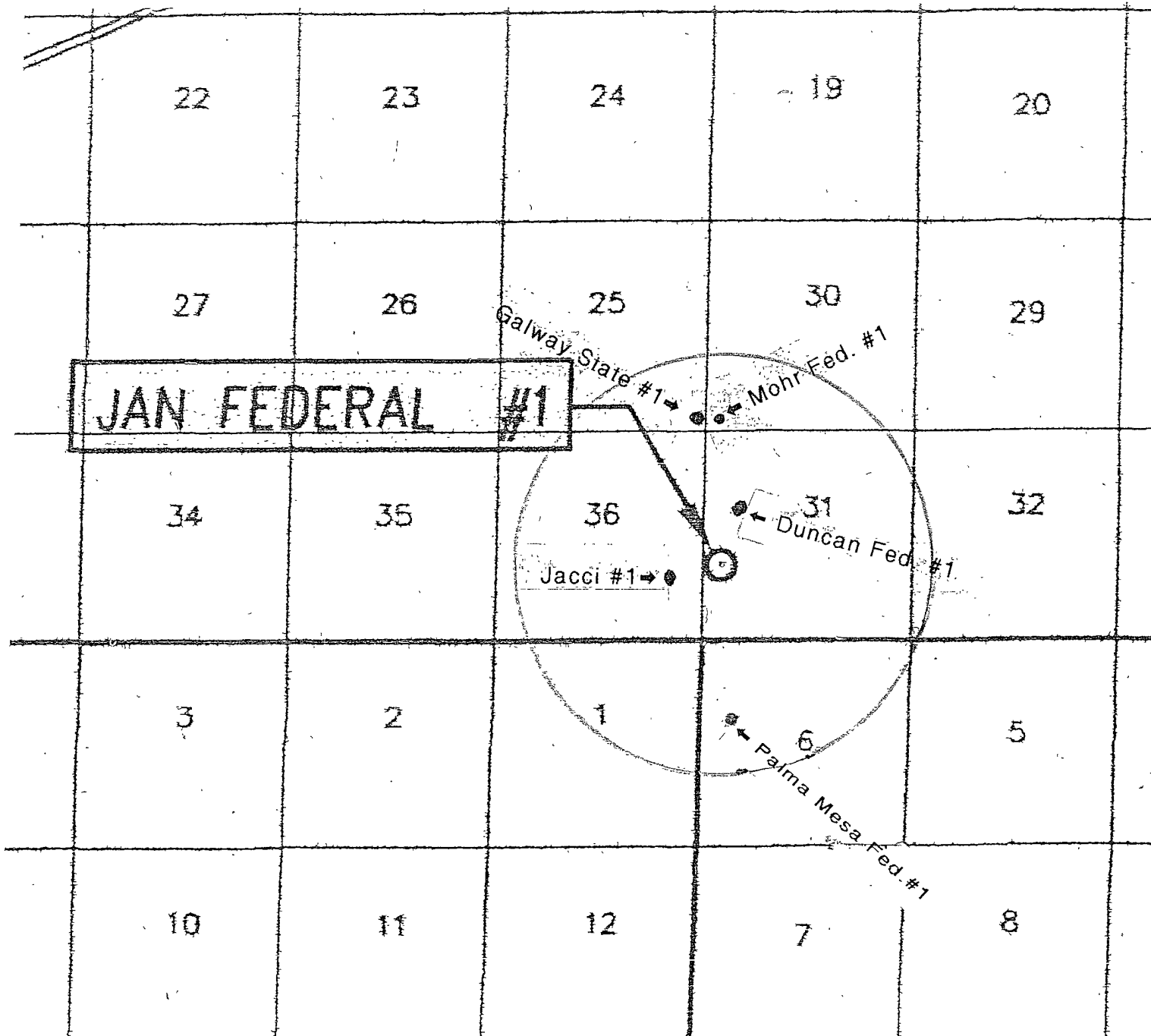
LEGEND

- ....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

PUMPING UNIT

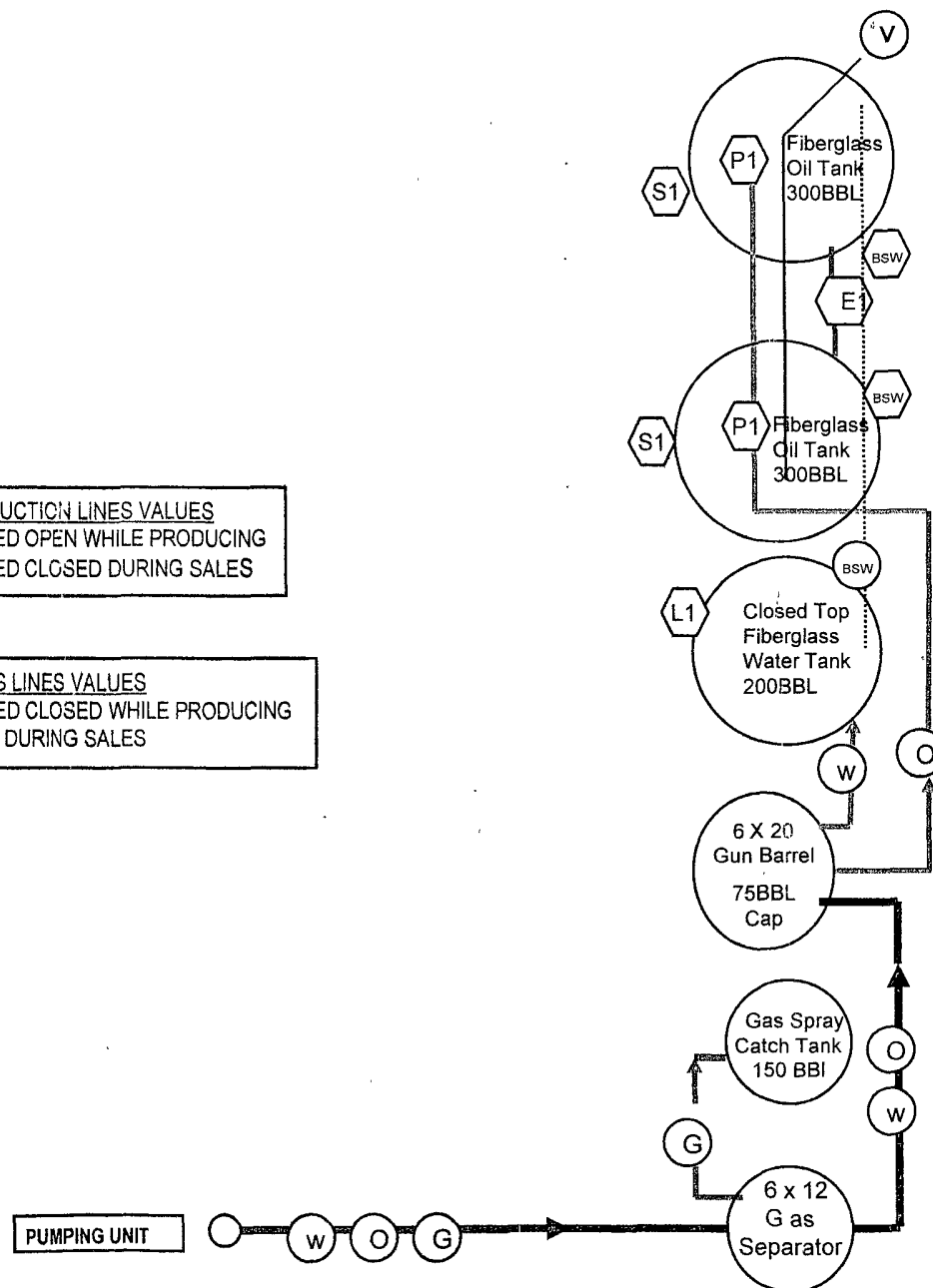
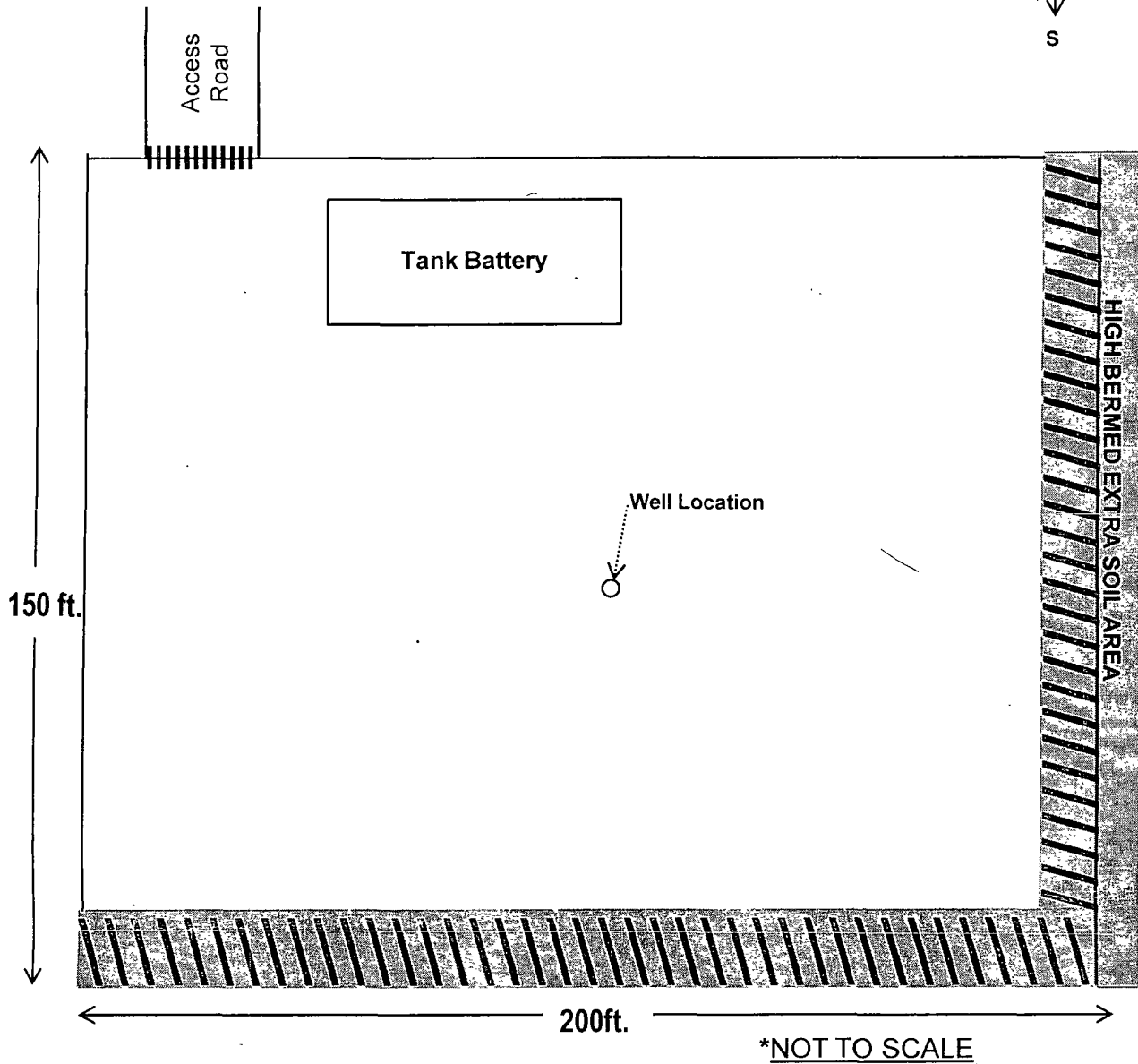
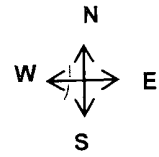


Exhibit #C

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.