

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED Submit to appropriate District Office
MAY 23 2005 ☐ AMENDED REPORT

OCD-ARTEZIA

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Jalapeno Corporation P.O. Box 1608 Albuquerque, NM 87103		² OGRID Number 02637 26307
³ Property Code 28049	⁴ Property Name Louise Yates State	⁵ API Number 30 - 005 - 63752
⁹ Proposed Pool 1 Wolf Lake San Andres, South 65075		¹⁰ Proposed Pool 2

RECEIVED

MAY 02 2005

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	7	9-S	28-E		380	North	1650	West	Chaves

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code 0	¹³ Cable/Rotary C	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3888
¹⁶ Multiple No	¹⁷ Proposed Depth 2400	¹⁸ Formation San Andres	¹⁹ Contractor South East Drilling	²⁰ Spud Date 05/10/05
Depth to Groundwater 175-200 FT		Distance from nearest fresh water well 1 1/2 mi		Distance from nearest surface water 250 feet 10 pbs
Pit: Liner: Synthetic <input type="checkbox"/> 20 mils thick Clay <input type="checkbox"/> Pit Volume: 1900 bbls Drilling Method: Cable Tool				
Closed-Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	8 5/8	23#	450	Circulate	Surface
7 7/8	5 1/2	17#	2400	2005X	1800

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

We propose to drill this well using a cable tool rig to an estimated TD of 2400' to test the slaughter zone of the San Andres. If the well is productive, we will complete it by running & cementing 5 1/2" 17# casing. If it is not productive, we will plug it following required plugging procedures. The blowout prevention program: Henderlite Control Head. No abnormal temperatures or pressures are expected. Because this location is close to a livestock watering hole, the location will be fenced prior to drilling.

(SEE ATTACHED SHEET ADDRESSING RULE 118 H2S CONTINGENCY PLAN)

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD approved plan ☐.

Printed name: Harvey E. Yates, JR.

Title: President

E-mail Address: petroyates@msn.com

Date: 4/29/05

Phone: 505-242-2050

OIL CONSERVATION DIVISION

Approved by:

TIM W. GUM

DISTRICT II SUPERVISOR

Approval Date: MAY 24 2005

Expiration Date: MAY 24 2006

Conditions:

If earthen pits are used in association with the drilling of this well, an OCD pit permit must be obtained prior to pit construction.

Hydrogen Sulfide Contingency Per Rule 118

***Louise Yates State #5
T9-S R 28-E S 7
Chaves County***

In accordance with the rules and procedures detailed in Rule 118, it has been determined that the H₂S level present at the above-mentioned site does not exceed 100 ppm at this time, nor do we expect it to exceed that level on the location during drilling operations. However, during drilling the following protective measures shall be implemented by the operator to address this issue:

- The pumper and drill crew shall be issued gas masks which are appropriate for escape in the event of discharge.
- The cable tool rig utilized in this operation shall be oriented so the prevailing wind would carry away from the rig floor any discharge, and when practical, location of tank batteries will also be so situated.
- Signage shall be placed onsite which alerts the public to the possible presence of Hydrogen Sulfide gas.
- A directional wind indicator shall be placed on site.
- The drill site shall have a gas detection device, Industrial Scientific Model iTX Monitor Model LEL, placed near the pit downwind from the borehold. The detector will have an alarm sufficient in sound level to alert the crew to the presence of gas.
- The drill crew will have a cell phone.

The following site conditions have been noted which affect the application of hazard mitigation in this circumstance:

- The site though next to an El Paso Pipeline road is not proximate to any public road.
- The site is generally flat, with no areas in which gas is likely to settle.

DISTRICT I

P.O. Box 1990, Hobbs, NM 88241-1990

DISTRICT II

P.O. Drawer 89, Artesia, NM 88211-0710

DISTRICT III

1000 Rio Grases Rd., Artec, NM 87410

DISTRICT IV

P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

For Lease - 8 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT☐ AMENDED REPORT

API Number	Pool Code 65075	Pool Name Wolfe Lake San Andres, South
Property Code 28049	Property Name LOUISE YATES STATE	Well Number 5
OGRID No. 02637	JALAPENO CORPORATION JALAPENO CORPORATION	Elevation 3888'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	7	9-S	28-E		380	NORTH	1650	WEST	CHAVES

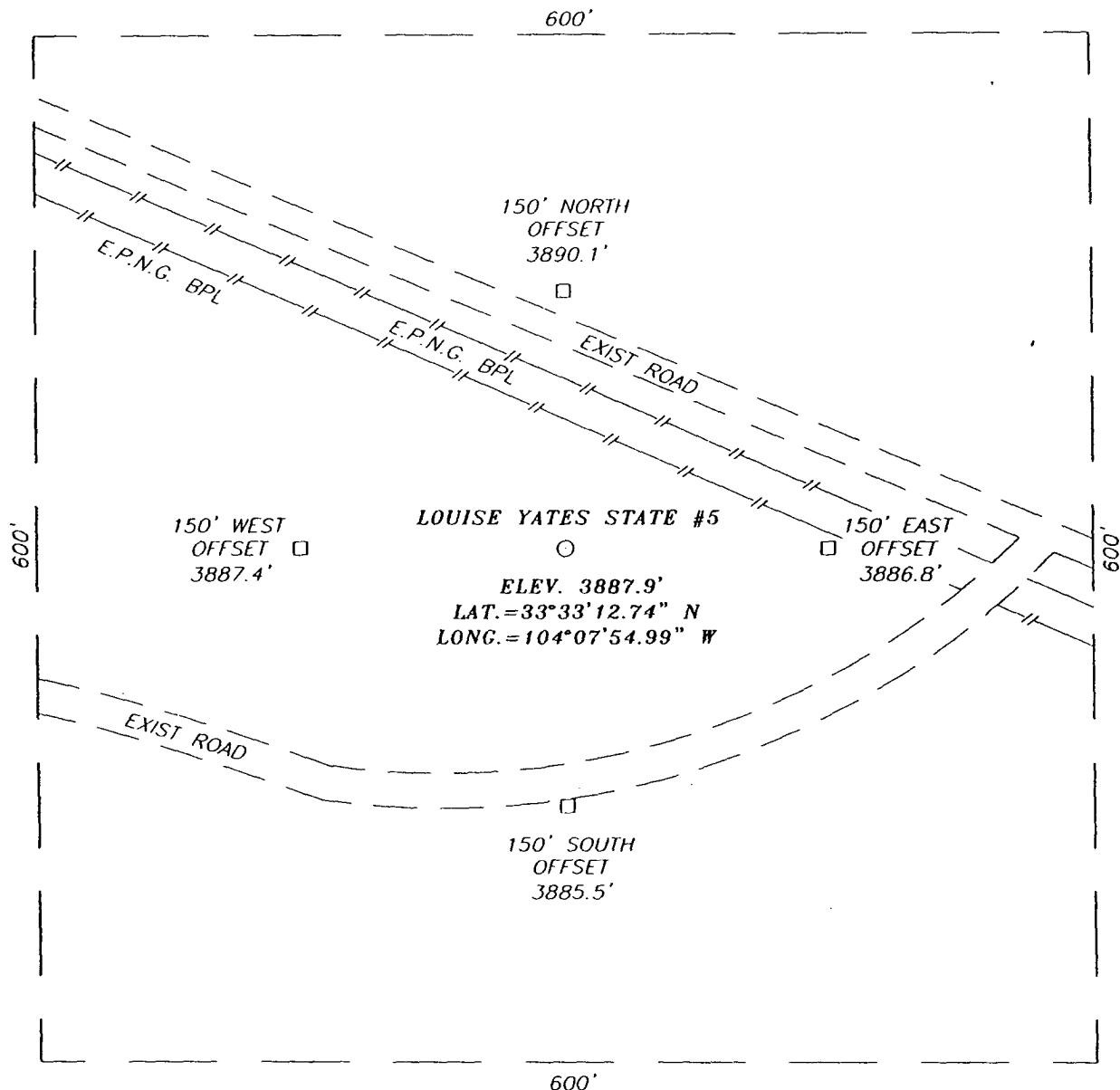
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

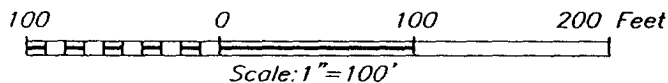
<p>LOT 1</p> <p>1650'</p> <p>39.39 AC</p> <p>LOT 2</p> <p>39.45 AC</p> <p>LOT 3</p> <p>39.54 AC</p> <p>LOT 4</p> <p>39.57 AC</p> <p>GEODTIC COORDINATES NAD 27 NME</p> <p>Y=928967.1 N X=561354.7 E</p> <p>LAT.=33°33'12.74" N LONG.=104°07'54.99" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Harvey E. Yates, Jr.</i></p> <p>Signature Harvey E. Yates, Jr.</p> <p>Printed Name President</p> <p>Title 4/29/05</p> <p>Date</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 22, 2004</p> <p>Date Surveyed JR</p> <p>Signature & Seal of Professional Surveyor</p> <p><i>GARY EIDSON 10/25/04</i></p> <p>04.11.1376</p> <p>Certificate No. GARY EIDSON 12041</p>
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SECTION 7, TOWNSHIP 9 SOUTH, RANGE 28 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. #285 AND U.S. HWY. #70, GO EAST ON U.S. HWY. #70 FOR APPROX. 20 MILES TO PONDEROSA RD. TURN RIGHT (SOUTH) AND GO APPROX. 4.5 MILES TO A P/L ROAD ON THE RIGHT. TURN RIGHT (SOUTHEAST) AND GO APPROX. 4.5 MILES TO PROPOSED LOCATION.



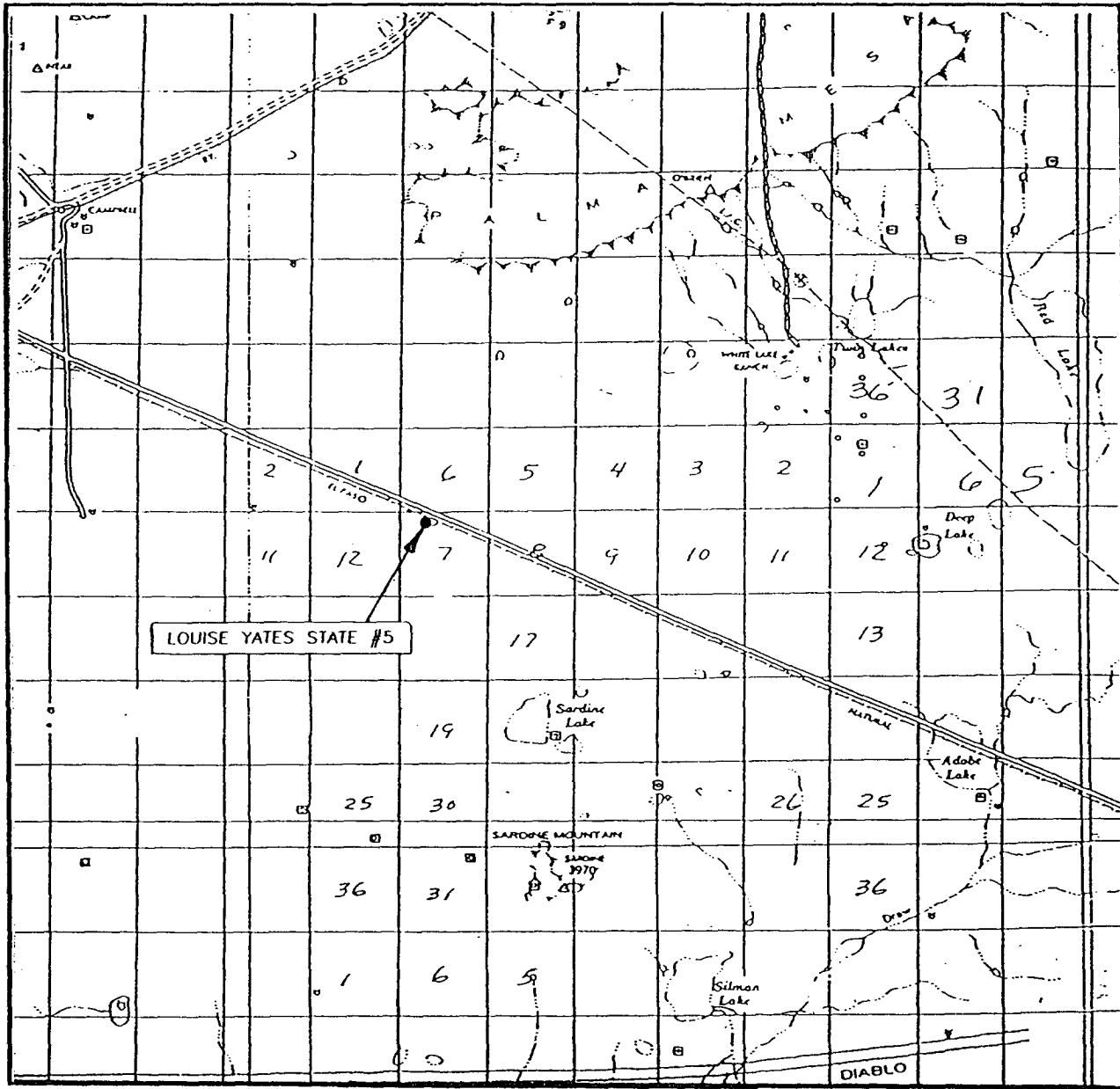
PROVIDING SURVEYING SERVICES
SINCE 1948
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

JALAPENO CORPORATION

LOUISE YATES STATE #5 WELL
LOCATED 380 FEET FROM THE NORTH LINE
AND 1650 FEET FROM THE WEST LINE OF SECTION 7,
TOWNSHIP 9 SOUTH, RANGE 28 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.

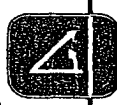
Survey Date: 10/22/04	Sheet 1 of 1 Sheets		
W.O. Number: 04.11.1376	Dr By: J. RIVERO	Rev 1:N/A	
Date: 10/25/04	Disk: CD#10	04111376	Scale: 1"=100'

VICINITY MAP

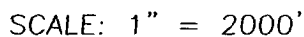


SEC. 7 TWP. 9-S RGE. 28-E
 SURVEY N.M.P.M.
 COUNTY CHAVES
 DESCRIPTION 380' FNL & 1650' FWL
 ELEVATION 3888'
 OPERATOR JALAPENO CORPORATION
 LEASE LOUISE YATES STATE

SCALE: 1" = 2 MILES



PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117



SEC. 7 TWP. 9-S RGE. 28-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 380' FNL & 1650' FWL

ELEVATION 3888'

OPERATOR JALAPENO CORPORATION

LEASE LOUISE YATES STATE

U.S.G.S. TOPOGRAPHIC MAP
CAMPBELL, N.M.

