

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

N.M. OIL CONSERVATION DIVISION
811 S. FIRST STREET
ARTESIA, NM 88416

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.

Serial No. NM-12557

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.
DUNCAN FEDERAL #5

9. API Well No.
30-005-62901

10. Field and Pool or Exploratory Area
WOLFE LAKE SAN-ANDRES

11. Country or Parish, State
CHAVES COUNTY, NM

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
P.O. 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)
660' FNL & 1650' FWL
Sec. 18, T-9S, R-28E

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 checked="" type="checkbox"/> Other <u>WATER DISPOSAL</u>
	<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 recomplete 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 recompletion 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.)

We attach a revised plan of the location showing the addition of an experimental water disposal unit furnished by Gator Hydro. The unit evaporates produced water using heat from the pump-jack engine. This heat is supplemented by heat produced by burning casing-head gas. Any solids which are left after the evaporation process are removed by Gator Hydro. The unit is expected to evaporate approximately 55 barrels of produced water a day which is the approximate daily water production of the wells which produce into the battery.

We decided to experiment with the Gator Hydro water disposal unit in order to reduce or eliminate the need for truck transportation to remove produced water. Gator Hydro started utilizing the units in the San Juan Basin. We believe that the two units now operating in our Wolfe Lake field are the first such units in the Permian Basin.

In addition to the revised plan of the location we attach a photo of the Gator Hydro water disposal unit.

APD Code 1/29/2013
Approved for record
NMOCB

DENIED

RECEIVED
JAN 28 2013
NMOCB ARTESIA

DENIED

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* Date 12/16/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **DENIED /S/ DAVID R. GLASS**

Title **PETROLEUM ENGINEER**

Date **JAN 23 2013**

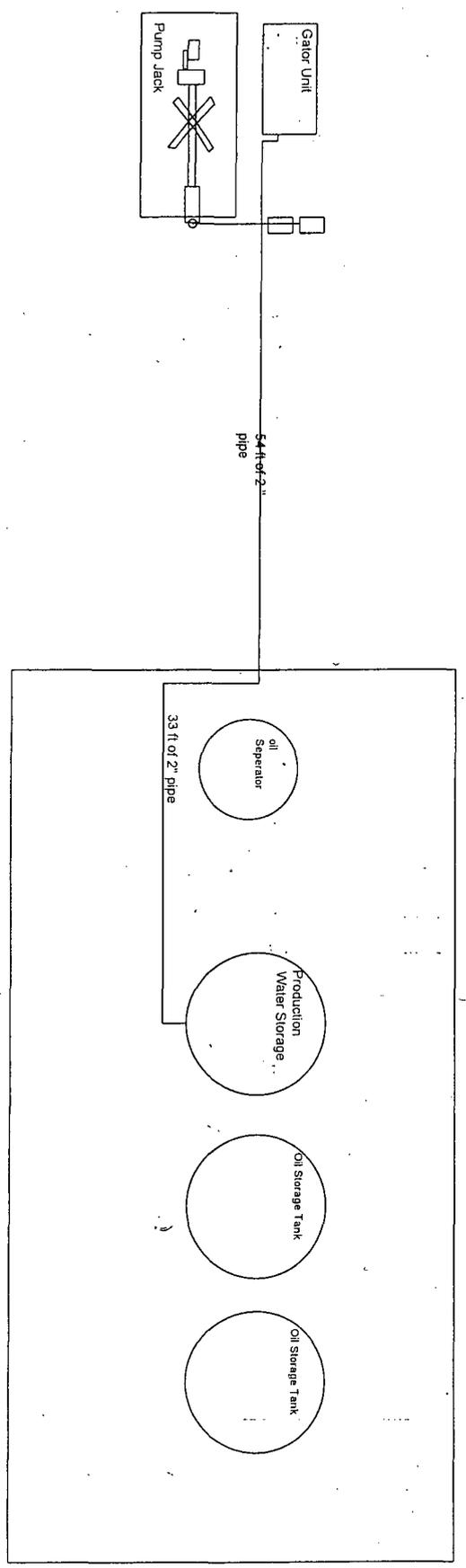
Office **ROSWELL FIELD OFFICE**

DENIED! Water Disposal By Gator Hydro Unit Is Denied Per Telephone Conversation With H. Emmons Yates, Phone No. (505) 980-0703 Since The Gator Hydro Disposal Unit Only Worked A Few Days And Did Not Perform As Expected. Water Disposal Has Been Returned To Two (2) Methods Previously Approved On 01-25-2010.

I, _____, do hereby certify that the foregoing is true and correct. I am a duly qualified person knowingly and willfully to make to any department or agency of the United States any false statement or omission.

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