

Submit 1 Copy To Appropriate District Office  
 District I - (575) 393-6161  
 1625 N. French Dr., Hobbs, NM 88240  
 District II - (575) 748-1283  
 811 S. First St., Artesia, NM 88210  
 District III - (505) 334-6178  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV - (505) 476-3460  
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised July 18, 2013

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO. 30-035-20035
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. LH-7181
7. Lease Name or Unit Agreement Name Cowboy 27
8. Well Number #1
9. OGRID Number 26307
10. Pool name or Wildcat Wildcat, Fussleman
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

**SUNDRY NOTICES AND REPORTS ON WELLS**  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator Jalapeno Corporation

3. Address of Operator P.O. Box 1608  
Albuquerque, NM 87103

4. Well Location  
 Unit Letter H : 2310 feet from the North line and 330 feet from the East line  
 Section 27 Township 13S Range 10E NMPM County Otero

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input checked="" type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

This well was drilled to 4172 ft. Thereafter, 4160 ft of production 7" casing was run and cemented with 630 sacks of cement. Prior to that 750 ft of 9 5/8" surface casing was placed in the hole and cement was circulated to surface. The well has not been perforated for the reasons explained on the following page.

~~Temporary Abandoned Status~~ **Approved**  
 Until 10/15/2020

**NO COMPLETION, NO PRODUCTION**

Spud Date:

3/7/14

Rig Release Date:

3/30/14

NM OIL CONSERVATION

ARTESIA DISTRICT

OCT 13 2015

RECEIVED

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

*H. Emmons Yates III*

TITLE Vice President

DATE 10/7/15

Type or print name

H. Emmons Yates III

E-mail address: eyates@jalapenocorp.com

PHONE: 505-242-2050

For State Use Only

APPROVED BY:

*Ramona Ince*

TITLE Compliance Officer

DATE 10/15/15

Conditions of Approval (if any):

**THIS ISSUE MUST BE RESOLVED ADMINISTRATIVELY BEFORE TA EXPIRATION DATE.**

**We apply for permission to temporarily abandon the Cowboy 27 #1 well for the following reasons:**

- **This area, like almost all the rest of Otero County and Sierra County, lies within the boundaries of the "Otero Mesa Rule", even though this well lies approximately 60 miles north of the Otero Mesa. The existence of the rule affects both the viability of additional necessary drilling and of production from the well itself. During the course of drilling this well we encountered a significant water zone. Earthen pits were not constructed at the location because of requirements of the Otero Mesa Rule, so water could not be placed in earthen pits and evaporated. Thus, in order to continue drilling, we found ourselves lining up water trucks to haul the encountered fresh water over the mountain to Chaves County. This fresh water zone was finally cemented off behind surface casing. Significant gas was discovered in the well and sits behind production casing. Yet, the gas from this well alone is unlikely to be sufficient to justify the construction of the 6 to 10 mile pipeline which will be necessary for production of gas. Additional wells will be necessary to justify construction of the pipeline. Our experience with the costs of transporting fresh water as well as cuttings and excess cement over the mountain inhibits our willingness to drill additional wells until the Otero Mesa Rule is altered or removed. Additionally, under the Otero Mesa Rule, once this and other similar wells are made productive, produced water also would have to be hauled over the mountain, greatly increasing the cost of production.**
- **As stated above, this well has been drilled and cased, but not perforated. Thus, there is no risk of contaminating other zones.**
- **We intend to file for an alteration to the Otero Mesa Rule, and are presently gathering information relevant to that matter. We request TA status for this well until such time as the Otero Mesa Rule is eliminated or properly modified and drilling can be economically pursued in Otero County in the portion of the county lying in the area of the well.**