

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division

2040 South Pacheco

Santa Fe, NM 87505

Form C-101

Revised March 17, 1999

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Submit to appropriate District Office

FFR 0 9 2004

State Lease - 6 Copies

Fee Lease - 5 Copies

OCD-ARTESIA

☐ AMENDED REPORT

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 87103-1608		² OGRID Number 026307
³ Property Code		⁴ API Number 30 - 005 - 63657
⁵ Property Name Louise Yates State		⁶ Well No. 3

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
N	7	09S	28E		330	South	2310	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
N/A									
⁹ Proposed Pool 1 Wolf Lake San Andres, South						¹⁰ Proposed Pool 2 N/A			

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary Cable	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3891
¹⁶ Multiple N	¹⁷ Proposed Depth 2425'	¹⁸ Formation South Wolf Lake San Andres	¹⁹ Contractor SE Drilling	²⁰ Spud Date 3/15/04

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#	415'	Circulate	Surface
7 7/8	5 1/2	17#	2425'	200 sx	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 to an estimated TD of 2425' to test the P1 & P2 zones of the Wolf Lake San Andres, South formation. 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. Blowout prevention program: Pressure control equipment - Henderlitter Control Head. No abnormal pressures or temperatures are expected.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name: Harvey E. Yates, Jr.

Title: President

Date: 2/3/04

Phone: (505) 242-2050

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: JUN 0 2 2004 Expiration Date: JUN 0 2 2005

Conditions of Approval:

Attached ☐



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

*File
Copy*

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

14 May 2004

Jalapeno Corporation
P. O. Box 1608
Albuquerque, New Mexico 87103-1608

RE: Louise Yates State # 3

The Artesia OCD is in receipt of your C-103 which contains your proposal to meet the requirements of Rule 19.15.2.50. For us to render a decision on your alternative plan we need additional information. At a minimum please send us:

1. A site rating as described in the Pit Guidelines.
2. Proposed liner thickness.
3. Amount of cover considered when closing.
4. Plan for re-vegetation.
5. What type of sampling and analyses will be done?

If possible please send other data or reports which will support your beliefs on the manner in which the pit is to be constructed and closed. We would be very interested in data on the method of encapsulation of the salt water and hydrocarbons.

Thanks,

Van Barton

District II
1301 W. Grand Ave., Artesia, NM 88210

State of New Mexico
Energy, Minerals and Natural Resources

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

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MAY 7 2004

OCD-ARTESIA

Form C-103
March 4, 2004

		WELL API NO. 30-005-
		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
		6. State Oil & Gas Lease No.
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.)		7. Lease Name or Unit Agreement Name Louise Yates State #3
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		8. Well Number
2. Name of Operator Jalapeño Corporation		9. OGRID Number 026307
3. Address of Operator PO Box 1608, Albuquerque, NM 87103		10. Pool name or Wildcat Wolf Lake San Andres, South
4. Well Location Unit Letter N : 330 feet from the SOUTH line and 2310 feet from the WEST line Section: 07 Township: 9S Range: 28E NMPM County: Chavez		
		11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3879'
Pit or Below-grade Tank Application (For pit or below-grade tank closures, a form C-144 must be attached)		
Pit Location: UL N Sect 07 Twp 9S Rag 28E NMPM Pit type Drilling Depth to Groundwater 160		
Distance from nearest fresh water well Windmill Apx. 4500' SW. Near Center of S13		
Distance from nearest surface water Pecos River Apx 15 MI Due West		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data			
NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
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 type="checkbox"/>	CHANGE PLANS <input checked="" type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: Reporting Pursuant to New Rule 50 & 118 <input checked="" 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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.			

This drilling application was filed on March 15, 2003

It is now being amended to address the new Pit Rules identified within Rule 50 - 19.15.2.50 (3)(B) NMAC AND Rule 118

Please see attachments for diagrams, maps and forms previously filed.

A. REQUEST & PROPOSED OPERATION- PIT COMPLIANCE PER RULE 50

The operator requests a permit to construct a drilling pit for its cable tool operation. The pit will be approximately 15' wide by 50' long, depth at end maximum of 12'.

The operator requests authorization to use a single layer liner.

The strata bailed in proposed cable tool operation will be placed in the proposed pit as drilling occurs.

The operator believes that the placement of this strata in either a lined or unlined pit constitutes no risk to groundwater both because the groundwater in the area is 150' or more below the surface and because the strata will be made up of (in order of placement) red beds, limestone and dolomite. If oil or salt water is encountered, it will be placed in the pit above the above referenced strata, which, in addition to the liner will inhibit the migration of such fluids downward.

At the end of the drilling and completion of operations, any liquid within the pit will be sucked off and disposed of at a disposal farm. The top of the pit will then be covered with 20 ML liner and the liner will be covered with surface soil, which at the time of location preparation, will have been set aside for this purpose.

The cable tool drilling operation constitutes a low impact means of drilling, and no pit is necessary for circulation of drilling fluids.

B. REQUEST & PROPOSED OPERATION - HYDROGEN SULFIDE CONTINGENCY PER RULE 118

In accordance with the rules and procedures detailed in Rule 118, it has been determined that the H2S level present at the above captioned site does not exceed 100 ppm at this time. The following protective measures have been implemented on the part of the operator to address this issue:

The pumper and drill crew will be issued gas masks which are appropriate for escape in the event of discharge.

The cable tool rig utilized in this operation has been oriented with the prevailing wind to the north-east, and when practical, location of tank batteries will also be so situated.

Signage will be placed onsite which alerts the public to the possible presence of Hydrogen Sulfide gas.

A directional wind indicator will be placed on site.

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

The site is not proximate to any public roads or areas.

The site is flat, with no areas in which gas may settle.

The drill crew will have a cell phone, however, reception in the area is spotty and the nearest public phone is a long distance.

The drill site will have a gas detection device, Industrial Scientific Model iTX Monitor Model LEL, placed near the pit downwind from borehole. The detector will have an alarm sufficient in sound level to alert the crew to the presence of gas.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been will be constructed or closed according to NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Harvey Yates TITLE President DATE 5/7/04

Type or print name HARVEY YATES E-mail address: _____ Telephone No. 242-2050

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
Conditions of approval, if any: _____



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

1 June 2004

Jalapeno Corp.
P. O. Box 1608
Albuquerque, New Mexico 87103

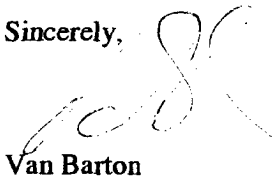
RE: Pit Permit - Louise Yates State # 3 330'FSL & 2310'FWL Unit N SEC-7 T-9S R-28E

The Oil Conservation Division of Artesia is in receipt of your application for permit to drill. Construction of a pit(s) for the purpose of drilling is approved under your alternative plan, with the following provisions:

1. Construction and closing of pit(s) must meet the criteria of Rule 19.15.2.50 and the Pit Guidelines.
2. The pit is not located in any watercourse, lakebed, sinkhole, playa lake, or wetland.
3. Notice is to be given to the OCD prior to construction of the pit(s).
4. Bottom liner must be a minimum of 12 mil.
5. Prior to closing the pit contents will be sampled. The sample results will determine if the pit's contents can be encapsulated. The results will also determine if the 20 mil. top liner will be adequate.
6. Notify OCD 48 hours prior to all sampling events.
7. Pit encapsulations must meet all specific criteria including, but not limited to:
 - A. Site evaluation
 - B. Liner thickness and type must meet requirements as per guidelines.
 - C. Amount of and type of cover
8. The Division may attach additional conditions to any permit upon a finding that such conditions are necessary to prevent the contamination of fresh water, or to protect public health or the environment. (19.15.2.50.C.3.G.1.)

If I can be of any further assistance, please feel free to call (505) 748-1283 ext. 109.

Sincerely,



Van Barton

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088

Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
Property Code	Property Name LOUISE YATES STATE	Well Number 3
OGRID No.	Operator Name JALAPENO CORPORATION	Elevation 3891

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	7	9 S	28 E		330	SOUTH	2310	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

LOT 1									
39.39 ACRES LOT 2									
39.45 ACRES LOT 3									
39.54 ACRES LOT 4									
39.57 ACRES									

2310'

330'

RECEIVED
FEB 09 2004
OCD-ARTESIA

OPERATOR CERTIFICATION

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

Signature
Harvey E. Yates, Jr.
Printed Name
President
Title
2/5/04
Date

SURVEYOR CERTIFICATION

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.

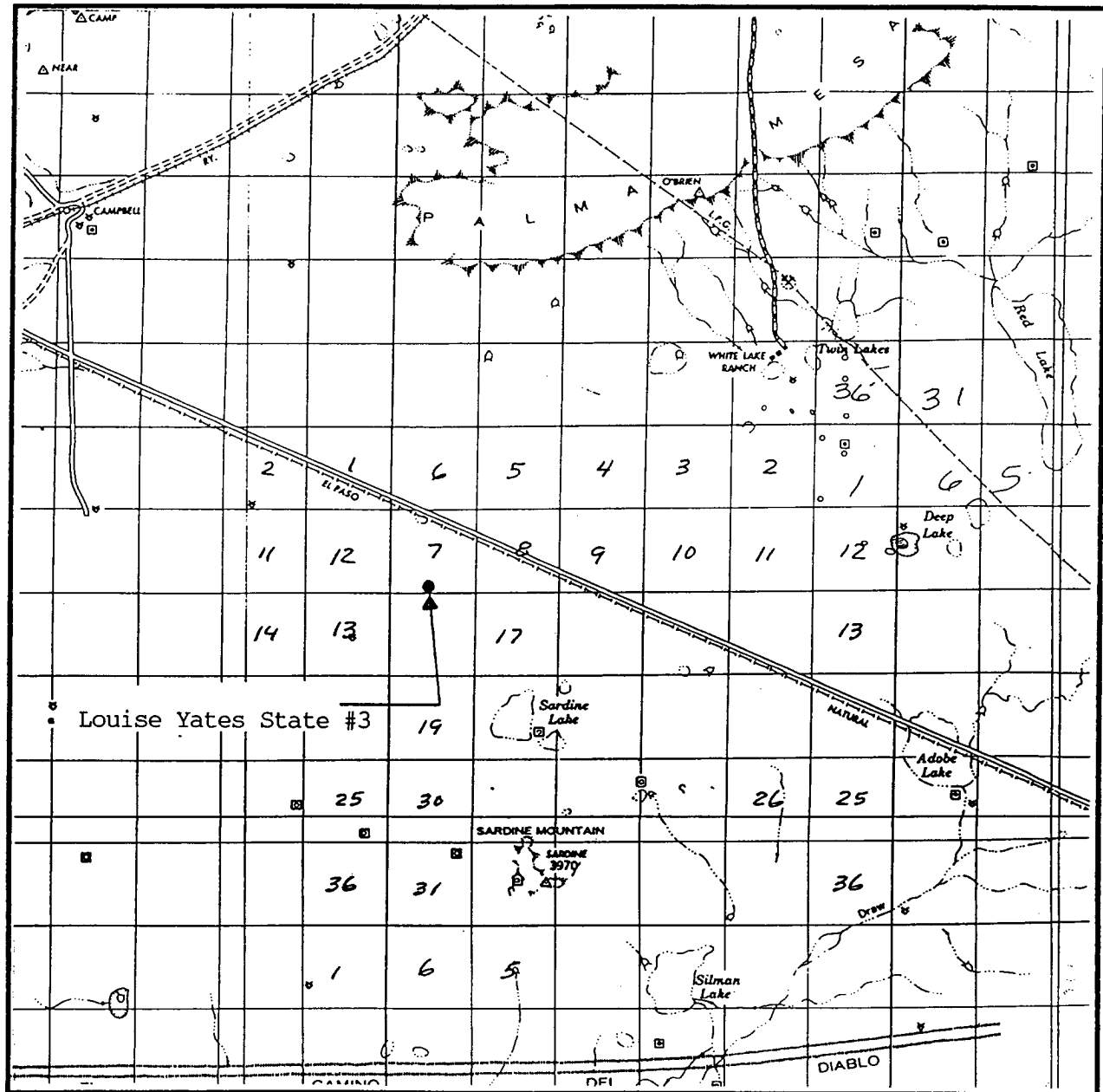
APRIL 21, 1998

Date Surveyed
Signature & Seal
Professional Surveyor
RONALD J. EIDSON
3239
98-11-0632
4-22-98

DMCC

Certificate No. RONALD J. EIDSON 3239
CARY EIDSON 12641
WATSON MEDONALD 12185

VICINITY MAP



SCALE: 1" = 2 MILES

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

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 330' FSL & 2310' FWL

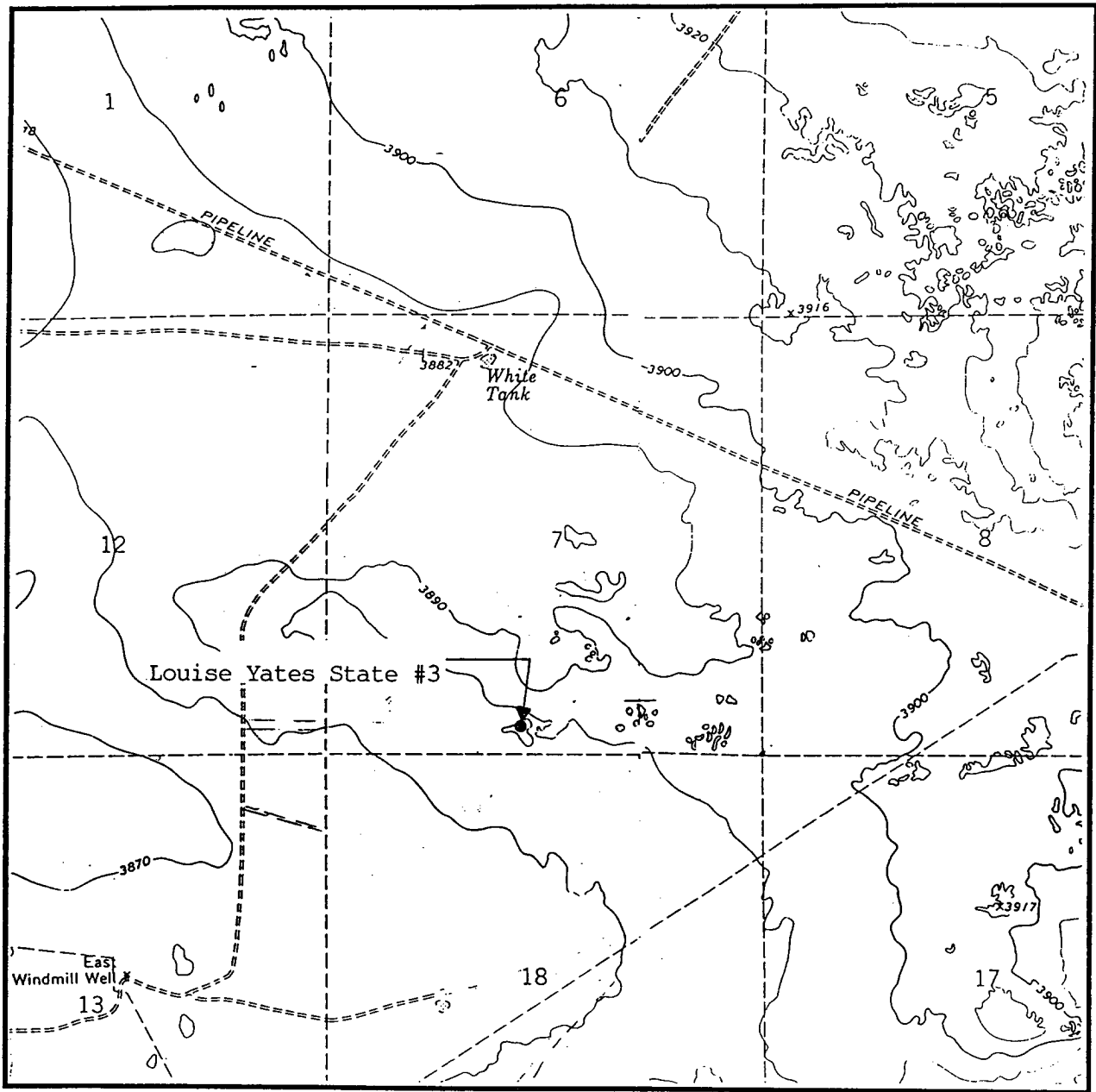
ELEVATION 3891

OPERATOR JALAPENO CORPORATION

LEASE LOUISE YATES STATE

JOHN WEST ENGINEERING
HOBBS, NEW MEXICO
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
SARDINE LAKE - 10'
CAMPBELL - 10'
WITH 5' SUPP.

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

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 330' FSL & 2310' FWL

ELEVATION 3891

OPERATOR JALAPENO CORPORATION

LEASE LOUISE YATES STATE

U.S.G.S. TOPOGRAPHIC MAP

SARDINE LAKE, CAMPBELL, N.M.

**JOHN WEST ENGINEERING
HOBBS, NEW MEXICO**

(505) 393-3117