

Form 3160-5  
(September 2001)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTOil Cons.  
N.M. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210FORM APPROVED  
OMB No. 1004-0135  
Expires January 31, 2004**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.***SUBMIT IN TRIPLICATE - Other instructions on reverse side**

## 1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

RECEIVED

## 2. Name of Operator

JALAPENO CORPORATION

MAY 18 2004

## 3a. Address

PO BOX 1608, Albuquerque NM 87103

3b. Phone No. (505) 242-2050

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

329' FSL X 329 FWL

Section 07 T 9S R28E NMPM Lot #4

## 5. Lease Serial No.

NM-12557

## 6. If Indian, Allottee or Tribe Name

## 7. If Unit or CA/Agreement, Name and/or No.

15779

## 8. Well Name and No.

DUNCAN FEDERAL #3

## 9. API Well No.

30-005-63564

## 10. Field and Pool, or Exploratory Area

Wolf Lake, San Andres. Sout

## 11. County or Parish, State

Chavez, Co., NM

## 12. CHECK 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
	<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 recomplate 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomplate in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

REQUEST FOR AUTHORIZATION TO INSTALL TWO 2" POLY WATER AND OIL PIPELINE FROM THE DUNCAN FEDERAL #2 LOCATION LEASE NO. NM-12557, 330' FSL X990' FWL, SEC. 07-T-9S-R28E, CHAVEZ CO., NM TO THE DUNCAN FEDERAL #3 LOCATION LEASE NO. NM-12557, 329' FSL X329' FSL, SEC. 07-T9S-R28E, CHAVEZ CO., NM. PIPELINES SHALL BE LOCATED WITHIN 25' OF ROW CENTERLINE AND BURIED TO A DEPTH OF 3' THE PERTINANT ROW TO BE AFFECTED IS NM-87903

14. I hereby certify that the foregoing is true and correct  
Name (Printed/Typed)

HARVEY E. YATES, JR.

Title PRESIDENT

Signature

Date

5/11/04

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/LARRY D. BRAY

Assistant Field Manager

Lands And Minerals

Date MAY 13 2004

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

ROSWELL FIELD 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 reverse)

**BURIED PIPELINE STIPULATIONS FOR THE ROSWELL FIELD OFFICE, BLM**

The Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer, BLM.

1. The Holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this authorization.
2. The Holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the Holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, et. seq.) with regard to any toxic substances that are used, generated by or stored on the pipeline route or on facilities authorized. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The Holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, et. seq. or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et. seq.) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way Holder's activity on the pipeline). This agreement applies without regard to whether a release is caused by the Holder, its agent, or unrelated third parties.
4. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil or other pollutant, wherever found, shall be the responsibility of the Holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the Holder. Such action by the Authorized Officer shall not relieve the Holder of any liability or responsibility.
5. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the Holder, or any person working on the Holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The Holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The Holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.
6. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of project work, the proponent shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The proponent or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes."
7. The holder shall be responsible for weed control. The holder is responsible for consultation with the authorized officer and/or local authorities for acceptable weed control methods, which include following EPA and BLM requirements and policy.
8. The holder shall be responsible for maintaining the site in a sanitary condition at all times; waste materials shall be disposed of promptly at an appropriate waste disposal site. "Waste" means all discarded matter including, but not limited to human waste, trash, garbage, refuse, oil drums, petroleum products, ashes and equipment.

9. The holder shall conduct all activities associated with the construction, operation and termination of the pipeline within the authorized limits.
10. The pipeline will be buried with a minimum cover of 36 inches between the top of the pipe and ground level.
11. Blading of all vegetation shall be allowed. Blading is defined as the complete removal of brush and ground vegetation. Clearing of brush species will be allowed. Clearing is defined as the removal of brush while leaving ground vegetation (grasses, weeds, etc.) intact. Clearing is best accomplished by holding the blade 4 to 6 inches above the ground surface. In areas where blading and/or clearing is allowed, the maximum width of these operations will not exceed 30 feet.
12. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. The Holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence will be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.
13. Vegetation, soil, and rocks left as a result of construction, drilling, or maintenance activity will be randomly scattered over the project area and will not be left in rows, piles, or berms, unless otherwise approved by the Authorized Officer. A berm will be left over the ditch line to allow for settling back to grade.
14. The Holder shall reseed all surface disturbed by construction activities. Seeding shall be done according to the attached seeding requirement (Exhibit C), using the attached seed mixture (as determined to meet Desired Plant Community objectives).
15. All above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for this project is Slate Gray, Munsell Soil Color Chart Number 5Y 6/1.
16. The holder shall post signs designating the BLM serial number assigned to this authorization at the following locations: the points of origin and completion, or entry to and exit from public lands, of the pipeline and at all major road crossings. These signs will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the term of the right-of-way. (See Note\*, page 2.)
17. The Holder shall not use the pipeline as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder shall take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.
18. The period of time that any trenches or other excavations are kept open will be held to the minimum compatible with construction requirements. Open trenches will have ramps, bridges, or earthen plugs, at least six feet wide, every one-quarter mile to pass livestock and wildlife.
19. Special Stipulations:

The pipeline shall be located 25 feet from the centerline of the access road.

## SEED MIX FOR

RPD

Roswell fine sand, 2-25% slope

Jalmar fine sands, 0-2% slope

FMA

Faskin, loamy fine sands, 0-2% slope

Malmstrom loamy fine sand, 0-2% slope

Sandy Plains CP-2 Range Site

Sand hills CP-2 Range Site

August 27, 1998

<u>Common Name and Preferred Variety</u>	<u>Scientific Name</u>	<u>Pounds of Pure Live Seed Per Acre</u>
Sand bluestem, var. Woodward	<i>Andropogon hallii</i>	2.0
Little bluestem var. Pastura	<i>Andropogon scoparius</i>	1.0
Sideoats grama, var. Vaughn or El Reno	<i>Bouteloua curtipendula</i>	1.5
Sand dropseed	<i>Sporobolus cryptandrus</i>	0.33
Plains bristlegrass	<i>Setaria macrostachya</i>	2.0
Desert or Scarlet Globemallow	<i>Sphaeralcea ambigua</i> or <i>S. coccinea</i>	0.67
Buckwheat	<i>Eriogonum</i> spp.	1.5
TOTAL POUNDS PURE LIVE SEED PER ACRE		9.00

If one species is not available  
Increase all others proportionately

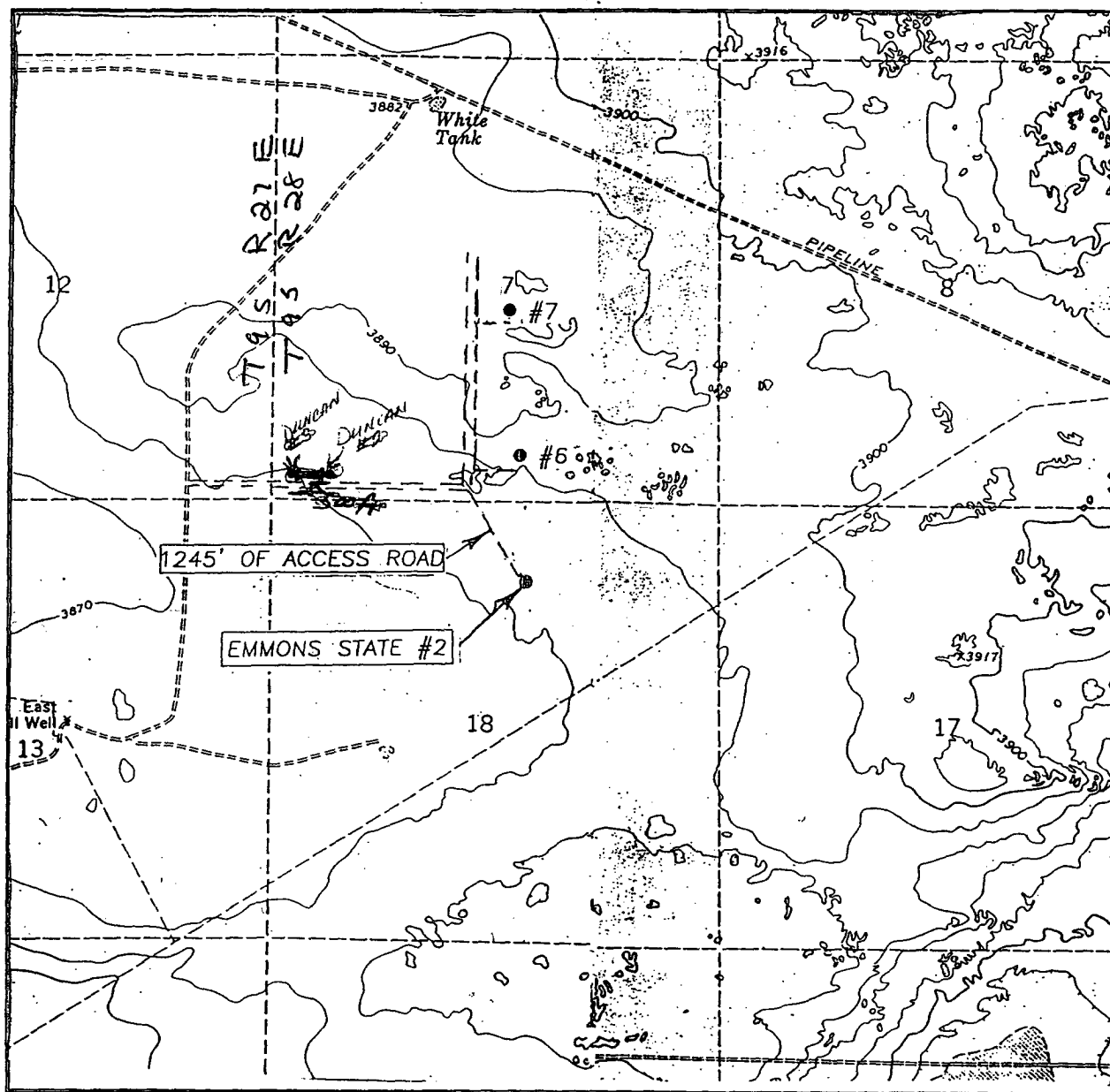
APPROVED: Dee G. Miller  
Rangeland Mgmt Spec., RFO

Larry P. Plant  
Wildlife Biologist, RFO

APPROVED: TR Kruger  
Acting Assistant Field Office Manager - Resources,  
Roswell Field Office

Exhibit B

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'   
 O = DUNCAN #2 + #3 wells   
 □ = 500 ft

CONTOUR INTERVAL: 10'

CAMPBELL, N.M.   
 SARDINE LAKE, N.M.

USGA TOPOGRAPHIC: CAMPBELL, NM SARDINE, NM   
 Oil and Gas Lease NM 12557 Jalapeno Corporation   
 Poly Pipeline Duncan #2 to Duncan #3   
 T. 9 S., R. 28 E., NMPM   
 Section 7: Lot 4

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

OPERATOR JALAPENO CORPORATION   
 LEASE DUNCAN #3

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

Exhibit C