

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD-ARTESIA

FORM APPROVED
OMB No. 1004-0137
Expires: October 31, 2014

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.

5. Lease Serial No. **NM-38313**
6. If Indian, Allottee or Tribe Name **N/A**

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 **PO 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)
Sec. 7, T-14S, R-11E Unit P 1063' FSL & 823' FEL

7. If Unit of CA/Agreement, Name and/or No. **N/A**

8. Well Name and No. **YSLETANO CANYON FED #1**

9. API Well No. **30-035-20025**

10. Field and Pool or Exploratory Area **WILDCAT**

11. County or Parish, State **OTERO COUNTY, NM**

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 type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input checked="" 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 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.)

JALAPENO CORPORATION INTENDS TO PLUG THE YSLETANO CANYON #1 WELL AS FOLLOWS.

1. SET A PACKER ABOVE THE PLUG SET AT 3940' AND PERFORM A PRESSURE TEST. IF PRESSURE HOLDS THEN
2. SET A 35 SX CEMENT PLUG ON TOP OF THE PLUG AT 3940'
3. FILL WITH MUD TO BELOW THE WOLFCAMP FORMATION.
4. PERFORATE BELOW THE WOLFCAMP FORMATION AT 1100'.
5. CIRCULATE WATER TO SURFACE BETWEEN CASINGS
6. SQUEEZE PERFORATIONS WITH 65 SX OF CEMENT SO THAT THE TOP INSIDE THE CASING REACHES 877' AND THE TOP OUTSIDE THE CASING REACHES 836'.
7. FILL CASING WITH MUD ABOVE 977' TO 100'
8. CEMENT FROM 100' TO SURFACE.

NM OIL CONSERVATION
ARTESIA DISTRICT

DEC 26 2017

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

SC 12-26-13
Accepted for record - NMOCD

RECEIVED

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) **JULIE A. PASCAL** Title **OIL AND GAS OPERATIONS ASSOCIATE**

Signature _____ Date **02/10/2017**

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Office _____

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.

APPROVED

Date **JAN 14, 2017**

[Signature]

**BUREAU OF LAND MANAGEMENT
CARLSBAD 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.

Conditions of Approval

Cibola Energy Corporation
Ysletano Canyon - 01, API 3003520025
T14S-R11E, Sec 07, 1063FSL & 823FEL
February 14, 2017

- 1) **Operator is required to have the BLM approved NOI procedure with applicable conditions of approval on location during this workover operation.**
- 2) Subject to like approval by the New Mexico Oil Conservation Division.
- 3) Notify BLM 575-200-7902 as work begins. Plugging procedures are to be witnessed. If there is no response leave a voice mail with the API#, workover purpose, and a call back phone number.
- 4) Surface disturbance beyond the existing pad must have prior approval.
- 5) A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
- 6) Functional H₂S monitoring equipment shall be on location.
- 7) 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. Ram(s) for the work string(s) used is required equipment. Manual BOP closure system including a blind ram and pipe ram(s) designed to close on all (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 500psig when well conditions allow. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
- 8) All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during any other crew-intensive operations.
- 9) The BLM PET witness is to run tbg tally and agree to cement volumes and placement. Sample each plug for cement curing time and tag and/or pressure test as requested by BLM PET witness.
- 10) **Cementing procedure is subject to the next three numbered paragraphs.**
- 11) Mix cement plugs to cover a minimum of 100ft plus 10ft for every 1,000ft to the bottom of the plug, rounding the number of necessary sacks up to the nearest 5 sacks. Never use less than 25sx. A 25sx plug in 5 ½" casing should cover 250ft, which may exceed 100ft plus 10ft per 1000ft.
- 12) For any plug that requires a tag or pressure test a minimum WOC time of 4 hours. Formation isolation plugs of Class "C" to be mixed 14.8#/gal, 1.32 ft³/sx, 6.3gal/sx water.
- 13) Minimum requirement for mud placed between plugs is 25 sacks of salt water gel per 100 barrels in 9 lb/gal brine.
- 14) Remove existing plugs and tag up on the plug at 4450 set 01/1990.
- 15) Set a 25sx Class C cmt plug on the plug at 4450. WOC & tag the cmt with tbg.

- 16) Set a CIBP within 100 ft above the top perf of 4024. Pressure test the CIBP & csg to 500psig confirming the csg leak discovered 12/07/2016 continues to exist.
- 17) Set a 25sx Class C cmt plug on the plug set within 100 ft above the top perf of 4024. WOC & tag the cmt with tbg.
- 18) Perf 50ft or more below the Wolfcamp top at 1100+, open the 8 5/8 x 5 1/2 & 5 1/2 x 13 3/8 annulus and monitor as fresh water is circulated to surface.
- 19) Sqz the perfs w/about 65sx for a top of 877' inside and outside of the 5 1/2 csg with a top of cmt at about 836'. 200 sx should bring the cmt to surface inside the 8 5/8.
- 20) Leave the Pkr set with the displacement fluid trapped above the plug by closing the surface tbg valve. WOC 4hrs minimum, unset the pkr, and tag the plug with tbg.
- 21) Perf at 60ft or below and circulate cmt to surface between the 8 5/8" and 5 1/2" csgs.
- 22) Set a dry hole marker.
- 23) File **subsequent sundry** Form 3160-5 within 30 days of workover procedures. Submit the (BLM Form 3160-5 subsequent report (daily reports) via BLM's Well Information System; <https://www.blm.gov/wispermits/wis/SP> (email pswartz@blm.gov for operator setup instructions). Include (dated daily) descriptions of the well work, ie. procedure descriptions and setting depths of each plug in the subsequent sundry.
- 24) Wellbore plugging approval is valid and expected within 90 days of approval.

Reclamation Objectives and Procedures

In Reply Refer To: 1310

Reclamation Objective: At final abandonment, well locations, production facilities, and access roads must undergo "final" reclamation so that the character and productivity of the land and water are restored.

The long-term objective of final reclamation is to set the course for eventual ecosystem restoration, including the restoration of the natural vegetation community, hydrology, and wildlife habitats. In most cases this means returning the land to a condition approximating or equal to that which existed prior to the disturbance. The final goal of reclamation is to restore the character of the land and water to its pre-disturbance condition. The operator is generally not responsible for achieving full ecological restoration of the site. Instead, the operator must achieve the short-term stability, visual, hydrological, and productivity objectives of the surface management agency and take steps necessary to ensure that long-term objectives will be reached through natural processes.

To achieve these objectives, remove any and all contaminants, scrap/trash, equipment, pipelines and powerlines. Strip and remove caliche, contour the location to blend with the surrounding landscape, re-distribute the native soils, provide erosion control as needed, rip and seed as needed. This will apply to well pads, facilities, and access roads. Barricade all access road(s) at

the starting point. If reserve pits have not been adequately reclaimed due to salts or other contaminants, propose a plan for BLM approval to provide restoration of the pit area.

1. The Application for Permit to Drill or Reenter (APD, Form 3160-3), Surface Use Plan of Operations should have included adequate measures for stabilization and reclamation of disturbed lands. Oil and Gas operators must plan for reclamation, both interim and final, up front in the APD process as per Onshore Oil and Gas Order No. 1.
2. For locations and/or access roads not having an approved plan, or an inadequate plan for surface reclamation the operator must submit a proposal describing the procedures for reclamation. The appropriate time for submittal would be when filing the Notice of Intent, or with the Subsequent Sundry Report of Abandonment on Form 3160-5. The final reclamation goal is to be completed within 6 months of wellbore abandonment.
3. With an approved Surface Use Plan of Operation and/or an approved Sundry Notice, you are free to proceed with reclamation as per approved APD. If you have issues or concerns, contact a BLM specialist to assist you. It may be in your interest to have a BLM specialist look at the location and access road prior to the removal of reclamation equipment to ensure that it meets BLM objectives.
4. Upon reclamation conclusion submit a Form 3160-5, Subsequent Report of Reclamation. This will prompt a BLM specialist to inspect the location to verify work was completed as per approved plans.
5. The BLM approved Subsequent Report of Reclamation will be your notice that the native soils, contour and seedbed have been tentatively reestablished. If the objectives have not been met BLM will be notify the operator of the required corrective actions.
6. It is the responsibility of the operator to monitor these locations and/or access roads until such time the full BLM objective has been met. If after two growing seasons the location and/or access roads are not showing the potential for successful revegetation, additional actions may be needed. When you feel the full BLM objectives have been met, submit a Final Abandonment Notice (FAN) Form 3160-5, stating that all reclamation requirements have been achieved and the location and/or access road is ready for a final abandonment inspection.
7. At this time a BLM specialist will again inspect the location and/or access road. If the native soils and contour have been restored, and the revegetation is successful, the FAN will be approved, releasing the operator of any further liability for the location and/or access road. If the location and/or access road have not achieved the objective, you will be notified as to additional work needed or additional time being needed to achieve the objective.

If there are any questions, please feel free to contact any of the following specialists:

Jim Amos

Robertson, Jeffery

Supervisory Environmental Protection Specialist
575-234-5909, 575-361-2648 (Cell)

Trishia Bad Bear
Natural Resource Specialist
575-393-3612, 575-390-2258 (Cell)

Jesse Bassett
Natural Resource Specialist
575-234-5913, 575-499-5114 (Cell)

Paul Murphy
Natural Resource Specialist
575-234-5975, 575-885-9264 (Cell)

Henryetta Price
Environmental Protection Specialist
575-234-5951, 575-706-2780 (Cell)

Natural Resource Specialist
575-234-2230, 575-706-1920 (Cell)

Vance Wolf
Natural Resource Specialist
575-234-5979

Brooke Wilson
Natural Resource Specialist
575-234-6237

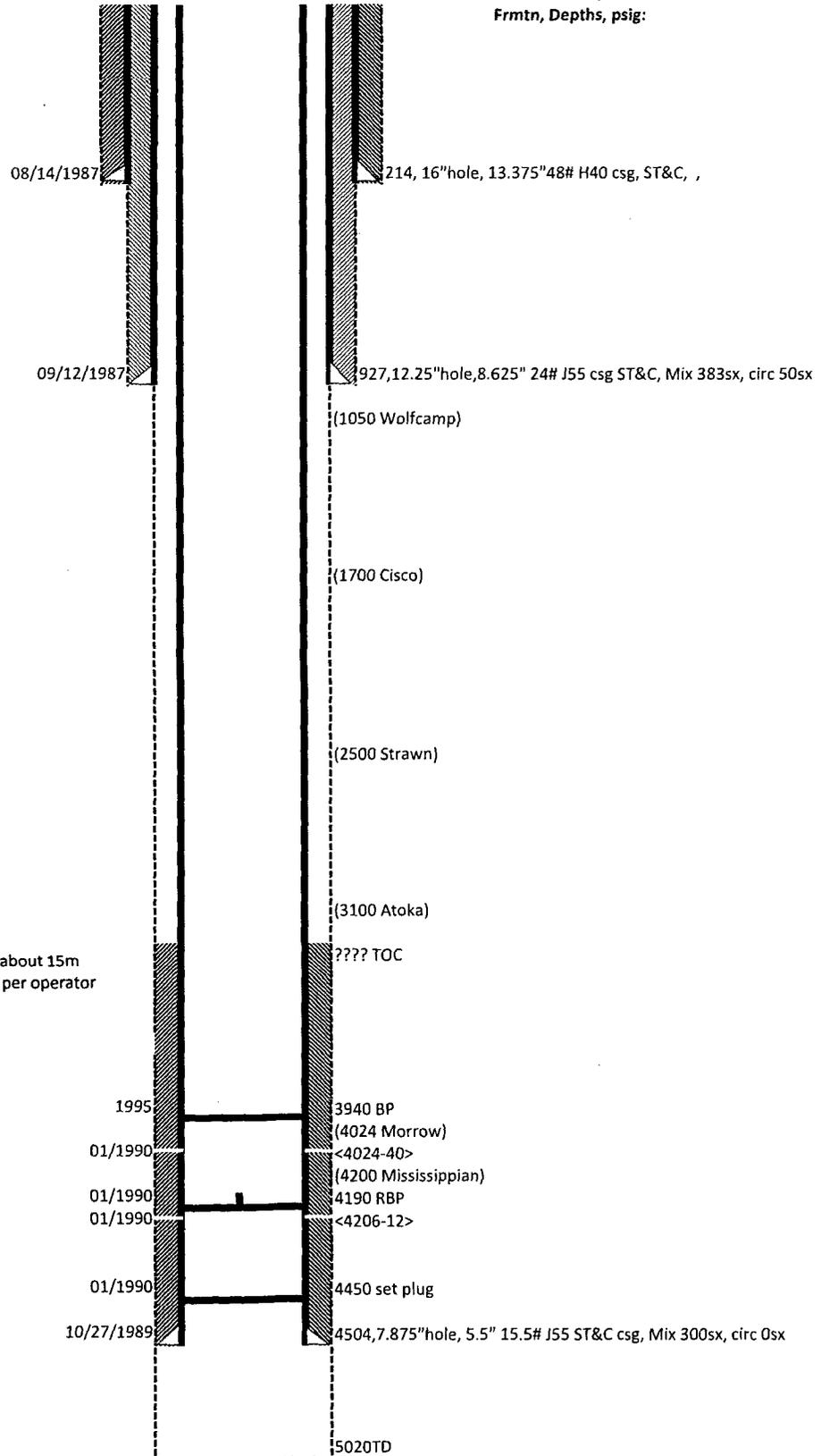
Arthur Arias
Environmental Protection Specialist
575-234-6230, 575-499-3378 (Cell)

Shelly Tucker
Environmental Protection Specialist
575-234-5905, 575-361-0084 (Cell)

Operator: Cibola Energy Corporation
Surface Lease: NM38313 **BHL: NM38313**
Case No: NM38313 **Lease Agreement**
 Subsurface Concerns for Casing Designs:
 Well Status: GSI
 Spud date: 8/4/1987
 Plug'd Date: 1/0/1900
 Reentry Date:

Well: Ysletano Canyon-01
API: 3003520025
@ Srfce: T14S - R11E, Sec 07, 1063FSL & 823FEL
@ M TD: T14S - R11E, Sec 07, 1063FSL & 823FEL
 Estate: 0.00
 CWDW, R of W: 0
 Admn Order, date:
 Frmtn, Depths, psig:

KB: 5612
 GL: 5612
 Corr: 0



03/11/2002 BLM witnessed MIT held 550psig about 15m
 12/07/2016 Attempted MIT failed to hold psig per operator

Diagram last updated: 02/14/2017