

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD
NM OIL CONSERVATION
ARTESIA DISTRICT

DEC 10 2018

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS RECEIVED
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 page 2

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No.
2. Name of Operator JALAPENO CORPORATION		8. Well Name and No. HUGGINS DRAW FED COM #2
3a. Address PO BOX 1608, ALBUQUERQUE NM, 87103-1608	3b. Phone No. (include area code) (505) 242-2050	9. API Well No. 30-005-61262
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FEL & 990' FNL. SEC 31, T5S, R24E		10. Field and Pool or Exploratory Area UNDESIGNATED ABO
		11. Country or Parish, State CHAVES, NEW MEXICO

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"/> Hydraulic Fracturing	<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 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.)

JALAPENO CORPORATION, IN RESPONSE TO WRITTEN ORDER 18RH21W, INTENDS TO PLUG THE HUGGINS DRAW #2 WELL AS FOLLOWS.

- CEMENT FROM 4181' TO ^{3557'} 3658' WOC & TAG @ OR ABOVE ^{3557'} 3658'.
- FILL HOLE WITH SALT WATER SPACING GEL FROM 3650' TO 1600'.
- PERFORATE AT 1600' AND SQUEEZE CEMENT BEHIND CASING TO 1400' TO ISOLATE GLORIETTA AND YESO FORMATIONS.
- CEMENT FROM 1600' TO 1400', WOC & TAG.
- FILL HOLE WITH SPACING GEL FROM 1400' TO BELOW 903'.
- PERFORATE CASING AT 903' AND SQUEEZE CEMENT TO SURFACE.
- CEMENT FROM 903' TO SURFACE, WOC.
- INSTALL DRY HOLE MARKER.

GC 12-11-18
Accepted for record - NMOCD

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

JALAPENO CORPORATION PLANS TO COMPLETE THIS P&A AS SOON AS POSSIBLE HOWEVER, DUE TO THE CURRENT DEMAND FOR CREWS, IT MAY BE IMPOSSIBLE TO SCHEDULE A PULLING UNIT AND CEMENT CREW PROMPTLY. PER OUR CONVERSATION WITH THE BLM WE WOULD LIKE TO REQUEST THAT THE DEADLINE FOR THIS P&A BE MOVED TO MARCH 2019.

If extension is needed past 90 days, submit NOI requesting more time w/ reasoning

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)
H. EMMONS YATES, III

Title VICE PRESIDENT, JALAPENO CORPORATION

Signature *[Signature]* Date 11/28/2018

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Office _____

DEC 6 2018

BUREAU OF LAND MANAGEMENT

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.

[Large handwritten signature and scribbles over the bottom right section of the form]

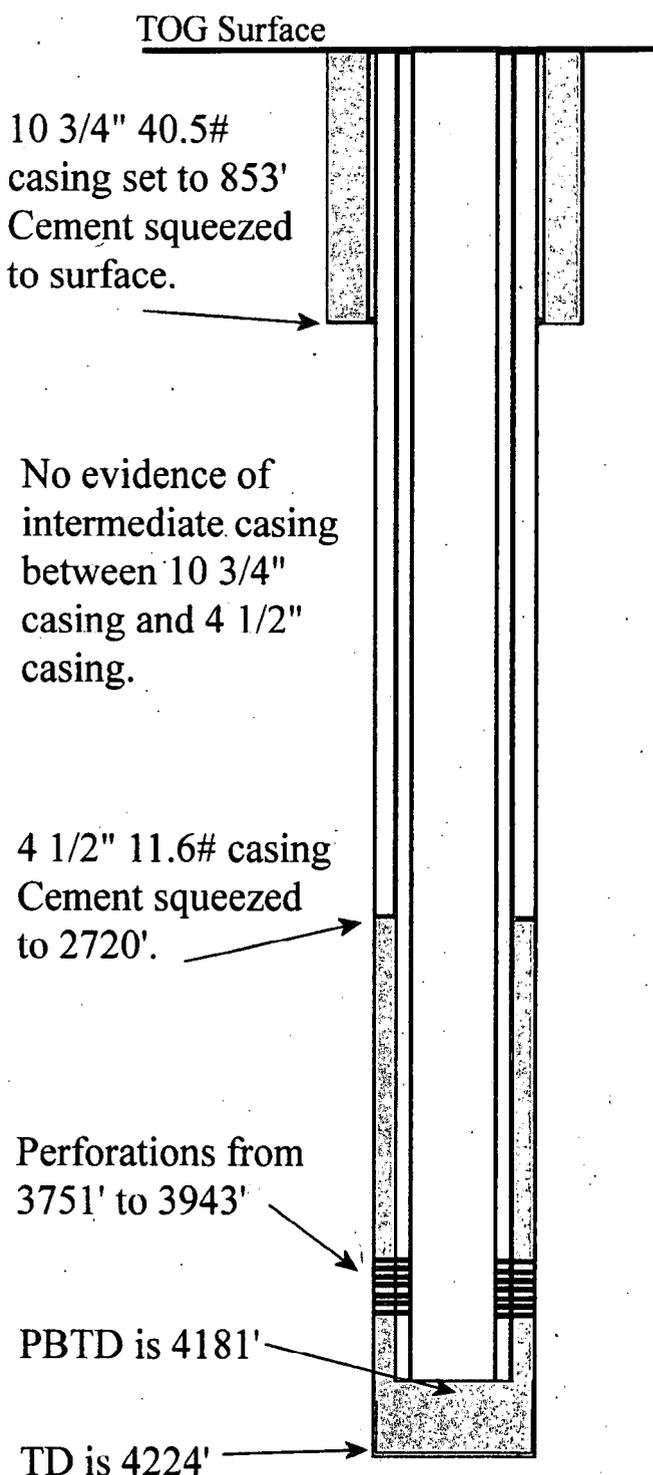
Schematic before P&A

Huggins Draw #2

API: 30-005-61262

S31-T5S-R24E, 990' FNL & 660' FEL

Chaves County, New Mexico



<u>Formation Tops</u>	
San Andres	500'
Slaughter	650'
Glorietta	1480'
Yeso	1550'
Abo	3650'

NOT TO SCALE

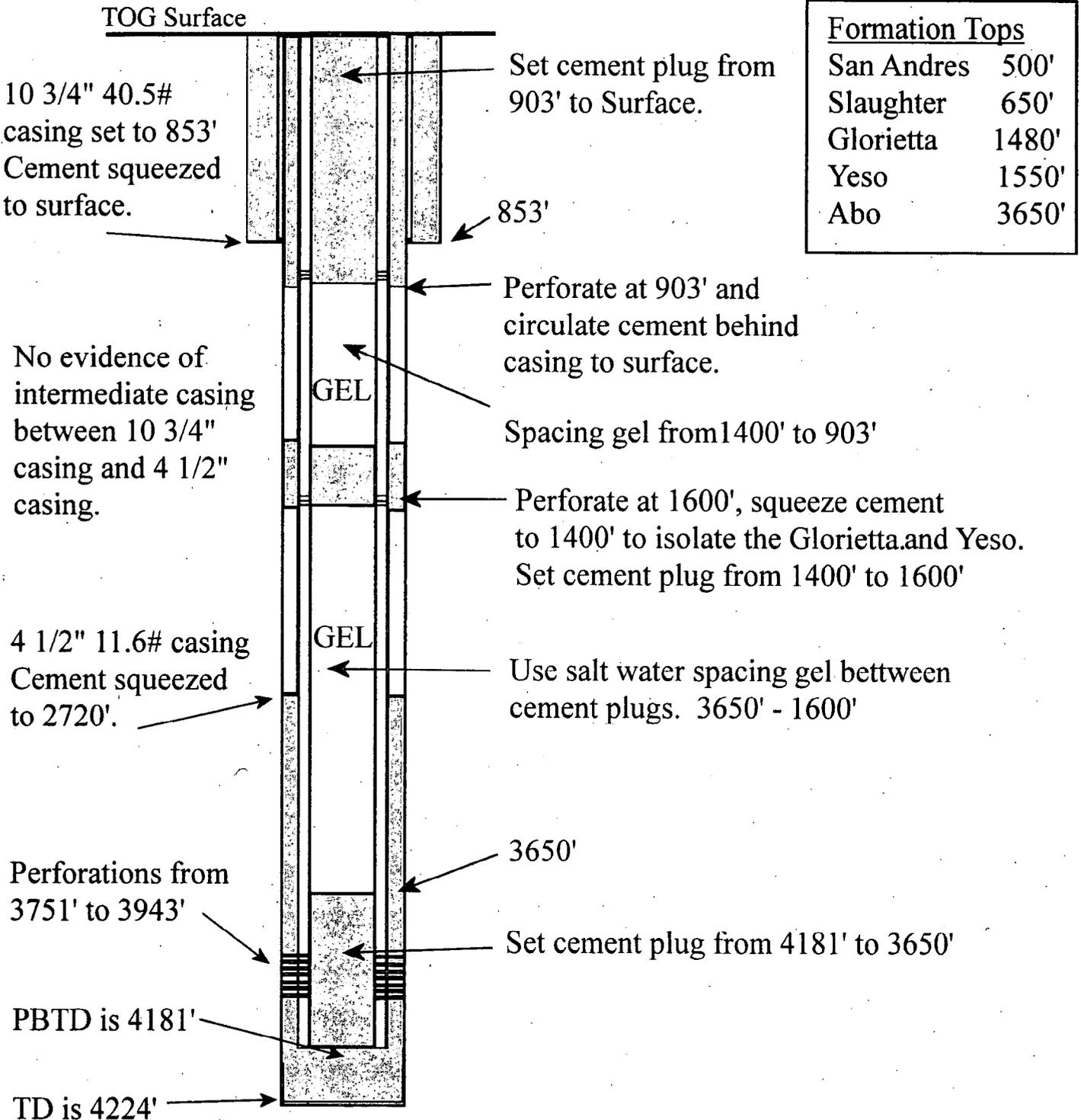
Schematic after P&A

Huggins Draw #2

API: 30-005-61262

S31-T5S-R24E, 990' FNL & 660' FEL

Chaves County, New Mexico



NOT TO SCALE

Jalapeno Corporation
P.O. Box 1608
Albuquerque, NM 87103-1608
Phone: (505) 242-2050 Fax: (505) 242-8501

November 28, 2018

USPS certified 7018-0680-0002-0563-0468

Bureau of Land Management
Roswell Field Office
2909 W. 2nd Street
Roswell, NM 88201-2019

RE: Written Order 18RH21W
Huggins Draw Fed Com #2
API # 30-005-61262
Section 31, T5S, R24E

Dear Mr. Hoskinson,

Enclosed, please find three copies of the BLM (Form 3160-5) notice of intent for the plug and abandonment of the Huggins Draw #2 well including schematic drawings of the current well and the planned P&A cement intervals. We found no indication that an intermediate casing size was used in the well bore although the APD included the information for an intermediate casing and term "if necessary." We believe that no intermediate casing was used.

Per Emmons Yates' conversation with the BLM, we would like to request that the deadline for this P&A be moved to March 2019. Jalapeno plans to complete the P&A as soon as possible, however, due to the current demand for crews, it may be impossible to schedule a pulling unit or a cement crew promptly.

If you have any questions or need further information, you can reach Emmons Yates at the numbers listed above or by e-mail at eyates@jalapenocorp.com.

Sincerely,



Julie A Pascal

Jalapeno Corporation

Oil and Gas Operations Associate

Huggins Draw Fed Com 2

30-005-61262

Jalapeno Corporation

December 06, 2018

Conditions of Approval

- 1. Operator shall set a Class C plug from 4,181'-3,557' to seal the producing formation and the Abo Formation. WOC and Tag as proposed.**
- 2. Operator perf and squeeze at 1,600' as proposed and place a balanced Class C plug from 1,600'-1,400' to isolate the Glorietta Formation. WOC and tag as proposed.**
- 3. Operator perf and squeeze at 903' as proposed and place a balanced Class C plug from 903'-surface.**
- 4. See Attached for general plugging stipulations.**

JAM 120618

BUREAU OF LAND MANAGEMENT
Roswell Field Office
2909 W. Second Street
Roswell, New Mexico 88201
575-627-0272

General Requirements for Plug Backs

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. **Notification: Contact the appropriate BLM office at least 24 hours prior to the commencing of any plug back operations. Call 575-627-0205.**

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of brine water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement.

Before pumping cement on top of CIBP, tag will be required to verify depth. Based on depth, a tag of the cement may be deemed necessary.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either Neat Class "C", for up to 7,500 feet of depth or Neat Class "H", for deeper than 7,500 feet plugs.

6. **Subsequent Plug back Reporting:** Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. **Trash:** All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.