

**District I**

1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**

811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**

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**District IV**

1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-101

August 1, 2011

Permit 285204

**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		2. OGRID Number 26307
		3. API Number 30-005-64354
4. Property Code 319745	5. Property Name HARPERLOU 18 FEE	6. Well No. 003

**7. Surface Location**

UL - Lot H	Section 18	Township 10S	Range 28E	Lot Idn	Feet From 1923	N/S Line N	Feet From 330	E/W Line E	County Chaves
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**8. Proposed Bottom Hole Location**

UL - Lot H	Section 18	Township 10S	Range 28E	Lot Idn H	Feet From 1923	N/S Line N	Feet From 330	E/W Line E	County Chaves
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**9. Pool Information**

RACE TRACK;SAN ANDRES	50670
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**Additional Well Information**

11. Work Type New Well	12. Well Type OIL	13. Cable/Rotary	14. Lease Type Private	15. Ground Level Elevation 3776
16. Multiple N	17. Proposed Depth 2320	18. Formation San Andres	19. Contractor	20. Spud Date 1/4/2021
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☐ We will be using a closed-loop system in lieu of lined pits

**21. Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	320	150	3776
Prod	7.875	5.5	15.5	2320	150	1500

**Casing/Cement Program: Additional Comments**

We will drill a 12 1/4" surface hole and run 320' of 24# 8 5/8" surface casing. We will then circulate cement around the surface casing and bring the cement to surface in order to protect the fresh water column. After we have successfully tested the BOP to 3000#'s we will continuously drill a 7 7/8" borehole to a depth of 2320'. If we encounter hydrocarbons in commercial quantities, we will run 15# 5 1/2" production casing and circulate cement 600' above the top perforation.

**22. Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
Annular	3000	3000	Shaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable.		<b>OIL CONSERVATION DIVISION</b>	
Signature:			
Printed Name: Electronically filed by Jun Barrack	Approved By: Raymond Podany		
Title: Manager	Title: Geologist		
Email Address: production@jalapenocorp.com	Approved Date: 8/6/2020	Expiration Date: 8/6/2022	
Date: 8/6/2020	Phone: 505-242-2050	Conditions of Approval Attached	

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Form C-102

August 1, 2011

Permit 285204

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-005-64354	2. Pool Code 50670	3. Pool Name RACE TRACK;SAN ANDRES
4. Property Code 319745	5. Property Name HARPERLOU 18 FEE	6. Well No. 003
7. OGRID No. 26307	8. Operator Name JALAPENO CORPORATION	9. Elevation 3776

**10. Surface Location**

UL - Lot H	Section 18	Township 10S	Range 28E	Lot Idn	Feet From 1923	N/S Line N	Feet From 330	E/W Line E	County Chaves
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00	13. Joint or Infill			14. Consolidation Code			15. 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**

<table border="1" style="width: 100%; height: 150px; border-collapse: collapse;"> <tr><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td><td style="width: 25%; height: 30px;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td></tr> <tr><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td><td style="height: 30px;"></td></tr> </table>																	<p style="text-align: center;"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: Jun Barrack Title: Manager Date: 8/6/2020</p> <hr/> <p style="text-align: center;"><b>SURVEYOR CERTIFICATION</b></p> <p><i>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.</i></p> <p>Surveyed By: Ronald Eidson Date of Survey: 10/11/2017 Certificate Number: 3239</p>

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## GAS CAPTURE PLAN

Date: 8/6/2020

☒ Original

Operator & OGRID No.: [26307] JALAPENO CORPORATION

☐ Amended - Reason for  
Amendment:

This Gas Capture Plan outlines actions to be taken by the Operator to reduce well/production facility flaring/venting for new completion (new drill, recomplete to new zone, re-frac) activity.

*Note: Form C-129 must be submitted and approved prior to exceeding 60 days allowed by Rule (Subsection A of 19.15.18.12 NMAC).*

### **Well(s)/Production Facility – Name of facility**

The well(s) that will be located at the production facility are shown in the table below.

Well Name	API	Well Location (ULSTR)	Footages	Expected MCF/D	Flared or Vented	Comments
HARPERLOU 18 FEE #003	30-005-64354	H-18-10S-28E	1923N 0330E	5	None	The San Andres formation is a very low pressure zone and if we are successful at drilling an economically viable oil well the amount of associated gas is expected to be as low as 0-5 mmcf/day.

### **Gathering System and Pipeline Notification**

Well(s) will be connected to a production facility after flowback operations are complete, if gas transporter system is in place. The gas produced from production facility is dedicated to IACX Roswell, LLC and will be connected to IACX Roswell, LLC Low Pressure gathering system located in Chaves County, New Mexico. It will require 26400' of pipeline to connect the facility to Low Pressure gathering system. JALAPENO CORPORATION provides (periodically) to IACX Roswell, LLC a drilling, completion and estimated first production date for wells that are scheduled to be drilled in the foreseeable future. In addition, JALAPENO CORPORATION and IACX Roswell, LLC have periodic conference calls to discuss changes to drilling and completion schedules. Gas from these wells will be processed at IACX Roswell, LLC Processing Plant located in Sec. 21, Twn. 10S, Rng. 27E, Chaves County, New Mexico. The actual flow of the gas will be based on compression operating parameters and gathering system pressures.

### **Flowback Strategy**

After the fracture treatment/completion operations, well(s) will be produced to temporary production tanks and gas will be flared or vented. During flowback, the fluids and sand content will be monitored. When the produced fluids contain minimal sand, the wells will be turned to production facilities. Gas sales should start as soon as the wells start flowing through the production facilities, unless there are operational issues on IACX Roswell, LLC system at that time. Based on current information, it is JALAPENO CORPORATION's belief the system can take this gas upon completion of the well(s).

Safety requirements during cleanout operations from the use of underbalanced air cleanout systems may necessitate that sand and non-pipeline quality gas be vented and/or flared rather than sold on a temporary basis.

### **Alternatives to Reduce Flaring**

Below are alternatives considered from a conceptual standpoint to reduce the amount of gas flared.

- Power Generation – On lease
  - Only a portion of gas is consumed operating the generator, remainder of gas will be flared
- Compressed Natural Gas – On lease
  - Gas flared would be minimal, but might be uneconomical to operate when gas volume declines
- NGL Removal – On lease
  - Plants are expensive, residue gas is still flared, and uneconomical to operate when gas volume declines

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Form APD Comments

Permit 285204

PERMIT COMMENTS

Operator Name and Address: JALAPENO CORPORATION [26307] P.O. Box 1608 Albuquerque, NM 87103		API Number: 30-005-64354
		Well: HARPERLOU 18 FEE #003

Created By	Comment	Comment Date
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Form APD Conditions  
Permit 285204

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address: JALAPENO CORPORATION [26307] P.O. Box 1608 Albuquerque, NM 87103		API Number: 30-005-64354
		Well: HARPERLOU 18 FEE #003
OCD Reviewer		Condition