

District I - (575) 393-6161  
1625 N French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S First St., Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV - (505) 476-3460  
1220 S St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
June 16, 2008

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Permit

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address JALAPENO CORPORATION PO BOX 1608 ALBUQUERQUE, NM 87103		<sup>2</sup> OGRID Number <del>4468</del> 26307
		<sup>3</sup> API Number 30-035-20026
<sup>4</sup> Property Code 38801	<sup>5</sup> Property Name VIRIDEN COM	<sup>6</sup> Well No 001

**<sup>7</sup> Surface Location**

UL - Lot D	Section 20	Township 14S	Range 11E	Lot Idn D	Feet from 100	N/S Line N	Feet From 990	E/W Line W	County OTERO
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**<sup>8</sup> Pool Information**

WILDCAT
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**Additional Well Information**

<sup>9</sup> Work Type RE-ENTER	<sup>10</sup> Well Type GAS	<sup>11</sup> Cable/Rotary COMPLETION RIG	<sup>12</sup> Lease Type FEE	<sup>13</sup> Ground Level Elevation 5779
<sup>14</sup> Multiple No	<sup>15</sup> Proposed Depth 2750	<sup>16</sup> Formation CANYON	<sup>17</sup> Contractor GUSTAMANTES	<sup>18</sup> Spud Date est. 8/15/2011
Depth to Ground water 666 ft.		Distance from nearest fresh water well 3,770 ft.		Distance to nearest surface water 1 mile to spring

**<sup>19</sup> Proposed Casing and Cement Program**

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
	12 1/4	8 5/8	24	900	380	Surface
	7 7/8	5 1/2	15.5	4986	300	3500

**Casing/Cement Program: Additional Comments**

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NMOCD ARTESIA

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer

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

I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

Printed name HARVEY E. YATES, JR.

Title PRESIDENT

E-mail Address

Date Phone 505-242-2050

**OIL CONSERVATION DIVISION**

Approved By

Title

Approved Date

Expiration Date

Conditions of Approval Attached ☒

**SEE ATTACHED PAGE FOR FURTHER DETAILS**

COA attached for operations and for contingency plugging.

Jalapeno Corporation

Virden Com #1

Sec. 20, T-4S, R-11E

Otero County, New Mexico

Surface casing was set at 900 ft. and cement was circulated to the surface. The well was then drilled to approximately 4,991 ft. and logged. Production casing was run and cemented. However, during the cementing process the cement set-up early leaving the well essentially plugged. While the depth of the cement in the casing is not known, our best guess is that there is approximately 4,000 ft. of cement sitting in the casing.

We request permission to reenter the hole and run tubing or a wire line to determine the top of the cement. If the top of the cement is near the surface casing, we request permission to plug the hole by putting a plug 50 Ft below the surface casing and into the surface casing 50 ft. and then putting a plug 75 ft. below the surface extending to surface and setting a dry hole marker at the surface. However, if the top of the cement within the pipe is 2,800 ft or more from the surface within the pipe, we request permission to run a bond and gamma ray log to determine the height of the cement outside the casing and then to either plug the hole or to attempt completion of the well at approximately 2750 ft. (Canyon formation). If the completion is unsuccessful, we would then plug the hole pursuant to plugging procedures which would then be proposed.

**NEW MEXICO OIL CONSERVATION DIVISION  
DISTRICT 2 OFFICE  
811 SOUTH FIRST STREET  
ARTESIA, NM 88210  
(575)748-1283**

**CONDITIONS OF APPROVAL**

**Jalapeno Corporation  
Virden Com #1  
30-03520026**

1. Trucking companies being used to haul oilfield waste to disposal facilities – commercial or private- shall have an approved NMOCD C-133 Permit. A copy of this permit shall be available in each truck used to transport waste products. It is the responsibility of the operator as well as the contractor to verify that this permit is in place. Drivers shall make permit available upon request of an OCD inspector. It is the responsibility of the operator to see to it that waste from their wells is being disposed of in a proper manner.
2. Closed Loop system to be used during this recompletion operation. File a form C-144 with NMOCD.
3. No fluid shall be placed on the ground during the course of this operation. Well to be connected to a pit or a vacuum truck.
4. Provide NMOCD 72-hr. notice before beginning work on this well. Number to call to give notice: (575)626.0843.

**DG  
9/06/2011**

NEW MEXICO OIL CONSERVATION DIVISION  
DISTRICT 2 OFFICE  
811 S. FIRST STREET  
ARTESIA, NM 88210  
(575)748-1283

CONDITIONS OF APPROVAL FOR PLUGGING & ABANDONMENT

Operator: Jalapeno Corporation

Well Name & Number: Virden Com. #1

API #: 30-035-20026

1. Produced water **will not** be used during any part of the plugging & abandonment operation.
2. Notify NMOCD Dist. 2 office at least 24 hrs before beginning work.
3. Closed Loop System is to be used for entire plugging operation. Upon completion, contents of steel pit are to be hauled to a permitted disposal location.
4. Trucking companies being used to haul oilfield waste fluids to a disposal – commercial or private – shall have an approved NMOCD C-133 permit. A copy of this permit shall be available in each truck used to haul waste products. It is the responsibility of the operator, as well as the contractor, to verify that this permit is place prior to performing work. Drivers shall produce a copy upon request of NMOCD Field Inspectors.
5. A subsequent C-103 will serve as notification that the well bore has been plugged ONLY. A C-103 FINAL shall be filed before any bonding can be released on the well. Upon receipt of the Final, an inspection will be performed to verify that the location has been satisfactorily cleaned to NMOCD standards.
6. If work has not begun within 90 days of the approval of this procedure, an extension request must be filed, stating reason that well has not been plugged.
7. ~~Every attempt must be made to clean the well bore out to below the perfs, before any plugs can be set, by whatever means possible.~~

DG

Date: 9/7/2011