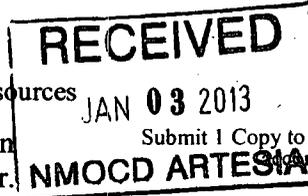


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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



Form C-141
Revised August 8, 2011

Release Notification and Corrective Action

nJM 1300436879 26307 OPERATOR Initial Report Final Report

Name of Company	Jalapeno Corporation	Contact	H. Emmons Yates III
Address	P.O. Box 1608; Albuquerque, NM 87103	Telephone No.	505-242-2050
Facility Name	Duncan Federal #2-#3 Tank Battery	Facility Type	Oil well
Surface Owner	BLM	Mineral Owner	BLM
		API No. D#2	30-005-62235
		D#3	30-005-63564

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
4	7	9-S	28-E	330	FSL	990	FWL	Chaves
				330	FSL	330	FWL	

Latitude _____ Longitude _____

NATURE OF RELEASE

*spill occurred either evening of 12/19/12 or early morning of 12/20/12

Type of Release	Oil/Water	Volume of Release	300 bbls	Volume Recovered	300 bbls
Source of Release	Water leg	Date and Hour of Occurrence *		Date and Hour of Discovery	12/20/12 morning
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Beth Skaggs of BLM Roswell office & left message at OCD Artesia office		
By Whom?	H. Emmons Yates III	Date and Hour	12/20/12 4:20 PM		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			
If a Watercourse was Impacted, Describe Fully.*	N/A				
Describe Cause of Problem and Remedial Action Taken.*	Extreme winds had caused the water leg to be torn free from one of the gun barrels on the tank battery.				
Describe Area Affected and Cleanup Action Taken.*	All of the spilled fluids were contained within the gravel and plastic lined firewall of the tank battery. We had Standard Energy Service pump the fluids back into the gun barrel and Liberty Maintenance is in the process of removing the stained gravel by shovels, as not to damage the firewall's plastic liner. The gravel will be transported to Grandy Marley for disposal.				
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.					

OIL CONSERVATION DIVISION

Signature:	Approved by Environmental Specialist: Signed By	
Printed Name: H. Emmons Yates III	Approval Date: JAN 04 2013	Expiration Date:
Title: Geological Analyst	Conditions of Approval:	
E-mail Address: eyates@jalapenocorp.com	Attached <input type="checkbox"/>	
Date: 12/31/12 Phone: 505-242-2050		

* Attach Additional Sheets If Necessary

Remediation per OCD Rules & Guidelines. **SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: February 4, 2013**

2RP-1480