

Submit 1 Copy To Appropriate District Office
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 Rd., 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-103
Revised July 18, 2013

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-005-64180
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Jalapeno Corporation		6. State Oil & Gas Lease No. V0-9290
3. Address of Operator P.O. Box 1608 Albuquerque, NM 87103		7. Lease Name or Unit Agreement Name Kobe 22 State
4. Well Location Unit Letter <u>E</u> : <u>2195</u> feet from the <u>North</u> line and <u>330</u> feet from the <u>West</u> line Section <u>22</u> Township <u>9-S</u> Range <u>27-E</u> NMPM County <u>Chaves</u>		8. Well Number <u>#1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number <u>26307</u>
		10. Pool name or Wildcat Wolflake; San Andres, S.

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>	CLOSE PIT <input checked="" type="checkbox"/>	OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

THE CONTENTS OF THE KOBE #1 PIT AND LINER WERE REMOVED AND DISPOSED OF WITH AN ON-SITE TRENCH DISPOSAL.

CARDINAL LABORATORIES PROVIDED TESTING OF THE SOIL BELOW THE PIT.
PLEASE SEE ATTACHED TESTING RESULTS SHOWING THAT THE SOIL HAD VERY LOW CHLORIDE LEVELS, WELL BELOW THE ALLOWABLE LEVELS.

JALAPENO CORP INTENDS TO FILL THE PIT WITH REMAINING TOP SOIL AND LEVEL THE SURFACE.

Spud Date:

2/14/2014

Rig Release Date:

9/4/2015

NM OIL CONSERVATION
ARTESIA DISTRICT
AUG 22 2016

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

RECEIVED

SIGNATURE [Signature] TITLE Vice President DATE 8/16/16

Type or print name H. Emmons Yates, III E-mail address: eyates@jalapenocorp.com PHONE: 505-242-2050

For State Use Only

APPROVED BY: Signed By [Signature] TITLE DATE 8/16/16

Conditions of Approval (if any):

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

NM OIL CONSERVATION
ARTESIA DISTRICT

AUG 22 2016

RECEIVED

Aug 16, 2016
Certified Mail Receipt
#7015 0640 0001 7997 7571

Oil Conservation Division
811 S. First Street
Artesia, NM 88210

RE: Kobe 22 State #1

Dear Mike Bratcher,

Enclosed please find a C-130 notice of intent to close the pit for the Kobe 22 State #1 well site. I have also enclosed a copy of the Cardinal Labs soil testing results for the pit.

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 & Gas Operations Associate



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

August 16, 2016

EMMONS YATES
JALAPENO CORPORATION
PO BOX 1608
ALBUQUERQUE, NM 87103

NM OIL CONSERVATION
ARTESIA DISTRICT
AUG 22 2016

RECEIVED

RE: KOBE 22 ST. #1

Enclosed are the results of analyses for samples received by the laboratory on 08/09/16 12:00.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-16-8. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/ga/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, reading "Celey D. Keene".

Celey D. Keene
Lab Director/Quality Manager

Analytical Results For:

JALAPENO CORPORATION
EMMONS YATES
PO BOX 1608
ALBUQUERQUE NM, 87103
Fax To: (505) 242-8501

Received: 08/09/2016
Reported: 08/16/2016
Project Name: KOBE 22 ST. #1
Project Number: NONE GIVEN
Project Location: CHAVES COUNTY, NM

Sampling Date: 08/09/2016
Sampling Type: Soil
Sampling Condition: Cool & Intact
Sample Received By: Jodi Henson

Sample ID: N. E. PIT (H601767-01)

BTEX 8021B			mg/kg		Analyzed By: MS				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	08/10/2016	ND	2.24	112	2.00	1.18	
Toluene*	<0.050	0.050	08/10/2016	ND	2.30	115	2.00	1.05	
Ethylbenzene*	<0.050	0.050	08/10/2016	ND	2.23	111	2.00	2.03	
Total Xylenes*	<0.150	0.150	08/10/2016	ND	6.70	112	6.00	1.81	
Total BTEX	<0.300	0.300	08/10/2016	ND					

Surrogate: 4-Bromofluorobenzene (PIE) 105 % 73.6-140

Chloride, SM4500Cl-B			mg/kg		Analyzed By: CK				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	4160	16.0	08/11/2016	ND	400	100	400	3.92	

TPH 418.1			mg/kg		Analyzed By: CK				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	248	100	08/12/2016	ND	5620	112	5000	7.51	

TPH 8015M			mg/kg		Analyzed By: MS				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	08/10/2016	ND	199	99.6	200	1.94	
DRO >C10-C28	<10.0	10.0	08/10/2016	ND	201	100	200	2.77	

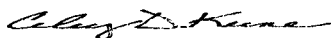
Surrogate: 1-Chlorooctane 78.2 % 35-147

Surrogate: 1-Chlorooctadecane 84.5 % 28-171

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 JALAPENO CORPORATION
 EMMONS YATES
 PO BOX 1608
 ALBUQUERQUE NM, 87103
 Fax To: (505) 242-8501

 Received: 08/09/2016
 Reported: 08/16/2016
 Project Name: KOBE 22 ST. #1
 Project Number: NONE GIVEN
 Project Location: CHAVES COUNTY, NM

 Sampling Date: 08/09/2016
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: N.W. PIT (H601767-02)

BTEX 8021B			mg/kg		Analyzed By: MS				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	08/10/2016	ND	2.24	112	2.00	1.18	
Toluene*	<0.050	0.050	08/10/2016	ND	2.30	115	2.00	1.05	
Ethylbenzene*	<0.050	0.050	08/10/2016	ND	2.23	111	2.00	2.03	
Total Xylenes*	<0.150	0.150	08/10/2016	ND	6.70	112	6.00	1.81	
Total BTEX	<0.300	0.300	08/10/2016	ND					

Surrogate: 4-Bromofluorobenzene (PIC) 104 % 73.6-140

Chloride, SM4500Cl-B			mg/kg		Analyzed By: CK				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	5000	16.0	08/11/2016	ND	400	100	400	3.92	

TPH 418.1			mg/kg		Analyzed By: CK				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	342	100	08/12/2016	ND	5620	112	5000	7.51	

TPH 8015M			mg/kg		Analyzed By: MS				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	08/10/2016	ND	199	99.6	200	1.94	
DRO >C10-C28	<10.0	10.0	08/10/2016	ND	201	100	200	2.77	

Surrogate: 1-Chlorooctane 88.4 % 35-147

Surrogate: 1-Chlorooctadecane 95.4 % 28-171

Cardinal Laboratories

* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 JALAPENO CORPORATION
 EMMONS YATES
 PO BOX 1608
 ALBUQUERQUE NM, 87103
 Fax To: (505) 242-8501

 Received: 08/09/2016
 Reported: 08/16/2016
 Project Name: KOBE 22 ST. #1
 Project Number: NONE GIVEN
 Project Location: CHAVES COUNTY, NM

 Sampling Date: 08/09/2016
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: S. E. PIT (H601767-03)

BTEX 8021B			mg/kg		Analyzed By: MS				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	08/10/2016	ND	2.24	112	2.00	1.18	
Toluene*	<0.050	0.050	08/10/2016	ND	2.30	115	2.00	1.05	
Ethylbenzene*	<0.050	0.050	08/10/2016	ND	2.23	111	2.00	2.03	
Total Xylenes*	<0.150	0.150	08/10/2016	ND	6.70	112	6.00	1.81	
Total BTEX	<0.300	0.300	08/10/2016	ND					

Surrogate: 4-Bromofluorobenzene (PIE) 105 % 73.6-140

Chloride, SM4500Cl-B			mg/kg		Analyzed By: CK				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	4240	16.0	08/11/2016	ND	400	100	400	3.92	

TPH 418.1			mg/kg		Analyzed By: CK				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	365	100	08/12/2016	ND	5620	112	5000	7.51	

TPH 8015M			mg/kg		Analyzed By: MS				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	08/10/2016	ND	199	99.6	200	1.94	
DRO >C10-C28	<10.0	10.0	08/10/2016	ND	201	100	200	2.77	

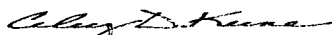
Surrogate: 1-Chlorooctane 78.2 % 35-147

Surrogate: 1-Chlorooctadecane 84.1 % 28-171

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 JALAPENO CORPORATION
 EMMONS YATES
 PO BOX 1608
 ALBUQUERQUE NM, 87103
 Fax To: (505) 242-8501

 Received: 08/09/2016
 Reported: 08/16/2016
 Project Name: KOBE 22 ST. #1
 Project Number: NONE GIVEN
 Project Location: CHAVES COUNTY, NM

 Sampling Date: 08/09/2016
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: S. W. PIT (H601767-04)

BTEX 8021B		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	08/10/2016	ND	2.24	112	2.00	1.18	
Toluene*	<0.050	0.050	08/10/2016	ND	2.30	115	2.00	1.05	
Ethylbenzene*	<0.050	0.050	08/10/2016	ND	2.23	111	2.00	2.03	
Total Xylenes*	<0.150	0.150	08/10/2016	ND	6.70	112	6.00	1.81	
Total BTEX	<0.300	0.300	08/10/2016	ND					

Surrogate: 4-Bromofluorobenzene (PIL) 105 % 73.6-140

Chloride, SM4500Cl-B		mg/kg		Analyzed By: CK					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	5840	16.0	08/11/2016	ND	400	100	400	3.92	

TPH 418.1		mg/kg		Analyzed By: CK					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	487	100	08/12/2016	ND	5620	112	5000	7.51	

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	08/10/2016	ND	199	99.6	200	1.94	
DRO >C10-C28	<10.0	10.0	08/10/2016	ND	201	100	200	2.77	

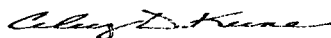
Surrogate: 1-Chlorooctane 79.0 % 35-147

Surrogate: 1-Chlorooctadecane 86.0 % 28-171

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 JALAPENO CORPORATION
 EMMONS YATES
 PO BOX 1608
 ALBUQUERQUE NM, 87103
 Fax To: (505) 242-8501

 Received: 08/09/2016
 Reported: 08/16/2016
 Project Name: KOBE 22 ST. #1
 Project Number: NONE GIVEN
 Project Location: CHAVES COUNTY, NM

 Sampling Date: 08/09/2016
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: MIDDLE PIT (H601767-05)

BTEX 8021B			mg/kg		Analyzed By: MS				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	08/10/2016	ND	2.24	112	2.00	1.18	
Toluene*	<0.050	0.050	08/10/2016	ND	2.30	115	2.00	1.05	
Ethylbenzene*	<0.050	0.050	08/10/2016	ND	2.23	111	2.00	2.03	
Total Xylenes*	<0.150	0.150	08/10/2016	ND	6.70	112	6.00	1.81	
Total BTEX	<0.300	0.300	08/10/2016	ND					

Surrogate: 4-Bromofluorobenzene (PIC) 105 % 73.6-140

Chloride, SM4500Cl-B			mg/kg		Analyzed By: CK				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	2000	16.0	08/11/2016	ND	400	100	400	3.92	

TPH 418.1			mg/kg		Analyzed By: CK				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
TPH 418.1	426	100	08/12/2016	ND	5620	112	5000	7.51	

TPH 8015M			mg/kg		Analyzed By: MS				
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	08/10/2016	ND	199	99.6	200	1.94	
DRO >C10-C28	<10.0	10.0	08/10/2016	ND	201	100	200	2.77	

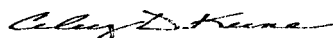
Surrogate: 1-Chlorooctane 78.3 % 35-147

Surrogate: 1-Chlorooctadecane 83.2 % 28-171

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* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

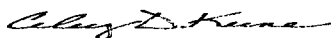
Notes and Definitions

QM-07	The spike recovery was outside acceptance limits for the MS and/or MSD. The batch was accepted based on acceptable LCS recovery.
ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report

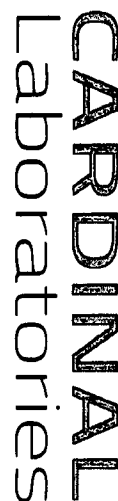
Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



**101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476**

† Cardinal cannot accept verbal changes. Please fax written changes to (575) 868-2326