

Submit 1 Copy To Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources

Form C-103 Revised July 18, 2013

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 393-6161
811 S. First St., Artesia, NM 88218
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87411
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

NATIONAL CONSERVATION DISTRICT OIL CONSERVATION DIVISION
JUN 06 2016 RECEIVED

1220 South St. Francis Dr. Santa Fe, NM 87505

WELL API NO. 30-005-63762
5. Indicate Type of Lease STATE [X] FEE []
6. State Oil & Gas Lease No. VA 2401
7. Lease Name or Unit Agreement Name SCROUNGER STATE
8. Well Number 1
9. OGRID Number 26307
10. Pool name or Wildcat Wolf Lake South

SUNDRE NOTICES AND REPORTS ON WELLS
1. Type of Well: Oil Well [] Gas Well [] Other []
2. Name of Operator JALAPENO CORPORATION
3. Address of Operator P.O. BOX 1608, ALBUQUERQUE, NM 87103
4. Well Location Unit Letter A : 412 feet from the NORTH line and 330 feet from the EAST line
Section 13 Township 9-S Range 27-E NMPM County
11. Elevation (Show whether DR, RKB, RT, GR, etc.) GR 3877'

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

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON [X]
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPL []
DOWNHOLE COMMINGLE []
CLOSED-LOOP SYSTEM []
OTHER: []
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] P AND A []
CASING/CEMENT JOB []
OTHER: []

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.

PBTD OF THE WELL IS 2265 FT. WE PROPOSE TO: - SET CIBP @ 2108' - CMT TO 2009' WOC 4 HRS + TAG
1. SET A CEMENT PLUG FROM PBTD TO 100FT ABOVE TOP PERFORATIONS (APPR 2108' 2265') OR CIRC TO SURF
2. WAIT FOR CEMENT TO DRY AND TAG AT OR ABOVE 2108'
3. FILL HOLE WITH MUD 50FT BELOW SURFACE SHOE. PREP @ 1100' - SQUEEZE 2.5 SKS CMT WOC 4 HRS + TAG - TOPOF CMT 1000' OR HIGHER
4. PERFORATE 50FT BELOW SURFACE SHOE AND CIRCULATE CEMENT HOLE TO SURFACE FROM 500FT
5. WAIT FOR CEMENT TO DRY.
6. SET DRY HOLE MARKER.

Approved for plugging of well bore only. Liability under bond is retained pending receipt of C-103 (Subsequent Report of Well Plugging) which may be found at OCD Web Page under Forms, www.cmnr.state.nm.us/ocd.

Spud Date: 10/17/05

Rig Release Date:

WELL MUST BE PLUGGED BY 6/6/2017

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

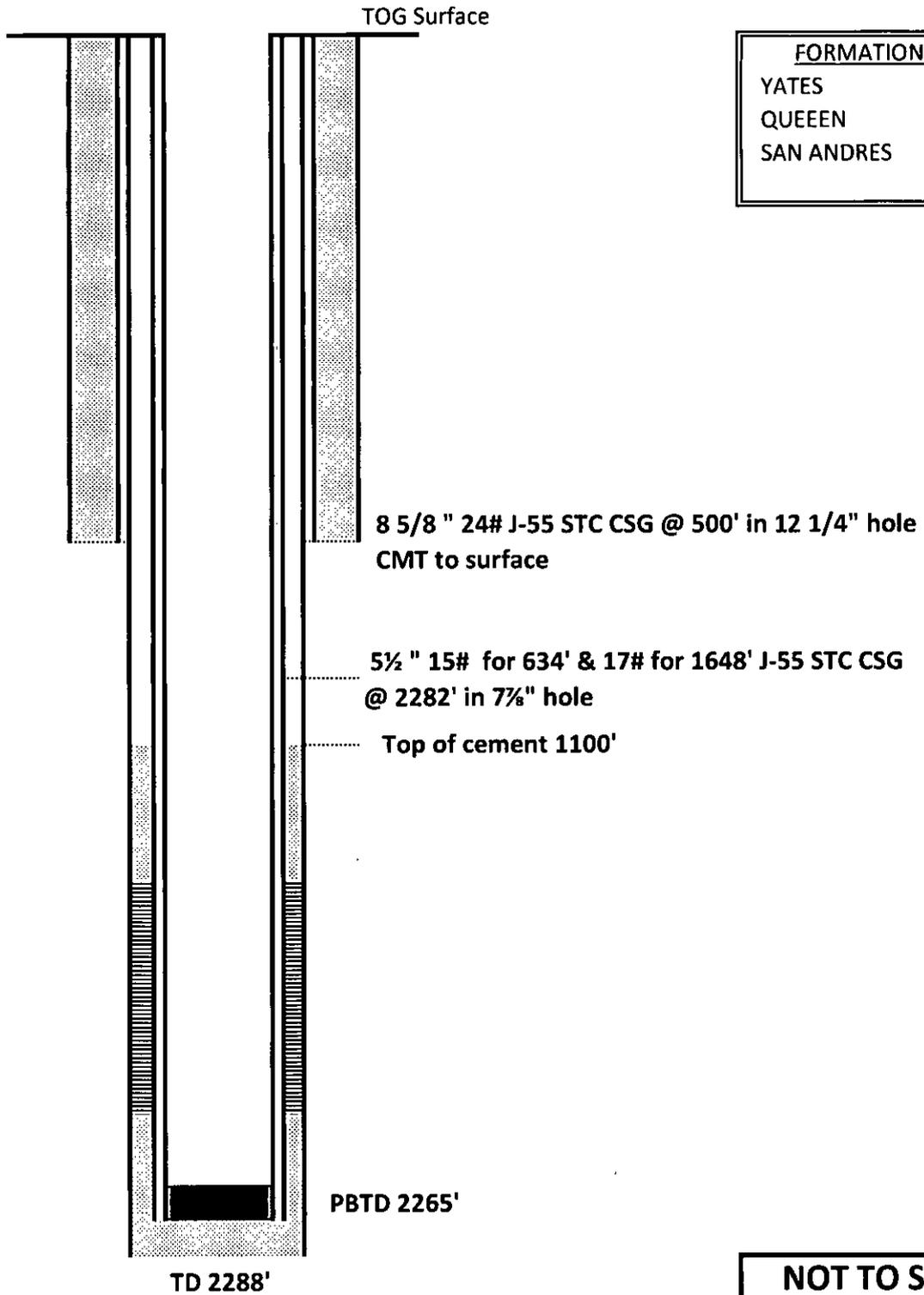
SIGNATURE [Signature] TITLE Vice President DATE June 7, 2016

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

APPROVED BY: [Signature] TITLE COMPLIANCE OFFICER DATE 6/6/2016
Conditions of Approval (if any):

SEE ATTACHED COA-S READ # 14

SCHEMATIC PRIOR TO PLUG AND ABANDON
JALAPENO CORPORATION
SCROUNGER STATE No. 1
CHAVES COUNTY, NEW MEXICO
API NO. 30-005-63762

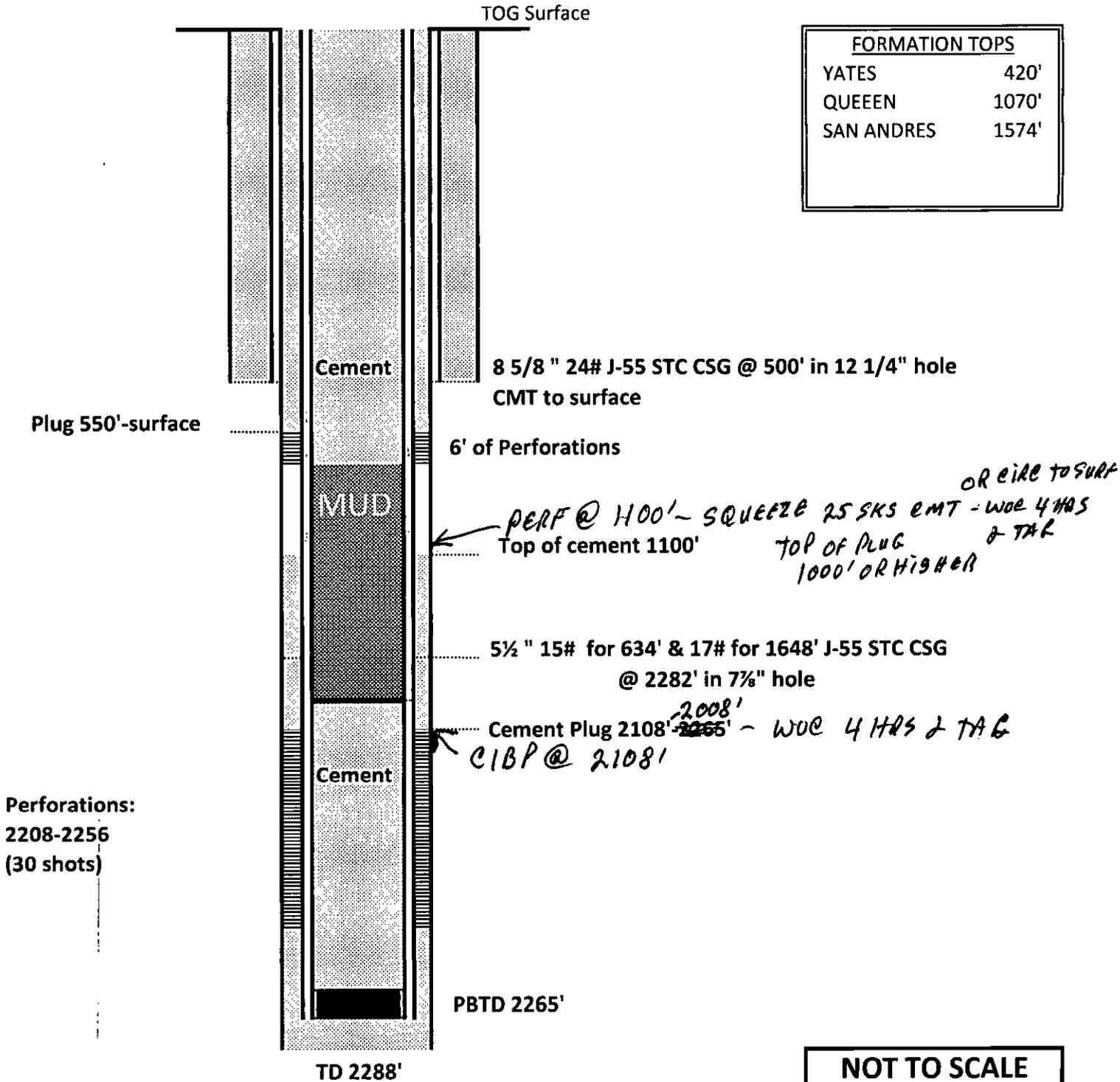


| FORMATION TOPS | |
|----------------|-------|
| YATES | 420' |
| QUEEN | 1070' |
| SAN ANDRES | 1574' |

NOT TO SCALE

SCHEMATIC AFTER PLUG AND ABANDON
JALAPENO CORPORATION
SCROUNGER STATE #1
CHAVES COUNTY, NEW MEXICO
API NO. 30-005-63762

| FORMATION TOPS | |
|----------------|-------|
| YATES | 420' |
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| SAN ANDRES | 1574' |



CONDITIONS FOR PLUGGING AND ABANDONMENT

DISTRICT II / ARTESIA

The following is a guide or checklist in preparation of a plugging program, this is not all inclusive and care must be exercised in establishing special plugging programs in unique and unusual cases

1. **Notify NMOCD District Office II at (575)-748-1283 at least 24 hours before beginning work.**
2. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to a permitted disposal location.
3. 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 in place prior to performing work. Drivers shall be able to produce a copy upon request of an NMOCD Field inspector.
4. Filing a subsequent C-103 will serve as notification that the well has been plugged.
5. A final C-103 shall be filed (and a site inspection by NMOCD Inspector to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to Meet NMOCD standards) before bonding can be released.
6. **Squeeze pressures are not to exceed 500 psi, unless approval is given by NMOCD.**
7. Produced water **will not** be used during any part of the plugging operation.
8. Mud laden fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.
9. All cement plugs will be a minimum of 100' in length or a minimum of 25 sacks of cement, whichever is greater. 50' of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.
10. **Class 'C' cement will be used above 7500 feet.**
11. **Class 'H' cement will be used below 7500 feet.**
12. **A cement plug is required to be set 50' above and 50' below, all casing shoes, casing stubs, DV tools, attempted casing cut offs, salt sections and anywhere the casing is perforated, these plugs require a 4 hour WOC and then will be tagged**
13. When setting the top out cement plug in production, intermediate and surface casing, wellbores should remain full at least 30 minutes after plugs are set
14. **A CIBP is to be set within 100' of production perforations, capped with 100' of cement, WOC 4 hours and tag.**
15. A CIBP with 35' of cement may be used in lieu of the 100' plug if set with a bailer. This plug will be placed within 100' of the top perforation, **(WOC 4 hrs and tag).**
16. **No more than 3000' is allowed between cement plugs in cased hole and 2000' in open hole.**
17. Formations to be isolated with cement plugs are:
 - A) Fusselman
 - B) Devonian
 - C) Morrow

- D) Wolfcamp
- E) Bone Springs
- F) Delaware
- G) Any salt sections
- H) Abo
- I) Glorieta
- J) Yates.
- K) **Potash---** (In the R-111-P Area (Potash Mine Area), a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, **WOC 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.**

18. If cement does not exist behind casing strings at recommended formation depths, the casing can be cut and pulled with plugs set at recommended depths. If casing is not pulled, perforations will be shot and cement squeezed behind casing, cement will be set 50' below to 50' above perforation inside the casing

DRY HOLE MARKER REQUIRMENTS

The operator shall mark the exact location of the plugged and abandoned well with a steel marker not less than four inches in diameter, 3' below ground level with a plate of at least ¼" welded to the top of the casing and the dry hole marker welded on the plate with the following information welded on the dry hole marker:

1. Operator name
2. Lease and well number
3. API number
4. Unit letter
5. Quarter section (feet from North, South, East or West)
6. Section, Township and Range
7. Plugging date
8. County

(SPECIAL CASES)

AGRICULTURE OR PRARIE CHICKEN BREEDING AREAS

In these areas, a below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to NMOCD for record, the exact location of the marker (longitude and latitude be GPS) will be provided to NMOCD (We typically require a current survey to verify the GPS)