

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No. **NM-12557**

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

1. Type of Well

Oil Well Gas Well Other

7. If Unit of CA/Agreement, Name and/or No.

2. Name of Operator **JALAPENO CORPORATION**

8. Well Name and No. **DUNCAN FEDERAL #3**

3a. Address **PO BOX 1608
ALBUQUERQUE, NM 87103**

3b. Phone No. (include area code)
(505) 242-2050

9. API Well No. **30-005-63564**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Sec. 7-T9S-R28E, 329' FSL & 329' FWL

10. Field and Pool or Exploratory Area
WOLF LAKE SAN ANDRES SOUTH

11. Country or Parish, State
Chaves, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION				
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off	
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity	
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other	
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon		
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal		

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

JALAPENO CORPORATION INTENDS TO PLUG AND ABANDON THE DUNCAN #3 WELL AS FOLLOWS:

1. PLACE A CIBP AT 2117', 100 FEET ABOVE TOP PERFORATIONS.
2. PLACE CEMENT PLUG FROM 2017' TO 2117' WITH APROX 25 SKS OF CEMENT, WOC, TAG
3. FILL WITH SALT WATER SPACING GEL TO 1160'
4. PERFORATE AT 1160', SQUEEZE CEMENT TO 1060' TO ISOLATE TOP OF QUEEN FORMATION
5. PLACE CEMENT PLUG FROM 1060' TO 1160', WOC, TAG
6. FILL WITH SALT WATER SPACING GEL TO 599'
7. PERFORATE AT 599', SQUEEZE CEMENT AND CIRCULATE TO SURFACE.
8. PLACE CEMENT PLUG FROM 599' TO 499', WOC, TAG *350' to seal Yates formation*
9. FILL WITH SPACING GEL TO ~~400'~~ *200'*
10. PLACE CEMENT PLUG FROM ~~100'~~ TO SURFACE, WOC, TAG.
11. INSTALL DRY HOLE MARKER. *200'*

RECEIVED

JUN 24 2019

DISTRICT II-ARTESIA O.C.D.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

GC 6/25/19
Accepted for record - NMOCD

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Julie A. Pascal

Title Oil and Gas Associate

Signature *Julie A. Pascal*

Date 05/25/2019

THE SPACE FOR FEDERAL OR STATE OFFICE USE **APPROVED**

Approved by

Title **JUN 20 2019** Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office **BUREAU OF LAND MANAGEMENT**

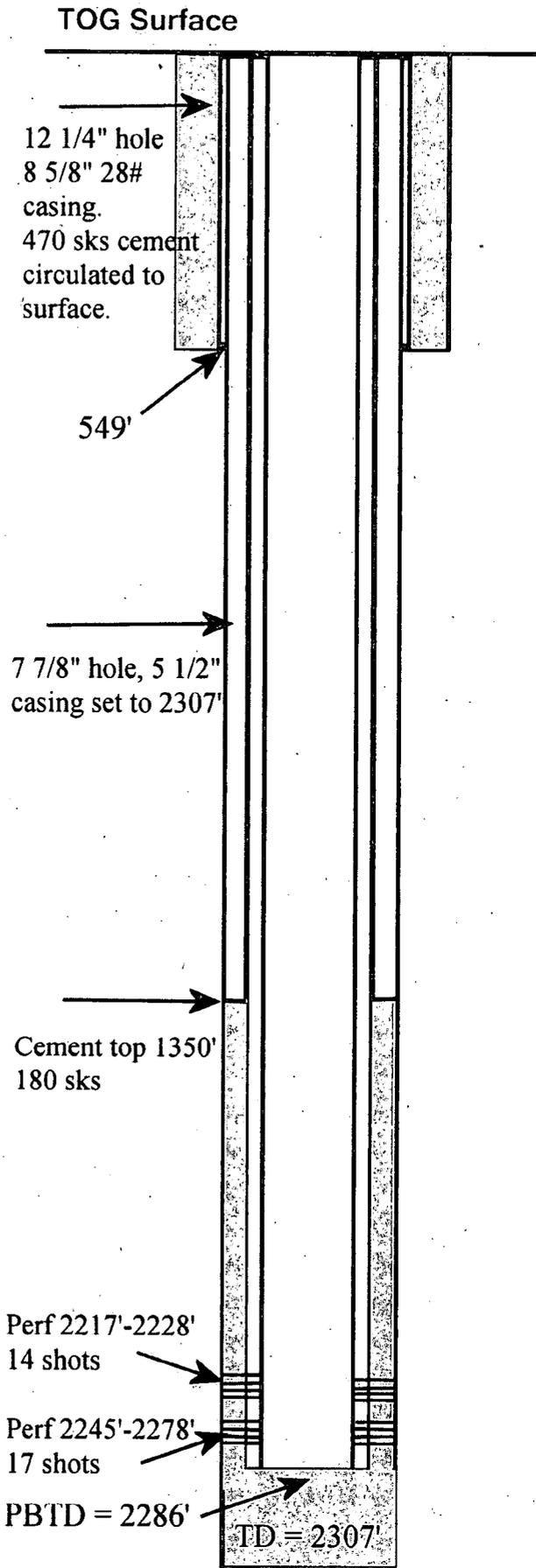
Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

RECEIVED Bureau of Land Management
MAY 28 2019 10:47

Duncan Federal #3
330' FSL & 330' FWL
Sec 7, T9S-R28E
Chaves, New Mexico

API: 30-005-63564
Before Plug & Abandonment

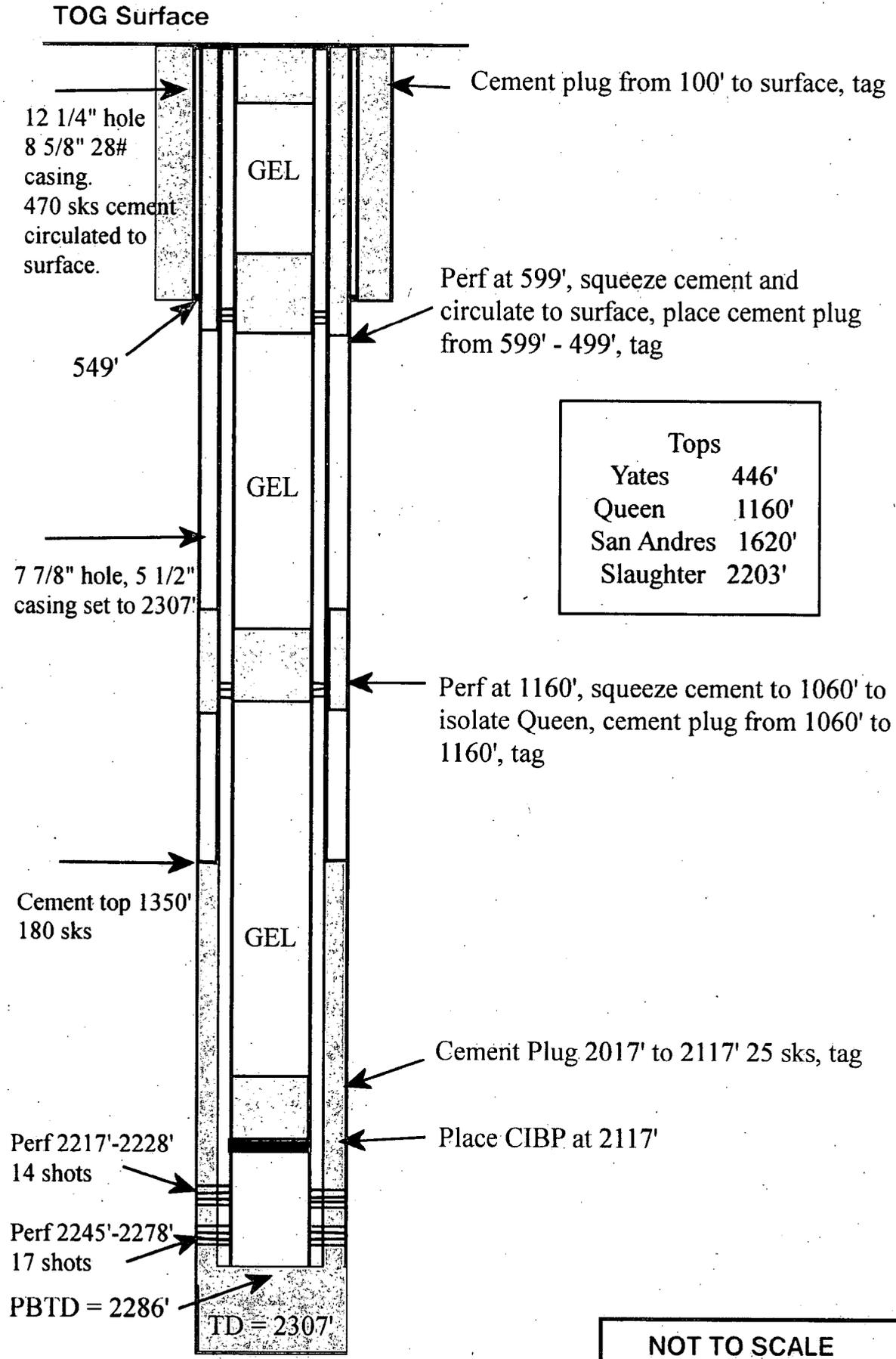


TOPS	
Yates	446'
Queen	1160'
SanAndres	1620'
Slaughter	2203'

NOT TO SCALE

Duncan Federal #3
 330' FSL & 330' FWL
 Sec 7, T9S-R28E
 Chaves, New Mexico

API: 30-005-63564
 After Plug and Abandonment



**Duncan Federal 3
30-005-63564
Jalapeno Corporation
June 20, 2019
Conditions of Approval**

- 1. Operator shall place CIBP at 2,117' (50'-100' above top most perf) and places 25 sx of Class C cement on top as proposed. WOC and TAG.**
- 2. Operator shall perf and squeeze at 1,160' as proposed. Operator shall place a balanced Class C cement plug from 1,160-1,060' as proposed.**
- 3. Operator shall perf and squeeze as proposed at 599'. Operator shall place a balanced Class C cement plug from 599'-350' as proposed to seal the 8-5/8" casing shoe and the Yates Formation. WOC and TAG.**
- 4. Operator shall perf and squeeze as proposed at 200'. Operator shall place a balanced Class C cement plug from 200' to surface to isolate the Salt Formation.**
- 5. See Attached for general plugging stipulations.**

JAM 062019

BUREAU OF LAND MANAGEMENT

Roswell Field Office

2909 West Second Street

Roswell, New Mexico 88201

(575) 627-0272

Permanent Abandonment of Production Zone Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within ninety (90) days from this approval.

If you are unable to plug back the well by the 90th day provide this office, prior to the 90th day, with the reason for not meeting the deadline and a date when we can expect the well to be plugged back. Failure to do so will result in enforcement action.

2. Notification: Contact the BLM Roswell Field Office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, during office hours or after office hours call (575) 627-0205. Engineer on call during office hours phone (575) 627-0237 or phone (after hours) call (575) 626-5871.

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The BOP must be installed and maintained as per API and manufacturer recommendations. The minimum BOP requirement is a 2M system for a well not deeper than 9,090 feet; a 3M system for a well not deeper than 13,636 feet; and a 5M system for a well not deeper than 22,727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at the rate of 25 sacks (50 pounds each) of gel per 100 barrels of **brine** water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and are not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. Any plug that requires a tag will have a minimum WOC time of 4 hours.

In lieu of a cement plug across perforations in a cased hole (not for any other plugs), a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 25 sacks of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient. **Before pumping or bailing cement on top of CIBP, tag will be required to verify depth.**

Unless otherwise specified in the approved procedure, the cement plug shall consist of either **Neat Class "C"**, for up to 7,500 feet of depth or **Neat Class "H"**, for deeper than 7,500 feet plugs.

6. Subsequent Plug back Reporting: Within 30 days after plug back work is completed, file one original and three copies of the Subsequent Report, Form 3160-5 to BLM. The report should give in detail the manner in which the plug back work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date work was completed.**

7. Trash: All trash, junk and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.