

District I  
1625 N French Dr. Hobbs, NM 88240  
District II  
1301 W Grand Avenue, 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

MAY 29 2008

Form C-141  
Revised October 10 2003

**OCD-ARTESIA** Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

**Release Notification and Corrective Action**

NSC80517639246

✓ **OPERATOR**

☐ Initial Report

☒ Final Report

|  |   |
|--|---|
| Name of Company: <b>Jalapeno Corporation</b>         | Contact: <b>Harvey E. Yates, Jr. or Jun Barrack</b> |
| Address: <b>P.O. Box 1608; Albuquerque, NM 87103</b> | Telephone No.: <b>505-242-2050</b>                  |
| Facility Name: <b>Louise Yates State #4 Well</b>     | Facility Type: <b>Water Disposal Well</b>           |

|   |   |                          |
|---|---|--------------------------|
| Surface Owner: <b>State Land Office</b> | Mineral Owner: <b>State Land Office</b> | Lease No: <b>VA 2401</b> |
|---|---|--------------------------|

30 00563380

**LOCATION OF RELEASE**

|                         |                     |                        |                      |                              |                                  |                              |                               |                         |
|-------------------------|---------------------|------------------------|----------------------|------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------|
| Unit Letter<br><b>F</b> | Section<br><b>7</b> | Township<br><b>9-S</b> | Range<br><b>28-E</b> | Feet from the<br><b>2310</b> | North/South Line<br><b>North</b> | Feet from the<br><b>2310</b> | East/West Line<br><b>East</b> | County<br><b>Chaves</b> |
|-------------------------|---------------------|------------------------|----------------------|------------------------------|----------------------------------|------------------------------|-------------------------------|-------------------------|

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

**NATURE OF RELEASE**

|  |  |   |
|--|--|---|
| Type of Release: <b>Oil &amp; Water</b>  | Volume of Release: <b>20 bbls of oil &amp; 140s bbl of water</b>   | Volume Recovered<br><b>0</b>                            |
| Source of Release: <b>Gun Barrel &amp; water tank</b>  | Date and Hour of Occurrence: <b>Unknown</b>  | Date & Hour of Discovery<br><b>Afternoon of 5/14/08</b> |
| Was Immediate Notice Given?<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? <b>OCD Artesia Office by urgent fax a short time after notice from field was given to office.</b> |   |
| By Whom? <b>Jun Barrack</b>  | Date and Hour: <b>5/16/08 4:51 p.m.</b>  |   |
| Was a Watercourse Reached?<br><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 \*

**A heavy wind tore apart the water leg on the gun barrel at the Louise Yates State #4 water disposal well & strew it about the location. This released water & some oil from the gun barrel & tank. Estimated oil: 20bbls. Estimated water: 140bbls**

Describe Area Affected and Cleanup Action Taken.\*

**Area affected: Primarily within the firewall. Some escaped to location. Heavy rain spread the escaped fluid. Clean up Action: Dug up soil where affected & tore down the firewall in the process. Rebuilt firewall. Covered area within firewall with plastic & then put gravel on top of that. Hauled soil to Gandy-Marley Waste Disposal Site. Rebuilt water leg.**

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.

|   |   |                             |
|---|---|-----------------------------|
| <b>Jalapeno Corporation</b>               | <b>OIL CONSERVATION DIVISION</b>                  |                             |
| Signature: <i>Harvey Yates, Jr.</i>       | Approved by District Supervisor: <i>T. Ambush</i> |                             |
| Printed Name: <b>Harvey E. Yates, Jr.</b> | Approval Date: <b>5/23/08</b>                     | Expiration Date: <b>N/A</b> |
| Title: <b>President</b>                   | Conditions of Approval: <b>N/A</b>                |                             |
| E-mail Address:                           | Attached <input type="checkbox"/> <b>N/A</b>      |                             |
| Date: <b>5/23/08</b>                      | Phone: <b>505-242-2050</b>                        |                             |

\* Attach Additional Sheets If Necessary