

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENTCons. DIV-Dist. 2  
1301 W. Grand Avenue  
Artesia, NM 88210FORM APPROVED  
OME No. 1004-0137  
Expires March 31 2007

## 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.

## SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1 Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5 Lease Serial No NM 12557
2 Name of Operator JALAPENO CORPORATION		6 If Indian, Allottee or Tribe Name N/A
3a Address P.O. Box 1608, Albuquerque, NM 87103	3b Phone No. (include area code) 505-242-2050	7 If Unit or CA/Agreement, Name and/or No N/A
4 Location of Well (Footage Sec., T., R., M., or Survey Description) 330' FWL & 990' FWL, Sec. 7, T-9S, R-28E		8 Well Name and No DUNCAN FEDERAL #2 & #3
		9 API Well No 30-005-62235, 30-005-63564
		10 Field and Pool, or Exploratory Area WOLFE LAKE SAN ANDRES
		11 County or Parish, State CHAVES COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<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 checked="" type="checkbox"/> Other Disposal of Produced Water
	<input type="checkbox"/> Change Plans	<input 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 recompleat 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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

WATER IS DISPOSED OF IN TWO METHODS:

FIRST, WHEN DISPOSAL WELL CAPACITY ALLOWS, WATER IS PUMPED DOWN DISPOSAL WELL AT THE LOUISE VATES STATE #4 WELL.

IF CAPACITY OF WELL DOES NOT ALLOW USE OF DISPOSAL WELL, THE WATER IS TRUCKED OFF LOCATION BY COMMERCIAL HAULER (SEE ATTACHED WATER PRODUCTION &amp; DISPOSAL INFORMATION FORM AND PRODUCTION WATER ANALYSIS REPORT FOR FURTHER DETAILS).

Accepted for record  
NMOCB  
RJ 3/18/10SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed) JUN BARRACK		Title OIL AND GAS OPERATIONS ASSOCIATE
Signature Jun Barrack		Date 1/15/10

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /S/ DAVID R. GLASS	Title PETROLEUM ENGINEER	JAN 25 2010
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 ROSWELL FIELD OFFICE

If Capacity Of Well Does Not Allow Use Of Disposal Well, Water Is Trucked By Jim's Waterservice Of New Mexico To The Hanson Water Disposal Facility Under New Mexico Oil Conservation Division Order No. R-9420.

any person knowingly and willfully to make to any department or agency of the United States any false statement or to withhold any material within its jurisdiction.

## WATER PRODUCTION & DISPOSAL INFORMATION

In order to process your disposal request, the following information must be completed:

1. Name of formation producing water on lease. Wolf Lake, San Andres  
\_\_\_\_\_
2. Amount of water produced from all formations in barrels per day. From 4/09 – 9/09  
the Duncan Fed #2-#3 Tank Battery produced approximately 43bbl of water per day.
3. Attach a current water analysis of produced water from all zones showing at least the total dissolved solids, pH and the concentration of chlorides and sulfates (One sample will suffice if water is commingled) See attached water analysis report
4. How water is stored on lease. Water is stored in a 210bbl Fiberglass Water Tank at the Duncan Fed. #2-#3 tank battery.
5. How water is moved to the disposal facility. By pipeline
6. Disposal Facility:
  - A. Facility Operator name: Jalapeno Corporation
  - B. Name of facility or well name and number: Louise Yates State #4
  - C. Type of facility or well (WDW) (WIW) etc.. Salt Water Disposal (WDW)
  - D. Location: F-07-09S-28E 2310 FNL & 2310 FWL

Submit to this office, 2909 W Second St. Roswell, NM 88201, the above required information on a Sundry Notice 3160-5. Submit 1 original and 5 copies, with the abatement period (This form may be used as an attachment to the Sundry Notice).

Analytical Laboratory Report for:  
**JALAPENO CORPORATION**



BJ Chemical Services  
Account Representative:  
Richard D Nailon

## Production Water Analysis

Listed below please find water analysis report from: Duncan Federal, 2

Lab Test No: 2010102663      Sample Date: 01/01/2010  
Specific Gravity: 1.158

TDS: 243162  
pH: 6.05

Cations:	mg/L	as:
Calcium	3690	(Ca <sup>++</sup> )
Magnesium	679	(Mg <sup>++</sup> )
Sodium	113500	(Na <sup>+</sup> )
Iron	6.02	(Fe <sup>++</sup> )
Potassium	913.0	(K <sup>+</sup> )
Barium	1.38	(Ba <sup>++</sup> )
Strontium	43.00	(Sr <sup>++</sup> )
Manganese	0.90	(Mn <sup>++</sup> )
Anions:	mg/L	as:
Bicarbonate	1379	(HCO <sub>3</sub> <sup>-</sup> )
Sulfate	3650	(SO <sub>4</sub> <sup>=</sup> )
Chloride	119300	(Cl <sup>-</sup> )
Gases:		
Carbon Dioxide	350	(CO <sub>2</sub> )
Hydrogen Sulfide	34	(H <sub>2</sub> S)

JALAPENO CORPORATION  
 DUNCAN FEDERAL #2 & 3 Tank Battery  
 Lease No.: NM 12557  
 330' FSL & 990' FWL  
 Sec. 7, T9S, R28E  
 Chaves, New Mexico

North →

**THE SITE SECURITY PLAN IS LOCATED AT:**

JALAPENO CORPORATION  
 1429 CENTRAL NW  
 ALBUQUERQUE, NEW MEXICO 87104

→ Direction of Flow

(P1) Production Valve

(S1) Sales Valve

(E1) Equalizing Valve

(BSW) BS&W Valve

(F) Fill Line

(O) Oil Line

(G) Gas Line

(W) Water Line

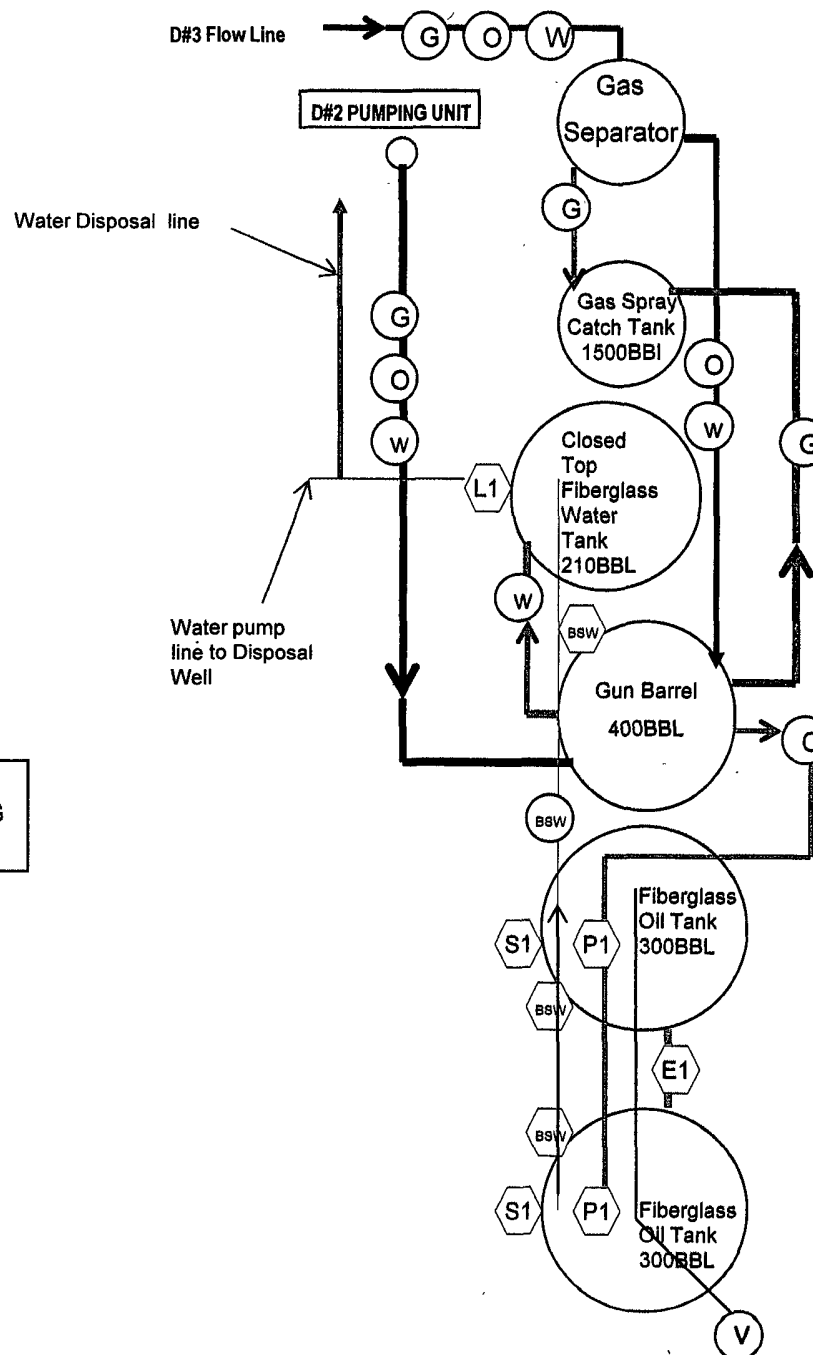
(V) Vent Valve

(P1) Load Line

(BSW) BS&W Line

**PRODUCTION LINES VALUES**  
 SEALED OPEN WHILE PRODUCING  
 SEALED CLOSED DURING SALES

**SALES LINES VALUES**  
 SEALED CLOSED WHILE PRODUCING  
 OPEN DURING SALES



**BUREAU OF LAND MANAGEMENT**  
**Roswell Field Office**  
**2909 West Second Street**  
**Roswell, New Mexico 88201**  
**575-627-0272**

**Disposal of Produced Water From Federal Wells**  
**Conditions of Approval**

Approval of the produced water disposal methodology is subject to the following conditions of approval:

1. This agency shall be notified of any change in your method or location of disposal.
2. Compliance with all provisions of Onshore Order No. 7.
3. This agency shall be notified of any spill or discharge as required by NTL-3A.
4. This agency reserves the right to modify or rescind approval whenever it determines continued use of the approved method may adversely affect the surface or subsurface environments.
5. Any on-lease open top storage tanks shall be covered with a wire screen to prevent entry by birds and other wildlife.
6. This approval should not constitute the granting of any right-of-way or construction rights not granted by the lease instrument.
7. If water is transported via a pipeline that extends beyond the lease boundary, then you need to submit within 30 days an application for right-of-way approval to the Realty Section in this office for wells in Chaves or Roosevelt County if you have not already done so.