

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTCons. Div-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210FORM APPROVER
OMF No. 1004-037
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
☒ Oil Well ☐ Gas Well ☐ Other

2 Name of Operator JALAPENO CORPORATION

3a Address
P.O. Box 1608, Albuquerque, NM 871033b Phone No. (include area code)
505-242-2050

4 Location of Well (Footage Sec., T., R. M., or Survey Description)

330' FWL & 990' FWL,
Sec. 7, T-9S, R-28E5 Lease Serial No.
NM 125576 If Indian Allottee or Tribe Name
N/A7 If Unit or Co-Agreement, Name and/or No.
N/A8 Well Name and No.
DUNCAN FEDERAL #2 & #39 API Well No.
30-005-62235, 30-005-6356410 Field and Pool, or Exploratory Area
WOLFE LAKE SAN ANDRES11 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 YATES 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 & DISPOSAL INFORMATION FORM AND PRODUCTION WATER ANALYSIS REPORT FOR FURTHER DETAILS).

Accepted for record

NMOC

RI 3/18/10

SEE ATTACHED FOR
CONDITIONS OF APPROVAL14 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.

I, any person knowingly and willfully to make to any department or agency of the United States matter 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 ⁺⁺)
Magnesium	679	(Mg ⁺⁺)
Sodium	113500	(Na ⁺)
Iron	6.02	(Fe ⁺⁺)
Potassium	913.0	(K ⁺)
Barium	1.38	(Ba ⁺⁺)
Strontium	43.00	(Sr ⁺⁺)
Manganese	0.90	(Mn ⁺⁺)
Anions:	mg/L	as:
Bicarbonate	1379	(HCO ₃ ⁻)
Sulfate	3650	(SO ₄ ⁻)
Chloride	119300	(Cl ⁻)
Gases:		
Carbon Dioxide	350	(CO ₂)
Hydrogen Sulfide	34	(H ₂ S)

JALAPENO CORPORATION

DUNCAN FEDERAL #2 & 3 Tank Battery

Lease No.: NM 12557

330' FSL & 990' FWL

Sec. 7, T9S, R28E

Chaves, New Mexico

THE SITE SECURITY PLAN IS LOCATED AT:

JALAPENO CORPORATION

1429 CENTRAL NW

ALBUQUERQUE, NEW MEXICO 87104

North →

→ 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

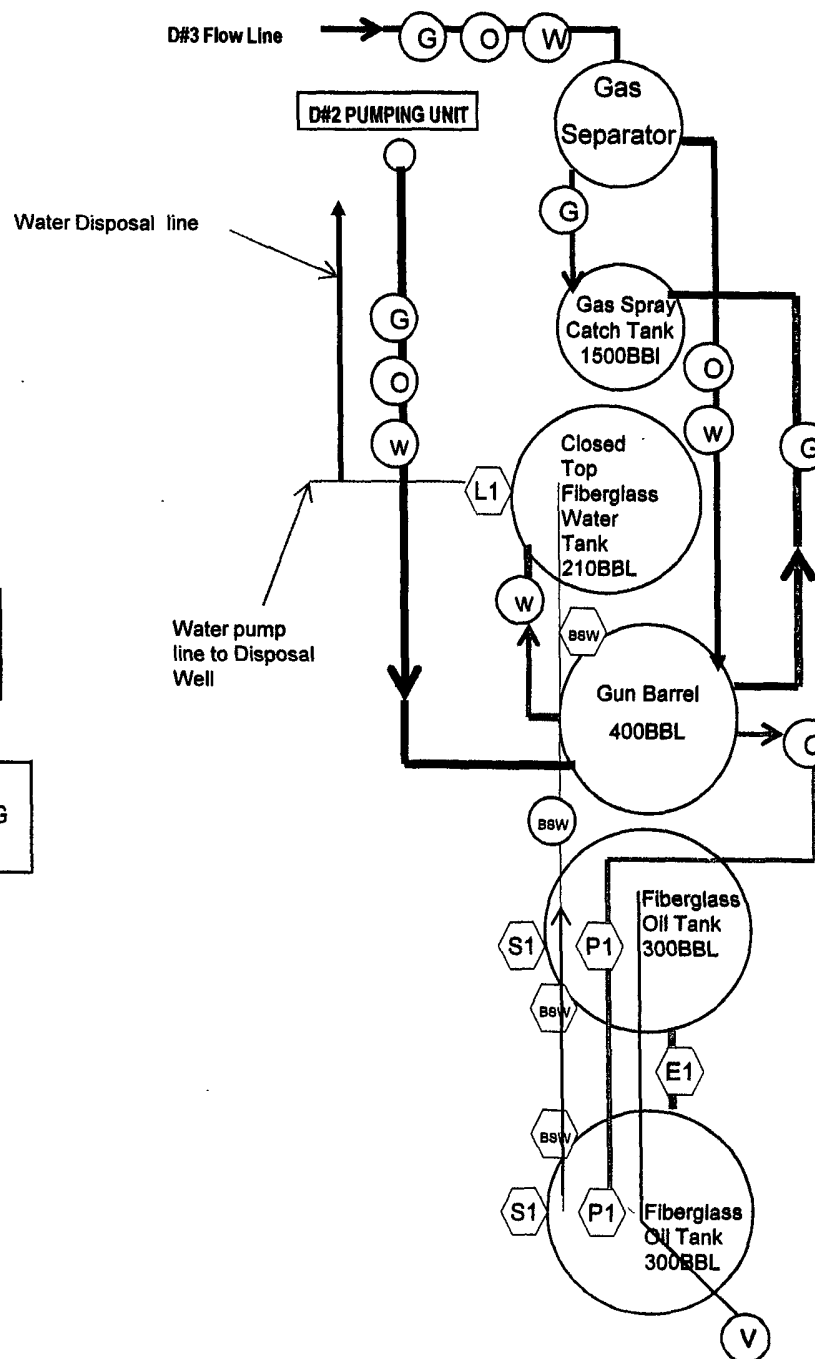
(V) Vent Valve

(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.