

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

Form C-101

May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Jalapeno Corporation - PO Box 1608 - Albuquerque, NM 87013		OGRIID Number 26307
Property Code 28049-35004	Property Name Scrounger State	API Number 30-005-63762
Proposed Pool 1 Wolf Lake - San Andres, South- 65075		Well No. 1
Proposed Pool 2		

7 Surface Location									
UL or lot no. A	Section 13	Township 9-S	Range 27-E	Lot Idn	Feet from the 412	North/South line NORTH	Feet from the 330	East/West line EAST	County CHAVES

8 Proposed Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information				
11 Work Type Code N	12 Well Type Code O	13 Cable/Rotary C	14 Lease Type Code S	15 Ground Level Elevation 3877
16 Multiple	17 Proposed Depth 2400'	18 Formation San Andres	19 Contractor South East Drilling	20 Spud Date 07/15/05
Depth to Groundwater 175' - 200'		Distance from nearest fresh water well East Wind Mill Well approx. 1/2 mile		Distance from nearest surface water White Tank Watering Reservoir approx. 1 & 1/5 miles
Pit: Liner: Synthetic ☒ 20 mils thick Clay ☐ Pit Volume: 1900 bbls Closed-Loop System ☐ Drilling Method: CABLE TOOL Fresh Water ☒ Brine ☐ Diesel/Oil-based ☐ Gas/Air ☐				

21 Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
* 12 1/4	8 5/8	23#	415'	Circulate	Surface
7 7/8	5 1/2"	17#	2400	200 SX	1900'

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

* Fresh Water Mud or Air only
We propose to drill this well using a cable tool rig to an estimated TD of 2400' to test the Slaughter Zone of the San Andres. If the well is productive, we will complete it by running & cementing 5 1/2" 17# casing. If it is not productive, we will plug it following required plugging procedures. The blowout prevention program: Henderlite Control Head. No abnormal temperatures or pressures are expected.

See attached for Hydrogen Sulfide Contingency Per Rule 118.

Tie back to 8 5/8" casing B&D

23 I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☒, a general permit ☐, or an alternative OCD-approved plan.

Printed name: **Harvey E Yates Jr.**
Title: **President**
Date: **6/21/05**
Phone: **(505) 242-2050**

OIL CONSERVATION DIVISION	
Approved by:	Jim W. Green
Title:	District II Supervisor
Approval Date:	AUG 15 2005
Expiration Date:	AUG 15 2006
Conditions of Approval Attached ☐	

Hydrogen Sulfide Contingency Per Rule 118

**Scrounger State #1
T9-S R 27-E S 13
Chaves County**

In accordance with the rules and procedures detailed in Rule 118, it has been determined that the H₂S level present at the above-mentioned site does not exceed 100 ppm at this time, nor do we expect it to exceed that level on the location during drilling operations. However, during drilling the following protective measures shall be implemented by the operator to address this issue:

- The pumper and drill crew shall be issued gas masks which are appropriate for escape in the event of discharge.
- The cable tool rig utilized in this operation shall be oriented so the prevailing wind would carry away from the rig floor any discharge, and when practical, location of tank batteries will also be so situated.
- Signage shall be placed onsite which alerts the public to the possible presence of Hydrogen Sulfide gas.
- A directional wind indicator shall be placed on site.
- The drill site shall have a gas detection device, Industrial Scientific Model ITX Monitor Model LEL, placed near the pit downwind from the borehold. The detector will have an alarm sufficient in sound level to alert the crew to the presence of gas.
- The drill crew will have a cell phone.

The following site conditions have been noted which affect the application of hazard mitigation in this circumstance:

- The site though next to an El Paso Pipeline road is not proximate to any public road.
- The site is generally flat, with no areas in which gas is likely to settle.

DISTRICT I
1625 N. FRANKLIN DR., BOHETS, NM 87040

DISTRICT II
1901 W. GRAND AVENUE, ALBUQUERQUE, NM 87210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-		Pool Code 65075	Pool Name Wolf Lake - San Andres, South	☐ AMENDED REPORT
Property Code 28049	Property Name SCROUNGER STATE			Well Number 1
OGRID No. 26307	Operator Name JALAPENO CORPORATION			Elevation 3877'

Surface Location									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	13	9-S	27-E		412	NORTH	330	EAST	CHAVES

Bottom Hole Location If Different From Surface									
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
-----------------------	-----------------	--------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

GEODETIC COORDINATES
NAD 27 NME

Y=923673.8 N
X=559349.0 E

LAT.=33°32'20.41" N
LONG.=104°08'18.81" W

OPERATOR CERTIFICATION

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

Jalapeno Corporation

Signature
Harvey E. Yates Jr.

Printed Name
President

Title
6/21/05
Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown
on this plat was plotted from field notes of
actual surveys made by me or under my
supervision, and that the same is true and
correct to the best of my belief.

JUNE 6, 2005

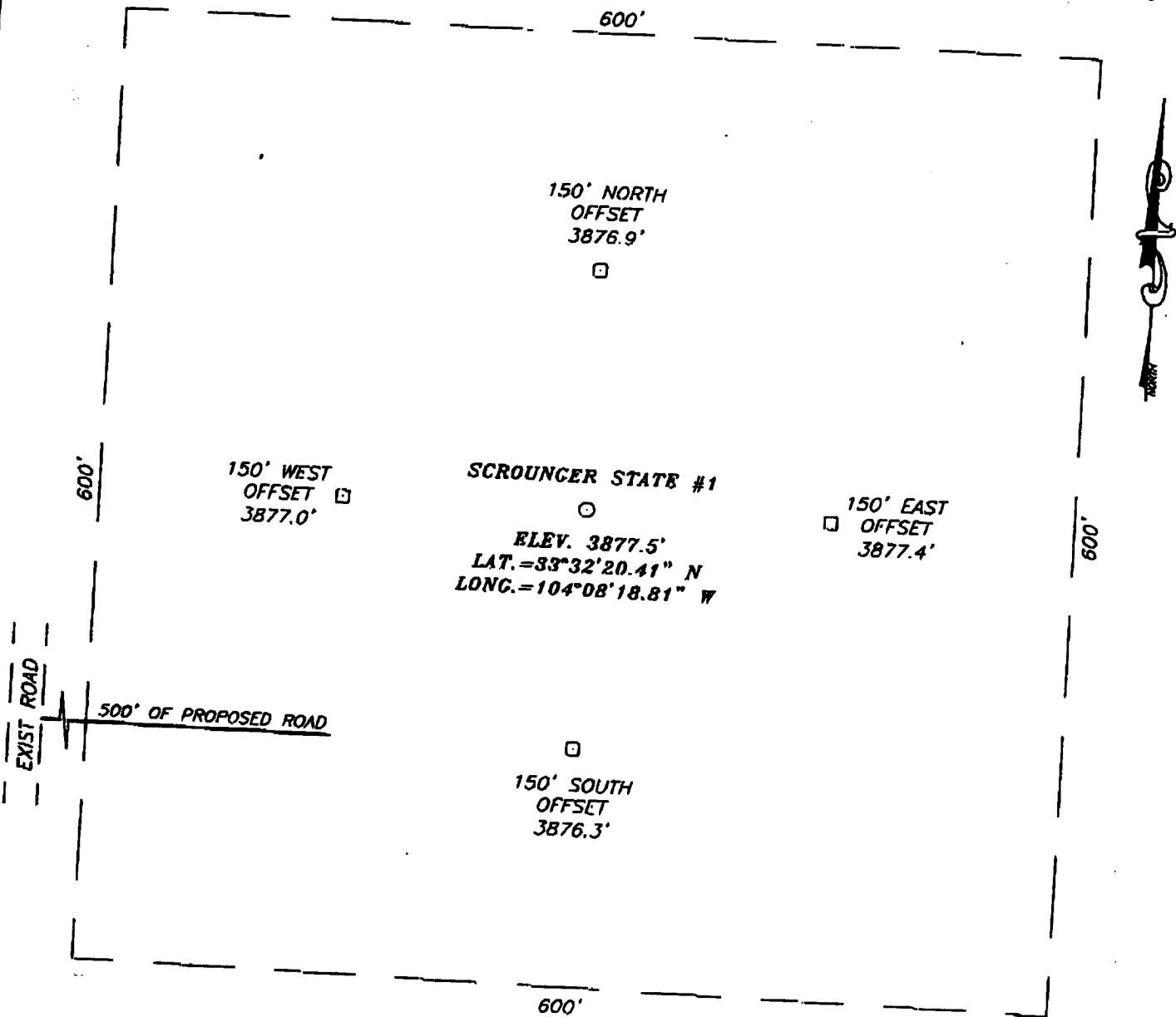
Date Surveyed
Signature of Surveyor
Professional Surveyor

NEW MEXICO
Professional Surveyor

6/13/05
05.11.085

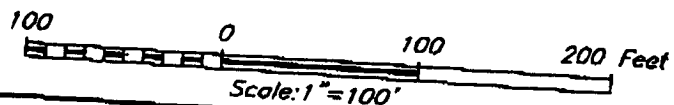
Certificate No. GARY EDGEMAN 12841

SECTION 13, TOWNSHIP 9 SOUTH, RANGE 27 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF ST. HWY. #380 AND PONDEROSA RD., GO NORTH ON PONDEROSA RD. FOR APPROX. 11.3 MILES TO AN EL PASO PIPELINE ROAD. TURN RIGHT (SE) AND GO APPROX. 1.6 MILES. TURN RIGHT (SOUTH) AND GO APPROX. 0.1 MILES TO A PROPOSED ROAD SURVEY ON THE RIGHT. FOLLOW PROPOSED ROAD SURVEY EAST FOR APPROX. 472' TO THIS LOCATION.



JALAPENO CORPORATION

SCROUNGER STATE #1 WELL
 LOCATED 412 FEET FROM THE NORTH LINE
 AND 330 FEET FROM THE EAST LINE OF SECTION 13,
 TOWNSHIP 9 SOUTH, RANGE 27 EAST, N.M.P.M.,
 CHAVES COUNTY, NEW MEXICO.

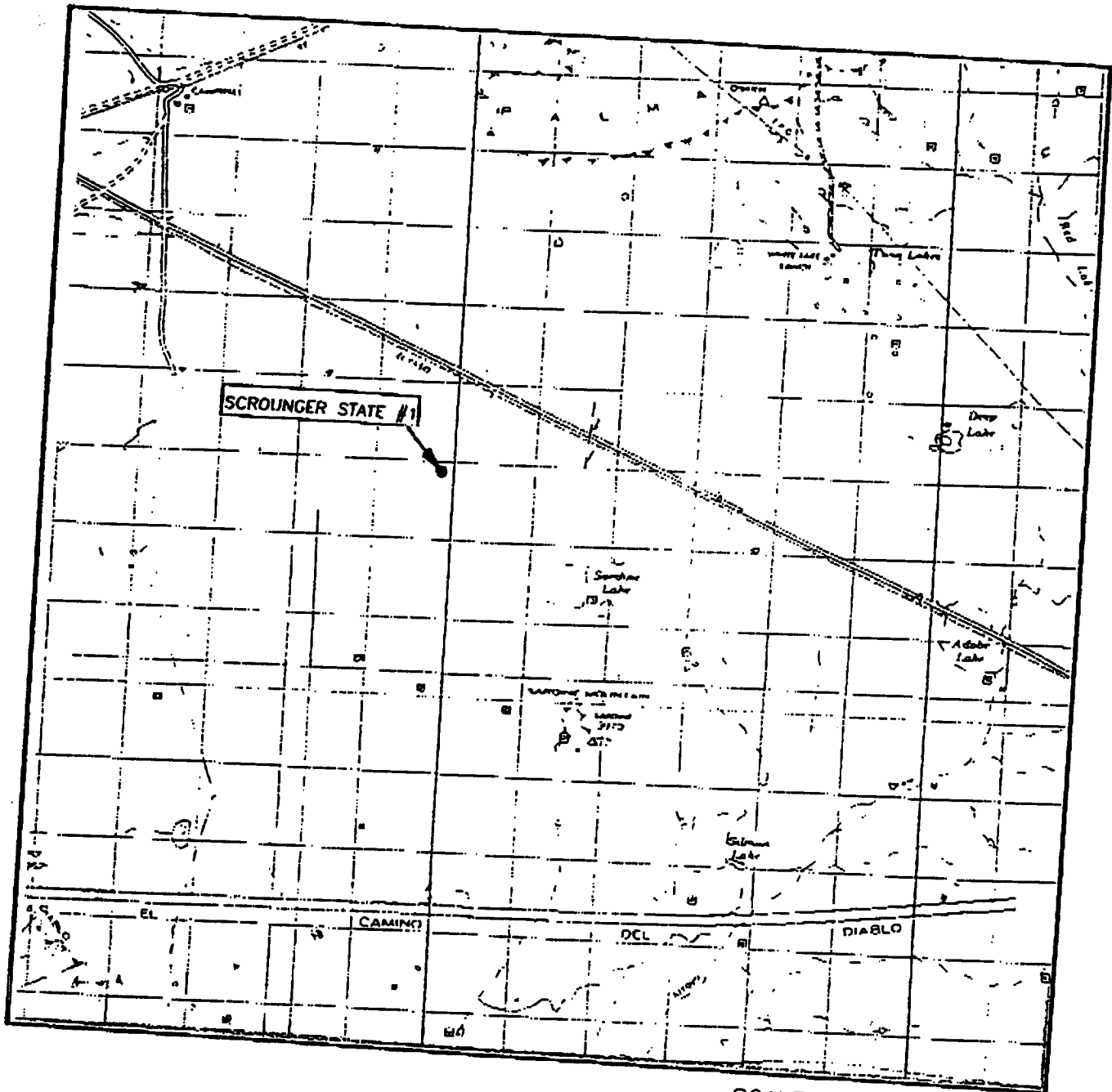
Survey Date: 06/06/05	Sheet 1 of 1 Sheets
W.O. Number: 05.11.0855	Dr By: J.R.
Date: 06/08/05	Rev 1: N/A

PROVIDING SURVEYING SERVICES
 SINCE 1940

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO
 HOBBS, N.M. 88240
 (505) 383-3117

VICINITY MAP

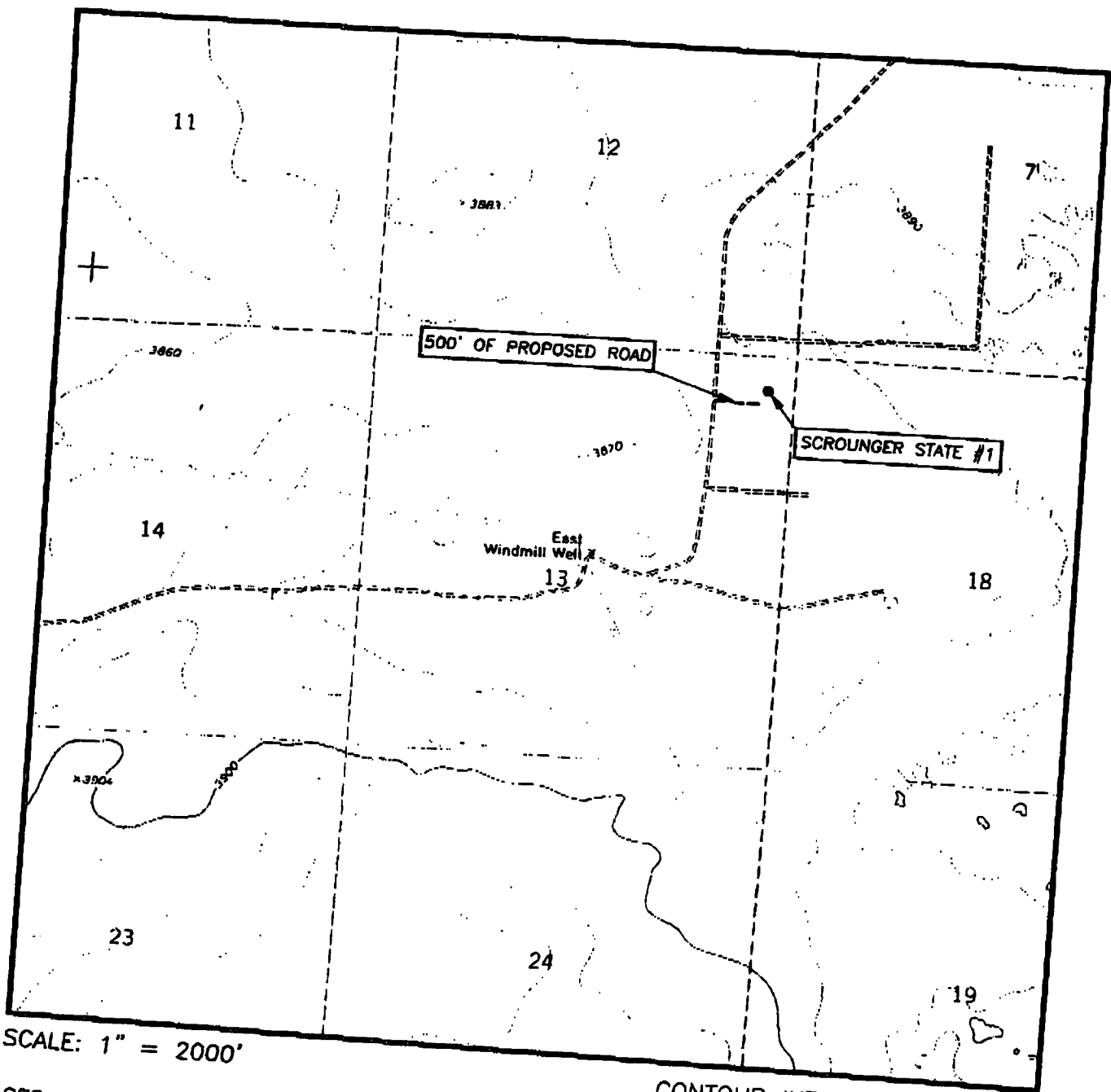


SCALE: 1" = 2 MILES

SEC. 13 TWP. 9-S RGE. 27-E
 SURVEY N.M.P.M.
 COUNTY CHAVES
 DESCRIPTION 412' FNL & 330' FEL
 ELEVATION 3877'
 OPERATOR JALAPENO CORPORATION
 LEASE SCROUNGER STATE

PROVIDING SURVEYING SERVICES
 SINCE 1946
JOHN WEST SURVEYING COMPANY
 412 N. DAL. PASO
 HOBBS, N.M. 88240
 (505) 353-3117

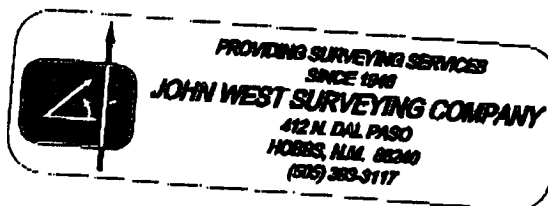
LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
CAMPBELL, N.M. - 10'

SEC. 13 TWP. 9-S RGE. 27-E
 SURVEY N.M.P.M.
 COUNTY CHAVES
 DESCRIPTION 412' FNL & 330' FEL
 ELEVATION 3876'
 OPERATOR JALAPENO CORPORATION
 LEASE SCROUNGER STATE
 U.S.G.S. TOPOGRAPHIC MAP
 CAMPBELL, N.M.



Jalapeño Corporation
P.O. Box 1608
Albuquerque, NM 87103-1608
Phone: (505) 242-2050 Fax: (505) 242-8501

Post-it™ Fax Note	7671	Date	# of pages ▶
To	From		
Co./Dept.	Co.		
Phone #	Phone #		
Fax #	Fax #		

Attn: Bryan
8 pages

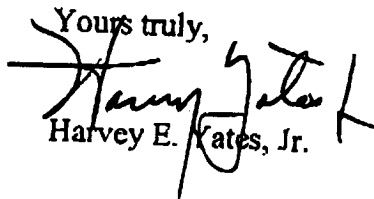
June 21, 2005

Oil Conservation Division
1301 W. Grande Avenue
Artesia, NM 88210

RE: Scrounger State #1 Application to Drill

Ladies and Gentlemen:

Enclosed please find an application to drill the Scrounger State #1 in Chaves, County. As you will note from the application, we intend to drill this well with a cable tool rig. However, we are presently experiencing difficulty procuring cable tool drilling crews, and if this problem persists, we may elect to drill this well with an air rotary rig to approximately 2200' and then drill the pay with a cable tool rig when a crew becomes available. If we do elect the air rotary option, we will file a Sundry Notice containing the necessary revised information related to such matters as blow out prevention, pit size, etc. If we should handle this otherwise, please advise us.

Yours truly,

Harvey E. Yates, Jr.

HEY:jlmm