

District II
1301 W. Grand Ave., Artesia, NM 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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|--|--|--|
| | | WELL API NO. 30-005-63564 30-005-63780 |
| | | 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| | | 6. State Oil & Gas Lease No. |
| SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.) | | 7. Lease Name or Unit Agreement Name Louise Yates State #4 |
| 1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> | | 8. Well Number |
| 2. Name of Operator Jalapeno Corporation | | 9. OGRID Number 026307 |
| 3. Address of Operator PO Box 1608, Albuquerque, NM 87103 | | 10. Pool name or Wildcat Wolf Lake San Andres, South |
| 4. Well Location F Unit Letter 2310 feet from the North line and 2310 feet from the West line Section 07 Township 09S Range 28E NMPM Chaves County | | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) | | |

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| 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data | | | |
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: Follow up regarding injection into well <input checked="" type="checkbox"/> | |

1. History regarding Louise Yates State 4 water disposal.

- The application to convert the well to a water disposal well was approved on March 31, 2004.
- The requirements precedent to commencing injection with the well were completed on October 24, 2003 and a form C-103 dated October 31, 2003 was filed with the OCD on November 3, 2003 and approved on November 12, 2003.
- The Artesia OCD office was notified that the actual injection into the well would not commence until the BLM approved an easement to construct a water disposal pipeline and the pipeline completed.
- The BLM authorized construction of the pipeline on 03/29/04
- Pipeline construction was completed on June 15, 2004
- In June 160 bbls of water were disposed of in this well and will be reported on July 15, 2004.

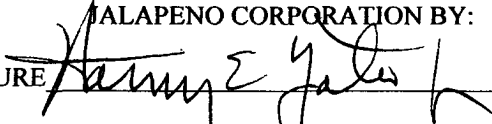
2. This filing is made to:

- Give notice that injection into the wells has commenced; and
- To state that the water is being gravity fed into the well and is operating well under the pressure limits specified by Administrative Order SWD-876. If it becomes necessary to pump the water in order to dispose of it, District II, Artesia OCD will be notified prior to use of an injection pump.

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

JALAPENO CORPORATION BY:

SIGNATURE



TITLE

PRESIDENT

DATE 7/09/2004

Type or print name Harvey E. Yates, Jr.

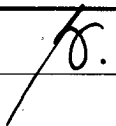
E-mail address:

Telephone No. (505) 242-2050

(This space for State use)

Accepted for record - NMOCD

APPROVED BY



TITLE

DATE

JUL 15 2004

Conditions of approval, if any: