

OPERATOR'S COPY

Form 3160-4
(April 2004)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

1a. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Dry <input type="checkbox"/> Other		5. Lease Serial No. NM-12557
b. Type of Completion: <input checked="" type="checkbox"/> New Well <input type="checkbox"/> Work Over <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Diff. Resvr., Other _____		6. If Indian, Allottee or Tribe Name
2. Name of Operator JALAPENO CORPORATION		7. Unit or CA Agreement Name and No.
3. Address PO BOX 1608 ALBUQUERQUE NM 87103		8. Lease Name and Well No. DUNCAN FEDERAL #3
3a. Phone No. (include area code)		9. AFI Well No. 30-00563564
4. Location of Well (Report location clearly and in accordance with Federal requirements)* At surface SEC 07 T-9S R-28E 330' FSL 330' FWL At top prod. interval reported below SAME At total depth SAME		10. Field and Pool, or Exploratory WOLF LAKE SAN ANDRES S
14. Date Spudded 11/08/2003		11. Sec., T., R., M., on Block and Survey or Area
15. Date T.D. Reached 05/07/2004		12. County or Parish CHAVES
16. Date Completed <input type="checkbox"/> D & A <input checked="" type="checkbox"/> Ready to Prod.		13. State NM
17. Elevations (DF, RKB, RT, GL)* 3879 GL		

18. Total Depth: MD 2213' TVD	19. Plug Back T.D.: MD 2286' TVD	20. Depth Bridge Plug Set: MD NONE TVD
21. Type Electric & Other Mechanical Logs Run (Submit copy of each) SPEC DEN, DUAL SPEED NEUTRON, HI RES INDUCTION & CEMENT BO		22. Was well cored? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Was DST run? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit report) Directional Survey? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
12 1/4	8 5/8	28	Surface	549'	Circulated	470 Hal Prem		Surface	84 Sx
7 7/8	5 1/2	17	Surface	2307'		180		1350'	None

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2 3/8	2243'	None	n/a	n/a	n/a	n/a	n/a	n/a

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) San Andres	1570	N/K				
B) San Andres Slaughter	2203	N/K	2217-2278		31	Open
C)						
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

Depth Interval	Amount and Type of Material
17 Holes 2245-2278	4250 gal 20% HCL
14 Holes from 2217-2228.5	2800 Gal 20% HCL

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Cwt. API	Gas Gravity	Production Method
06/24/2004	07/02/2004	24	→	180	N/K	45	22	N/K	Pump
Choke Size 6/64	Tbg. Press. Flwg. SI	Csg. Press. 200	24 Hr. Rate →	Oil BBL 180	Gas MCF N/K	Water BBL 45	Gas/Oil Ratio 22	Well Status	Pumping

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Cwt. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

*(See instructions and spaces for additional data on page 2)

JUL 15 2004
ARMANDO A. LOPEZ
PETROLEUM ENGINEER

RECEIVED

JUL 28 2004

OGD-ARTESIA

MANAGEMENT
JUL 15 2004
ADVISOR

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Vented

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top Meas. Depth
Alluvial	160'	165'	Sand-Fresh Water	B/Alluvium T/Yates Queen	330' 446' 1100'
San Andres	2214'	2230'	Dolomite-Oil	San Andres	1620'
San Andres	2245'	2252'	Dolomite-Oil	San Andres P1 of Slaughter	2203'
San Andres	2272'	2278'	Dolomite-Oil		

32. Additional remarks (include plugging procedure):

33. Indicate which items have been attached by placing a check in the appropriate boxes:

- ☒ Electrical/Mechanical Logs (1 full set req'd.) ☐ Geologic Report ☐ DST Report ☐ Directional Survey
☐ Sundry Notice for plugging and cement verification ☐ Core Analysis ☐ Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) Jalapeno Corporation - Harvey E Yates Jr

Title President

Signature

Harvey E. Yates Jr

Date

7/2/04

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

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

July 21, 2004

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
Artesia District
130 W. Grand Ave
Artesia, NM 88210

RECEIVED
JUL 28 2004
OCD-ARTESIA

Attn.: Mr. Brian Arrant

RE: Duncan Federal #3- Additional Information

Dear Brian,

Yesterday you talked to John Barbee about information lacking on the Duncan Federal #3. I trust that the enclosed sundry notice supplies the additional information you listed. If not, please call. We have enclosed copies of logs for the OCD in addition to those earlier supplied to the BLM.

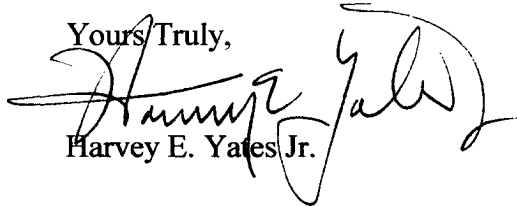
In regard to the logs and the deviation survey please note the following:

1) On the BLM form 3160-4, an approved copy of which I enclose, only one copy of the logs is required. Thus, we have submitted only one copy. Before, July 2, when we sent to the OCD Form C-104 (Request for Allowable), we looked for instructions on the form, or requirements otherwise, that we file logs directly with the OCD in addition to those filed with the BLM. We could not find any such instructions or requirements. If the OCD wants a set of logs filed directly to it from the Operator of a Federal lease, I suggest that the instructions for the Form C-104, or the Form itself, indicate that.

2) On BLM Form 3160-4 at 22 where a directional survey is referenced, we wrote, "Note: Cable Tool Hole". As you are probably aware, one could not drill a directional hole with a cable tool, even if one tried to do so. Further, because there is no drill pipe in the hole, during a cable tool operation, there is no way to run the standard deviation survey.

3) It has been our understanding that forms and related material filed by an Operator to the BLM, are sent by the BLM to the OCD. If this has changed and an Operator is to file Federal forms concurrently with both the BLM and OCD, we would appreciate being informed of this change.

Thank you for your assistance.

Yours Truly,

Harvey E. Yates Jr.