

N.M. Oil Cons. DIV-Dist. 2
1001 W. Grand Avenue
Alameda, NM 88210
 UNITED STATES
 DEPARTMENT OF THE INTERIOR
 BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB 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		RECEIVED FEB 08 2006 BUD-ARIZONA
2. Name of Operator Jalapeno Corporation		
3a. Address P.O. Box 1608, Albuquerque, NM 87103		3b. Phone No. (include area code) 505-242-2050
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Section 18, Twp 9S, R28E 330' Fnl & 2310 FWL		
5. Lease Serial No. NM-12557		
6. If Indian, Allottee or Tribe Name N/A		
7. If Unit or CA/Agreement, Name and/or No. N/A		
8. Well Name and No. Duncan Federal #10		
9. API Well No. 30-005-63777		
10. Field and Pool, or Exploratory Area Wolfe Lake San Andres South		
11. County or Parish, State Chaves County		

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 Intermediate
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Drilling Report
	<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 recomplete 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 recompletion 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.)

Drilled well to 2301 with air rotary rig (1/8/06) and moved rig off location in order to move cable tool rig onto location pursuant to plans.

Shut down waiting on cable tool rig and crew.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Harvey E. Yates, Jr.

Title President

Signature

Harvey Yates

Date 1/31/06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by **DAVID E. CLINE**

Title

Date

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

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.

(Instructions on page 2)