

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

February 2, 2006

Oil Conservation Division, Artesia
1301 W. Grand
Artesia, NM 88210

RE: Louise Yates State #3
Well API NO. 30-005-63657
S. 7, T. 9S, R. 28E
Chaves, County

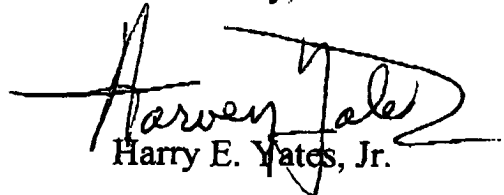
Ladies and Gentlemen:

Yesterday I filed a Sundry Notice related to the subject well advising the OCD that surface casing would likely be cemented either Friday evening or Saturday morning of this week.

However, United Drilling advised us this morning that the driller had suffered a medical problem and consequently drilling would be stopped until next week.

We will notify you once we know the date and time the surface pipe will be cemented.

Yours truly,


Harry E. Yates, Jr.

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
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

Form C-103
May 27, 2004

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

WELL API NO. 30-005-63657
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA 2401
7. Lease Name or Unit Agreement Name Louise Yates State
8. Well Number 3
9. OGRID Number 26307
10. Pool name or Wildcat Wolf Lake South

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.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator
Jalapeno Corporation

3. Address of Operator
P.O. Box 1608, Albuquerque, NM 87103

4. Well Location
Unit Letter N : 330 feet from the South line and 2310 feet from the West line
Section 7 Township 9-S Range 28E NMPM County Chaves

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
3891 GR

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

RECEIVED
FEB 06 2006
OCD-MT/EDM

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"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Well Spudded <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

The well spudded this afternoon about 2:30.

We expect to run surface casing and cement the surface casing either on the afternoon of the 3rd or on the morning of the 4th. We will call the Artesia OCD office when the date and time for these activities becomes clear.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOC guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE by Harvey Yates Jr. TITLE President DATE 2/1/06

Type or print name: Harvey Yates Jr. E-mail address: personnel3@msn.com Telephone No. 505-242-2050
For State Use Only

APPROVED BY: _____ TITLE _____ DATE FEB 06 2006
Conditions of Approval (if any):
FOR RECORDS ONLY