Form 3160-5 (April 2004)

M. Cill Cons. DIV-Dist. 2

UNITED STATES 301 W. Grand Averlue DEPARTMENT OF THE INTERIOR. FORM APPROVED OM B No. 1004-0137 Expires: March 31, 2007 BUREAU OF LAND MANAGEMENT 5 Lease Serial No. NM-12557 SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill or to re-enter an If Indian, Allottee or Tribe Name abandoned well. Use Form 3160-3 (APD) for such proposals. 7. If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE- Other instructions on reverse side. 1. Type of Well Oil Well Gas Well Other Well Name and No. 2. Name of Operator Jalapeno Corporation Duncan Federal #10 API Well No. 30-005-63777 3a Address 3b. Phone No. (include area code) P.O. Box 1608, Albuquerque, NM 87103 505-242-2050 10. Field and Pool, or Exploratory Area Wolfe Lake San Andress South 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State Section 18, Twp 9S, R28E 330' FNL & 2310 FWL **Chaves County** 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION Acidize Production (Start/Resume) Water Shut-Off Deepen Notice of Intent Alter Casing Fracture Treat Reclamation Well Integrity Other Notice of casing and Casing Repair Subsequent Report New Construction Recomplete Change Plans Plug and Abandon Temporarily Abandon cementing Final Abandonment Notice Convert to Injection Plug Back 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.) On 2/24/06 ran 2383.32ft of pipe including shoe, casing packer and float valve. Of the casing 2,223.92ft were 15.5lb new 5 1/2" casing and 95.53ft were used 17lb 5 1/2" casing. The casing packer was placed at 2,309ft. On 2/25/06 cemented casing with 250 sacks of Halliburton Light Premiun Plus cement and 100 sacks of Halliburton Poz Premium Plus cement. Approximately 5 sacks of cement circulated to the surface. Casing packer was set at 2309. Top of packer is at 2299 and bottom at 2315. Well shut in at 10:00a.m. after running pressure tests on casing. ACCEPTED FOR RECORD WOC 2/26/06-2/28/06 MAR - 6 2006ALEXIS C. SWOBODA PETROLEUM ENGINEER I hereby certify that the foregoing is true and correct Name (Printed/Typed) Harvey E. Yates, Jr. Title President Signature i Date THIS SPACE FOR FEDERAL OR STATE OFFICE USE 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 Office which would entitle the applicant to conduct operations thereon. 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