

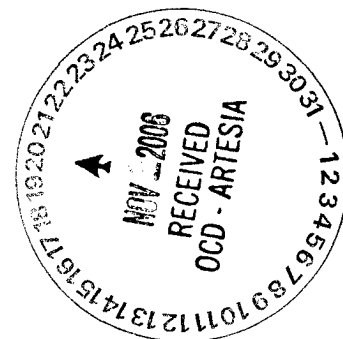


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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88202



IN REPLY REFER TO

3162.4

NM-12557

Jalapeno Corporation

Attn: Harvey E. Yates, Jr.

P. O. Box 1608

Albuquerque, NM 87103-1608

NOV 17 2005

30.005.63774

Dear Mr. Yates:

Your Application for Permit to Drill (APD), approved October 3, 2005, for the Duncan Federal Well #9, located 2145' FNL & 660' FWL, Section 18, T. 9 S., R. 28 E., Chaves County, New Mexico, Lease No. NM-12557 has expired because drilling has not commenced within one year of the approval date as stated in the General Requirements for Oil and Gas Operations on Federal Leases.

If drilling operations have commenced on the referenced well, please contact this office at (505) 627-0272 and send all necessary reports (spud, casing/cementing, etc., 1 original and 5 copies) so we may correct our records.

If the well has not been spudded, but site construction activities have occurred, please contact this office at the above telephone number for surface reclamation instructions.

If you wish to drill this well at a later date, please submit a complete application (1 original and 5 copies). Since the original APD has expired, the resubmitted APD will be subject to all the processing requirements including the 30-day posting requirement. Please note on the resubmitted APD that it was previously approved and we will review the expired file for information which will help expedite the processing.

Sincerely,

/s/ Linda A. Askwig

Linda A. Askwig
Land Law Examiner

cc: BLM-I&E (RFO)
NMOCD (Artesia)