

Form 3160-5
(April 2004)

Month - Year
MAR 21 2007
OCD - ARTESIA, NM

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

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

5. Lease Serial No.
NM 12557

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
DUNCAN FEDERAL LEASE

9. API Well No.
30.005.62901

10. Field and Pool, or Exploratory Area
WOLFE LAKE SAN ANDRES

11. County or Parish, State
CHAVES COUNTY, NM

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

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

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)

Sec. 7 & 18, T. 9 S., R. 28 E.

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input checked="" type="checkbox"/> Other Pipe line casing |
| <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | head gas |
| <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 recomplate 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.)

1. The oil wells on the Duncan Federal lease, intermitantly produce a small amount of casing head gas. This gas is sour and is unmarketable for the following reasons:

- The gas cannot be put in a standard natural gas pipeline because it is sour.
- The produced volumes of gas are too small to justify construction of a plant to eliminate the H2S.
- There is no sour gas pipeline in the area.

2. Currently the wells each have a propane tank on location. A well is started on propane but sometimes can be switched to run off the well head gas if sufficient gas is available after most or all of the fluid is evacuated from the well.

3. We propose to run a plastic 1 1/4" to 2" pipeline to each well on the Duncan lease as shown on the attached schematic. By doing this we hopefully can eliminate the need for most propane tanks as gas from producing wells is used to run engines on wells which are loaded with fluid or which produce insufficient gas to pump the well. The pipeline would run beneath the existing road right-of-way, all of which previously has had archeological surveys. The line will be buried 3 feet deep but we request authority to test the pipeline on the surface before it is buried.

4. The above plan may necessitate the installation of one or more gas separators. We are presently consulting with experts on this matter to make this determination.

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

HARVEY E. YATES, JR.

Title PRESIDENT

Jalapeno Corp. by

Signature

Harvey Yates

Date

3/1/07

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /S/ DAVID R. GLASS

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.

Title PETROLEUM ENGINEER

Date

MAR 13 2007

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)

Accepted for record - NMOCB

PROPOSED CASING HEAD GAS PIPE LINE

