

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

JUL - 5 2007
OCD-ARTESIAFORM APPROVED
OMB NO 1004-0137
Expires March 31, 2007

1a Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Dry <input type="checkbox"/> Other		5 Lease Serial No NM 100542
b Type of Completion. <input checked="" type="checkbox"/> New Well <input type="checkbox"/> Work Over <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Diff. Resvr. Other _____		6 If Indian, Allottee or Tribe Name
2 Name of Operator JALAPENO CORPORATION		7 Unit or CA Agreement Name and No
3 Address P.O. BOX 1608, ALBUQUERQUE, NM 87103		8 Lease Name and Well No PAISANO FEDERAL #1
3a Phone No. (include area code) 505-242-2050		9 AFI Well No 30-005-63840
4 Location of Well (Report location clearly and in accordance with Federal requirements)* At surface SEC. 12, T-9S, R-27E 330' FSL. & 330' FEL. At top prod. interval reported below SAME AS ABOVE At total depth SAME AS ABOVE		10 Field and Pool, or Exploratory Wolf Lake, San Andres, South
14 Date Spudded 03/23/2007		11 Sec., T., R., M., on Block and Survey or Area
15 Date T.D. Reached 04/09/2007		12 County or Parish CHAVES
16 Date Completed <input type="checkbox"/> D & A <input checked="" type="checkbox"/> Ready to Prod		13 State NM
17 Elevations (Df., R&B, R.F., GL)* 3879 GL		
18. Total Depth MD 2287 TVD	19 Plug Back I.D. MD 2245 TVD	20 Depth Bridge Plug Set MD TVD
21. Type Electric & Other Mechanical Logs Run (Submit copy of each) See attached list. (2259.5 GL)		22 Was well cored? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Was DST run? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit report) Directional Survey? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (Submit copy) by driller

23 Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt (#/ft)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No of Sks & Type of Cement	Slurry Vol (BBL)	Cement Top*	Amount Pulled
12 1/4	8 5/8	32	Surface	535	Circulated	240 Prem.+	58	Surface	32 sks
7 7/8	5 1/2	15.5	Surface	2280	2280-1610	380 Prem.+	104	1610	0
				**	1610-500	260 Prem.+	63	500 est.	0

24 Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2 3/8	2139	None	N/A	N/A	N/A	N/A		

25 Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No Holes	Perf Status
A) San Andres Slaughter	2188 GL	?	2205-2230	.51"	15	Open
B)						
C)						
D)						

27 Acid, Fracture, Treatment, Cement Squeeze, etc

Depth Interval	Amount and Type of Material
15 holes 2205-2230	3300 gallons 20% HCL

28 Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr API	Gas Gravity	Production Method
*06/20/2007	06/26/2007	24	→	44.82	N/K	44.08	22	N/K	PUMP
Choke Size 3/4	Tbg Press Flwg SI	Csg Press 40#	24 Hr Rate →	Oil BBL 44.82	Gas MCF N/K	Water BBL 44.08	Gas/Oil Ratio UNK **	Well Status	PUMPING

28a Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr API	Gas Gravity	Production Method
			→						
Choke Size	Tbg Press Flwg SI	Csg Press	24 Hr Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

*(See instructions and spaces for additional data on page 2)

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr API	Gas Gravity	Production Method
Choke Size	Tbg. Press Flwg SI	Csg Press	24 Hr Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr API	Gas Gravity	Production Method
Choke Size	Tbg. Press Flwg SI	Csg Press	24 Hr Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

29. Disposition of Cgs (Sold, used for fuel, vented, etc.)

USED TO RUN PUMP JACK

30. Summary of Porous Zones (Include Aquifers).

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc	Name	Top Meas Depth
ALLUVIAL	Sur.	420	Clay and Sand	ALLUVIAL	420
PEN ROSE	420	1070	Red beds, Shale and Sand	PEN ROSE	650
(or QUEEN)	1070	1080	Gray Sand	(or QUEEN)	10
CRANBURG	1080	1540	Red beds, Salt and Shale	CRANBURG	460
SAN ANDRES	1574	?	Limestone, Anhydrite, Dolomite & Salt	SAN ANDRES	?
Top of Slaughter	2196 KB	2268 KB	Dolomite and Gyp	Top of Slaughter	72
	(2187.5 GL.)	(2259.5 GL.)			

32. Additional remarks (include plugging procedure)

* WHILE DRILLING THE PAY & DURING COMPLETION THE WELL FLOWED APPROXIMATELY 189 BBLS OF OIL. WHICH WE RECOVERED FROM THE PIT & FRAC TANK. HOWEVER, THE DATE GIVEN HERE IS THE FIRST DAY PUMPED.

** CEMENT WAS LOST IN THE WELL & THUS WE HAD TO CEMENT THE PRODUCTION STRING TWICE. THERE WAS AN ABUNDANCE OF GAS WHEN THE PAY WAS DRILLED. HOWEVER, NOW THE WELL IS PRODUCING A NEGLIGIBLE AMOUNT OF GAS. CEMENT IN THE PAY ZONE PROBABLY PLUGGED THE GAS ZONE(S).

33. Indicate which items have been attached by placing a check in the appropriate boxes

- ☒ Electrical/Mechanical Logs (1 full set req'd)
 ☐ Geologic Report
 ☐ DST Report
 ☒ Directional Survey (by driller)
- ☐ Sundry Notice for plugging and cement verification
 ☐ Core Analysis
 ☐ Other.

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) HARVEY E. YATES, JR.

Title PRESIDENT

Signature

Date 6/26/07

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

BELOW IS A LIST OF THE LOGS SENT WITH THE WELL COMPLETION OR RECOMPLETION REPORT AND LOG FORM (3160-4) FOR THE PAISANO FEDERAL #1 WELL.

- 1. Dual Laterolog Microguard**
- 2. Gamma Ray CCL Perforation Record**
- 3. Radial Cement Bond Gamma Ray CCL Log**
- 4. Radial Cement Bond Log**
- 5. Spectral Density Dual Spaced Neutron**

Plus: Deviation Report from driller

WELL NAME AND NUMBER Paisano Federal #1
LOCATION Section 12. T9S, R27E, 330 FSL, 330 FEL, Chaves County
OPERATOR Jalapeno Corporation
DRILLING CONTRACTOR United Drilling, Inc.

The undersigned hereby certifies that he is an authorized representative of the drilling contractor who drilled the above described well and had conducted deviation test and obtained the following results:

<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>	<u>Degrees @ Depth</u>
<u>1/4 @ 357'</u>	<u> </u>	<u> </u>
<u>1/4 @ 527'</u>	<u> </u>	<u> </u>
<u>1-1/2 @ 668'</u>	<u> </u>	<u> </u>
<u>3/4 @ 1018'</u>	<u> </u>	<u> </u>
<u>1/2 @ 1240'</u>	<u> </u>	<u> </u>
<u>1/2 @ 1557'</u>	<u> </u>	<u> </u>
<u>1/2 @ 2062'</u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Drilling Contractor- UNITED DRILLING, INC.

By: *Luisa Garcia*
(Luisa Garcia)

Title: Assistant Office Manger

Subscribed and sworn to before me this 13 day of April, 2007

Darryl A. Albu
Notary Public

Chaves, NM
County State

My Commission Expires:

10-8-08