

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

DEC 10 2008
OCD-ARTESIA

December 05, 2008

Mike Bratcher
Oil Conservation Division
1301 W. Grande Avenue
Artesia, NM 88210

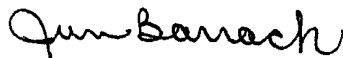
RE: Paisano Federal #1
Well API NO. 30-005-63840
S.12, T. 9-S, R. 27-E
Chaves County, NM

Dear Mr. Bratcher:

It has come to my attention that the OCD's Form C-105 was not included with the Form C-144 Closure Report for the Paisano Federal #1. To rectify this situation, I am now sending an original and one copy of the Form C-105 (along with a copy of the C-144 Closure Report that was sent to your office on November 7, 2008). A copy of this information will also be sent to the BLM office in Roswell.

If there is further information needed for this pit closure or you have any questions, please contact me at the numbers listed above.

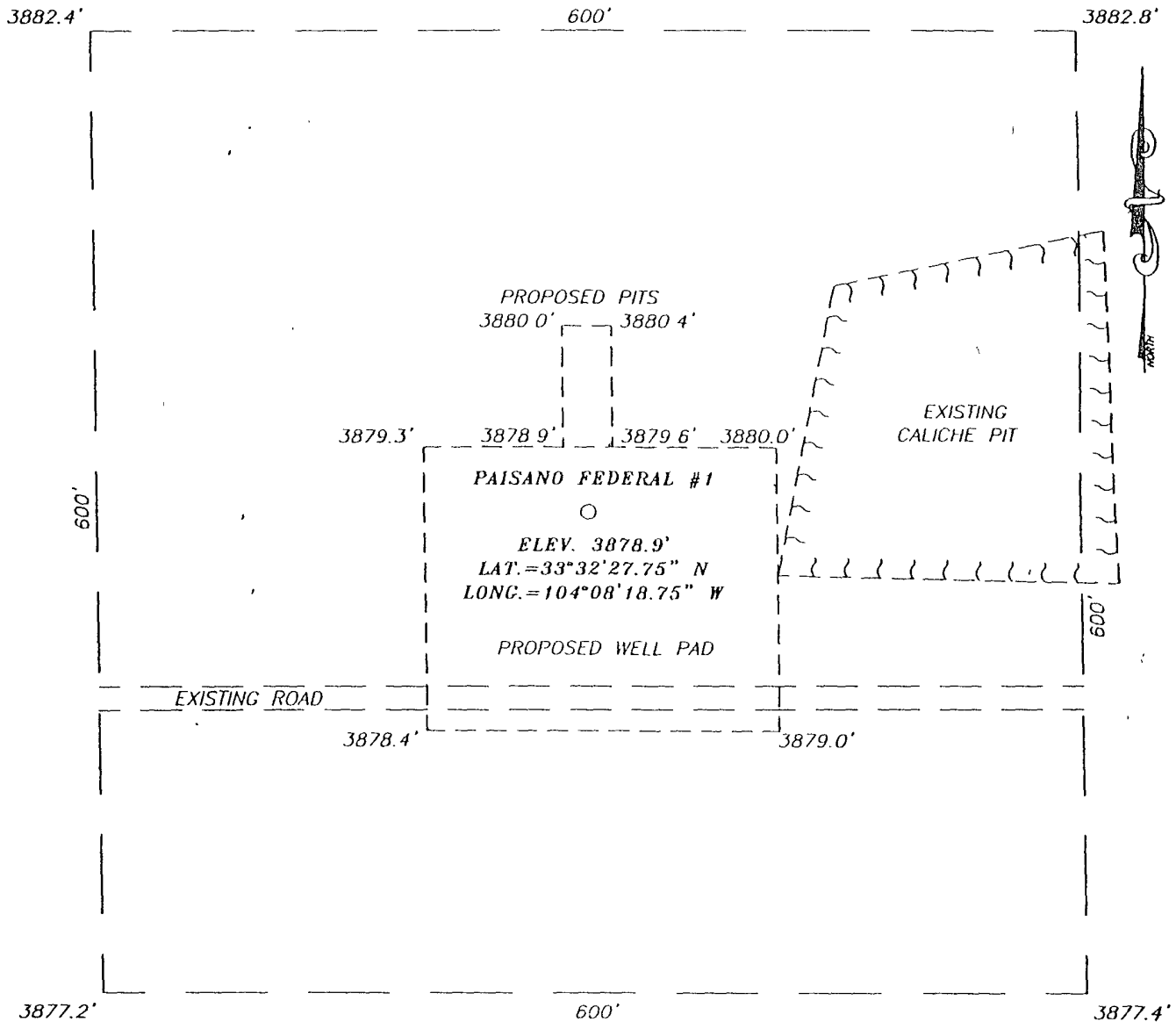
Yours truly,


Jun Barrack

Submit To Appropriate District Office Two Copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, 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 Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505		Form C-105 July 17, 2008						
		1. WELL API NO. 30-005-63840								
		2. Type of Lease ☐ STATE ☐ FEE ☒ FED								
		3. State Oil & Gas Lease No. NM-100542								
WELL COMPLETION OR RECOMPLETION REPORT AND LOG										
4. Reason for filing: ☐ COMPLETION REPORT (Fill in boxes #1 through #31 for State and Fee wells only) ☒ C-144 CLOSURE ATTACHMENT (Fill in boxes #1 through #9, #15 Date Rig Released and #32 and/or #33; attach this and the plat to the C-144 closure report in accordance with 19.15.17.13.K NMAC)			5. Lease Name or Unit Agreement Name PAISANO 6. Well Number: 1							
7. Type of Completion ☐ NEW WELL ☐ WORKOVER ☐ DEEPENING ☐ PLUGBACK ☐ DIFFERENT RESERVOIR ☒ OTHER Pit Closure			DEC 10 2008							
8. Name of Operator JALAPENO CORPORATION			9. OGRID 26307 OCD-ARTESIA							
10. Address of Operator			11. Pool name or Wildcat							
12. Location	Unit Ltr	Section	Township	Range	Lot	Feet from the	N/S Line	Feet from the	E/W Line	County
Surface:										
BH:										
13. Date Spudded	14. Date T.D. Reached	15. Date Rig Released 4/18/07		16. Date Completed (Ready to Produce)		17. Elevations (DF and RKB, RT, GR, etc.)				
18. Total Measured Depth of Well		19. Plug Back Measured Depth		20. Was Directional Survey Made?		21. Type Electric and Other Logs Run				
22. Producing Interval(s), of this completion - Top, Bottom, Name										
23. CASING RECORD (Report all strings set in well)										
CASING SIZE		WEIGHT LB./FT.		DEPTH SET		HOLE SIZE		CEMENTING RECORD		AMOUNT PULLED
24. LINER RECORD						25. TUBING RECORD				
SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN		SIZE	DEPTH SET	PACKER SET		
26. Perforation record (interval, size, and number)						27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.				
						DEPTH INTERVAL		AMOUNT AND KIND MATERIAL USED		
28. PRODUCTION										
Date First Production		Production Method (<i>Flowing, gas lift, pumping - Size and type pump</i>)				Well Status (<i>Prod. or Shut-in</i>)				
Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl	Gas - MCF	Water - Bbl	Gas - Oil Ratio			
Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (<i>Corr.</i>)				
29. Disposition of Gas (<i>Sold, used for fuel, vented, etc.</i>)						30. Test Witnessed By				
31. List Attachments										
32. If a temporary pit was used at the well, attach a plat with the location of the temporary pit. ☒										
33. If an on-site burial was used at the well, report the exact location of the on-site burial:										
Latitude				Longitude				NAD 1927 1983		
I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief										
Accepted for record - NMOCD										
Signature:			Printed Name: Harvey E. Yates, Jr.			Title: President		Date: 11/6/08		

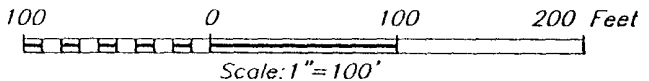
EXHIBIT #4

SECTION 12, TOWNSHIP 9 SOUTH, RANGE 27 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

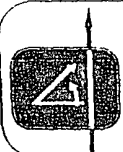
FROM THE INTERSECTION OF ST. HWY. 380 AND PONDEROSA RD., GO NORTH ON PONDEROSA RD. APPROX. 11 MILES. TURN RIGHT AT AN EL PASO PIPELINE ROAD AND GO SOUTHEAST APPROX. 4.6 MILES. TURN RIGHT ON EXISTING ROAD AND GO SOUTHWEST APPROX. 1.1 MILES. TURN LEFT ON EXISTING ROAD AND GO EAST APPROX. 600 FEET. THIS LOCATION IS APPROX. 113' NORTH.



JALAPENO CORPORATION

PAISANO FEDERAL #1 WELL
LOCATED 330 FEET FROM THE SOUTH LINE
AND 330 FEET FROM THE EAST LINE OF SECTION 12,
TOWNSHIP 9 SOUTH, RANGE 27 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.

Survey Date: 2/10/06	Sheet 1 of 1 Sheets
W.O. Number: 06 11.0276	Dr By: D.S.R. Rev 1:N/A
Date: 02/15/06	Disk: CD#1 06110276 Scale: 1"=100'



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

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

August 11, 2008

Bureau of Land Management
2909 W. Second St.
Roswell, NM 88201

RE: Paisano Federal #1
Well API NO 30-005-63840
S 12, T 9-S, R 27-E
Chaves County, NM

Dear Sir or Madam

Enclosed, please find a copy the completed OCD's recently revised Form C-144 (along with pertinent documentation) to close the pit for the Paisano Federal #1. The original Form C-144 was sent the OCD's branch office in Artesia.

If you have any questions or need further information, please contact this office at the numbers listed above

Yours truly,


Jim Barrack

SENDER COMPLETE THIS SECTION

- ☒ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BLM
2909 W. Second St.
Roswell, NM

88201

COMPLETE THIS SECTION DELIVERY

A. Signature

Carol A. Hines

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

3/14/8

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7004 2570 0006 5201 0977

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

U.S. Postal Service

CERTIFIED MAIL RECEIPT

(Domestic Mail Only - Not for International Mail)

Postage

ROSWELL, NM 88201

Postage

\$ 11.34

Certified Fee

\$ 2.70

Return Receipt Fee
(Endorsement Required)

\$ 1.20

Restricted Delivery Fee
(Endorsement Required)

\$ 10.00

Total Postage & Fees

\$ 25.24

0100

03

Postage
Here

002127E000

Sent To

BLM

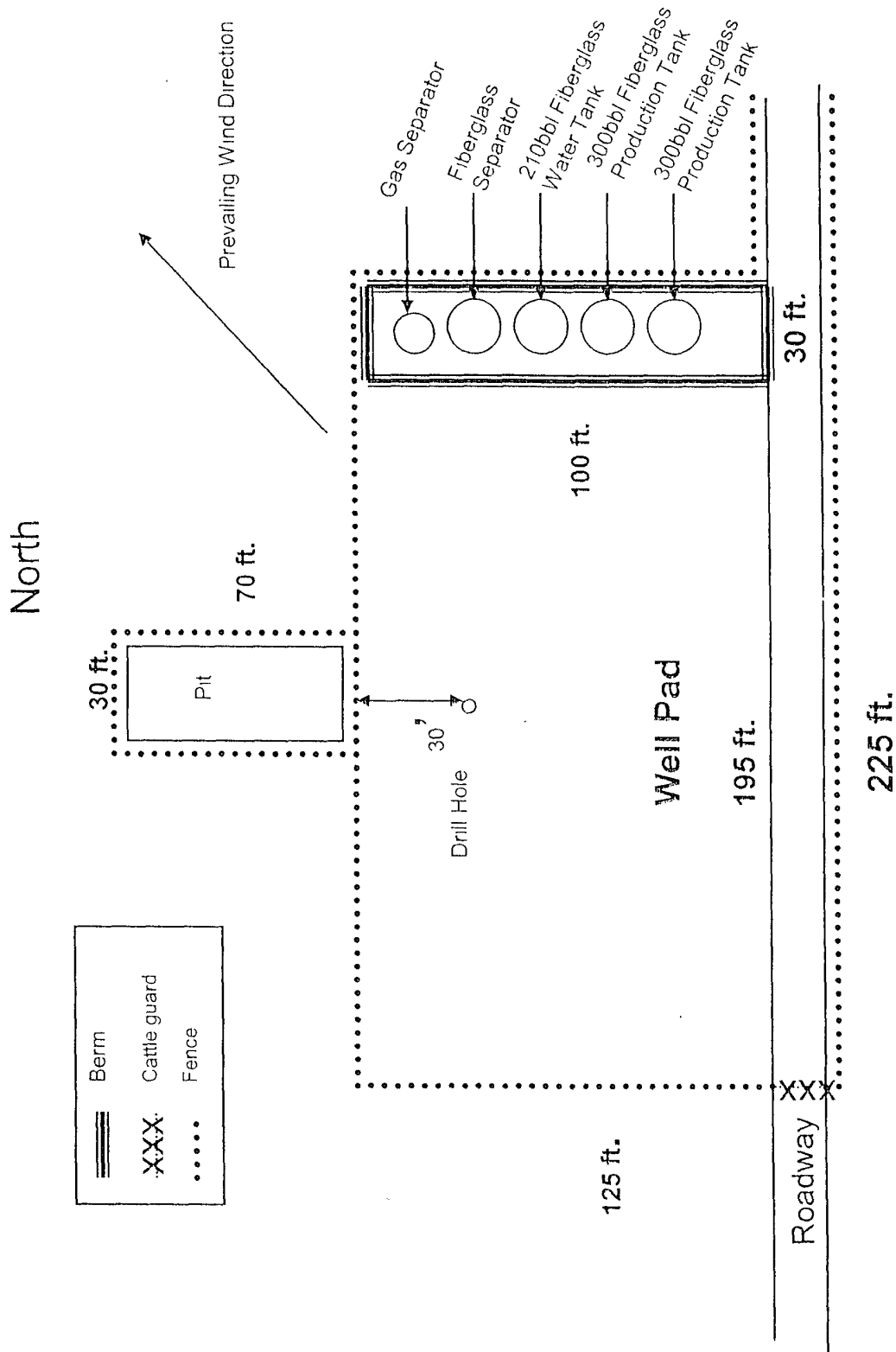
Street, Apt. No.,
or PO Box No.

2909 W. Second St.

City, State, ZIP

Roswell, NM 88201

Paisano Federal #1





PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
JALAPENO CORPORATION
ATTN: GENE SHULL
P.O. BOX 1608
ALBUQUERQUE, NM 87103

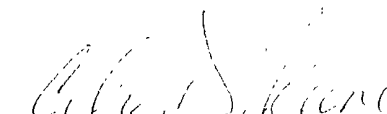
Receiving Date 09/29/08
Reporting Date 10/01/08
Project Number NOT GIVEN
Project Name PIASANO FED #1
Project Location: NOT GIVEN

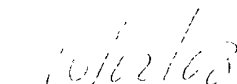
Sampling Date NOT GIVEN
Sample Type SOIL
Sample Condition COOL & INTACT
Sample Received By ML
Analyzed By ZL

LAB NUMBER	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE		10/01/08	10/01/08	10/01/08	10/01/08
H16002-1	PIASANO FED #1	<0.050	<0.050	<0.050	<0.150
Quality Control		0.052	0.048	0.048	0.157
True Value QC		0.050	0.050	0.050	0.150
% Recovery		104	96.0	96.0	105
Relative Percent Difference		13.5	1.6	1.0	5.5

METHOD: EPA SW-846 8021B

TEXAS NELAP CERTIFICATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE,
AND TOTAL XYLENES


Chemist


Date

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising out of this report, whether in contract or tort, shall be limited to the amount paid by client for analyses. All claims shall be filed within 90 days of the date of analysis. No other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



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ANALYTICAL RESULTS FOR
JALAPENO CORPORATION
ATTN: GENE SHULL
P O BOX 1608
ALBUQUERQUE, NM 87103

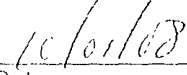
Receiving Date 09/29/08
Reporting Date 10/01/08
Project Number NOT GIVEN
Project Name PIASANO FED #1
Project Location NOT GIVEN

Sampling Date NOT GIVEN
Sample Type SOIL
Sample Condition: COOL & INTACT
Sample Received By ML
Analyzed By AB/TR

LAB NUMBER SAMPLE ID	GRO (C ₁₀ -C ₁₉) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	TOTAL TPH (mg/kg)
ANALYSIS DATE	09/30/08	09/30/08	09/30/08
H16002-1 PIASANO FED #1	<25.0	<25.0	<100
Quality Control	566	486	328
True Value QC	500	500	300
% Recovery	113	97.2	109
Relative Percent Difference	13.1	11.1	5.5

METHODS TPH GRO & DRO EPA SW-846 8015 M EPA 418.1


Chemist


Date

H16002 TPH2 JAL

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ANALYTICAL RESULTS FOR
JALAPENO CORPORATION
P O BOX 1608
ALBUQUERQUE, NM 87103

Receiving Date 09/29/08
Reporting Date 09/30/08
Project Owner: NOT GIVEN
Project Name: PIASANO FED 1
Project Location: NOT GIVEN

Analysis Date: 09/29/08
Sampling Date NOT GIVEN
Sample Type SOIL
Sample Condition COOL & INTACT
Sample Received By ML
Analyzed By HM

LAB NO	SAMPLE ID	Cl ⁻ (mg/kg)
H16002-1		576
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		2.0

METHOD: Standard Methods

4500-ClB

Note: Analysis performed on a 1:4 w/v aqueous extract

John L. Moreno
Chemist

09/30/08
Date

H16002 Jalapeno

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101 East Marland, Hobbs, NM 88240
(575) 393-2326 Fax (575) 393-2476

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**SHULL OILFIELD SERVICES
PO BOX 2422
ROSWELL, NEW MEXICO 88202
575-623-0816 FAX 575-208-0876**

November 3, 2008

Jalapeno Corporation
PO Box O
Albuquerque, NM 87103

RE: Piasano Federal #1

Dear Sir:

On September 4, 2008 we moved equipment to the Piasano Federal #1 location to start clean up.

We removed the pit contents and hauled to the Marley Gandy Land Farm.

We did soil tests with Cardinal Labs in Hobbs, NM.

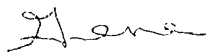
With tests passing we backfilled pit with removed soil from pit and Additional soil from federal pit approximately 300 yards east to bring pit to ground level.

We backfilled pit and leveled to blend with surrounding area.

Pit closure was completed on October 7, 2008.

We notified Randy Legler with the BLM and complied with the federal seeding requirements and the seeding was completed on October 8, 2008.

Sincerely,



Gene Shull

PECOS DISTRICT, BLM
SEED MIX FOR

The following Soils or Soil Associations may represent these ecological sites:
Anthony Sandy loam, 0 to 1% slope, eroded, Berino complex, 0 to 3% slopes,
eroded, Berino - Dune land complex, 0 to 3% slopes, eroded, Bluepoint, Douro,
Faskin, loamy fine sands, 0-2% slope, Ima, Jalmar fine sands, 0-2% slope,
Kermit fine sand, Likes loamy fine sand, 1 to 5% slopes, Malmstrom loamy fine
sand, 0-2% slope, Pajarito-Dune land complex, 0 to 3% slopes, Piria slit loam, 0
to 1% slopes, Pintura, Pyote, Roswell fine sand, 2-25% slope, Wink fine sandy
loam, 0 to 3% slopes

Sandy Plains CP-2 Ecological Site, Sand Hills CP-2 Ecological Site, Deep Sand
SD-3 Ecological Site

April 4, 2006

Common Name and Preferred Variety	Scientific Name	Pounds of pure Live Seed Per acre
Sand bluestem	(<i>Andropogon hallii</i>)	0.5
Little bluestem	(<i>Schizachyrium scoparium</i>)	0.5
Sideoats grama	(<i>Bouteloua curtipendula</i>)	1.5
Sand dropseed	(<i>Sporobolus cryptandrus</i>)	0.5
Spike dropseed	(<i>S. contractus</i>)	0.5
Mesa dropseed	(<i>S. flexuosus</i>)	0.5
Plains bristlegrass	(<i>Setaria macrostachya</i>)	2.0
Desert or	(<i>Sphaeralcea ambigua</i>) or	0.5
Scarlet Globemallow	(<i>S. coccinea</i>)	
Buckwheat	(<i>Eriogonum spp.</i>)	1.5

TOTAL POUNDS PURE LIVE SEED (pls) PER ACRE 8.00

Certified weed free seed

If one species is not available increase all others proportionately. Use no less
than six (6) species with a minimum of one (1) forb. Apply no less than 8.0
pounds pls per acre.

APPROVED: /s/ Douglas J. Burger
District Manager, Pecos District

Seed mix for Paisano Federal #1
30-105-63840
T95 R27E Sec 12 SESE

Roswell Seed Co.
Roswell Seed Company

1 Acre Bag @ 12.57 Bulk Pounds

Lot#: M-8298

Johnston & Son

Item	Origin	Purity	Germ	Dormant	Germ & Dormant	Test Date	Total PLS Pounds
Sand Bluestem	MI	12.42%	96.00%	00.00%	96.00%	2/08	0.75
Little Bluestem	KS	12.42%	31.00%	65.00%	96.00%	4/08	0.75
Sideoats Grama	TX	14.54%	77.00%	05.00%	82.00%	2/08	2.00
Sand Dropseed	KS	08.46%	62.00%	32.00%	94.00%	5/08	0.75
Plains Bristlegrass	TX	20.92%	61.00%	15.00%	76.00%	1/08	3.00
Scarlet Globemallow	UT	05.68%	70.00%	00.00%	70.00%	1/08	0.75

Other Crop: 00.09%

There are 1 Bag in this Mix.

Total Bulk Pounds: 12.57

Weed Seed: 00.18%

This bag weighs 12.57 Bulk Pounds.

Inter Matter: 25.29%

Use this bag for 1 Acre.



