

JALAPENO CORPORATION
PO Box 1608, Albuquerque, NM 87103
phone: (505) 242-2050; facsimile: (505) 242-8501

August 7, 2001



Tim W. Gum
District II Supervisor
Oil Conservation Division
1301 W. Grand Ave.
Artesia, NM. 88210

New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87504

Dear Mr. Gum:

We recently got information off of the OCD web site related to the wells operated by Jalapeno Corporation. (See, attached the web site information.) That information is not correct in regard to several wells. We would appreciate your updating the OCD information to correct it.

DUNCAN FEDERAL 4Y: This company, rather than Cibola Energy Corporation, operates the subject well. (See the attached change of operator form which was approved by the BLM on January 27, 2000.) We would appreciate your adding the 4Y to this company's list of wells and deleting it from your list of Cibola operated wells. You will notice from the web site information that the OCD shows the other Duncan Federal wells, which were included on the same change of operator form, as being operated by Jalapeno.

Several years ago, when Cibola did operate this well, it filed with the OCD in Santa Fe an application to convert this well to a water disposal well. That permission was granted, subject to Cibola's doing certain work on surrounding wells to make sure those bore holes were protected from disposed water. The required work was done, but the time limit set under the OCD Order allowing water disposal, had expired before the work was completed. After Jalapeno assumed operations of the well we again contemplated requesting renewed authority from the OCD to inject water into the Duncan 4Y. However, a further examination of the well logs, as well as the results of a pressure test which was conducted on the well, have led us to conclude that the injection pressures would be too great to justify using the Duncan 4Y as a disposal well. Consequently, we decided to plug this well. An application to plug the well was approved by the BLM on June 27, 2001 and Basic Services, a Texas plugging company, has agreed to plug it. (We enclose a copy of the approved plugging application.) We were advised by Basic that they would have a rig in the area either around August 15th or September 5th, and that the well would be plugged then.

A casing integrity test was conducted on the well on November 30, 2000. Both the OCD and the BLM were notified prior to the test that it would be conducted. Neither chose to send a

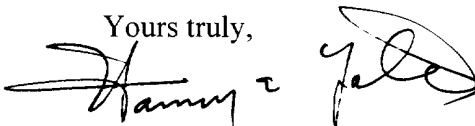
witness. We enclose a copy of the Sundry Notice filed with the BLM as well as a copy of the pressure chart.

ROX # 3 (15856): This well was plugged on April 24, 1995. (Please see attached the plugging report approved by Ken Livingston of the OCD on September 15, 1995.) We would appreciate your having the well removed from the OCD web site.

WHITNEY # 1 & WHITNEY # 5 (13909): Your records show that the Whitney # 1 has not been producing. Though the Whitney # 1 was down for an extended period, it was put back on production in 2000, and produced into a common tank battery with the Whitney # 5. (Enclosed is a copy of a letter from the oil purchaser, Phillips, evidencing that the well was producing.) Because of confusion arising from the fact that the Whitney 1 was producing into the same tank as the Whitney 5, the person doing the C-115s failed to indicate that the Whitney 1 was contributing part of the production. When this mistake was discovered, corrected C-115s were filed. In any case, both of these wells were sold to Paloma Blanca Well Service Co. effective June 30, 2001. A copy of the change of operator form, which was filed in Artesia with the OCD, is enclosed. We would appreciate your removing these wells from the Jalapeno portion of the OCD web site.

LOUISE YATES STATE # 1 (28049). This well was drilled to 3,322 ft, and subsequently plugged back to 2,366 ft. (See, the attached Sundry Notice dated 3/27/98, as well as the initial completion report of 5/28/97.) It was completed as a producer in the Slaughter zone of the San Andres formation on 3/13/98. However, production was less than anticipated and the well was shut in soon thereafter. This well is located in the Wolfe Lake San Andres field which is producing a significant amount of water. Since we abandoned the idea of using the Duncan 4Y as a water disposal well (see above), we are examining the possibilities of using the Louise Yates State # 1 as the disposal well instead. Thus, we prefer not to plug the well at this time.

If you need more information on any of the above discussed wells, please call me at the number above.

Yours truly,

Harvey E. Yates Jr.
for Jalapeno Corporation

WELLS INVOLVED IN OPERATOR CHANGE
INITIAL LIST FOR OPERATOR VALIDATION

JUN 12,

If all wells and completions on this list are not part of this transfer, send this list to the appropriate OCD District Office with exceptions noted and supporting paperwork so corrections can be made. If this list agrees with your records and bonding requirements are satisfied, contact OCD in Santa Fe for a final list to submit to the OCD District with your C-104A.

PREVIOUS OPERATOR: 26307 JALAPENO CORP

NEW OPERATOR: _____

OCD DISTRICT: ARTERIA

PROP- ERTY WELL NAME	ULSTR	OCD UNIT LTR API	WELL TYPE	POOL ID	POOL NAME	LAST PROD/INJ	MINIMUM IF INDICATED ADDITIONAL ADV. DISC BOND REQD OF WELL
15779 DUNCAN FEDERAL #002	4-07-09S-28E	M 30-005-62235	O	65070	WOLF LAKE; SAN ANDRES	03-2001	
DUNCAN FEDERAL #005	C-18-09S-28E	30-005-62901	O	65070	WOLF LAKE; SAN ANDRES	03-2001	
17209 EMMONS STATE #001	1-18-09S-28E	D 30-005-62771	O	65075	WOLF LAKE; SAN ANDRES, SOUTH	03-2001	
20451 LOUISE STATE #001	N-07-09S-28E	30-005-62894	O	65070	WOLF LAKE; SAN ANDRES	04-1998	5,000
28049 LOUISE KATES STATE #002	K-07-09S-28E	K 30-005-63381	O				
15856 ROX #003	4-31-10S-28E	30-015-62750	O				
13909 WHITNEY #001	I-34-10S-27E	I 30-005-60661	O	17640	DIABLO; SAN ANDRES	01-1992	CALL DISC
WHITNEY #005	I-34-10S-27E	I 30-005-62797	O	17640	DIABLO; SAN ANDRES	03-2001	
						TOTAL	5,000

JUN-12-01 TUE 01:08 PM

P.02

FEB 3 2000

UNITED STATES

OPERATOR'S COPY

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Jalapeno Holdings, Inc. Corporation

3. Address and Telephone No.

P.O. Box 1608, Albuquerque, NM 87103-1608 (505) 242-2050

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Duncan Fed #2 SW SW 7 9S 28E (API: 30-005-62235)

Duncan Fed #4Y SW NW 18 9S 28E (API: 30-005-62831)

Duncan Fed #5 NE NW 18 9S 28E (API: 30-005-62901)

5. Lease Designation and Serial No.

NNNM 12557

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

3 wells; see #4-location

9. API Well No.

See #4

10. Field and Pool, or Exploratory Area

Wolfe Lake San Andres

11. County or Parish, State

Chaves

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

TYPE OF SUBMISSION

☐ Notice of Intent
☒ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Change of Operator
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Operations on this lease have been assumed by Jalapeno Holdings, Inc.

Sign changes have been ordered for the three wells listed above in #4 (location)

APPROVED

11/10/2000
Linda A. Boring
AUTHORIZED OFFICER, MINERAL
BUREAU OF LAND MANAGEMENT

14. I hereby certify that the foregoing is true and correct

Signed

Title President

Date 11/10/99

(This space for Federal or State office use)

Approved by

Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes 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.

*See Instruction on Reverse Side

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OMB No. 1004-0135
Expires 10/1/2000

SUNDRY NOTICES AND REPORTS OF OPERATIONS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (API) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

CITROIA ENERGY CORP.

3a. Address

P.O. Box 1608 ALBANY, NY 12213
UNIT E 1650 FNL & 324 F LIL
SEC 18-T9S-R28E

3b. Phone No. (include area code)

505-244-0264

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

5. Field and Pool

NM-12557

6. If Indian, Allotment or Tribal Name

7. Title of Oil Agreement, Name and No.

DUKAN FEDERAL

8. Well Name and No.

4Y

9. API Well No.

10. Field and Pool, or Exploratory Area

WILCOCKE SA1

11. County or Parish, State

CHAVES, NM

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 type="checkbox"/> Other |
| <input type="checkbox"/> Change Plans | <input checked="" type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| <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 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.)

1. SET CIBP @ 2166 W/ 35' CEMENT ON TOP
2. CUT CASING @ 1170 PUT CEMENT plug F/1120'-1220
- 3 PUT CEMENT plug F/350-450 ACROSS BOTTOM OF SURFACE CASING
- 4 PUT CEMENT plug ON TOP OF SURFACE CASING F/0-50, PUT DRY HOLE MARKER

412

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

JACK CUSTANANTES

Title CONSULTANT

Signature

Jack Custanantes

Date 6/27/01

APPROVED

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

David R. Glass

Title

Date

Conditions of approval, if any, are hereby approved of this notice does not warrant or certify that the applicant has a legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations hereon.

Office

Title 18 U.S.C. Section 1001 and 1122 Section 1122 makes it a crime for any person knowingly and willfully to make in any department or agency of the United States any false, fictitious or fraudulent representations or statements or omissions in any matter within its jurisdiction.

PETROLEUM ENGINEER

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
JAN 22 2001
Jal

OWNER'S COPY

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease, Designation and Serial No.

NMNM 12557

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Duncan Fed 4Y

9. API Well No.

30-005-62831

10. Field and Pool, or Exploratory Area

Wolfe Lake San Andres

11. County or Parish, State

Chaves

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Jalapeno Corporation

3. Address and Telephone No.

P.O. Box 1608, Albuquerque, NM 87103-1608 (505) 242-2050

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

SW NW 18E 9S 28E

**OPERATORS - FOR SUNDRIES
SUBMIT 1 ORIGINAL AND 5
COPIES**

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

TYPE OF SUBMISSION

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

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Pressure Test

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This Well was Pressure Tested. Attached is a copy of pressure graph. Both the BLM and OCD were advised of the scheduled test, but neither sent representatives to witness the test.

The persons witnessing the test were: Jack Gustamantes - Jalapeno Corp.
Jesus Delgado - L&R Well Services

A copy of the written statement is attached.

ACCEPTED FOR RECORD

JAN 15 2001

LB

14. I hereby certify that the foregoing is true and correct

Signed

Title President

Date 12/13/00

(This space for Federal or State office use)

Approved by

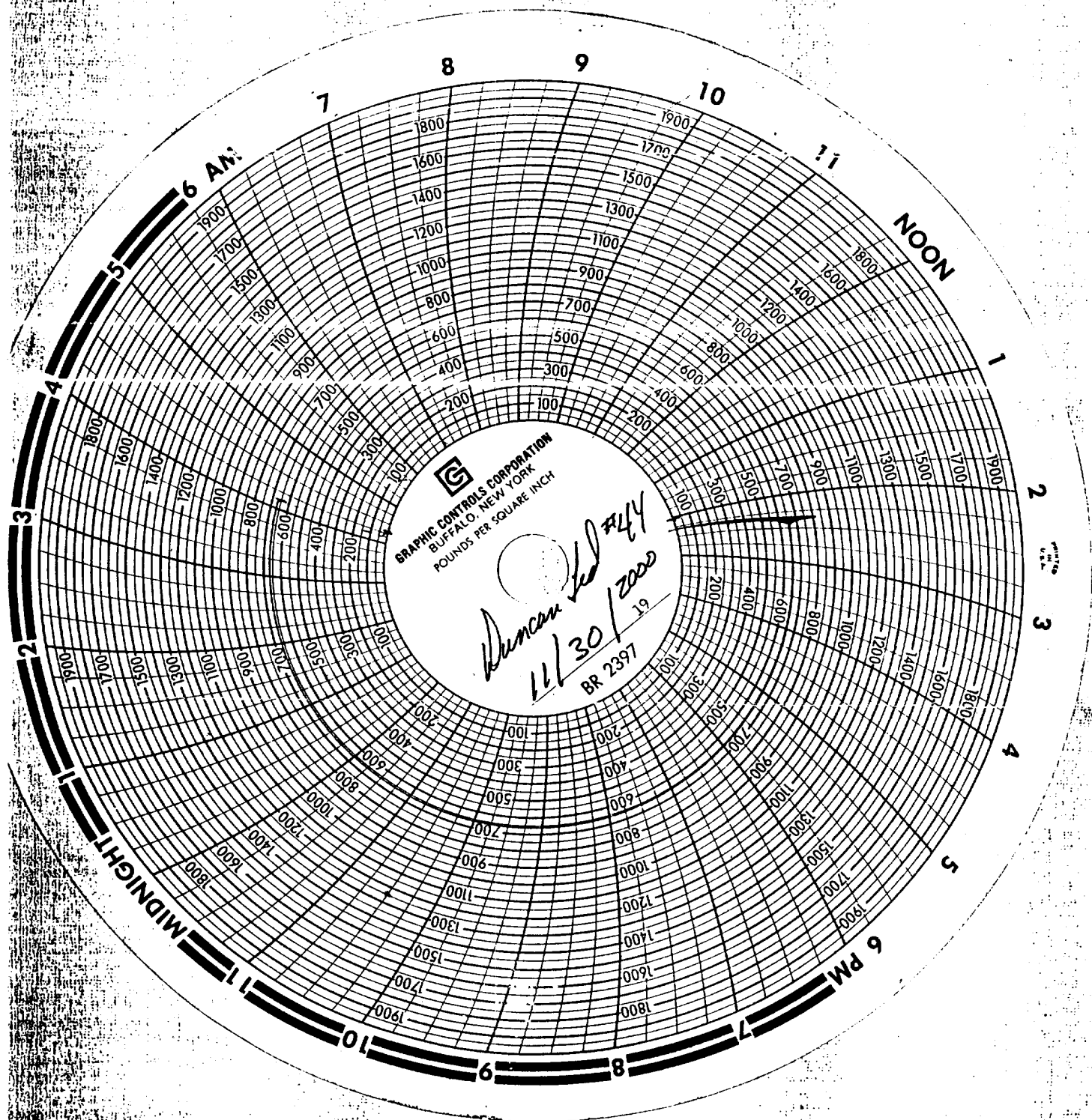
Title

Date

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes 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.

*See Instruction on Reverse Side



Test Witnessed by:
Jack Sustamante
JALAPENO Corp.

James J. Gahagan
L & R. well Services

11/30/2000

Well tested from 2:00-2:35
P.M. @ 650 P.S.I.

Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

Open.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

WELL API NO.

30-005-62750

5. Indicate Type of Lease
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:
OIL WELL ☒ GAS WELL ☐ OTHER

2. Name of Operator
Jalapeno Corporation

3. Address of Operator
PO Box 1608, Albuquerque, NM 87103-1608

4. Well Location
Unit Letter D : 990 Feet From The North Line and 990 Feet From The West Line

Section 31 Township 10 S Range 28 E NMPM Chaves County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

2710.8 GL

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☒
CASING TEST AND CEMENT JOB ☐
OTHER: ☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Plugging operations for the Rox #3 commenced 4/17/95, and were completed on 4/24/95. An OCD officer was present for the procedures.

Please see attached detail for operations involved.

RECEIVED

MAY 3 1995

OIL CON. DIV.
DIST. 2

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Jeannette Atkinson TITLE Operations Secretary DATE 4/28/95

TYPE OR PRINT NAME

TELEPHONE NO.

(This space for State Use)

APPROVED BY Karl Livingston TITLE F.O. TF DATE 9-15-95

CONDITIONS OF APPROVAL, IF ANY:

EX.

**WELL REPORT
PLUGGING OPERATIONS**

**ROX #3
990' FNL & 990' FWL
Sec 31- 10S - 28E, Chaves County**

**Jalapeno Corporation
Operator**

4-17-95	MIRU.
4-18-95	Ran 2 3/8" pipe to depth of 1963'.
4-19-95	Hauled in gel and cement. Ran 5 joints pipe. Too windy to mix mud or cement. Shut down for night.
4-20-95	1st Plug: Set pipe at 2223.20'. Pulled up 13' off TD and mixed 470 gals of water with 3 sx gel. Pumped down hole in 6 7/8" casing 244' mixed bottom plug at 128' with 25sx cement and 150 gal water. (2095.2' to 2223.2') Displaced cement in tubing with 365 gals of mix gel, same as above (189' in 6 7/8). Pulled 8 joints of pipe, pumped down remainder of gel down hole, 105 gals, 55' in 6 7/8" casing. Pulled 7 more joints of pipe. (Total 15 jts or 475') Pumped gel from 470'-244' down hole.
4-21-95	Ran 357' pipe, tagged bottom plug (11 joints tag). New PBTD 2095'. 2nd Plug: Pulled 16 jts up to 1604', mixed 25 sx cement with 125 gals water, pumped down tubing (128) (1476' to 1600') Displaced with 260 gls gel 135'. Pulled 8 jts pipe, pumped 210 gals gel 109'. Pumped 40 gals fresh water 21'. Pulled 14 jts to 922'. Mixed gel (3 sx with 470 gals water) and pumped down 244'. 3rd Plug: (794'-922') (128') Displaced cement with 150 gals gel 78'. Pulled 8 jts pumped 320 gals gel 166'. Added 40 gals fresh water 21'. Pulled 11 jts to 330'. Mixed 25 sx cement & 150 gals water. 4th Plug: (235'-330') Displaced with 422 gals gel 219'. Pulled 8 jts up to 97'.
4-24-95	Ran 5 jts tagged at 235'. Pulled 6 jts pipe up to 49'. Mixed 10 sx cement with 6 gals water. (50' surface plug). Set dry hole marker in cement. Rigged down, cleaned location.



PHILLIPS PETROLEUM COMPANY

MIDLAND, TEXAS 79702
BOX 791, PHONE: 915 682-8241, PANAFAX: 915-686-7922

December 27, 2000

Mr. Harvey E. Yates, Jr.
Jalapeno Corporation
P.O. Box 1608
Albuquerque, New Mexico 87103

Re: Monthly Allocations

Dear Harvey:

It is our understanding effective December 1, 2000 that crude oil production from the below referenced leases is being commingled into a common tank battery.

Phillips 66

Lease No.

Lease Name

67813

Whitney #1 - Utilize as base number for run tickets

67814

Whitney #5

Ms. Margaret Dodd of the Phillips Bartlesville Accounting Office will contact you between the 3rd and 5th workday to assist in determining what the allocations are for these leases. Margaret may be reached at 918/661-1161 or if you wish to fax the allocations, the telephone number is 918/662-1364. In order for timely payment to occur, this allocation information needs to be reported to our Bartlesville Accounting Office by **2:00 P.M. by the fifth (5th) work day** of each month.

If you have any questions, please let us know.

Very truly yours,

Craig E. Bush
Area Supply Director

cc: Ms. Margaret Dodd
Phillips 66 Company
470-K POB
Bartlesville, OK 74004

District I
625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-104A
March 19, 2001

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 copy of the final affected wells
list along with 1 copy of this form per
number of wells on that list to
appropriate District Office

Change of Operator

Whitney #1

Previous Operator Information:

OGRID: 26307
Name: Jalapeno Corporation
Address: P.O. Box 1608
Address:
City, State, Zip: Albuquerque, NM 87103-1608

New Operator Information:

Effective Date:
New Ogrid: 025788
New Name: Paloma Blanca Well Service Inc.
Address: P.O. Box 6261
Address:
City, State, Zip: Roswell, NM 88202-6261

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the attached list of wells is true and complete to the best of my knowledge and belief.

New Operator
Signature: [Signature]
Paloma Blanca Well Service Inc.
Printed name: S. A. GUSTIMANTES

Title: PRES

Date: 7/3/01 Phone: 505-347-9984

Previous operator complete below:

Previous
Operator: Jalapeno Corporation
Previous
OGRID: 26307
Signature: [Signature]
Printed
Name: Harvey E. Yates, Jr.

NMOCD Approval

Signature: _____
Printed
Name: _____
District: _____
Date: _____

Change of Operator

Whitney #1

API No.:30-005-60661

1980' FSL 660' FEL

S-34I T-10S R--27E

District I
125 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-104A
March 19, 2001

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 copy of the final affected wells
list along with 1 copy of this form per
number of wells on that list to
appropriate District Office

Change of Operator

Whitney #5

Previous Operator Information:

OGRID: 26307
Name: Jalapeno Corporation
Address: P.O. Box 1608
Address:
City, State, Zip: Albuquerque, NM 87103-1608

New Operator Information:

Effective Date:
New Ogrid: 025788
New Name: Paloma Blanca Well Service Inc.
Address: P.O. Box 6261
Address:
City, State, Zip: Roswell, NM 88202-6261

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the attached list of wells is true and complete to the best of my knowledge and belief.

New Operator

Signature:

J. A. Gustamantes
Paloma Blanca Well Service Inc.

Printed name:

J. A. GUSTAMANTES

Title:

Pres

Date:

7/03/01 Phone: 505-347-9984

Previous operator complete below:

Previous

Operator: Jalapeno Corporation

Previous

OGRID: 26307

Signature:

by Harvey E. Yates, Jr.

Printed

Name: Harvey E. Yates, Jr.

NMOCD Approval

Signature: _____

Printed

Name: _____

District: _____

Date: _____

Change of Operator

Whitney #5

API No.: 30-005-62797

2310' FSL 990' FEL

S-34I T-10S R-27E

Submit to Appropriate
District Office
State Lease - 6 copies
Fee Lease - 5 copies
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-105
Revised 1-1-89

WELL API NO. 30-005-62 894
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA - 0570

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER _____	7. Lease Name or Unit Agreement Name Louise Yates State
b. Type of Completion: NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF RESVR <input type="checkbox"/> OTHER _____	
2. Name of Operator Jalapeno Corporation	8. Well No. #1
3. Address of Operator F.C. Box 1603, Albuquerque, NM 87103	9. Pool name or Wildcat Wolfe Lake San Andres

4. Well Location Unit Letter <u>N</u> : <u>330</u> Feet From The <u>South</u> Line and <u>1980</u> Feet From The <u>West</u> Line Section <u>7</u> Township <u>9S</u> Range <u>28E</u> NMPM Chaves County

10. Date Spudded 5/2/92	11. Date T.D. Reached 9/30/93	12. Date Compl. (Ready to Prod.) 5/10/97	13. Elevations (DF & RKB, RT, GR, etc.) 3889.6 GL	14. Elev. Casinghead 3890
15. Total Depth 3322	16. Plug Back T.D. 2860 *	17. If Multiple Compl. How Many Zones? San Andres	18. Intervals Drilled By Rotary Tools Surface to TD	Cable Tools
19. Producing Interval(s), of this completion - Top, Bottom, Name 2380-2384 / 2391-2394(P-3) / 2262-2268(P-1)				20. Was Directional Survey Made Previously sent to OCD
21. Type Electric and Other Logs Run CNL Density, Gamma, Dual Lat, Bond				22. Was Well Cored No

CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB/FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8-5/8"	24	411	12-1/2	310 Sks premium	100 Sks
5-1/2"	17	3322	7-7/8	375 Sks 50/50pozC	None

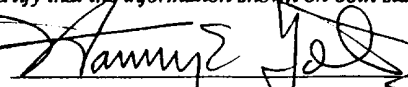
24. LINER RECORD	25. TUBING RECORD
SIZE TOP BOTTOM SACKS CEMENT SCREEN	SIZE DEPTH SET PACKER SET
	2-3/8 2275 None

26. Perforation record (interval, size, and number) 2709-2712, 2720-2722 (9 sh) 2380-2384 (11 sh) 2391-2394 (7 sh) 2262, 63, 64, 66, 67 & 68 (6 sh)	27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED 2709-22 3000 gal 20% acid 2380-94 3000 gal 20% acid 2262-68 1500 gal 20% acid
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28. PRODUCTION							
Date First Production 5/10/97		Production Method (Flowing, gas lift, pumping - Size and type pump) Pump				Well Status (Prod. or Shut-in) Prod	
Date of Test 5/27/97	Hours Tested 24 hrs	Choke Size 2"	Prod'n For Test Period	Oil - Bbl. Calc 10 1/2 Bbl/day	Gas - MCF Not msrable	Water - Bbl. 2	Gas - Oil Ratio
Flow Tubing Press. N/A	Casing Pressure N/A	Calculated 24-Hour Rate	Oil - Bbl. 10 1/2 Bbls	Gas - MCF Not msrable	Water - Bbl. 2	Oil Gravity - API - (Corr.) 23	

29. Disposition of Gas (Sold, used for fuel, vented, etc.) Vented	Test Witnessed By Shane Ferguson
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30. List Attachments Schlumberger Logs: CNL/LDT, DLL/Cyber; Atlas Logs: DLL/G/CZ Den

31. 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			
Signature 	Printed Name Harvey Yates, Jr.	Title President	Date 5/28/97

* Temporary plug set at 2300

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

WELL API NO. 30-005-62894
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. VA-0570
7. Lease Name or Unit Agreement Name Louise Yates
8. Well No. 1
9. Pool name or Wildcat Wolf Lake San Andres

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>	
2. Name of Operator Jalapeno Corporation	
3. Address of Operator P.O. Box 1608, Albuquerque, NM 87103-1608	
4. Well Location Unit Letter <u>N</u> : <u>330</u> Feet From The <u>South</u> Line and <u>1980</u> Feet From The <u>West</u> Line Section <u>7</u> Township <u>09S</u> Range <u>28E</u> NMPM <u>Chaves</u> County	
10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3895.6 KB / 3889.6 GL	

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	
NOTICE OF INTENTION TO:	SUBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>
OTHER: <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
	CASING TEST AND CEMENT JOB <input type="checkbox"/>
	OTHER: Plug back, Perforate, Re-acidize <input type="checkbox"/>

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

- On 3/13/98 set plugs as follows: Cast Iron Bridge Plug & Cement 2366-2378 (Schlumberger) Cast Iron Bridge Plug & Cement 2689-2701
- On 3/13/98 Added additional perforations as follows:
4 holes: 2289-2292; 1 hole each: 2326, 28, 38, 40, 44 & 46
- On 3/20/98 Acidized (Halliburton) with 4,500 gal 20% acid

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Harvey E. Yates, Jr. TITLE President DATE 3/27/98
TYPE OR PRINT NAME Harvey E. Yates, Jr. TELEPHONE NO. (505) 244-2050

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY: