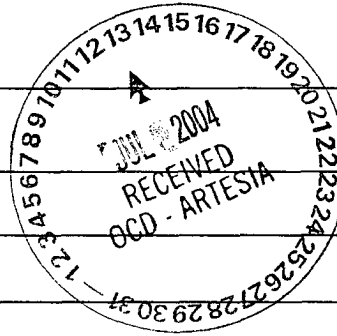


District II
1301 W. Grand Ave., Artesia, NM 88210

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

		WELL API NO. 30-005-63564 30-005-63380
		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
		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.)		7. Lease Name or Unit Agreement Name Louise Yates State #4
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		8. Well Number
2. Name of Operator Jalapeno Corporation		9. OGRID Number 026307
3. Address of Operator PO Box 1608, Albuquerque, NM 87103		10. Pool name or Wildcat Wolf Lake San Andres, South
4. Well Location F Unit Letter 2310 feet from the North line and 2310 feet from the West line Section 07 Township 09S Range 28E NMPM Chaves County		
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		



12. 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"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPLETION <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: <input type="checkbox"/>		OTHER: Follow up regarding injection into well <input checked="" type="checkbox"/>	

1. History regarding Louise Yates State 4 water disposal.
 - a) The application to convert the well to a water disposal well was approved on March 31, 2004.
 - b) The requirements precedent to commencing injection with the well were completed on October 24, 2003 and a form C-103 dated October 31, 2003 was filed with the OCD on November 3, 2003 and approved on November 12, 2003.
 - c) The Artesia OCD office was notified that the actual injection into the well would not commence until the BLM approved an easement to construct a water disposal pipeline and the pipeline completed.
 - d) The BLM authorized construction of the pipeline on 03/29/04
 - e) Pipeline construction was completed on June 15, 2004
 - f) In June 160 bbls of water were disposed of in this well and will be reported on July 15, 2004.
2. This filing is made to:
 - a) Give notice that injection into the wells has commenced; and
 - b) To state that the water is being gravity fed into the well and is operating well under the pressure limits specified by Administrative Order SWD-876. If it becomes necessary to pump the water in order to dispose of it, District II, Artesia OCD will be notified prior to use of an injection pump.

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

JALAPENO CORPORATION BY:

SIGNATURE Harvey E Yates Jr TITLE PRESIDENT DATE 7/09/2004

Type or print name Harvey E Yates Jr E-mail address: _____ Telephone No. (505) 242-2050

(This space for State use)

Accepted for record - NMOCD

APPROVED BY [Signature] TITLE _____ DATE JUL 15 2004
Conditions of approval, if any: _____