

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUDDRY NOTICES AND REPORTS ON WELLS

Use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM 100542
2. Name of Operator JALAPENO CORPORATION		6. If Indian, Allottee or Tribe Name J 111007
3a. Address P.O. BOX 1608, ALB., NM 87103	3b. Phone No. (include area code) 505-242-2050	7. If Unit or A/A Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 330' FSL & 330' FEL S.12, T.9-S, R. 27-E		8. Well Name and No. PAISANO FEDERAL #1
		9. API Well No. 30-005-63840
		10. Field and Pool, or Exploratory Area Wolf Lake, San Andres, South
		11. County or Parish, State CHAVES COUNTY, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other DRILLED CEMENT
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	PERFORATED &
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	ACIDIZED

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 recompleate 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 recompleation 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.)

5/14/07

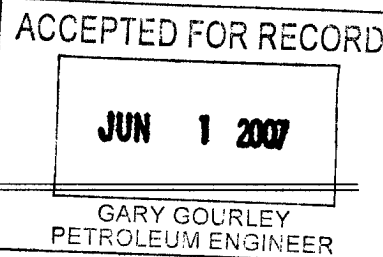
DRILLED CEMENT FROM 1552 TO 1610 FROM REMEDIAL SQUEEZE JOB AND DRILLED CEMENT FROM 2206 TO 2245 FROM ORIGINAL CEMENT JOB. PBTD: 2245.

5/15/07

PERFORATED PAY ZONE WITH 15 SHOTS: 2206 TO 2230. ACIDIZED WELL WITH 3300 GALLONS 20% FERCEK (HCL).

5/18/07

WELL SHUT IN WAITING ON CONSTRUCTION OF TANK BATTERY.



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) HARVEY E. YATES, JR.		Title PRESIDENT
Signature 		Date 05/23/2007

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by 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 Office	Date
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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)