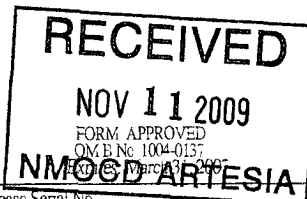


N.M. Oil Cons. DIV-Dist. 2
1301 W. Grand Avenue
Artesia, NM 88210

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

Do not 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 12557
2. Name of Operator JALAPENO CORPORATION		6. If Indian, Allottee or Tribe Name N/A
3a. Address P.O. Box 1608, Albuquerque, NM 87103	3b. Phone No. (include area code) 505-242-2050	7. If Unit or CA/Agreement, Name and/or No. N/A
4. Location of Well (Footage, Sec., T., R. M., or Survey Description) 330' FSL & 990' FWL Sec. 7, T-9S, R-28E		8. Well Name and No. DUNCAN FEDERAL #2
		9. API Well No. 30-005-62235
		10. Field and Pool, or Exploratory Area WOLFE LAKE SAN ANDRES
		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 checked="" 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 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 Order No.
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	04-045-09W
	<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 recompleat 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 recompleat 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.)

CORRECTIVE ACTION FOR ENVIRONMENTAL PROBLEM NO. 1:

THE SHARED TANK BATTERY BERM FOR DUNCAN FEDERAL #2 AND #3 WAS BUILT UP WITH GRAVEL AND CALICHE TO THE APPROXIMATE DEPTH AND WIDTH OF 3 FEET AND SURROUNDS THE TANK BATTERY, SEPARATION AND TREATMENT EQUIPMENT. THE CONTAINMENT STRUCTURE IS CAPABLE OF HOLDING THE ENTIRE CAPACITY OF THE LARGEST SINGLE CONTAINER WITH SUFFICIENT FREEBOARD TO CONTAIN PRECIPITATION.

CORRECTIVE ACTION FOR ENVIRONMENTAL PROBLEM NO. 2:

THE OPEN WATER TANK FLUID LEVEL IS RESTORED TO A SAFE LEVEL AND THE EXCESS FLUID WAS DISPOSED OF AT AN AUTHORIZED FACILITY.

CORRECTIVE ACTION FOR ENVIRONMENTAL PROBLEM NO. 3:

MUFFLER, LADDER, PUMP WEIGHTS, AND OTHER OIL FIELD DEBRIS WAS REMOVED FROM THE LOCATION.

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

Name (Printed/Typed) HARVEY E. YATES, JR.	Title PRESIDENT
Signature 	Date 10/27/09 10/26/2009

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 ROSSELL FIELD OFFICE Office	ACCEPTED FOR RECORD NOV 5 2009
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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).