

District I

625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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

May 27, 2004

WELL API NO.

30-005-63381

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

VA 2401

7. Lease Name or Unit Agreement Name

Louise Yates State

8. Well Number 2

9. OGRID Number

10. Pool name or Wildcat

Wolf Lake San Andres, South

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

P.O. Box 1608, Albuquerque, NM 87103

4. Well Location

Unit Letter K : 1650 feet from the South line and 2310 feet from the West line

Section 7 Township 9-S Range 28-E NMPM County Chaves

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. 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 ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☒

CASING/CEMENT JOB ☐

OTHER: ☐

13. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

PBTD of the well is 2406. We propose to:

1. Set a 25 sack plug from TD to 2223 covering the perforations, plus 50'. TAG
2. We estimate that the top of the cement is at 1,250 (note the existing cement appears to cover the top of the San Andres at an estimated 1548 ft.)
3. We would cut the casing at 1,250 and retrieve the 5 1/2 casing, then set a plug from 1,300' to 1,200' covering the casing stub (35 sacks). TAG
4. Set a plug at base of surface casing which is 434' (40 sacks). TAG
5. Set a plug from 60' to surface.
6. Install a dry hole marker.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE by Harvey Yates, Jr. TITLE President DATE March 8, 2007

Type or print name: Harvey Yates, Jr.

E-mail address: personnel3@msn.com

Telephone No. 505-242-2050

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APPROVED BY: Phil Hawkins TITLE TA

DATE 3/16/07

Conditions of Approval (if any):