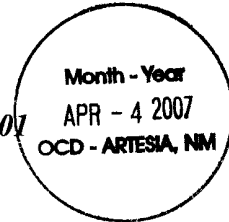


Jalapeño Corporation

P.O. Box 1608

Albuquerque, NM 87103-1608

Phone: (505) 242-2050 Fax: (505) 242-8501



March 31, 2007

Oil Conservation Division
1301 W. Grande Avenue
Artesia, NM 88210

RE: Paisano Federal #1
Well API NO. 30-005-63840
S.12, T. 9-S, R. 27-E
Chaves County, NM


Ladies and Gentlemen:

On 3/29/07 we faxed you a BLM Sundry Notice stating our intent to cement surface casing on the above mentioned well. On the afternoon of 3/29/07, we ran surface casing and cemented. The cement job was witnessed by Paul Swartz of the BLM. The cement was circulated to the surface.

We attach a copy of the BLM Sundry Notice, together with the Halliburton's Pressure Graph & Report.

If you have any questions or need further information, please contact our office at the numbers listed above.

Yours truly,


Jun Barrack

HALLIBURTON

Month - Year
APR - 4 2007
OCD - ARTESIA, NM

Cementing Job Summary

The Road to Excellence Starts with Safety

Sold To #: 303075	Ship To #: 2563205	Quote #:	Sales Order #: 4995193
Customer: JALAPENO CORPORATION		Customer Rep: Yates, Harvey	
Well Name: Paisano Federal	Well #: 1	API/UWI #: 30-005-63840	
Field: WOLF LAKE SOUTH	City (SAP): ROSWELL	County/Parish: Chaves	State: New Mexico
Legal Description: Section 12 Township 9S Range 27E			
Contractor: UNITED DRILLING		Rig/Platform Name/Num: ??	
Job Purpose: Cement Surface Casing			
Well Type: Development Well		Job Type: Cement Surface Casing	
Sales Person: RIPLEY, STEVE		Srv Supervisor: SOSA, LOUIS	MBU ID Emp #: 350525

Job Personnel

HES Emp Name	Exp Hrs	Emp #	HES Emp Name	Exp Hrs	Emp #	HES Emp Name	Exp Hrs	Emp #
BARRETT, BRET Allen	3.0	104408	ROBLES, ANTONIO	3.5	104101	SOSA, LOUIS	3.5	350525
VILLANUEVA, ARNULFO M	0.5	104591						

Equipment

HES Unit #	Distance-1 way	HES Unit #	Distance-1 way	HES Unit #	Distance-1 way	HES Unit #	Distance-1 way
10717520	70 mile	10724293	70 mile	10804547	70 mile	77282C	70 mile

Job Hours

Date	On Location Hours	Operating Hours	Date	On Location Hours	Operating Hours	Date	On Location Hours	Operating Hours
March 29, 2007	3.5	1						

TOTAL Total is the sum of each column separately

Job				Job Times			
Formation Name	Formation Depth (MD)	Top	Bottom	Called Out	Date	Time	Time Zone
Form Type			BHST	On Location	29 - Mar - 2007	11:00	CST
Job depth MD	535. ft		Job Depth TVD	Job Started	29 - Mar - 2007	15:30	CST
Water Depth			Wk Ht Above Floor	Job Completed	29 - Mar - 2007	17:06	CST
Perforation Depth (MD)	From	To		Job Completed	29 - Mar - 2007	17:49	CST
				Departed Loc	29 - Mar - 2007	19:00	CST

Well Data

Description	New / Used	Max pressure psig	Size in	ID in	Weight lbm/ft	Thread	Grade	Top MD ft	Bottom MD ft	Top TVD ft	Bottom TVD ft
Open Hole				12.25					535.		
Surface Casing	New		8.625	7.921	32.		J-55		537.		

Sales/Rental/3rd Party (HES)

Description	Qty	Qty uom	Depth	Supplier
CLR,FLT,TROPHY SEAL,8-5/8 8RD	1	EA		
SHOE,CSG,TIGER TOOTH,8 5/8 IN 8RD	1	EA		
CENTRALIZER ASSY - API - 8-5/8 CSG X	3	EA		
CLAMP - LIMIT - 8-5/8 - HINGED -	1	EA		
KIT,HALL WELD-A	2	EA		

Tools and Accessories

Type	Size	Qty	Make	Depth	Type	Size	Qty	Make	Depth	Type	Size	Qty	Make
Guide Shoe					Packer					Top Plug			
Float Shoe					Bridge Plug					Bottom Plug			
Float Collar					Retainer					SSR plug set			
Insert Float										Plug Container			
Stage Tool										Centralizers			

Cementing Job Log

The Road to Excellence Starts with Safety

Sold To #: 303075	Ship To #: 2563205	Quote #:	Sales Order #: 4995193
Customer: JALAPENO CORPORATION		Customer Rep: Yates, Harvey	
Well Name: Paisano Federal	Well #: 1	API/UWI #: 30-005-63840	
Field: WOLF LAKE SOUTH	City (SAP): ROSWELL	County/Parish: Chaves	State: New Mexico
Legal Description: Section 12 Township 9S Range 27E			
Lat: N 0 deg. OR N 0 deg. 0 min. 0 secs.		Long: E 0 deg. OR E 0 deg. 0 min. 0 secs.	
Contractor: UNITED DRILLING	Rig/Platform Name/Num: ??		
Job Purpose: Cement Surface Casing		Ticket Amount:	
Well Type: Development Well		Job Type: Cement Surface Casing	
Sales Person: RIPLEY, STEVE	Srvc Supervisor: SOSA, LOUIS	MBU ID Emp #: 350525	

Activity Description	Date/Time	Cht #	Rate bbl/ min	Volume bbl		Pressure psig		Comments
				Stage	Total	Tubing	Casing	
Call Out	03/29/2007 11:00							
Safety Meeting - Service Center or other Site	03/29/2007 12:50							
Depart from Service Center or Other Site	03/29/2007 13:00							
Arrive at Location from Service Center	03/29/2007 15:30							
Safety Meeting - Assessment of Location	03/29/2007 15:35							
Safety Meeting - Pre Rig-Up	03/29/2007 15:40							
Rig-Up Equipment	03/29/2007 15:45							
HES Resources on Location and Available to Perform	03/29/2007 16:00							
Rig-Up Completed	03/29/2007 16:45							
Time Customer is Ready to Turn Control Over to HES	03/29/2007 16:50							
Safety Meeting - Pre Job	03/29/2007 16:55							
Start Job	03/29/2007 17:06							
Test Lines	03/29/2007 17:08		3		3		1500. 0	H2O
Pump Spacer	03/29/2007 17:10		5		50		98.0	H2O
Pump Cement	03/29/2007 17:20		5		58		119.0	MIXED 240 SKS PREM. PLUS W/ 2% CALCIUM CHLORIDE @ 14.8 PPG.
Drop Plug	03/29/2007 17:34							8 5/8 HWE

Sold To #: 303075

Ship To #: 2563205

Quote #:

Sales Order #:

4995193

SUMMIT Version: 7.10.386

Thursday, March 29, 2007 06:25:00

Cementing Job Log

The Road to Excellence Starts with Safety

Sold To #: 303075	Ship To #: 2563205	Quote #:	Sales Order #: 4995193
Customer: JALAPENO CORPORATION		Customer Rep: Yales, Harvey	
Well Name: Paisano Federal	Well #: 1	API/UWI #: 30-005-63840	
Field: WOLF LAKE	City (SAP): ROSWELL	County/Parish: Chaves	State: New Mexico
SOUTH			
Legal Description: Section 12 Township 9S Range 27E			
Lat: N 0 deg. OR N 0 deg. 0 min. 0 secs.		Long: E 0 deg. OR E 0 deg. 0 min. 0 secs.	
Contractor: UNITED DRILLING		Rig/Platform Name/Num: ??	
Job Purpose: Cement Surface Casing			Ticket Amount:
Well Type: Development Well		Job Type: Cement Surface Casing	
Sales Person: RIPLEY, STEVE		Srv Supervisor: SOSA, LOUIS	MBU ID Emp #: 350525

Activity Description	Date/Time	Cht #	Rate bbl/ min	Volume bbl		Pressure psig		Comments
				Stage	Total	Tubing	Casing	
Call Out	03/29/2007 11:00							
Safety Meeting - Service Center or other Site	03/29/2007 12:50							
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Start Job	03/29/2007 17:06							
Test Lines	03/29/2007 17:08		3		3		1500. 0	H2O
Pump Spacer	03/29/2007 17:10		5		50		98.0	H2O
Pump Cement	03/29/2007 17:20		5		58		119.0	MIXED 240 SKS PREM. PLUS W/ 2% CALCIUM CHLORIDE @ 14.8 PPG.
Drop Plug	03/29/2007 17:34							8 5/8 HWE

Sold To #: 303075

Ship To #: 2563205

Quote #:

Sales Order #:

4995193

SUMMIT Version: 7.10.386

Thursday, March 29, 2007 06:25:00

HALLIBURTON***Cementing Job Log***

Activity Description	Date/Time	Cht #	Rate bbl/ min	Volume bbl		Pressure psig		Comments
				Stage	Total	Tubing	Casing	
Clean Lines	03/29/2007 17:34							WASHED UP ON TOP OF PLUG.
Pump Displacement	03/29/2007 17:34		5		32		405.0	H2O
Bump Plug	03/29/2007 17:46		2		30.5		986.0	BUMPED PLUG 500 PSI OVER AS PER CUSTOMER.
Check Floats	03/29/2007 17:47							FLOATS HELD. .5 BBLS BACK.
End Job	03/29/2007 17:49							CIRCULATED 45 SKS (11 BBLS) TO THE PIT.
Safety Meeting - Pre Rig- Down	03/29/2007 17:55							
Rig-Down Equipment	03/29/2007 18:00							
Rig-Down Completed	03/29/2007 18:45							
Safety Meeting - Departing Location	03/29/2007 18:50							
Depart Location for Service Center or Other Site	03/29/2007 19:00							
Return to Service Center from Job	03/29/2007 21:00							THANKS LOUIS SOSA AND CREW!

Sold To # : 303075

Ship To # : 2563205

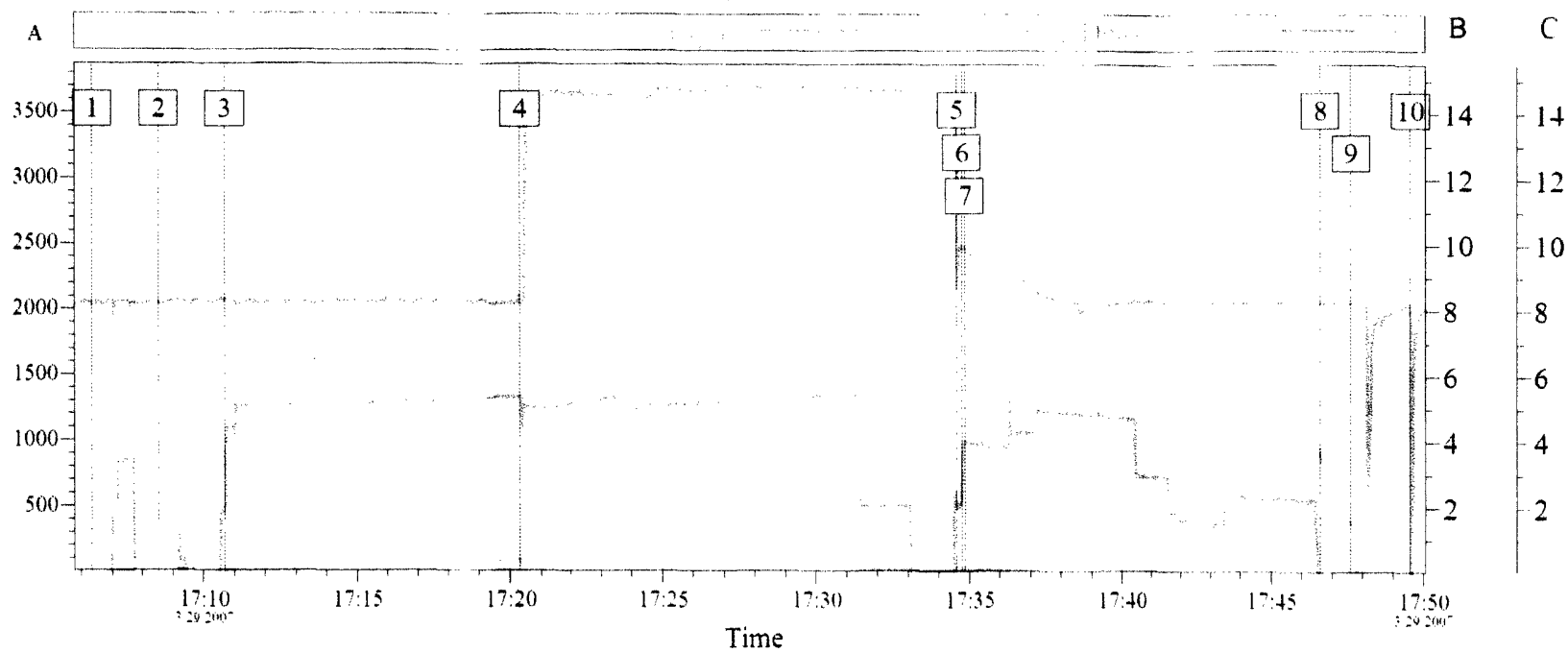
Quote # :

Sales Order # :

4995193

SUMMIT Version: 7.10.386

Thursday, March 29, 2007 06:25:00



Customer:	Job Date:	Ticket #:
Well Description:	UWI:	

CemWin v1.4.0
29-Mar-07 18:00