Submit 3 Copies To Appropriate District Office
District I
1625 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

Form C-103
May 27, 2004

| | |
|---|---|
| WELL API NO. | **30-005-63827** |
| 5. Indicate Type of Lease | STATE ☒ FEE ☐ |
| 6. State Oil & Gas Lease No. | **VO 7065** |
| 7. Lease Name or Unit Agreement Name | **Scrounger State** |
| 8. Well Number | **2** |
| 9. OGRID Number | **26307** |
| 10. Pool name or Wildcat | Wolf Lake, South Andres |

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**

AUG 13 2007
OCD-ARTESIA

4. Well Location
Unit Letter **A** : **990** feet from the **North** line and **330** feet from the **East** line
Section **13** Township **9-S** Range **27E** **NMPM** County **Chaves**

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
*GR 3877'*

**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: | | | | SUBSEQUENT REPORT OF: | | | |
|---|---|---|---|---|---|---|---|
| PERFORM REMEDIAL WORK | ☐ | PLUG AND ABANDON | ☐ | REMEDIAL WORK | ☐ | ALTERING CASING | ☐ |
| TEMPORARILY ABANDON | ☐ | CHANGE PLANS | ☐ | COMMENCE DRILLING OPNS. | ☐ | P AND A | ☐ |
| PULL OR ALTER CASING | ☐ | MULTIPLE COMPL | ☐ | CASING/CEMENT JOB | ☒ | | |
| OTHER: | ☐ | | | 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.

## CORRECTED NOTICE (added WOC time)

1. **On 8/2/07 Jalapeno gave the OCD 24 hour notice related to cementing surface casing. It did so by facsimile and voice messages left on OCD answering machine. Harvey Yates reached Tim Gum on 8/3/07 and asked whether Jalapeno should wait on OCD official before doing cement job. Mr. Gum advised us to go forward with job.**
2. **Halliburton on site 8/3/07. Circulated well with fresh water. Pumped 240 sacks of Premium Plus Cement with 2% CaC12 mixed at 1.34 cu.ft/sk (calculated volume 57 bbls.). Cement rose near surface, but fell back.**
3. **Because the cement fell back Keltic Service, Inc. was called to run temperature survey. This they did on the morning of 8/4/07. Keltic located top of cement 35 feet from the surface. (See attached Keltic report.) Halliburton then cemented from 35 feet to surface. (See Halliburton Job Log.)**

**(Continued on the following page)**

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 ☐.**

Jalapeno Corporation
SIGNATURE by Harvey Yates TITLE President DATE 8/9/07

Type or print name: Harvey Yates, Jr. E-mail address: personnel3@msn.com Telephone No. 505-242-2050

**For State Use Only**

FOR RECORDS ONLY
AUG 16 2007

APPROVED BY: _____ TITLE _____ DATE _____

Conditions of Approval (if any):

4. During the course of the cement job discussed at 2. above, Halliburton discovered that an electrical problem prohibited information from the cement pump-truck computer being transmitted to the control truck computer. Thus, Halliburton was unable to give Jalapeno a pressure graph on site, but the Halliburton "Cementer" advised Jalapeno that Halliburton would download the data a the Halliburton Artesia office and transmit the graphs to Jalapeno. Instead, as explained in the attached letter of 8/6/07, from Bret Barrett, Halliburton Service Leader, a Halliburton technician, who, unfortunately had not been advised to download the data, cleared the memory from the pump-truck computer. Thus, Halliburton did not deliver to Jalapeno the necessary pressure graphs.
5. Because Jalapeno did not receive the pressure graphs from Halliburton, Jalapeno, on 8/8/07, had Jim's Water Service bring a "Kill Truck" with a paper recorder to pressure test the surface casing. As shown on the attached Chart, the casing held 700 p.s.i. for 35 minutes, meeting the OCD Requirements. (See JWS recording which is attached to this Sundry Notice to evidence that the casing held as required by OCD regulations.)
6. Waited on cement: 8/4/07 – 8/9/07 (5 days)

BELOW IS A LIST OF THE DOCUMENTS SENT WITH THIS C-103 SUNDRY NOTICE:

1. Keltic Temperature Survey Report & Graph (2 pages)
2. Letter from Bret Barrett of Halliburton dated 8/6/07 (1 page)
3. Halliburton Cement Job Log (2 pages)
4. Halliburton Cement Job Summary (2 pages)
5. Jim's Water Services Pressure Chart Recording (1 page)

**Keltic Services, Inc**
Box 1857
Artesia, NM
88211

**505 748 3759**

## Temperature Survey

| | | | |
|---|---|---|---|
| Company | JALAPENO CORP. | Date | 08/04/07 |
| Well | SCROUNGER 2 | Time Plug Down | 1000 hrs |
| | | Time Start Survey | 700 hrs |
| | | Time End Survey | 800 hrs |
| Casing String | SURFACE | Depth Reached | 445 ft |

**Cement Top** **35 ft.**

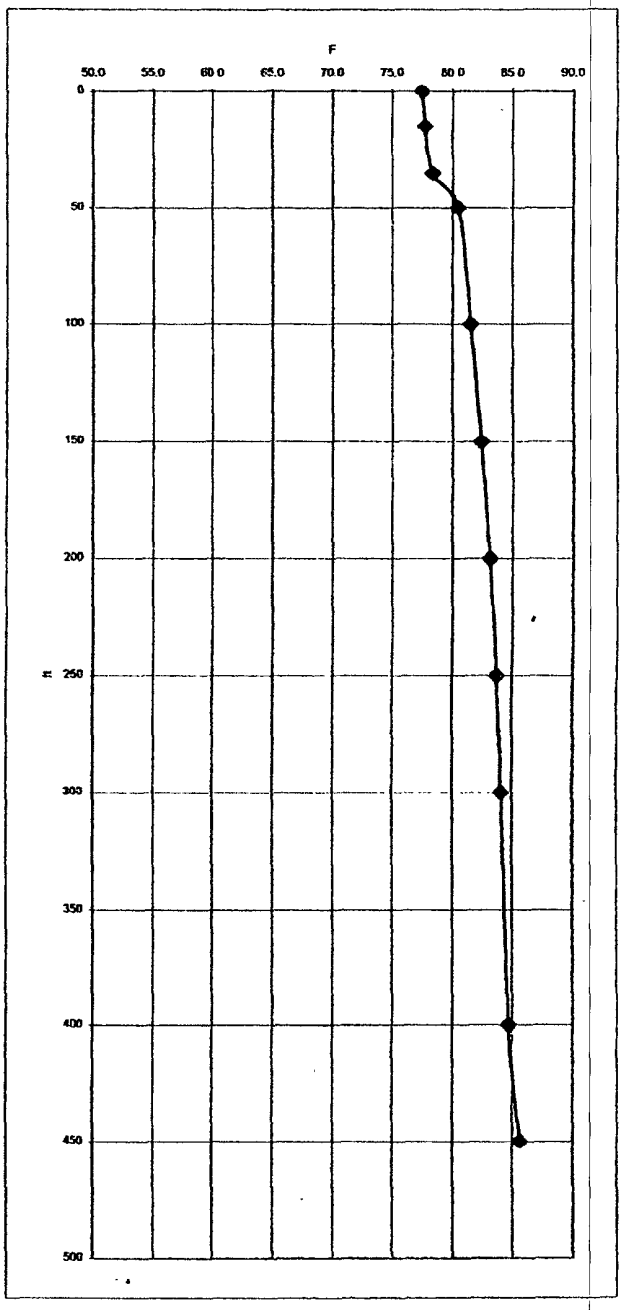
Gauge 205

Operator: Julian Witness: HARVEY YATES

Keltic Services Inc
Tempreature Survey

| | | | |
|---|---|---|---|
| Company | JALAPENO CORP. | Date | 8/4/07 |
| Well | SCROUNGER 2 | Plug Down | 1000 hrs |
| | | Survey Start | 700 hrs |
| Cement Top | 35 ft | Operator | Julian |

| Depth ft | Temp. °F | Comments |
|---|---|---|
| 0 | 77.5 | |
| 15 | 77.7 | |
| 35 | 78.3 | CT |
| 50 | 80.5 | |
| 100 | 81.6 | |
| 150 | 82.4 | |
| 200 | 83.1 | |
| 250 | 83.7 | |
| 300 | 84.1 | |
| 400 | 84.7 | |
| 450 | 85.6 | |



**Bret Barrett**

**From:** Bret Barrett
**Sent:** Monday, August 06, 2007 6:31 PM
**To:** 'Harvey Yates'
**Subject:** I will try to fax this from some where else.

**From:** Bret Barrett
**Sent:** Monday, August 06, 2007 4:14 PM
**To:** 'Harvey Yates'
**Subject:** Jalapeno Corp. Scrounger State #2 Surface, Friday 8/3/2007

Harvey,

The cement unit we had on your location had a faulty cable on the data acquisition box and would not communicate with laptop computer. None the less, we made the decision to go forward with the cement job and later download data at Halliburton yard facility.

The cable was repaired this morning (Monday 8-6-07). Unfortunately, the technician had not been made aware of data to be recovered, and as part of standard maintenance, he cleared memory and all programming, deleting job data. It cannot be recovered.

I am sending copy of Job Log with times, volume, and pressures pumped. As a consequence of the loss of data, we do not have charts recording real-time data.

We pumped 40 bbls fresh water ahead, Started 240 sk.s Premium Plus W/2% CaCl2 mixed at 14.8 #/gal & 1.34 cu. Ft./ sk (calculated volume 57 bbls), circulation was established with 16 bbls slurry pumped (total pump volume 56 bbls). We shutdown and released wooden plug from plug container with 56 bbls of slurry pumped, washed up on top of plug and continued displacement with fresh water. At 30 bbls displacement pressure was approximately 400 psi, at 34 bbls (pipe capacity) rate was already reduced to 1 bpm @ 450 psi and pressure increase to 500 psi. We shutdown, ISIP was 450 psi and holding. We did not re-pressure, I was concerned about exceeding limitations on wooden plug, pumping past plug, or pumping pipe up hole if pressure was from bridge in annulus rather than plug landing on float.

We observed circulation was not present at reduced rate prior to shutdown, although annulus was standing full until landing plug. After shutdown we released pressure and checked that float was holding.

We then called Keltic Services to run temperature survey. The top of cement was established at 35 feet from surface. We topped out with 38 sks Premium Plus w/ 2% CaCl2 and pumped remaining 12 sks mixed to pit.

Bret Barrett, Ph: 505-746-7649
Service Leader, Production Enhancement
Halliburton Energy Services, Artesia, NM

Bret Barrett 8/6/07

8/6/2007

HALLIBURTON

# *Cementing Job Log*

*The Road to Excellence Starts with Safety*

| | | | |
|---|---|---|---|
| **Sold To #:** 303075 | **Ship To #:** 2588488 | **Quote #:** | **Sales Order #:** 5258492 |
| **Customer:** JALAPENO CORPORATION | | **Customer Rep:** Yates, Harvey | |
| **Well Name:** Scrounger State | **Well #:** 2 | | **API/UWI #:** 30-005-63827 |
| **Field:** WOLF LAKE SOUTH | **City (SAP):** ROSWELL | **County/Parish:** Chaves | **State:** New Mexico |
| **Legal Description:** | | | |
| **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:** GLASS, HOLLICE | | **MBU ID Emp #:** 351172 |

| Activity Description | Date/Time | Cht # | Rate bbl/min | Volume bbl Stage | Volume bbl Total | Pressure psig Tubing | Pressure psig Casing | Comments |
|---|---|---|---|---|---|---|---|---|
| Call Out | 08/03/2007 12:00 | | | | | | | |
| Pre-Convoy Safety Meeting | 08/03/2007 15:50 | | | | | | | |
| Depart from Service Center or Other Site | 08/03/2007 16:00 | | | | | | | |
| Arrive At Loc | 08/03/2007 18:00 | | | | | | | |
| Assessment Of Location Safety Meeting | 08/03/2007 18:05 | | | | | | | |
| Pre-Rig Up Safety Meeting | 08/03/2007 18:10 | | | | | | | |
| Rig-Up Equipment | 08/03/2007 18:15 | | | | | | | |
| Rig-Up Completed | 08/03/2007 19:00 | | | | | | | |
| Pre-Job Safety Meeting | 08/03/2007 19:50 | | | | | | | |
| Start Job | 08/03/2007 20:18 | | | | | | | |
| Pump Spacer 1 | 08/03/2007 20:25 | | 3 | 40 | | | 22.0 | FRESH WATER |
| Pump Cement | 08/03/2007 20:40 | | 2 | 57 | | | 40.0 | 240 SKS PREMIUM PLUS 2% CC @ 14.8 PPG/1.35/6.39 |
| Shutdown | 08/03/2007 21:00 | | | | | | | DROP PLUG |
| Pump Displacement | 08/03/2007 21:03 | | 3 | 24 | | | 66.0 | FRESH WATER |
| Other | 08/03/2007 21:17 | | 2 | 10 | | | 45.0 | SLOW RATE |
| Bump Plug | 08/03/2007 21:28 | | 2 | | 34 | | 450.0 | |

HALLIBURTON

# *Cementing Job Log*

| Activity Description | Date/Time | Cht # | Rate bbl/min | Volume bbl | | Pressure psig | | Comments |
|---|---|---|---|---|---|---|---|---|
| | | | | Stage | Total | Tubing | Casing | |
| Check Floats | 08/03/2007 21:30 | | | | | | | FLOATS HELD |
| End Job | 08/03/2007 21:31 | | | | | | | DID NOT CIRCULATE CEMENT |
| Other | 08/04/2007 09:00 | | | | | | | ORDERED 50 SKS PREMIUM PLUS 2%CC |
| Other | 08/04/2007 14:30 | | | | | | | CEMENT ARRIVED ON LOCATION |
| Start Job | 08/04/2007 14:55 | | | | | | | TAGGED CMT AT 35FT |
| Pump Cement | 08/04/2007 14:56 | | 1 | 9 | | 50.0 | | 45 SKS PREMIUM PLUS 2% CC @ 14.8/1.35/6.39 |
| End Job | 08/04/2007 15:30 | | | | | | | 9 BBL CEMENT IN HOLE/ 2BBL TO PIT |
| Post-Job Safety Meeting (Pre Rig-Down) | 08/04/2007 15:45 | | | | | | | |
| Rig-Down Equipment | 08/04/2007 15:50 | | | | | | | |
| Pre-Convoy Safety Meeting | 08/04/2007 16:30 | | | | | | | |
| Depart Location for Service Center or Other Site | 08/04/2007 16:40 | | | | | | | |

HALLIBURTON

# *Cementing Job Summary*

*The Road to Excellence Starts with Safety*

| | | | |
|---|---|---|---|
| **Sold To #:** 303075 | **Ship To #:** 2588488 | **Quote #:** | **Sales Order #:** 5258492 |
| **Customer:** JALAPENO CORPORATION | | **Customer Rep:** Yates, Harvey | |
| **Well Name:** Scrounger State | **Well #:** 2 | | **API/UWI #:** 30-005-63827 |
| **Field:** WOLF LAKE SOUTH | **City (SAP):** ROSWELL | **County/Parish:** Chaves | **State:** New Mexico |
| **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 | **Srvc Supervisor:** GLASS, HOLLICE | **MBU ID Emp #:** 351172 | |

## Job Personnel

| HES Emp Name | Exp Hrs | Emp # | HES Emp Name | Exp Hrs | Emp # | HES Emp Name | Exp Hrs | Emp # |
|---|---|---|---|---|---|---|---|---|
| GLASS, HOLLICE W | | 351172 | | | | | | |

## Equipment

| HES Unit # | Distance-1 way | HES Unit # | Distance-1 way | HES Unit # | Distance-1 way | HES Unit # | Distance-1 way |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

## Job Hours

| Date | On Location Hours | Operating Hours | Date | On Location Hours | Operating Hours | Date | On Location Hours | Operating Hours |
|---|---|---|---|---|---|---|---|---|
| 8-3-07 | 6 | 1 | 8-4-07 | 16 | | | | |
| TOTAL | | | *Total is the sum of each column separately* | | | | | |

## Job

| | | | |
|---|---|---|---|
| **Formation Name** | | | |
| **Formation Depth (MD)** | **Top** | | **Bottom** |
| **Form Type** | | **BHST** | |
| **Job depth MD** | 535. ft | **Job Depth TVD** | 535. ft |
| **Water Depth** | | **Wk Ht Above Floor** | 10. ft |
| **Perforation Depth (MD)** | **From** | | **To** |

## Job Times

| | Date | Time | Time Zone |
|---|---|---|---|
| **Called Out** | 03 - Aug - 2007 | 12:00 | MST |
| **On Location** | 03 - Aug - 2007 | 18:00 | MST |
| **Job Started** | 03 - Aug - 2007 | 20:20 | MST |
| **Job Completed** | 03 - Aug - 2007 | 00:00 | MST |
| **Departed Loc** | 03 - Aug - 2007 | 00:00 | MST |

## 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 |
|---|---|---|---|---|
| PLUG,CMTG,TOP,WOODN,TWO CUP TY,8 5/8 IN | 1 | EA | | |
| 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 | | | |

## Miscellaneous Materials

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gelling Agt | | Conc | | Surfactant | | Conc | | Acid Type | | Qty | | Conc | % |
| Treatment Fld | | Conc | | Inhibitor | | Conc | | Sand Type | | Size | | Qty | |

HALLIBURTON

# *Cementing Job Summary*

## Fluid Data

**Stage/Plug #: 1**

| Fluid # | Stage Type | Fluid Name | Qty | Qty uom | Mixing Density lbm/gal | Yield ft3/sk | Mix Fluid Gal/sk | Rate bbl/min | Total Mix Fluid Gal/sk |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Premium Plus 2% CC | CMT - PREMIUM PLUS CEMENT (100012205) | 290.0 | sacks | 14.8 | 1.35 | 6.39 | | 6.39 |
| 94 lbm | | CMT - PREMIUM PLUS - CLASS C REG OR TYPE III, BULK (100012205) | | | | | | | |
| 2 % | | CALCIUM CHLORIDE - HI TEST PELLET (100005053) | | | | | | | |
| 6.387 Gal | | FRESH WATER | | | | | | | |

| Calculated Values | | Pressures | | Volumes | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Displacement | | Shut In: Instant | | Lost Returns | YES | Cement Slurry | 66 | Pad | |
| Top Of Cement | | 5 Min | | Cement Returns | YES | Actual Displacement | 34 | Treatment | |
| Frac Gradient | | 15 Min | | Spacers | 20 | Load and Breakdown | | Total Job | 120 |

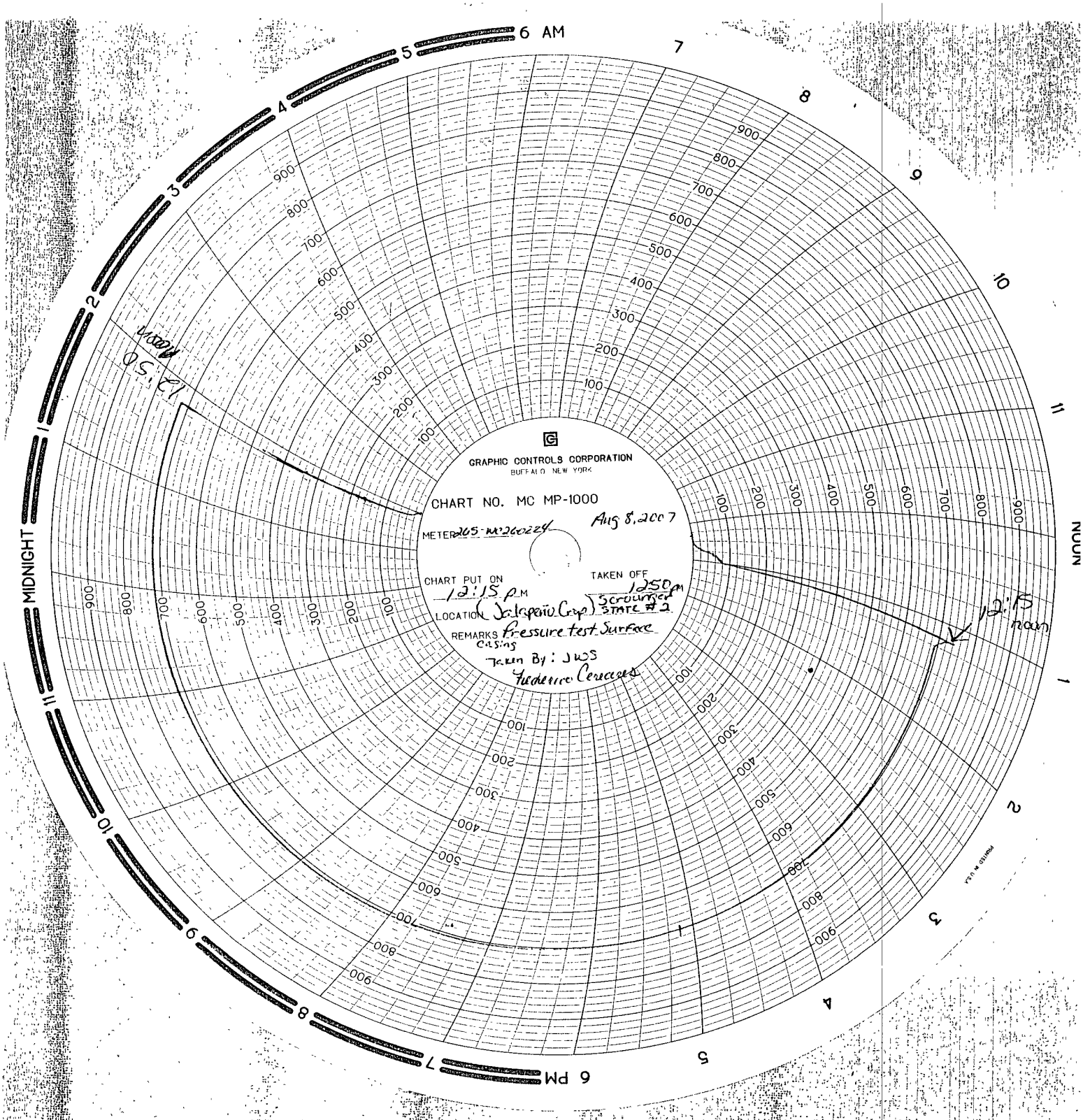
## Rates

| Circulating | | Mixing | 4 | Displacement | 4 | Avg. Job | 4 |
|---|---|---|---|---|---|---|---|

| Cement Left In Pipe | Amount | 0 ft | Reason | Shoe Joint |
|---|---|---|---|---|

| Frac Ring # 1 @ | | ID | | Frac ring # 2 @ | | ID | | Frac Ring # 3 @ | | ID | | Frac Ring # 4 @ | | ID | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

| The Information Stated Herein Is Correct | Customer Representative Signature |
|---|---|


GRAPHIC CONTROLS CORPORATION
BUFFALO NEW YORK
CHART NO. MC MP-1000
METER 265-M-260224
Aug 8, 2007
CHART PUT ON
12:15 PM
TAKEN OFF
1250 PM
LOCATION Jalapeño Corp Scrounger State #2
REMARKS Pressure test Surface Casing
Taken By: JWS
Federico Cervantes
12:50 noon
12:15 noon
MIDNIGHT
NOON
6 AM
6 PM