

WORKING FILE COPY

30-005-10473

Number 12RH18W

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

☒ Certified Mail - Return
Receipt Requested
70030500000044537310

IDENTIFICATION	
IID	
Lease	FEE
CA	
Unit	NMN82050X
PA	

Bureau of Land Management Office ROSSELL FIELD OFFICE				Operator CANO PETRO OF NEW MEXICO INC			
Address 2909 W. SECOND ST. ROSSELL, NM 88201				Address 6500 N BELTLINE ROAD SUITE 200 IRVING TX 75063			
Telephone 575.627.0272				Attention			
Inspector HOSKINSON				Attn Addr			
Site Name CATO SAN ANDRES UNIT	Well or Facility 187	1/4 1/4 Section SENE 5	Township 9S	Range 30E	Meridian NMP	County CHAVES	State NM
Site Name CATO SAN ANDRES UNIT	Well or Facility 29	1/4 1/4 Section SENE 10	Township 8S	Range 30E	Meridian NMP	County CHAVES	State NM
Site Name (SEE ATTACHED)	Well or Facility	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
12/19/2011	11:15	01/31/2012		43CFR3162.1(a)

Remarks:

THE ABOVE REFERENCED WELLS HAVE WELLBORES OPEN TO THE ATMOSPHERE.
43 CFR 3162.1 (A) REQUIRES THAT THE OPERATING RIGHTS OWNER OR OPERATOR, AS APPROPRIATE, SHALL COMPLY WITH APPLICABLE LAWS AND REGULATIONS; WITH THE LEASE TERMS, ONSHORE OIL AND GAS ORDERS, NTL'S; AND WITH OTHER ORDERS AND INSTRUCTIONS OF THE AUTHORIZED OFFICER. THESE INCLUDE, BUT ARE NOT LIMITED TO, CONDUCTING ALL OPERATIONS IN A MANNER WHICH ENSURES THE PROPER HANDLING, MEASUREMENT, DISPOSITION, AND SITE SECURITY OF LEASEHOLD PRODUCTION; WHICH PROTECTS OTHER NATURAL RESOURCES AND ENVIRONMENTAL QUALITY; WHICH PROTECTS LIFE AND PROPERTY; AND WHICH RESULTS IN MAXIMUM ULTIMATE ECONOMIC RECOVERY OF OIL AND GAS WITH MINIMUM WASTE AND WITH MINIMUM ADVERSE EFFECT ON ULTIMATE RECOVERY OF OTHER MINERAL RESOURCES.
(Remarks continued on following page(s).)

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title	Signature	Date
Company Comments		

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer <i>/s/ Angel Mayes</i>	Date	Time
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FOR OFFICE USE ONLY

Number 2	Date	Type of Inspection PI
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Wells and/or Facilities, continued

Site Name	Well or Facility	1/4 1/4 Sec Township	Range	Meridian	County	State
CATO SAN ANDRES UNIT	114	SESE 14 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	164	SWSW 27 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	151	SENE 27 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	152	SWNE 27 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	148	NWNW 27 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	181	SESW 33 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	186	SWNW 4 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	185	SWNE 4 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	66	SWSE 8 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	16	NENE 9 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	174	SWNE 32 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	161	NWSE 28 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	82	NWNW 13 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	116	SESW 14 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	117	SWSW 14 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	128	NWNW 23 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	110	NWSW 14 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	107	NESW 15 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	132	SWNE 23 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	62	SWSE 9 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	8	SESE 3 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	36	SWNW 9 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	44	NESE 9 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	45	NWSW 10 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	46	NESW 10 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	55	SESW 11 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	58	SWSE 10 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	59	SESW 10 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	61	SESE 9 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	81	NENE 14 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	92	SENE 16 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	100	NWSE 17 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	103	NESW 16 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	126	NWNE 22 8S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	183	NENW 5 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	189	SENW 5 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	190	SWNW 5 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	195	NESW 5 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	194	NWSW 5 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	191	SESW 6 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	199	SWSW 5 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	201	NWNW 8 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	202	NENW 8 9S	30E	NMP	CHAVES	NM
CATO SAN ANDRES UNIT	203	NENE 8 9S	30E	NMP	CHAVES	NM

BLM Remarks, continued

CORRECTIVE ACTION: FOR SAFETY AND ENVIRONMENTAL PROTECTION CLOSE ALL OPEN WELLBORES (PLASTIC THREAD PROTECTORS ARE NOT ACCEPTABLE).

FOR MONITORING AND TRACKING PURPOSES,
 SUBMIT APPROPRIATE PAPERWORK TO THIS OFFICE
 ATTENTION: ROBERT E. HOSKINSON Sr.
 IF YOU HAVE ANY QUESTIONS, CONTACT
 Robert E. Hoskinson Sr.
 Lead Petroleum Engineering Technician
 2909 West Second Street
 Roswell, NM 882011
 Office: (575) 627-0218