

District I 1625 N French Dr., Hobbs, NM 88240
District II 1301 W Grand Ave., Artesia, NM 88201
District III 1000 Rio Brazos Rd., Aztec, NM 87410
District IV 1220 S St Francis Dr., Santa Fe, NM 87505

RECEIVED NOV 23 2009 OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505 HOBBSOCD

WELL API NO. 30-05-28028
5. Indicate Type of Lease STATE [ ] FEE [x]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name CATO SAN ANDRES UNIT
8. Well Number 557
9. OGRID Number 248802
10. Pool name or Wildcat CATO;SAN ANDRES
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4109 GL

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 [x] Gas Well [ ] Other [ ]
2. Name of Operator CANO PETRO OF NEW MEXICO, INC.
3. Address of Operator 801 CHERRY STR, UNIT 25 SUITE 3200 FT WORTH TX 76102
4. Well Location Unit Letter O : 139 feet from the SOUTH line and 1416 feet from the EAST line
Section 10 Township 08S Range 30E NMPM 27 County CHAVES

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 [ ]
DOWNHOLE COMMINGLE [ ]
OTHER [ ]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [ ] ALTERING CASING [ ]
COMMENCE DRILLING OPNS. [x] P AND A [ ]
CASING/CEMENT JOB [x]
OTHER plugged back and tested for water zone [x]

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.
8/19/08: Spud 12-1/4" hole and drill to 573'. 8/20/08: Drill to 1155' and run 8-5/8" 24# csg to 1155'. 8/21/08: Cemented surface csg to surface w/ 750 sx C. WOC 10 hours. Installed BOP and drilled 7-7/8" hole to 1263'. 8/22/08: Continued drilling to 3053'. 8/23/08: Drilled to 3484'. 8/24/08: POOH/ twisted off. RIH w/ fishing equipment and jarred on fish until 8/27/08. 8/28/08: TIH to 1155 and pumped cement plug and WOC 8 hours. TIH and tagged cement @ 871'. LD drill pipe. WOO. 9/03/08 Begin skidding rig to drill 557Y
10/18/08: Drilled out cement to 950'. 10/20/08: Perforated 812-852' and 878-898' @ 4 spf.
10/21/08: TIH w/ tubing to 890' and swabbed 25 bbls water in 12 runs. 10/29/08: Acidized with 3,000 gal HCl and HF acid. ISIP 700 psi, 5-min 522 psi, 10-min 503 psi, 15-min 488 psi.
11/5/08: RIH w/ tubing and swabbed 25 bbls, 100% water. RDMO and shut well in.

Spud Date: 8/19/08

Rig Release Date: 11/5/08

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Collin Strawn TITLE Engineer DATE 11/19/09

Type or print name Collin Strawn E-mail address: PHONE: 817-698-0900

For State Use Only
APPROVED BY: TITLE PETROLEUM ENGINEER DATE DEC 03 2009
Conditions of Approval (if any):