

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,  
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER  
AGAINST CANO PETRO OF NEW MEXICO, INC., FOR WELLS OPERATED IN  
CHAVES AND ROOSEVELT COUNTIES, NEW MEXICO.**

**CASE NO. 16040**

**CASE NO. 16359**

**NOTICE OF BANKRUPTCY AND AUTOMATIC STAY**

Respondent/Appellant US Specialty Insurance Company hereby provides notice that primary obligor Respondent/Appellant Cano Petro of New Mexico, Inc. ("Cano") filed a Chapter 11 Bankruptcy Petition in the United States Bankruptcy Court for the Northern District of Oklahoma. Cano filed its Petition on June 1, 2018 and that matter is proceeding under case number 18-11128-M. A copy of the first page of the Petition is attached hereto. Cano identified the State of New Mexico Oil Conservation Division as a Creditor in its List of Creditors (copy also attached).

Upon Cano filing the Petition, the Automatic Stay provision of 11 U.S.C § 362(a) went into effect and precludes any further proceedings here until such time as the Stay is lifted by the Bankruptcy Court. While there is an exception to the Automatic Stay under 11 U.S.C. § 362(b)(4) for actions by a governmental unit exercising its police power, in this instance the true nature of the action is to obtain relief in the form of requiring Cano to perform certain remedial measures which would result in either the expenditure of Bankruptcy Estate assets or ultimately an enforcement of a judgment.

U.S. Specialty Insurance believes the hearing in this matter scheduled for August 20<sup>th</sup>, must be vacated and no further proceedings or actions allowed unless and until relief for the Automatic Stay is granted by the United States Bankruptcy Court.

Respectfully submitted,

JENNINGS STROUSS &  
SALMON, PLC  
/s/ Scott F. Frerichs  
SCOTT F. FRERICHS  
One E. Washington St.  
Suite 1900  
Phoenix, AZ 85004  
602-262-5853  
sfrerichs@jsslaw.com

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Notice of Bankruptcy and Automatic Stay was served by e-mail to Keith.Herrmann@state.nm.us Keith Herrmann, Assistant General Counsel, New Mexico Oil Conservation Division; WilliamV.Jones@state.nm.us William V. Jones, Hearing Examiner for New Mexico Oil Conservation Division; and padillalaw@gwestoffice.net Ernest Padilla, Counsel for Defendant Cano Petro of New Mexico, Inc., on this 3<sup>RD</sup> day of August, 2018.

/s/ Scott F. Frerichs  
SCOTT F. FRERICHS

Fill in this information to identify your case:

United States Bankruptcy Court for the:

NORTHERN DISTRICT OF OKLAHOMA

Case number (if known)

Chapter 11

Check if this an amended filing

Official Form 201

Voluntary Petition for Non-Individuals Filing for Bankruptcy

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If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and case number (if known). For more information, a separate document, Instructions for Bankruptcy Forms for Non-Individuals, is available.

1. Debtor's name Cano Petro of New Mexico, Inc.

2. All other names debtor used in the last 8 years Include any assumed names, trade names and doing business as names

3. Debtor's federal Employer Identification Number (EIN) 20-8564572

4. Debtor's address Principal place of business 823 S. Detroit Ave, Suite 300 Tulsa, OK 74120 Mailing address, if different from principal place of business P.O. Box 4470 Tulsa, OK 74159 Location of principal assets, if different from principal place of business Oil & Gas Assets located in Chaves, New Mexico

5. Debtor's website (URL)

6. Type of debtor [X] Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP)) [ ] Partnership (excluding LLP) [ ] Other. Specify:

Debtor **Cano Petro of New Mexico, Inc.**  
Name

Case number (if known)

Name of creditor and complete mailing address, including zip code	Name, telephone number and email address of creditor contact	Nature of claim (for example, trade debts, bank loans, professional services)	Indicate if claim is contingent, unliquidated, or disputed	Amount of claim If the claim is fully unsecured, fill in only unsecured claim amount. If claim is partially secured, fill in total claim amount and deduction for value of collateral or setoff to calculate unsecured claim.		
				Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
NEW MEXICO TAXATION AND REVENUE P.O. BOX 2308 SANTA FE, NM 87504-2308	505-827-0808	Property Tax				\$2,944.00
SOUTHWEST SAFETY SPECIALIST INC P.O. BOX 5169 HOBBS, NM 88241-5169	Scott Magness 575-393-3072	Materials, Goods & Services				\$3,845.00
SOUTHWESTERN WIRELESS P.O. BOX 2528 ROSWELL, NM 88202	Barb Hitt 575-622-9944	Materials, Goods & Services				\$2,119.00
State of New Mexico Oil Conservation Div 1220 South St. Francis Dr. Santa Fe, NM 87505	Aubrey Dunn 505-827-5700	Compliance Order				Unknown
U.S. SPECIALTY INSURANCE BONDS 8350 N. CENTRAL EXPRESSWAY DALLAS, TX 75206	Robert Radcliff 713-355-3100	Bonds/Legal Action				\$2,000,000.00
WASTE MANAGEMENT OF NEW MEXICO PO BOX 78251 PHOENIX, AZ 85062-8251	James C. Fish, Jr., CEO 800-634-8760	Materials, Goods & Services				\$1,008.00