



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Response Required – Deadline Enclosed

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

01-Jun-10

CANO PETRO OF NEW MEXICO, INC.
801 CHERRY STREET UNIT# 25 SUITE 3200
FORT WORTH TX 76102

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

CATO SAN ANDRES UNIT No.049				L-11-8S-30E	30-005-10455-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
05/25/2010	Bradenhead	Sylvia Dickey	Yes	No	8/28/2010	iSAD1014534697	
Comments on Inspection:		OVER PRESSURE LIMIT; OPERATOR W/CHOKE BACK; PER OPERATOR APRVD FOR 1355# STILL OVER 35#: W/PINCH BACK; NEED TO CK FOR PT*****					
CATO SAN ANDRES UNIT No.051				I-11-8S-30E	30-005-10539-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
05/25/2010	Bradenhead	Sylvia Dickey	Yes	No	8/28/2010	iSAD1014539900	
Comments on Inspection:		OPERATOR SHOWS APRVD FOR 1355; STILL IN VIOLATION; OPERATOR W/PINCH BACK (400# OVER?)					
CATO SAN ANDRES UNIT No.087				E-14-8S-30E	30-005-10561-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
05/25/2010	Bradenhead	Sylvia Dickey	Yes	No	8/28/2010	iSAD1014542447	
Comments on Inspection:		WELL SIGN INCORRECT STILL					

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

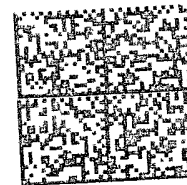


Hobbs OCD District Office
COMPLIANCE OFFICER

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240

CANO PETRO. OF NM
801 CHERRY STREET
UNIT #25 STE. 3200
FORT WORTH, TX 76102



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\$0.850
06/01/2010
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