new Mexico Oil Conservation Division, District I

1625 N. French Drive Hobbs, NM 88240

Form 3160-5 (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT FORM APPROVED OMB No. 1004-0137 2010

| • | No. | OMB NO. 1004-0 | | |
|---|------------------------------------|---------------------|--|--|
| | | Expires: July 31, 2 | | |
| | Lease Serial No. | | | |

| SHADDY | NOTICES AND REP | NMNM0346362 | NMNM0346362 | | |
|--|--|---|---|--|--|
| Do not use this t | 6. If Indian, Allottee | 6. If Indian, Allottee or Tribe Name | | | |
| abandoned well. | Use Form 3160-3 (A | APD) for such propos | sals. | | |
| SUBMI | 7. If Unit of CA/Ag | 7. If Unit of CA/Agreement, Name and/or No. | | | |
| 1. Type of Well | Cato San Andres | Cato San Andres Unit | | | |
| Oil Well Gas W | 8. Well Name and N Cato San Andres | 8. Well Name and No. Cato San Andres Unit #153 | | | |
| Cano Peto of New Mexico, Inc. | | | 9. API Well No. 30-005-20167 | 9. API Well No. 30-005-20167 | |
| 3a. Address 801 Cherry Street Suite 3200 Unit 25 Fort Wort | 3b. Phone No. (include area 817-698-0900 | (code) 10. Field and Pool of Cato; San Andres | 10. Field and Pool or Exploratory Area Cato; San Andres | | |
| 4. Location of Well (Footage, Sec., T., I F-28-08S-30E 1980 FNL 1980 FWL | R.,M., or Survey Description | | | 11. Country or Parish, State Chaves Co, NM | |
| 12 CHEC | K THE ADDD ODDIATE DO | V(EC) TO DENCATE VAR | | · | |
| TYPE OF SUBMISSION | K THE AFFRONIATE BO | | JRE OF NOTICE, REPORT OR OTI | HER DATA | |
| | | | TYPE OF ACTION - | | |
| ✓ Notice of Intent | Acidize | Deepen | Production (Start/Resume) | Water Shut-Off | |
| | Alter Casing | Fracture Treat | Reclamation | Well Integrity | |
| Subsequent Report | Casing Repair | New Construction | Recomplete | Other tag bottom | |
| | Change Plans | Plug and Abandon | Temporarily Abandon | | |
| 13. Describe Proposed or Completed Op the proposal is to deepen directional | Convert to Injection | Plug Back | Water Disposal | | |
| BLM Order Number 24-002-10W MIRU pulling unit. RIH w/ sinker bar on the end of sand production. | line to check depth. Res | ults of data obtained from th | nis procedure will determine wheth | ner this well can be returned to | |
| RD and move to next well. | | | Dear. | · · · · · · · · · · · · · · · · · · · | |
| THE STATE OF | | RECEIVE | | | |
| | | | JUL 28 2010 | | |
| | | | HOBBSOCI | | |
| 4. I hereby certify that the foregoing is true | e and correct. Name (Printed) | (Typed) | | | |
| Collin Strawn | | Title Engine | er | | |
| Signature Collin Som | ~ | Date 06/14/2 | | | |
| | THIS SPACE F | OR FEDERAL OR ST | TATE OFFICE USE | | |
| enied /S/ DAVID | R. GLASS | PET | ROLEUM ENGINEER | JUL 2 1 2010 | |
| onditions of approval, if any, are attached. | | | | Date JOL Z 1 ZUIU | |

entitle the applicant noids legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. ROSWELL FIELD OFFICE Office Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false,

fictitious or fraudulent statements or representations as to any matter within its jurisdiction.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District Roswell Field Office 2909 West Second Street Roswell, New Mexico 88201-2019 www.nm.blm.gov



In Reply Refer To: NM-82050X 3160 (P0130)

CERTIFIED-RETURN RECEIPT REQUESTED 7000 0520 0023 4992 4731

Cano Petroleum of New Mexico, Inc. 801 Cherry Street, Suite 3200 Fort Worth, TX 76102

JUL 22 2010

RECEIVED

JUL 2 8 2010 HOBBSOCD

Gentlemen:

The Bureau of Land Management (BLM) received Sundry Notices of Intent Form 3160-5 on June 18, 2010 for Cato Unit Wells Numbers 12, 15, 34, 62, 66, 117, 132, 134, 138, 140, 151, 152, 153, 160, 161, 164, 165, 166, 171, 172, 174, 175, 177, 178, 179, 181, and 184 in response to Written Order Number 24-002-10W (enclosed). The subject Sundry Notices state Cano's plans to run in hole with sinker bar on the end of sand line to check depth to determine which well(s) can returned to production is not considered a sufficient plan in response to Written Order Number 24-002-10W. The subject Sundry Notices are being returned to you Denied. These Sundry Notices also refer to an incorrect Written Order Number 24-003-10W. BLM is requiring Cano provide a more detailed plan to return the subject well(s) to continuous production or plug the well(s) with a plugging program approved by this BLM office within 60 days from receipt of this letter.

If you need additional information and/or have any questions regarding this letter, please contact David Glass, Petroleum Engineer at the above address or at (575) 627-0275.

Sincerely,

15/ Angel Mayes

Angel Mayes Assistant Field Manager, Lands and Minerals

cc: NM (P0130, File Room) Well Files