

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address CANO PETRO OF NEW MEXICO, INC. 801 CHERRY STREET FORT WORTH, TX 76102		2. OGRID Number 248802
		3. API Number 30-05-27961
4. Property Code 303560	5. Property Name CATO SAN ANDRES UNIT	6. Well No. 534

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	11	08S	30E	J	2577	S	2460	E	CHAVES

8. Pool Information

CATO,SAN ANDRES	10540
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Additional Well Information

9. Work Type New Well	10. Well Type OIL	11. Cable/Rotary	12. Lease Type Private	13. Ground Level Elevation 4157
14. Multiple N	15. Proposed Depth 4000	16. Formation San Andres	17. Contractor	18. Spud Date
Depth to Ground water 500		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ miles thick Clay <input type="checkbox"/> Pit Volume: 2000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	8.625	24	500	450	0
Prod	7.875	5.5	15.5	4000	700	400

Casing/Cement Program: Additional Comments

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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Hydril	2000	300	HYDRIL

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Cynthia Chavez Title: Email Address: cindy@canopetro.com Date: 9/14/2007	OIL CONSERVATION DIVISION	
	Approved By: Paul Kautz	
	Title: Geologist	
	Approved Date: 9/17/2007	Expiration Date: 9/17/2008
	Conditions of Approval Attached	

District I
 1625 N. French Dr., Hobbs, NM 88240
 Phone:(505) 393-6161 Fax:(505) 393-0720

District II
 1301 W. Grand Ave., Artesia, NM 88210
 Phone:(505) 748-1283 Fax:(505) 748-9720

District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone:(505) 334-6178 Fax:(505) 334-6170

District IV
 1220 S. St Francis Dr., Santa Fe, NM 87505
 Phone:(505) 476-3470 Fax:(505) 476-3462

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Form C-102
 Permit 60811

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-05-27961	2. Pool Code 10540	3. Pool Name CATO SAN ANDRES
4. Property Code 303560	5. Property Name CATO SAN ANDRES UNIT	6. Well No. 534
7. OGRID No. 248802	8. Operator Name CANO PETRO OF NEW MEXICO, INC.	9. Elevation 4157

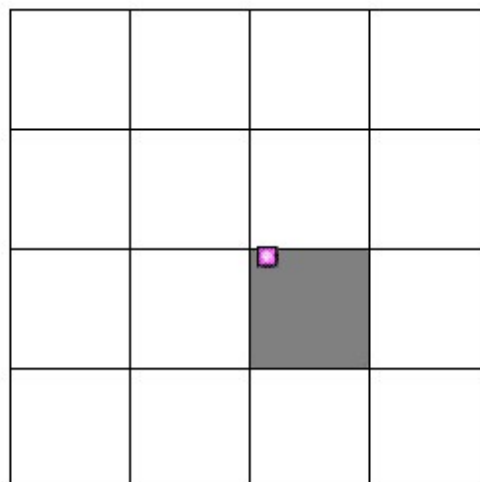
10. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
J	11	08S	30E		2577	S	2460	E	CHAVES

11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 40.00		13. Joint or Infill		14. Consolidation Code		15. Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

E-Signed By: Cynthia Chavez

Title:

Date: 9/14/2007

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Roanald Eidson

Date of Survey: 8/31/2007

Certificate Number: 3239

Permit Conditions of Approval

Operator: CANO PETRO OF NEW MEXICO, INC. , 248802

Well: CATO SAN ANDRES UNIT #534

API: 30-05-27961

OCD Reviewer	Condition
pkautz	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines
pkautz	Cement on production casing must be brought up to 100' above the surface casing shoe