

**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<br>CANO PETRO OF NEW MEXICO, INC.<br>801 CHERRY STREET<br>FORT WORTH, TX 76102 |                                          | 2. OGRID Number<br>248802    |
|                                                                                                             |                                          | 3. API Number<br>30-05-27983 |
| 4. Property Code<br>303560                                                                                  | 5. Property Name<br>CATO SAN ANDRES UNIT | 6. Well No.<br>535           |

**7. Surface Location**

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| I        | 11      | 08S      | 30E   | I       | 2538      | S        | 1296      | E        | CHAVES |

**8. Pool Information**

|                 |       |
|-----------------|-------|
| CATO,SAN ANDRES | 10540 |
|-----------------|-------|

**Additional Well Information**

|                                                                                                                                                                                                                                                                                                                                              |                      |                                        |                           |                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------------------|---------------------------|------------------------------------|
| 9. Work Type<br>New Well                                                                                                                                                                                                                                                                                                                     | 10. Well Type<br>OIL | 11. Cable/Rotary                       | 12. Lease Type<br>Private | 13. Ground Level Elevation<br>4171 |
| 14. Multiple<br>N                                                                                                                                                                                                                                                                                                                            | 15. Proposed Depth   | 16. Formation<br>San Andres            | 17. Contractor            | 18. Spud Date                      |
| Depth to Ground water<br>500                                                                                                                                                                                                                                                                                                                 |                      | Distance from nearest fresh water well |                           | Distance to nearest surface water  |
| Pit: Liner: Synthetic <input type="checkbox"/> mls thick    Clay <input type="checkbox"/> Pit Volume:      bbls    Drilling Method:<br>Closed Loop System <input checked="" type="checkbox"/> Fresh Water <input 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**

|  |
|--|
|  |
|--|

**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.<br>I further certify that the drilling pit will be constructed according to NMOC guidelines <input type="checkbox"/> a general permit <input type="checkbox"/> or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | <b>OIL CONSERVATION DIVISION</b>                       |
| Printed Name: Electronically filed by Cynthia Chavez                                                                                                                                                                                                                                                                                                    | Approved By: Paul Kautz                                |
| Title:                                                                                                                                                                                                                                                                                                                                                  | Title: Geologist                                       |
| Email Address: cindy@canopetro.com                                                                                                                                                                                                                                                                                                                      | Approved Date: 11/9/2007    Expiration Date: 11/9/2008 |
| Date: 11/9/2007    Phone: 817-698-0900                                                                                                                                                                                                                                                                                                                  | 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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**Santa Fe, NM 87505**

Form C-102  
 Permit 63523

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                              |                                                    |                                 |
|------------------------------|----------------------------------------------------|---------------------------------|
| 1. API Number<br>30-05-27983 | 2. Pool Code<br>10540                              | 3. Pool Name<br>CATO SAN ANDRES |
| 4. Property Code<br>303560   | 5. Property Name<br>CATO SAN ANDRES UNIT           | 6. Well No.<br>535              |
| 7. OGRID No.<br>248802       | 8. Operator Name<br>CANO PETRO OF NEW MEXICO, INC. | 9. Elevation<br>4171            |

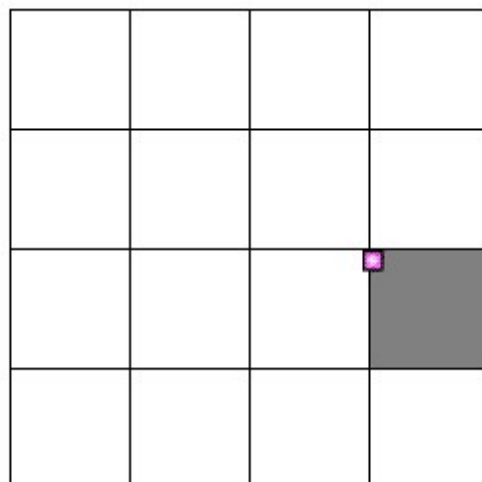
**10. Surface Location**

| UL - Lot | Section | Township | Range | Lot Idn | Feet From | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| I        | 11      | 08S      | 30E   |         | 2538      | S        | 1296      | 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<br>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: 11/9/2007

**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: Ronald Eidson

Date of Survey: 10/16/2007

Certificate Number: 12641

# Permit Conditions of Approval

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

Well: CATO SAN ANDRES UNIT #535

API: 30-05-27983

| OCD<br>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 |