

# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**

Governor

**Jon Goldstein**  
Cabinet Secretary

**Jim Noel**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



March 25, 2010

Richard Ezeanyim, Hearing Examiner  
EMNRD-OCD  
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Santa Fe, NM 87505

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Via Email and Hand-Delivery

**Re: Case No. 14425 – Application of Cano Petro of New Mexico, Inc. for Increased Injection Pressure for Wells in Chaves County, New Mexico**

2010 MAR 25 P 1:10  
RECEIVED OCD

2/5/23 JMN

Dear Mr. Ezeanyim:

The Oil Conservation Division (OCD) hereby withdraws its opposition to the above-entitled application.

The OCD opposed the above-entitled application primarily due to Cano Petro of New Mexico Inc.'s (Cano's) on-going failure to comply with OCD's injection rules and injection permits.

Cano's actions included:

- Injecting above permit-approved pressure-limits, in some case two- to three-times above the limit. The wells were exceeding pressure limits even with pressure control devices.
- Commencement of injection operations into production wells without first obtaining OCD review and approval.
- Commencement of injection operations without first establishing the mechanical integrity of the well.
- Not providing the OCD with sundry reports, including for converted and drilled wells. This included sundry reports requiring OCD approval of operations and sundry reports of the completed actions.

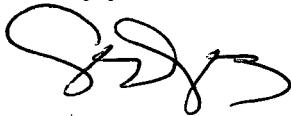


- Not providing the OCD with well completion reports and logs.
- Conducting operations without first obtaining OCD review and approval of the operations.

Cano is now monitoring injection pressure. Cano is installing new pressure control devices. Cano has supplied the OCD with delinquent sundry reports and other delinquent regulatory documents. Cano has implemented a new system to ensure that its regulatory documents are accurate, complete, and filed on time. Cano has improved in its regulatory filings. Cano has promised not to conduct those activities requiring OCD review and approval until it has obtained OCD approval. This includes injecting into producer wells that are being converted to injection wells, and newly drilled wells.

Based on Cano's work with the OCD to resolve these issues, the OCD is withdrawing our opposition to the above-entitled application.

Sincerely yours,



Sonny Swazo  
Assistant General Counsel, OCD

EC: Gary Larson, Attorney for Applicant Cano Petro of New Mexico, Inc.  
Daniel Sanchez, OCD Enforcement & Compliance Manager  
Terry Warnell, OCD Hearing Examiner  
Gail MacQuesten, OCD Assistant General Counsel  
Larry "Buddy" Hill, OCD District I Supervisor