

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NMOCD
Hobbs

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		7. If Unit of CA/Agreement, Name and/or No.
2. Name of Operator Cano Petro of New Mexico, Inc.		8. Well Name and No. Exxon Federal #3
3a. Address PO Box 4470, Tulsa, OK 74159-0470	3b. Phone No. (include area code) 918-582-0088	9. API Well No. 30-005-20585
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Unit 1tr E; 1980' FNL & 660' FWL; Section 6 - T8S - T31E		10. Field and Pool or Exploratory Area Cato (San Andres)
		11. Country or Parish, State Chaves County, New Mexico

AUG 18 2014

RECEIVED

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input checked="" type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

To return this well to production as part of Cano's POD for 2014 and per agreement with the BLM about this long shut-in lease, Cano Petro proposes to return well to production by:

- MIRU Well Service Unit. RIH w/3-7/8" bit & 4-1/2" scraper to clean wellbore to PBTD of at least 3700'. POOH w/same.
- RIH w/ 2-3/8" Work-String (WS) & 4-1/2" AD-1 type tension packer to approximately 3580'. (This is within 50' of the top perf @ 3606')
- Set packer & run pre-test of the casing by pressuring the annulus of WS to 500 psig and holding for 30 minutes, use a recording chart to verify little or no leakage.
- If casing fails pre-test then POOH w/packer @ 100' intervals to find bad interval. Will repair by squeeze cementing methods using a CIBP on bottom to protect the productive interval. Tulsa Engineering will write the procedure for this.
- Drill out any cement to CIBP.
- After any needed repairs, if necessary, contact Roswell Field Office of BLM & NMOCD in Hobbs to witness the final casing test.
- After passing casing integrity test, drill out CIBP & push debris below 3700'. POOH w/bit & RIH w/ AD-1 type tension packer & WS to 3728'. Spot 750 gal 15% NEFE acid in annulus.
- POOH w/WS & packer to 1650'. Close casing valves and squeeze acid into perfs. Overflush w/2 Bbl 2% KCl water. Note SITP @ 5, 10, 15, 30 & 60 minutes after acid job.
- Let acid sit for 2 hours. Then begin flow back & swab to recover load. POOH w/ WS & packer.
- RIH w/bull-plugged jt of 2-3/8" tbg as a mud anchor, then 4' slotted sub, 2" SN and new 2-3/8" tubing to put EOT @ 3680' (+/-).
- RIH w/2" gas separator on bottom of 1.5" RWAC pump & straight 3/4" rod string and needed pony rods to seal pipe.
- Long stroke pump with rig to assure good pump action. RDMO Well Service Unit. Put well on pump for continued production.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) <i>David P. Spencer</i>		Title <i>Senior Oil & Gas Engineer</i>
Signature <i>David P. Spencer</i>		Date <i>7/17/2014</i>

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <i>ISI Angel Mayes</i>	Assistant Field Manager, Lands And Minerals	Date <i>8-11-14</i>
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Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

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.

(Instructions on page 2)

AUG 20 2014

DM

Exxon Federal 3
30-005-20585
Cano Petro of New Mexico, Inc.
August 11, 2014
Conditions of Approval

1. **Operator Steps 4-6 – Before casing or a liner is installed or replaced or repaired prior BLM approval of the design is required. Operator shall run a Cement Bond Log prior to proposing any cement squeeze operations as this will allow cement operations that could assist with final cementing requirements when the well is plugged and abandoned. BLM witnessed pressure test required – 24 hour notice. Use notice of intent Form 3160-5.**
2. Surface disturbance beyond the existing pad shall have prior approval.
3. A closed loop system is required. The operator shall properly dispose of drilling/circulating contents at an authorized disposal site. Tanks are required for all operations, no excavated pits.
4. Functional H₂S monitoring equipment shall be on location.
5. 2000 (2M) Blow Out Prevention Equipment to be used. All BOPE and workover procedures shall establish fail safe well control. A ram system including a blind ram and pipe ram(s) designed to close on all of the work string(s) used is required equipment. Manual BOP closure (hand wheels) equipment shall be installed regardless of BOP design. Function test the installed BOPE to 1000psig. Related equipment, (choke manifolds, kill trucks, gas vent or flare lines, etc.) shall be employed when needed for reasonable well control requirements.
6. All waste (i.e. trash, salts, chemicals, sewage, gray water, etc.) created as a result of work over operations shall be safely contained and disposed of properly at a waste disposal facility. No waste material or fluid shall be disposed of on the well location or surrounding area. Porto-johns and trash containers will be on-location during fracturing operations or any other crew-intensive operations.
7. Workover approval is good for 90 days (completion to be within 90 days of approval). A legitimate request is necessary for extension of that date.
8. File **subsequent report** Form 3160-5 within 30 days of completing the work. Provide well bore schematic and well test information.

Access information for use of Form 3160-5 “Sundry Notices and Reports on Wells”

NM Fed Regs & Forms - http://www.blm.gov/nm/st/en/prog/energy/oil_and_gas.html

§ 43 CFR 3162.3-2 Subsequent Well Operations.

§ 43 CFR 3160.0-9 (c)(1) Information collection.

§ 3162.4-1 (c) Well records and reports.