

Submit 1 Copy To Appropriate District Office
 District I - (575) 393-6161
 1625 N. French Dr., Hobbs, NM 88240
 District II - (575) 748-1283
 811 S. First St., Artesia, NM 88210
 District III - (505) 334-6178
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV - (505) 476-3460
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised July 18, 2013

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

WELL API NO.	30-005-20549 ✓
5. Indicate Type of Lease	STATE <input type="checkbox"/> FEE X
6. State Oil & Gas Lease No.	Fee
7. Lease Name or Unit Agreement Name	Graves ✓
8. Well Number	2 ✓
9. OGRID Number	303564 ✓
10. Pool name or Wildcat	Cato San Andres

SUNDRY NOTICES AND REPORTS ON WELLS
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well Other

2. Name of Operator
 Cano Petro of New Mexico, Inc. ✓

3. Address of Operator
 P.O. Box 4470, Tulsa, OK 74159-0470

4. WeCatoll Location
 Unit Letter K : 1980 feet from the South line and 1980 feet from the West line
 Section 6 Township 8S Range 31E NMPM Chaves County

11. Elevation (Show whether DR, RKB, RT, GR, etc.)
 4194.6 GR

HOBBBS OGD
 NOV 20 2014
 RECEIVED

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input checked="" type="checkbox"/> Build Consolidate Tank Battery		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Cano Petro of New Mexico, Inc. is going to be re-starting production on this lease and two Federal Leases which adjoin this lease. They are the Amoco Federal Lease (NMNM88748) and the Exxon Federal Lease (NMNM15016). To lessen our environmental foot-print and keep the overall expenses down on this project we are proposing to build an offsite Consolidate Tank Battery. This Battery will be built on the existing wellsite for this well. Because Federal and Fee production is involved each Lease will have its own Gun-Barrel separator where production from the field will flow into it. Then the oil will flow from the gun-barrel through a non-resettable positive displacement meter to measure lease production into a common 400 Bbl steel API storage tank for future sale. The water flowing from the gun-barrel will be produced into one water storage tank (400 Bbl fiberglass) for proper disposal. At first via trucking, but as more wells are placed on production a SWD well will be permitted and flowline lain to that well. All gas separated out or from tank vents will be vented to the atmosphere through Enardo type backpressure valves as there is no gas line in the area. The construction of this Battery should take about 2 weeks for all tanks to be set and piping completed. Attached is a general piping diagram for the proposed Tank Battery. Cano plans to bring the Amoco Federal Lease and Exxon Federal Lease shortly, then the Graves lease in the coming year.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE David P. Spencer TITLE Senior Oil and Gas Engineer DATE November 3, 2014
 Type or print name David P. Spencer E-mail address: dave.spencer@nbiservices.com PHONE: 918-582-0088

For State Use Only

Accepted for Record Only

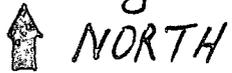
APPROVED BY: _____ TITLE _____ DATE _____
 Conditions of Approval (if any): PENDING APPROVAL BY SANTA FE FOR SURFACE COMMINGLE. MJB 11/20/2014

NC 2570

[Handwritten initials]

CANO PETRO of New Mexico, Inc.
 Amoco/Exxon/Graves Consolidated
 Tank Battery - Proposed

Handling the Amoco Federal Lease (NMMNM 88740),
 the Exxon Federal Lease (NMMNM 15016) and
 the Cano - Graves (Fee) Lease
 To be located at an existing well site of the Graves
 #2 well. Unit Ltr: K See 6-TOBS-R31E
 Chaves County, New Mexico
 - Not to Scale -
 Tank Battery Size about 80' x 80' Square



Valve ID's

W - Water from Gun Barrel

F - Oil Flow from Gun Barrel

F-I - Oil Input to Stock Tank

G - Gas line to vent + possible sales in future

WI - Water Input to Water Tank

FL - Flow line from lease

All Blanks above Pertain to Leases

A - Amoco Federal
 E - Exxon Federal
 G - Graves (Fee)

PD meter - Non Reset - Positive Displacement
 Meter

CK - Check Valve for Oil Input Lines

