

New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

Form 3160-3
(February 2005)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

5. Lease Serial No.
NM022636

6. If Indian, Allottee or Tribe Name

1a. Type of work: ☒ DRILL ☐ REENTER

7. If Unit or CA Agreement, Name and No
NM 82050X

1b. Type of Well: ☒ Oil Well ☐ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

8. Lease Name and Well No.
Cato San Andres Unit **<3035 b7>**

2. Name of Operator
Cano Petro Of New Mexico, Inc. **<248802>**

9. API Well No.
CSAU Federal 407 **30-005-2R10**

3a. Address **801 Cherry Street Unit #25, Suite 3200**
Fort Worth Texas 76102

3b. Phone No. (include area code)
817-698-0900

10. Field and Pool, or Exploratory
Cato San Andres Field

4. Location of Well (Report location clearly and in accordance with any State requirements.)*
At surface **J-27-08S-30E 1980 south 1980 east Chaves Co.**
At proposed prod. zone **San Andres** **Unit J**

11. Sec., T. R. M. or Blk. and Survey or Area
J-27-08S-30E

14. Distance in miles and direction from nearest town or post office*
48 miles SW of Roswell, New Mexico

12. County or Parish
Chaves

13. State
NM

15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig unit line, if any)
4982' FEL

16. No. of acres in lease
15,332

17. Spacing Unit dedicated to this well
40

18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft
4706'

19. Proposed Depth
4000

20. BLM/BIA Bond No. on file
NMB000465

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
4169.6' GL

22. Approximate date work will start*
SEP. 25, 2007

23. Estimated duration
30 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. I, must be attached to this form:

- | | |
|--|--|
| 1. Well plat certified by a registered surveyor. | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above) |
| 2. A Drilling Plan | 5. Operator certification |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM. |

25. Signature **Juthia Chavez**
Title **Regulatory Coordinator**

Name (Printed/Typed)
Cindy Chavez

Date
8-22-07

Approved by (Signature) **IS/ Angel Mayes**

Name (Printed/Typed)
IS/ Angel Mayes

Date
10507

Title **Assistant Field Manager,**
Lands And Minerals

Office **ROSWELL FIELD OFFICE**

APPROVED FOR 2 YEARS

Application approval does not constitute a finding that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 USC Section 1001 and Title 43 USC 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)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS ATTACHED**

DISTRICT I
1026 N. FRENCH DR., NOBBS, NM 80240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 80210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-005-27970	Pool Code 10540	Pool Name Cato San Andres
Property Code 303560	Property Name CSAU Cato San Andres Unit	Well Number 407
UGRID No. 248802	Operator Name CANO PETRO OF NEW MEXICO	Elevation 4170'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	27	8-S	30-E		1980	SOUTH	1980	EAST	CHAVES

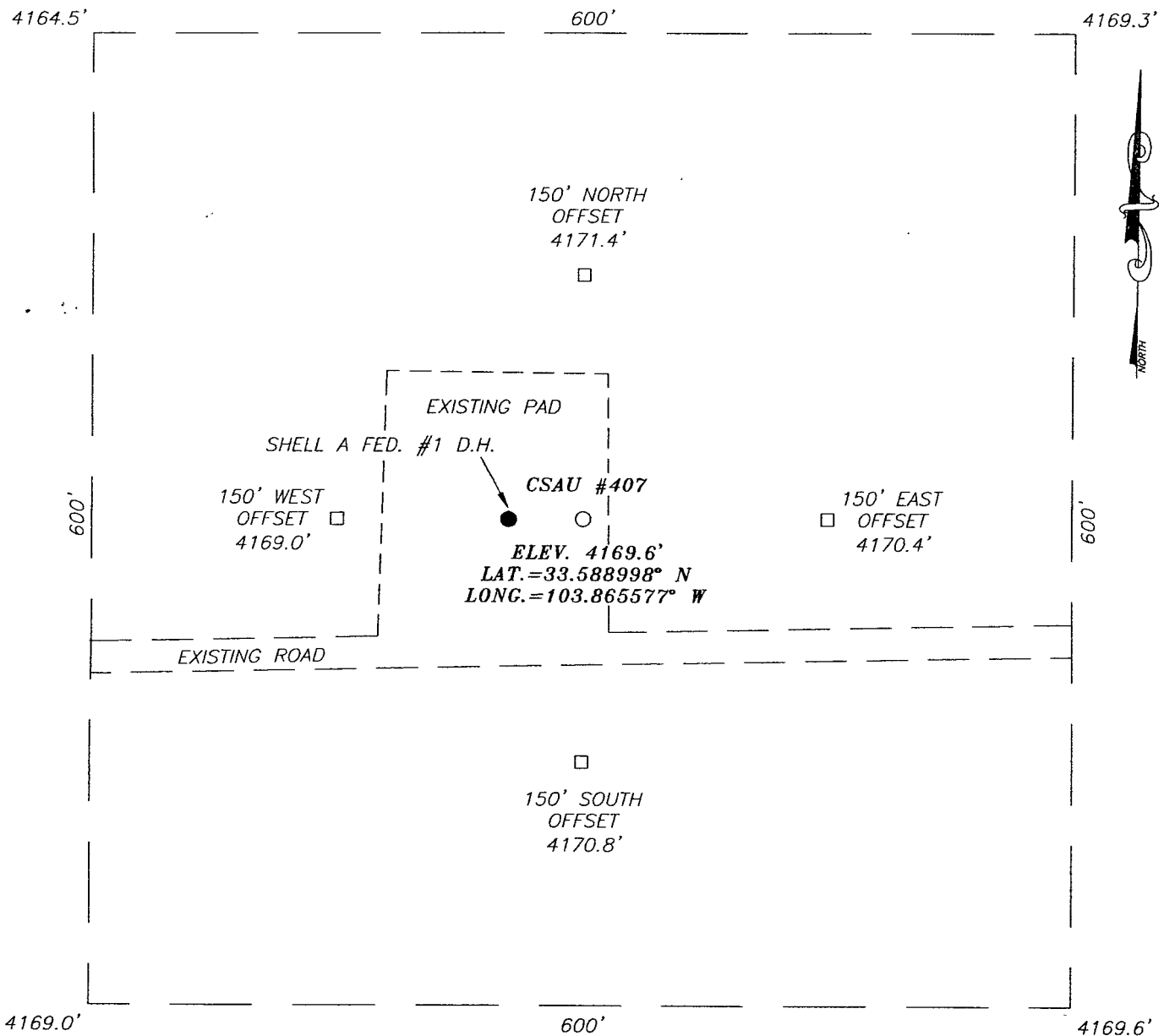
Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	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

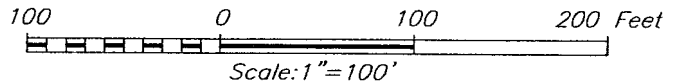
<p>GEODETIC COORDINATES NAD 27 NME Y=942130.9 N X=642446.6 E LAT.=33.588998° N LONG.=103.865577° W</p>		<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>[Signature]</i> 10/14/07 Signature Date CINDY CHAVEZ Printed Name</p>	
		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p><i>[Signature]</i> Signature & Seal of Professional Surveyor RONALD J. EIDSON JULY 23, 2007 127/07 12</p> <p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3230</p>	

SECTION 27, TOWNSHIP 8 SOUTH, RANGE 30 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM U.S. HWY. #380 AND CATO RD. (EAST OF
ROSWELL, N.M.), GO NORTH ON CANO RD.
APPROX. 12.1 MILES. TURN RIGHT AND GO EAST
APPROX. 1.0 MILE. TURN LEFT AND GO NORTH
APPROX. 0.1 MILES, VEER RIGHT AND GO EAST
APPROX. 0.2 MILES. TURN LEFT AND GO NORTH
APPROX. 0.2 MILES. TURN RIGHT AND GO EAST
APPROX. 0.3 MILES. THIS LOCATION IS APPROX.
80 FEET NORTH.



CANO PETRO OF NEW MEXICO

CSAU #407 WELL
LOCATED 1980 FEET FROM THE SOUTH LINE
AND 1980 FEET FROM THE EAST LINE OF SECTION 27,
TOWNSHIP 8 SOUTH, RANGE 30 EAST, N.M.P.M.,
CHAVES COUNTY, NEW MEXICO.

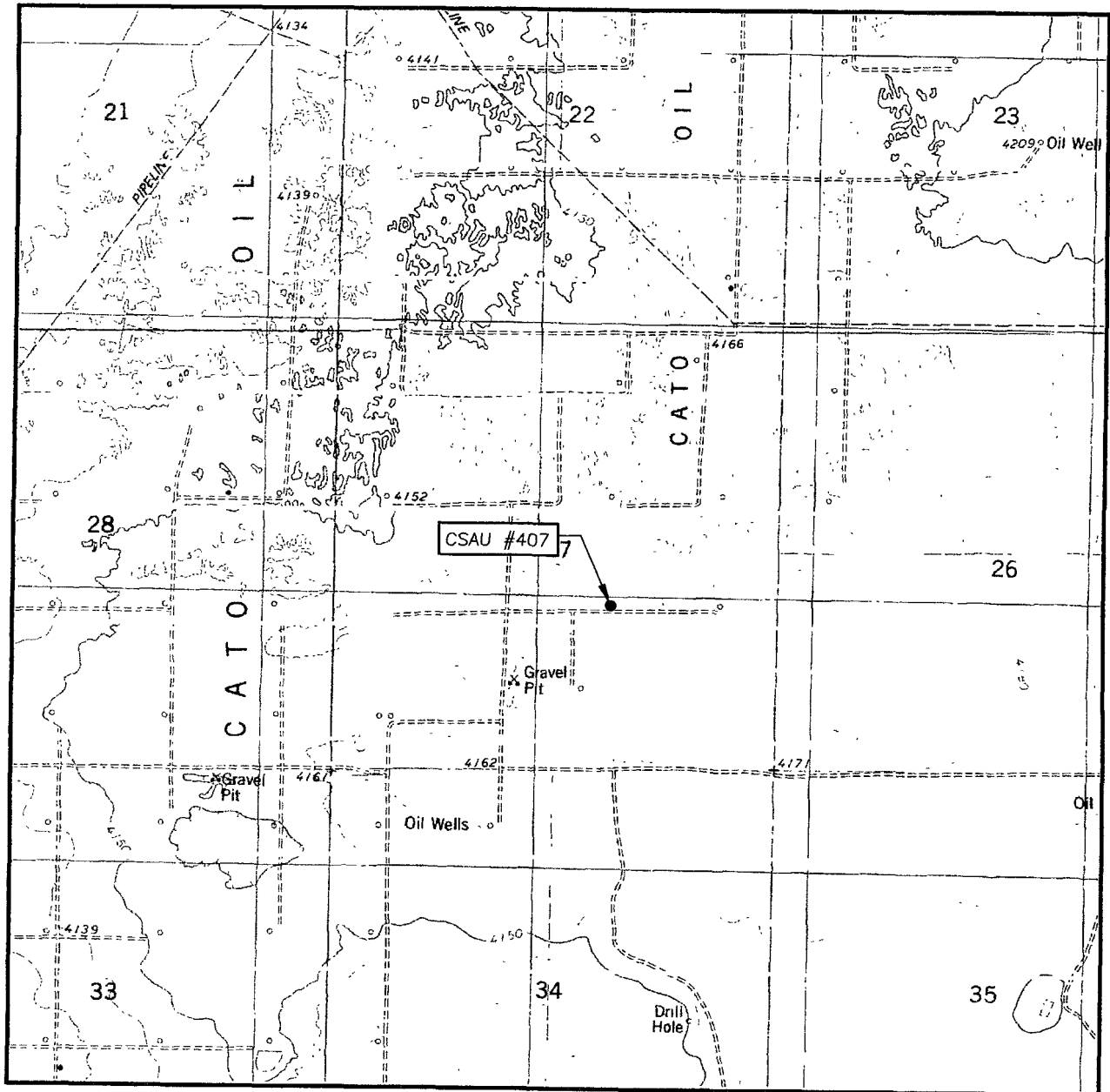
Survey Date: 07/23/07		Sheet 1 of 1 Sheets	
W.O. Number: 07.11.0912		Dr By: J.R.	Rev 1:N/A
Date: 07/26/07	Disk: CD#7	07110912	Scale: 1"=100'



PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

Date: 07/26/07	Disk: CD#7	07110912	Scale: 1"=100'
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LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
 CURLEW LAKE SE, N.M. - 10'
 PRESLER LAKE, N.M. - 10'

SEC. 27 TWP. 8-S RGE. 30-E

SURVEY N.M.P.M.

COUNTY CHAVES STATE NEW MEXICO

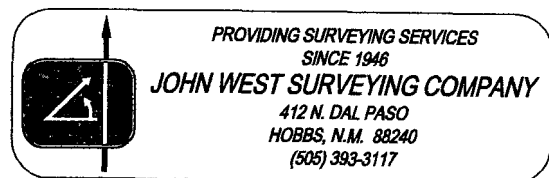
DESCRIPTION 1980' FSL & 1980' FEL

ELEVATION 4170'

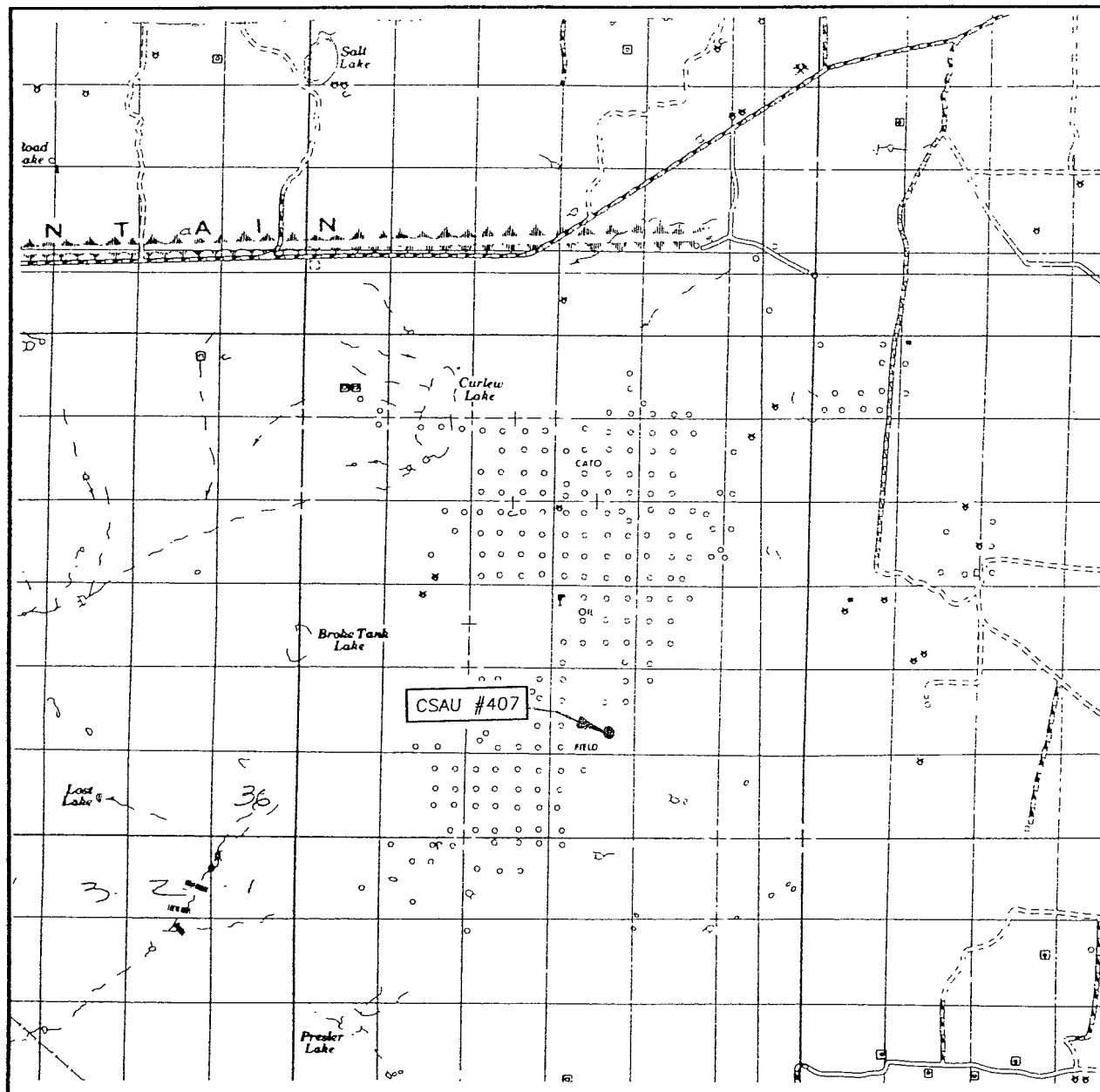
OPERATOR CANO PETRO
OF NEW MEXICO

LEASE CSAU

U.S.G.S. TOPOGRAPHIC MAP
 CURLEW LAKE SE, N.M.



VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 27 TWP. 8-S RGE. 30-E

SURVEY _____ N.M.P.M.

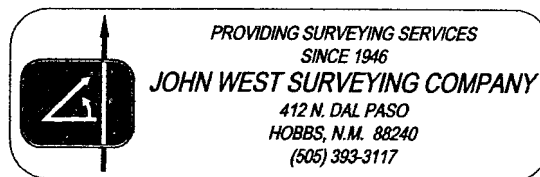
COUNTY CHAVES STATE NEW MEXICO

DESCRIPTION 1980' FSL & 1980' FEL

ELEVATION 4170'

OPERATOR CANO PETRO
OF NEW MEXICO

LEASE CSAU



APPLICATION TO PERMIT TO DRILL

FOR

CANO PETRO OF NEW MEXICO, INC.

Fort Worth, Texas

LOCATION:	Cato San Andres Unit Federal 407 1980 South & 1980 East Sec. 27-T08S-R30E Chaves County, New Mexico
DRILLING CONTRACTOR:	United Drilling, Inc. 109 West Pine Lodge Road Roswell, NM 88201
FEDERAL LEASE NUMBER:	NM-82050X NM-022636
LEASE ISSUED:	February 1, 2007 9/1/57
ACRES IN LEASE:	15,322
BOND COVERAGE:	\$25,000.00 S/W BLM Bond No. NMB000465
AUTHORITY TO OPERATE:	Cano Petro of New Mexico, Inc. 801 Cherry Street, Unit #25 Suite 3200 Fort Worth, Texas 76102
SURFACE OWNERSHIP:	Bureau of Land Management Roswell, New Mexico
MINERAL OWNERSHIP:	Bureau of Land Management Roswell, New Mexico

APPLICATION TO PERMIT TO DRILL

Drilling Plan

**Cato San Andres Unit Federal 407
1980 South & 1980 East
Sec. 27-T08S-R30E
Chaves County, New Mexico**

In conjunction with Form 3160-3, Application for Permit to Drill, Cano Petro of New Mexico, Inc. submits the following items of pertinent information in accordance with Onshore Oil & Gas Order No 1, and with all other applicable federal, state and fee regulations.

1. Estimated tops of geologic markers are as follows:

Rustler	1,047 ft
Yates	1,409 ft
Seven Rivers	1,580 ft
Queen	2,073 ft
San Andres	2,543 ft

2. Depths and thickness of:

Fresh water- 500'
Oil or Gas - San Andres

3. BOPE diagram showing:

Press Control Equipment: BOPE will be installed on the 8 5/8" casing and rated for 2000# BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventor controls will be installed prior to drilling the surface plug and will remain in use until the well is completed or abandoned. Preventors will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report . **SEE EXHIBIT A**

4. Casing program:

Hole Size	Casing Size	Wt./Ft	Grade	Coupling	Interval	Setting Depth	Length
12 1/4"	8 5/8"	24#	J55	ST&C	0- 950 ⁵⁰⁰	500	950 WITNESS
7 7/8	5 1/2	15.5	J55	ST&C	0- 4990 ⁴⁰⁰⁰	4000	4990

5. Cement (amount and type):

CIRCULATE SURFACE CEMENT
Min 200 sx 50 / 50 pos

6: Drilling Mud (amount, type weight material, and monitoring equipment)

Monitor with Drilling Mud Consultant.
Fresh water to 2000-2500'
Convert to fresh water mud
Weight 9.5-10.0 ppg with water loss
Set @ 10.
Convert to gel
When chlorides reach 20,000 ppm
Finish well with salt gel/ starch system

7. Testing, Logging, and Coring:

Testing: Baker Atlas
Logging: Baker Atlas
Coring: Not determined

8. Expected bottom hole pressure and temperatures.

Bottom hole pressure: 300 psi
Temperatures: 100°

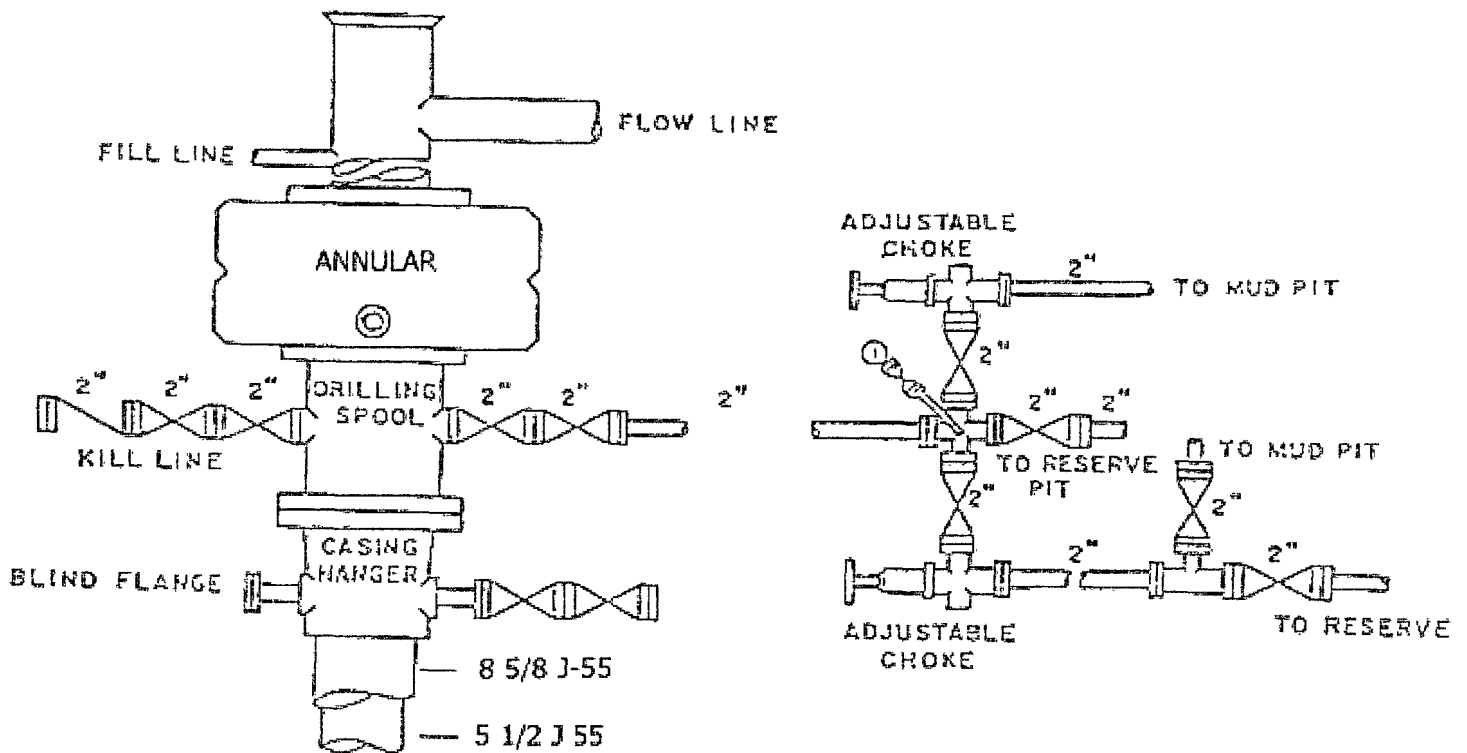
9. Additional information:

None

CANO PETRO OF NEW MEXICO INC.
Fort Worth, Texas

Cato San Andres unit Federal 407
1980 South & 1980 East
Sec. 27-T08S-R30E
Chaves County, New Mexico

Exhibit A



BOP DIAGRAM
2000# Working Pressure
Rams Operation Daily