



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

January 23, 2008

Cano Petro of New Mexico, Inc.  
801 Cherry Street  
Unit #25 Suite 3200  
Fort Worth, Texas 76102

## SITE INSPECTION

Dear Operator:

On January 22, 2008, Oil Conservation Division (OCD) inspector Maxey Brown made a spot inspection of the Cato San Andres Unit and found that well, equipment, location or operational status failed to meet standards of the New Mexico Oil Conservation Division as described below.

Signs on existing wells, new wells being drilled, and wells recently drilled. Each sign shall show the (1) name of operator: (2) name of property: (3) number of well: (4) location by footage, quarter-quarter section, or Unit Letter, Section, Township, Range: (5) API number. Rule 103.

Drilling Pits not fenced and containing liquids. Rule 50.

Please submit to OCD-Hobbs District-1 office forms C-103 Subsequent, C-104 Transporter, and C-105 Completion. Include Deviation Survey and Complete set of Logs.

Our office realizes with the increased effort that Cano is applying to this project that some items may have been overlooked. A field wide inspection will begin on May 1, 2008. Any questions or request for extensions can be directed to Mr. Chris Williams, OCD District-1 Supervisor, by calling 575-393-6161 ext. 102.

Sincerely,

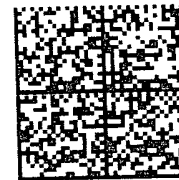
Hobbs OCD District Office

**COMPLIANCE OFFICER**

Oil Conservation Division \* 1625 N. French Drive \* Hobbs, New Mexico 88240  
Phone (575) 393-6161 \* Fax (575) 393-0720 \* <http://www.emnrd.state.nm.us>

SCAN TO API# 30-005-10455

EMNRD  
OIL CONSERVATION DIVISION  
1625 N FRENCH DRIVE  
HOBBS NM 88240



HASLER

014H15215335

**\$0.41**

01/23/2008

Mailed From 88240

US POSTAGE

ATTENTION:  
CINDY CHAVEZ

CANO PETRO OF NEW MEXICO, INC  
801 CHERRY STREET  
UNIT #25 SUITE 3200  
FORT WORTH, TEXAS 76102