District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes [X] No [ ]
Type of action: Registration of a pit or below-grade tank [ ] Closure of a pit or below-grade tank [X]

Operator: CANO PETRO OF NM. Telephone: 817-698-0900 e-mail address:
Address: 801 CHERRY STREET, Unit #25 Suite 3200, FORT WORTH, TX. 76102
Facility or well name: CSAU #878 API #: 30-005-29032 U/L or Qtr/Qtr D Sec 14 T 8S R 30E
County: CHAVES Latitude Longitude NAD: 1927 [ ] 1983 [ ]
Surface Owner: Federal [ ] State [ ] Private [X] Indian [ ]

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Pit	**Below-grade tank**	
Type: Drilling [X] Production [ ] Disposal [ ] Workover [ ] Emergency [ ] Lined [X] Unlined [ ] Liner type: Synthetic [X] Thickness 12 mil Clay [ ] Pit Volume 2000 bbl	Volume: ____bbl Type of fluid: Construction material: Double-walled, with leak detection? Yes [ ] If not, explain why	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points) 0
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) 0
	Ranking Score (Total Points)	0

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite [X] offsite [ ] If offsite, name of facility_____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No [X] Yes [ ] If yes, show depth below ground surface_____ft. and attach sample results (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments: CANO PETRO PROPOSES TO CLOSE THE DRILLING PIT AS FOLLOWS: REMOVE ALL FLUIDS FROM PIT. A DEEP TRENCH WILL BE CONSTRUCTED NEXT TO EXISTING RESERVE PIT AND LINED WITH 12 MIL. LINER. THE CONTENTS WILL BE ENCAPSULATED AND LINER WILL BE FOLDED OVER MUD AND CUTTINGS, THEN COVER LINER WITH 20mil LINER AS PER N.M.O.C.D, PIT CLOSURE GUIDELINES. WILL THEN COVER WITH 3' OF NATIVE SOIL AND CONTOUR PIT TO PREVENT EROSION AND PONDING OF RAINWATER. WILL NOTIFY NMOCD 48hrs. prior to beginning work.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines [X], a general permit [ ], or an (attached) alternative OCD-approved plan [ ].**

Date: 4/23/08
Printed Name/Title GREG LEARY / AGENT Signature Greg Leary

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

A
P

Signature
ENVIRONMENTAL ENGINEER
Date: 4.28.08

CONDITIONS REQ'D FOR APPROVAL:

Samples (for chloride) are to be obtained from pit floor area in each quadrant and analysis submitted to OCD prior to back-filling.