

Submit 3 Copies To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W Grand Ave., Artesia, NM 88210
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

Form C-103
June 19, 2008

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

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.)		WELL API NO. 30-005 -10522 ✓
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator Cano Petro of New Mexico, Inc. ✓		6. State Oil & Gas Lease No.
3. Address of Operator 801 Cherry St Unit 25 Suite 3200 Fort Worth TX 76102		7. Lease Name or Unit Agreement Name Cato San Andres Unit ✓
4. Well Location Unit Letter <u>E</u> : <u>1980</u> feet from the <u>NORTH</u> line and <u>660</u> feet from the <u>WEST</u> line Section <u>10</u> Township <u>08S</u> Range <u>30E</u> NMPM County <u>CHAVES</u>		8. Well Number <u>32</u> ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number <u>248802</u> ✓
		10. Pool name or Wildcat Cato; San Andres ✓

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 checked="" 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"/>			
OTHER: <input type="checkbox"/>		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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Plug procedure attached.

See wellbore sketch attached.

The Oil Conservation Division **Must be notified**
24 hours prior to the beginning of plugging operations

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 Dennis Lee Holman TITLE P & A Contractor DATE 11-05-2008

Type or print name Dennis Lee Holman E-mail address: dennisholman@centramedia.net PHONE: 806-665-2550

For State Use Only

APPROVED BY: [Signature] TITLE OC DISTRICT SUPERVISOR/GENERAL MANAGER DATE NOV 13 2008

Conditions of Approval (if any):

CANO PETRO OF NEW MEXICO, INC.
Cato San Andes Unit Lease, Well # 32
API # 30-005-10522
Chaves County, New Mexico

PLUGGING PROCEDURE

Completion Information: 8 5/8" Surface Casing set @ 458 and cemented with 300 sacks of cement. Circulated Cement to Surface

**4 1/2" Production Casing set @ 3410' and cemented w/250 sx cement – Top of Cement @ 2080' (calculated). Based on known data from well # 66 this calculation appears to be sound). Perforated 3261 – 3380' (Possible hole in 4 1/2" csng @ 572')
Salt Section from 1038 to 1440'**

Move in and rig up plugging equipment

RIH w/tbg to 3261' and load 4 1/2" csng w/12.5# mud – est 53 bbls. Spot 35 sx Cl C cement from 3161' to 2655' – POOH w/tbg WOC Tag top of cement plug – should have cement fill to 3061' (Will respot cement plug if necessary)

Perforate 4 1/2" casing @ 1000' – RIH w/tbg and pkr – set pkr at 800' and test pump perforations – squeeze with 50 sx cl C cement – leave 200' of cement in 4 1/2" casing. Release packer and pull out of hole. WOC RIH w/tbg and tag TOC.

Rig up wireline truck and perforate 4 1/2" casing @ 508' – Test pump perforations. Mix and pump 150 sx Cl C cement down 4 1/2" casing filling the annulus between the 4 1/2" casing and the 8 5/8" casing – leave 4 1/2" casing full of cement. Circulate cement to surface. (150 sx 1.32 = 198 cu ft of cement x 2.797 = 553' of fill in 8 5/8" casing)

All cement will be Class C

All mud will be 12.5# gallon

Cement not placed on a BP will be proven – tag with tubing and/or visual inspection

Wellbore fluids to be contained in a steel pit at the surface

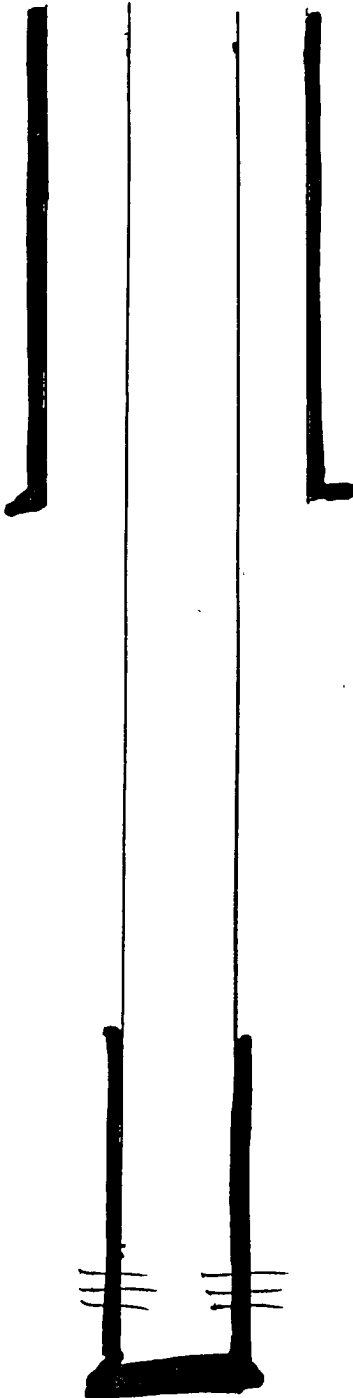
25 sack cement plug is the minimum to be pumped

Required marker to be installed on plugged well – welded to the surface casing

Cano Petro of new Mexico, Inc.
 Cato San Andres Unit, Well # 32
 API # 30-005-10522

Present Condition

Scale - none



8 5/8" 24# surface
 csng set @ 458' and
 cmtd to surface with
 300 sx cement

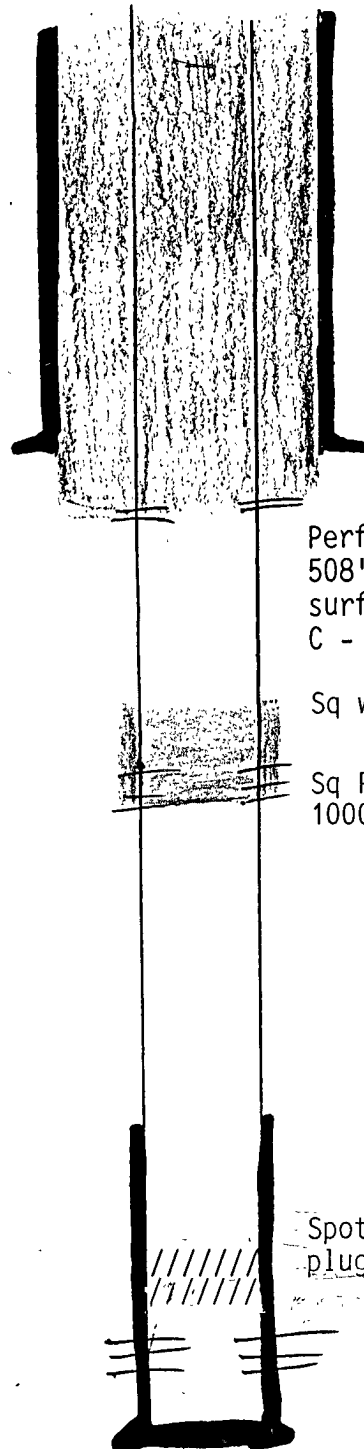
Hole in 4 1/2" csng
 @ 572'

7 7/8" hole below
 surface casing

Est TOC @ 2080'

Perfs:
 3261 - 3380'
 4 1/2" 9.5# csng
 set @ 3410'
 Cmtd w/250 sx

After Plugging



Perf 4 1/2" csng @
 508' and fill to
 surface w/cmt - Cl
 C - Est 150 sx

Sq w/50 sx cmt

Sq Perf
 1000'

Spot 35 sx cement
 plug - 3161' to

3061'