

NOV 21 2008

HOBBS

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NM0155494

6. If Indian, Allottee or Tribe Name

N/A

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☒ Oil Well☐ Gas Well☐ Other

7. If Unit of CA/Agreement, Name and/or No.

Cato San Andres Unit

8. Well Name and No.

Cano San Andres Unit, Well #140

9. API Well No.

30-005-20087

2. Name of Operator

Cano Petro of New Mexico, Inc.

3a. Address 801 Cherry St Unit 25, Ste.

3200 - Fort Worth, TX 76102

3b. Phone No. (include area code)

817-698-0900

10. Field and Pool or Exploratory Area

Cato; San Andres

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1980 FSL & 1980 FEL - Sec 22, T8S, R30E

11. Country or Parish, State

Chaves County, New Mexico

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Acidize☐ Deepen☐ Production (Start/Resume)☐ Water Shut-Off☐ Alter Casing☐ Fracture Treat☐ Reclamation☐ Well Integrity☐ Subsequent Report☐ Casing Repair☐ New Construction☐ Recomplete☐ Other☐ Final Abandonment Notice☐ Change Plans☒ Plug and Abandon☐ Temporarily Abandon☐ Convert to Injection☐ Plug Back☐ Water Disposal

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

See Plug Procedure - Attached

See wellbore sketch - Attached

Estimated starting date to plug - 1 Dec 2008. Estimate 3 or 4 days to plug the well.

Bond # B003422 (Cato Field)

Correspondence regarding this Intent to Plug should be sent to:
Holman Well Services, LLC - P O Box 2740 - Pampa, TX 79066-2742
806 665-2550 806 665-2719 FAX


14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Dennis Lee Holman

P & A Contractor

Title Managing Partner

Signature



Date 11 Nov 2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ DAVID R. GLASS

PETROLEUM ENGINEER

Title

Date

NOV 18 2008

Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. 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)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

CANO PETRO OF NEW MEXICO, INC.
Cato San Andes Unit Lease, Well # 140
API # 30-005-20087
Chaves County, New Mexico

PLUGGING PROCEDURE

Completion Information: 9 5/8" Surface Casing set @ 429' and cemented with 350 sacks of cement. Circulated Cement to Surface

5 1/2" Production Casing set @ 3678' and cemented w/350 sx cement – Top of Cement @ 1642' (calculated). Based on known data from well # 66 this calculation appears to be sound. Perforated 3462' to 3503'

Salt Section from 1111' to 1583'

Move in and rig up plugging equipment

RIH w/tbg to 3362' and spot 50 sx Cl C cement fr 3362' to 2869' – Pull tbg and WOC. RIH with tbg and tag TOC – need 100' cement plug – tag at 3262' or higher. Pull up 30' and load csng w/12.5# mud – Est. 80 bbls of mud. (Respot cement plug if necessary)

Perforate 5 1/2" casing @ 1050' – RIH w/tbg and pkr – set pkr at 850' 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 5 1/2" casing @ 479' – Test pump perforations. Mix and pump 175 sx Cl C cement down 5 1/2" casing filling the annulus between the 5 1/2" casing and the 9 5/8" casing – leave 5 1/2" casing full of cement. Circulate cement to surface. (175 x 1.32 = 231 cu ft of cement x 2.3 = 531' of fill in 9 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

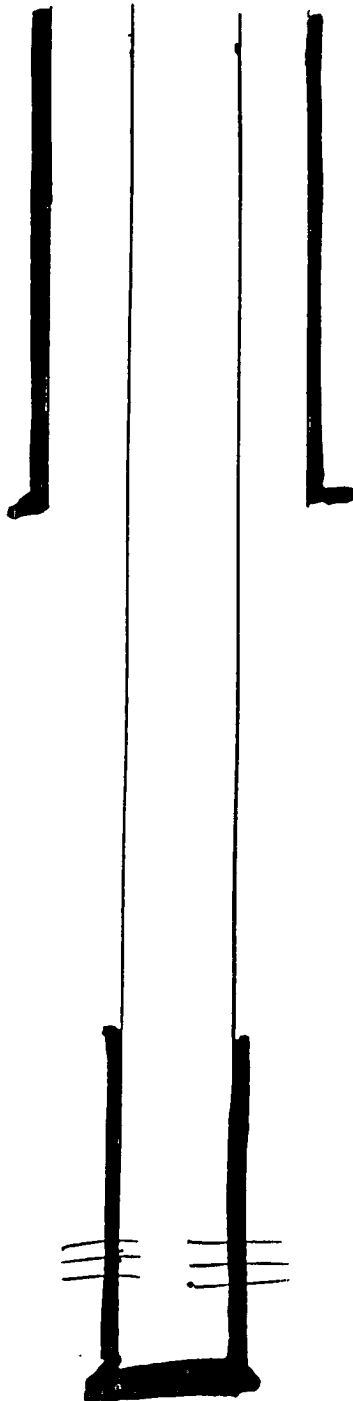
Wellbore fluids to be contained in a steel pit at the surface

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 # 140
API # 30-005-20087

Present Condition



scale - none

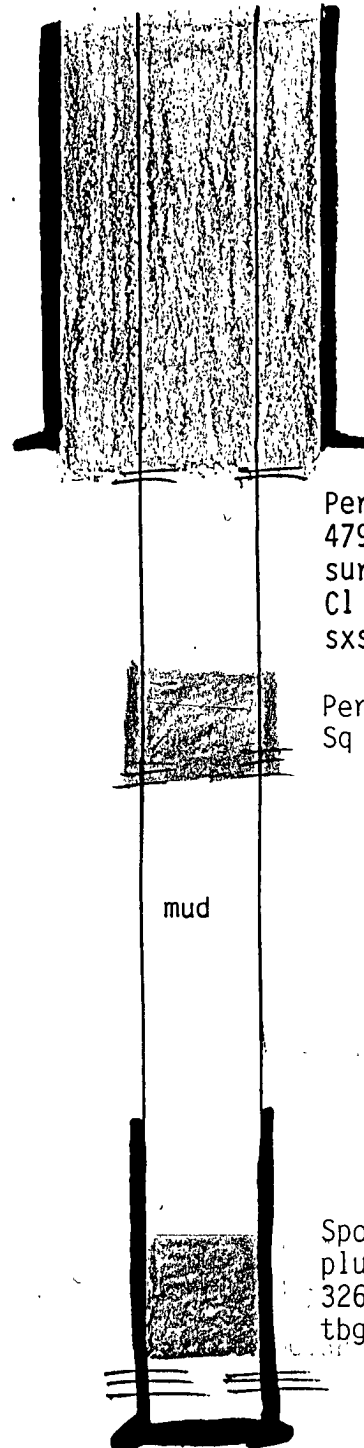
9 5/8" 36# surface
casing set @ 429'
12 1/4" hole
Cemented w/350 sx
cement - circulated
to surface

7 7/8" hole below
surface

TOC - 1642' Est

Perfs:
3462 - 3503'
5 1/2" 15.5# & 17# csng set
@ 3678' w/350 sx cmt

After Plugging



Perf 5 1/2" csng @
479' and fill to
surface w/cmt -
Cl C - Est 175
sxs

Perf @ 1050' and
Sq w/50 sx cmt

mud

Spot 50 sx cmt
plug fr 3362' to
3262' Tag w/
tbg.

BUREAU OF LAND MANAGEMENT

**Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(575) 627-0272**

Permanent Abandonment of Federal Wells Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. **Plugging operations** shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon. **If you are unable to plug the well by the 90th day provide the BLM Roswell Field Office, prior to the 90th day, with the reason for not meeting the deadline and a date when the BLM Roswell Field Office can expect the well to be plugged. Failure to do so will result in enforcement action.**

2. **Notification:** Contact the BLM Roswell Field Office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, during office hours call (575) 627-0205 or after office hours call (575) 910-6024. Engineer on call during office hours phone (575) 627-0275 or phone (after hours) call (575) 626-5749.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9090 feet; a 3M system for a well not deeper than 13636 feet; and a 5M system for a well not deeper than 22727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at a rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 50 feet of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either class "C" for up to 7500 feet of depth, mixed at 14.8 lbs./gal with 6.3 gallons of fresh water per sack or class "H" for deeper than 7500 feet plugs, mixed at 16.4 lbs./gal with 4.3 gallons of fresh water per sack.

6. **Dry Hole Marker:** All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10 feet in length, 4 feet above the ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).

7. **Subsequent Plugging Reporting:** Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to the BLM Roswell Field Office. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

Following the submittal and approval of the Subsequent Report of Abandonment, a Notice of Intent for Final Abandonment with the proposed surface restoration procedure must be submitted for approval.