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District I
1625 N. French Dr., Hobbs, NM 88240
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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

| |
|--|
| WELL API NO. 30-005 -20087 ✓ |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name Cato San Andres Unit ✓ |
| 8. Well Number 140 ✓ |
| 9. OGRID Number 248802 ✓ |
| 10. Pool name or Wildcat Cato; San Andres ✓ |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) |

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)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator
Cano Petro of New Mexico, Inc. ✓

3. Address of Operator
801 Cherry St Unit 25 Suite 3200 Fort Worth TX 76102

4. Well Location
Unit Letter J : 1980 feet from the SOUTH line and 1980 feet from the EAST line
Section 22 Township 08S Range 30E NMPM County CHAVES ✓

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.

See Plugging 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 11-19-2008

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

For State Use Only

APPROVED BY: Cary M. Hill TITLE OC DISTRICT SUPERVISOR/GENERAL MANAGER DATE NOV 26 2008

Conditions of Approval (if any):

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

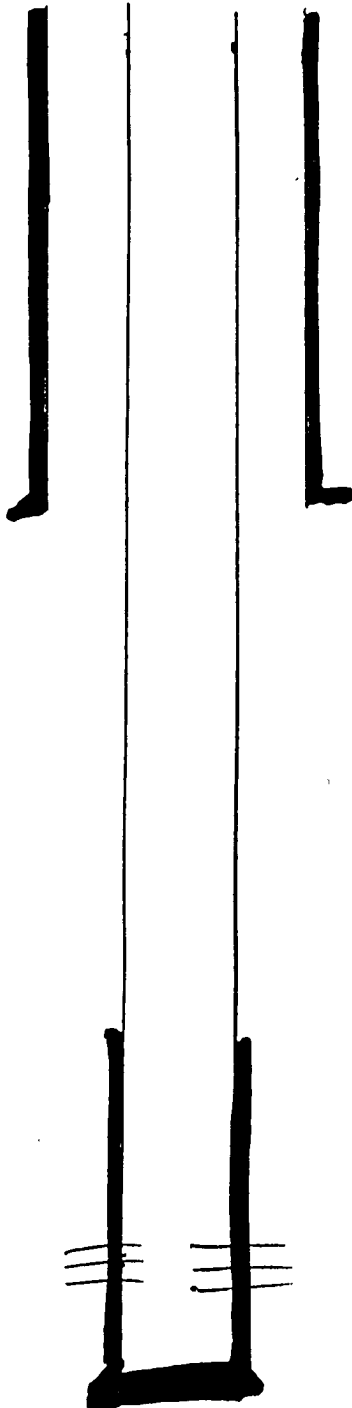
Wellbore fluids to be contained in a steel pit at the surface

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

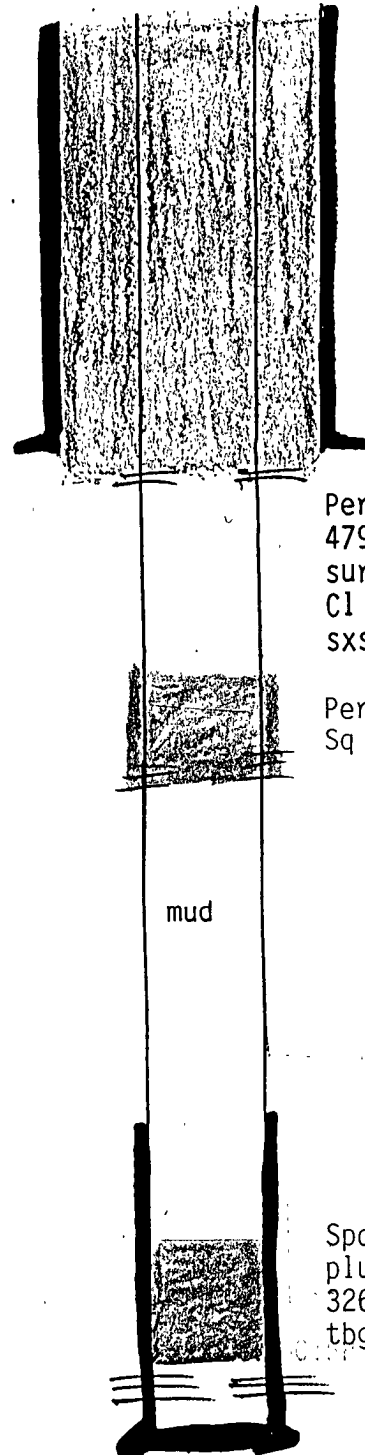
9 5/8" 36# surface
casing set @ 429'
12 1/4" hole
Cemented w/350 sx
cement - circulated
to surface

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.