Form C-104 Revised Feb. 26, 2007

Production Assistant I E-mail Address: shana@canopetro.com

5/25/08

Phone:

817-698-0090

Date:

| District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT Operator name and Address Cano Petro of New Mexico, Inc. 801 Cherry Street Unit 25 Suite 3200 Fort Worth, Texas 76102 API Number 30-05-29025 Property Code 30-52-9025 Property Code 30-305-29025 Property Code 30-305-29025 Property Code 30-305-29025 Property Code 30-305-29025 Property Range Lot Idn Feet from the North/South line Feet from the East/West line County E 14 08S 30E E 2591 North Line 1305 West Line Chaves II Bottom Hole Location UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County E 14 08S 30E E 2591 North Line 1305 West Line Chaves II Bottom Hole Location UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County E 14 08S 30E E 2591 North Line 1305 West Line Chaves II Bottom Hole Location UL or lot no. Section Township Range Lot Idn Feet from the North/South line In Section In County Feet From the Section Township Range Lot Idn Feet from the North/South line In Section In County Feet From the Section In |
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| I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT Operator name and Address Cano Petro of New Mexico, Inc. 801 Cherry Street Unit 25 Suite 3200 3 Reason for Filing Code/ Effective Date New Drill 6 Pool Code 10540 |
| Competence of New Mexico, Inc. |
| 801 Cherry Street Unit 25 Suite 3200 Fort Worth, Texas 76102 \$\frac{1}{4}\text{API Number}{30^{-}05^{-}29025}\$ \$\frac{5}{7}\text{Property Code}{303560}\$ \$\frac{8}{8}\text{Property Name}\$ Cato San Andres Unit}{8}\text{Property Name}\$ Cato San Andres Unit}{9}\text{Well Number}{586}\$ \$\frac{11.}{10}\text{ Surface Location}\$ \$\frac{10}{2}\text{ Uor lot no.}\$ Section \$\frac{1}{2}\text{Township}\$ Range \$\frac{1}{2}\text{ Lot Idn}\$ Feet from the North/South line Porth Line} \$\frac{1}{2}\text{ North Line}\$ \$\frac{1}{2}\text{ Location}\$ \$\frac{1}{2}\text{ Location}\$ \$\frac{1}{2}\text{ Location}\$ Lot Idn Feet from the North/South line Porth Line} \$\frac{1}{2}\text{ North Line}\$ Section \$\frac{1}{2}\text{ North Line}\$ County Chaves \$\frac{1}{2}\text{ Location}\$ County North Line \$\frac{1}{2}\text{ Set from the North/South line Porth Line}\$ North Line \$\frac{1}{2}\text{ Chaves}\$ Chaves \$\frac{1}{2}\text{ Lse Code} \text{ Poducing Method} Poducing |
| Fort Worth, Texas 76102 API Number 30-05-29025 Property Code 303560 II. Surface Location Ul or lot no. Section 14 08S 30E E 2591 Bottom Hole Location UL or lot no. Section Township Range Lot Idn Feet from the Location UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the Location UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the Location UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line Chaves 11 Bottom Hole Location UL or lot no. Section Township Range Lot Idn Feet from the North/South line Feet from the East/West line County Chaves 12 Lse Code P |
| 30-05-29025 7 Property Code 303560 8 Property Name Cato San Andres Unit 9 Well Number 586 |
| II. 10 Surface Location Ul or lot no. Section 14 08S 30E E 2591 North Line 1305 West Line Chaves UL or lot no. Section Township Range E 2591 North Line 1305 West Line Chaves UL or lot no. Section Township E 14 08S 30E E 2591 North Line 1305 West Line Chaves UL or lot no. Section Township E 2591 North Line 1305 West Line Chaves 14 08S 30E E 2591 North Line 1305 West Line Chaves 15 C-129 Permit Number 16 C-129 Effective Date 17 C-129 Expiration Date 4/24/08 |
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| UL or lot no. Section 14 08S 30E E 2591 North Line Feet from the North/South line Feet from the North/South line Section 1305 West Line Chaves 12 Lse Code P 13 Producing Method Code P 14 Gas Connection Date 4/24/08 15 C-129 Permit Number 16 C-129 Effective Date 17 C-129 Expiration Date 17 C-129 Expiration Date 18 C-129 Effective Date 19 C-129 Expiration Date 19 C-129 Expiration Date 19 C-129 Expiration Date 19 C-129 Effective Date 19 C-129 Expiration Date 19 C-129 Effective Date 19 C-129 Expiration Date 19 C-129 Effective Date 19 C-129 Effective Date 19 C-129 Effective Date 19 C-129 Expiration Date 19 C-129 Effective D |
| 12 Lse Code P 4/24/08 15 C-129 Permit Number 16 C-129 Effective Date 17 C-129 Expiration Date 4/24/08 |
| P Code Date 4/24/08 |
| III. Oil and Gas Transporters |
| |
| Transporter OGRID 19 Transporter Name 20 O/G/W and Address |
| Plains Marketing L.P. PO BOX 4648 Oil |
| Houston, TX 77210 |
| Versado Gas Processor, LLC 159160 Gas 1000 Louisiana St. Suite 4300 |
| Houston, TX 77007 |
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| IV. Well Completion Data |
| 21 Spud Date 4/23/08 22 Ready Date 5/13/08 3995 24 PBTD 25 Perforations See Attachment 34 5 0 - 3424 |
| 27 Hole Size 26 Casing & Tubing Size 27 Depth Set 36 Sacks Cement |
| 12 ¹ / ₈ 850 600 |
| 7 % 5 ½ 3995 800 |
| |
| |
| V. Well Test Data |
| 31 Date New Oil 32 Gas Delivery Date 5/15/08 33 Test Date 5/15/08 34 Test Length 24hrs. 35 Tbg. Pressure 0 36 Csg. Pressure 0 |
| 37 Choke Size 38 Oil 39 Water 40 Gas Pumping |
| 106 perce |
| ⁴² I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and |
| completé to the best of mŷ knowledge and belief. |
| Signature: Approved by: |
| Printed name: Shana McNeal Title: PETROLEUM ENGINEER |
| Shana McNeal Title: Approval Date: SEP 0.2.2009 |

