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| Submit To Appropriate District Office State Lease - 6 copies Fee Lease - 5 copies District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 | | <div style="position: relative; height: 100px;"> <div style="position: absolute; top: 0; left: 0; font-size: 2em; font-weight: bold; color: red; transform: rotate(-15deg);"> RECEIVED APR 27 2008 HOBBS </div> <div style="position: absolute; top: 0; right: 0; font-weight: bold;"> Form C-105 Revised June 10, 2003 </div> </div> <div style="text-align: center;"> State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division 220 South St. Francis Dr. Santa Fe, NM 87505 </div> | |
| WELL COMPLETION OR RECOMPLETION REPORT AND LOG | | WELL API NO. 30-05-29026 | |
| 1a. Type of Well: OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> DRY <input type="checkbox"/> OTHER <input type="checkbox"/> | | 7. Lease Name or Unit Agreement Name Cato San Andres Unit | |
| b. Type of Completion. NEW <input checked="" type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER <input type="checkbox"/> | | 8. Well No. <div style="text-align: center;">585</div> | |
| 2. Name of Operator <div style="text-align: center;">Cano Petro of New Mexico, Inc.</div> | | 9. Pool name or Wildcat <div style="text-align: center;">Cato San Andres</div> | |
| 3. Address of Operator <div style="text-align: center;">801 Cherry Street, Unit 25 Suite 3200 Fort Worth, TX 76102</div> | | | |
| 4. Well Location Unit Letter E : 2562 Feet From The North Line and 210 Feet From The West Line | | | |
| Section: 14 Township: 08S Range: 30E NMPM: 27 County: Chaves | | | |
| 10. Date Spudded 5/24/08 | 11. Date T.D. Reached | 12. Date Compl. (Ready to Prod.) 6/1/08 | 13. Elevations (DF& RKB, RT, GR, etc.) 4100 FT (GL) |
| 14. Elev. Casinghead | | | |
| 15. Total Depth 3990 | 16. Plug Back T.D. | 17. If Multiple Compl. How Many Zones? | 18. Intervals Drilled By Rotary Tools Cable Tools |
| 19. Producing Interval(s), of this completion - Top, Bottom, Name San Andres P1, P2, P3 3426-3610 | | | 20. Was Directional Survey Made NO |
| 21. Type Electric and Other Logs Run GR, Neutron, Density, Resistivity | | | 22. Was Well Cored NO |
| 23. CASING RECORD (Report all strings set in well) | | | |
| CASING SIZE | WEIGHT LB./FT. | DEPTH SET | HOLE SIZE |
| 8 5/8 | 24# | 1012 | 12 1/4 |
| 5 1/2 | 15.5 # | 3988 | 7 7/8 |
| 24. LINER RECORD | | | |
| SIZE | TOP | BOTTOM | SACKS CEMENT |
| | | | |
| 25. TUBING RECORD | | | |
| SIZE | DEPTH SET | PACKER SET | |
| 2 7/8 | 3620 | | |
| 26. Perforation record (interval, size, and number) | | 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. | |
| P1- 3426-3460 P2- 3490-3538 P3- 3584-3610 | | DEPTH INTERVAL | |
| | | AMOUNT AND KIND MATERIAL USED | |
| | | 3426-3610 10,000 gal 28% Acid | |
| 28. PRODUCTION | | | |
| Date First Production 6/21/08 | | Production Method (Flowing, gas lift, pumping - Size and type pump) Pumping | |
| Well Status (Prod. or Shut-in) Prod. | | | |
| Date of Test 6-21-08 | Hours Tested 24 hrs. | Choke Size | Prod'n For Test Period |
| Oil - Bbl 6 | Gas - MCF 4 | Water - Bbl. 20 | Gas - Oil Ratio |
| Flow Tubing Press. 0 | Casing Pressure | Calculated 24-Hour Rate | Oil - Bbl. 6 |
| Gas - MCF 4 | Water - Bbl. 20 | Oil Gravity - API - (Corr.) 23 | |
| 29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold | | | Test Witnessed By |
| 30. List Attachments | | | |
| 31. | | | |
| Signature <i>Shana McNeal</i> | | Printed Name Shana McNeal Title Production Assistant I | |
| E-mail Address: <u>shana@canopetro.com</u> | | Date: 6-29-08 | |

CSAU 585

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well and not later than 60 days after completion of closure. When submitted as a completion report, this shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 11, 12 and 26-31 shall be reported for each zone.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

| Southeastern New Mexico | | Northwestern New Mexico | |
|-------------------------|------------------|-------------------------|------------------|
| T. Anhy | T. Canyon | T. Ojo Alamo | T. Penn A" |
| T. Salt 1070 | T. Strawn | T. Kirtland | T. Penn. "B" |
| B. Salt | T. Atoka | T. Fruitland | T. Penn. "C" |
| T. Yates 1540 | T. Miss | T. Pictured Cliffs | T. Penn. "D" |
| T. 7 Rivers 1,714 | T. Devonian | T. Cliff House | T. Leadville |
| T. Queen 2,210 | T. Silurian | T. Menefee | T. Madison |
| T. Grayburg | T. Montoya | T. Point Lookout | T. Elbert |
| T. San Andres 2700 | T. Simpson | T. Mancos | T. McCracken |
| T. Glorieta | T. McKee | T. Gallup | T. Ignacio Otzte |
| T. Paddock | T. Ellenburger | Base Greenhorn | T. Granite |
| T. Blinebry | T. Gr. Wash | T. Dakota | |
| T. Tubb | T. Delaware Sand | T. Morrison | |
| T. Drinkard | T. Bone Springs | T. Todilto | |
| T. Abo | T. | T. Entrada | |
| T. Wolfcamp | T. | T. Wingate | |
| T. Penn | T. | T. Chinle | |
| T. Cisco (Bough C) | T. | T. Permian | |

OIL OR GAS
SANDS OR ZONES

No. 1, from 3405 to 3458
No. 2, from 3446 to 3533

No. 3, from 3580 to 3655
No. 4, from to

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from to feet
No. 2, from to feet
No. 3, from to feet

LITHOLOGY RECORD (Attach additional sheet if necessary)

| From | To | Thickness In Feet | Lithology | From | To | Thickness In Feet | Lithology |
|------|----|----------------------|-----------|------|----|----------------------|--|
| | | | | | | | RECEIVED MAY 12 2009 HOBBSOCD |