

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

RECEIVED

JUN 24 2009

HOBBS

OIL CONSERVATION DIVISION

220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO. 30-005-27980
5. Indicate Type of Lease STATE <input checked="" 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 505
9. OGRID Number 248802
10. Pool name or Wildcat CATO; SAN ANDRES
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4126

<p>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.)</p>	
<p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/></p>	
<p>2. Name of Operator CANO PETRO OF NEW MEXICO, INC.</p>	
<p>3. Address of Operator 801 CHERRY STR, UNIT 25 SUITE 3200 FT WORTH TX 76102</p>	
<p>4. Well Location Unit Letter N : 20 feet from the SOUTH line and 1375 feet from the WEST line Section 2 Township 08S Range 30E NMPM 27 County CHAVES</p>	
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4126</p>	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
 TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
 PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
 DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☒ P AND A ☐
 CASING/CEMENT JOB ☒

OTHER: ☐

OTHER: perforate, acidize, run tubing rods and pump ☒

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.

12/14/2007: MIRU drilling rig. Spud 12-1/4" hole and drilled to 520'. Ran 8-5/8" 24# csg to 520 and cemented w/ 350 sx class C. WOC 8 hours.

12/15 - 12/19/2007: Install BOP and drilled 7-7/8" hole from 520' to 3905'. Ran open-hole logs on 1/19/2008

12/20/2007: Ran 5-1/2" casing from surface to TD (3905'). Cemented w/ 800 sx 65:35 Pozmix WOC 24 hours

1/4/2008: Ran cased hole gamma ray/ CBL. Perforated @ 1 spf: P1 3362-3408'; P2 3450-3482'; P3 3512-3542; P5 3762-3802'

1/6/2008: Acid frac'd all zones together w/ 20,000 gal 15% HCl at 30 BPM. Flowed back load

1/7/2008: RIH w/ 2-7/8" tubing and swabbed all day. Made 100% water.

1/9/2008: RIH w/ rods and 2.5" x 2.0" x 16' pump. Hung well on.

Spud Date:

12/14/2007

Rig Release Date:

12/20/2007

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Collin Strawn

TITLE

Engineer

DATE 4-14-09

Type or print name Collin Strawn

E-mail address:

PHONE: 817-698-0900

For State Use Only

APPROVED BY:

[Signature]

TITLE

PETROLEUM ENGINEER

DATE

Conditions of Approval (if any):

SEP 09 2009