



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Field Inspection Program
"Preserving the Integrity of Our Environment"

23-Oct-09

CANO PETRO OF NEW MEXICO, INC.
801 CHERRY STREET UNIT# 25 SUITE 3200
FORT WORTH TX 76102

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

CATO SAN ANDRES UNIT No.049				L-11-8S-30E	30-005-10455-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929627375
	Violations					
	Exceeded Allowable Inj. Pressures					
Comments on Inspection:	Injection Pressure Over Limit. (Rule 19.15.26.10.). NEED TO REDUCE PRESSURE FROM 2150 PSI TO PERMITTED 1010 PSI. THIS IS 1ST LETTER OF NON-COMPLIANCE.					

CATO SAN ANDRES UNIT No.030				G-10-8S-30E	30-005-10483-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929635483
	Violations					
	Absent Well Identification Signs (Rule 103)					
Comments on Inspection:	NO Well Sign (Rule19.15.16.8.). NEED TO INSTALL WELL SIGN. THIS IS 1ST LETTER OF NON-COMPLIANCE.					

CATO SAN ANDRES UNIT No.048

I-10-8S-30E

30-005-10484-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929627059
Violations Exceeded Allowable Inj. Pressures						

Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.). NEED TO REDUCE PRESSURE FROM 2150 PSI TO PERMITTED 1530 PSI LIMIT. THIS IS 1ST LETTER OF NON-COMPLIANCE.

CATO SAN ANDRES UNIT No.027

F-11-8S-30E

30-005-10491-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929629727
Violations Absent Well Identification Signs (Rule 103)						

Comments on Inspection: NO Well Sign (Rule 19.15.16.8.). NEED TO INSTALL WELL SIGN. THIS IS 1ST LETTER OF NON-COMPLIANCE.

CATO SAN ANDRES UNIT No.057

P-10-8S-30E

30-005-10502-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929533741
Violations Absent Well Identification Signs (Rule 103) Exceeded Allowable Inj. Pressures						

Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10). REDUCE INJ PRESSURE FROM 1950 PSI TO PERMITTED 650 PSI. WELL SIGN. (Rule 19.15.16.8). INSTALL APPROVED WELL SIGN. THIS IS 1ST LETTER OF NON-COMPLIANCE.

CATO SAN ANDRES UNIT No.028

E-11-8S-30E

30-005-10503-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/22/2009	iMGB0929627727
Violations Exceeded Allowable Inj. Pressures						

Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.) NEED TO REDUCE 875 PSI TO PERMITTED 650 PSI. THIS IS ST LETTER OF NON-COMPLIANCE.

CATO SAN ANDRES UNIT No.020

D-11-8S-30E

30-005-10504-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/22/2009	iMGB0929627955
Violations Exceeded Allowable Inj. Pressures						

Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.) NEED TO REDUCE 1950 PSI TO PERMITTED 1540 PSI. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.

CATO SAN ANDRES UNIT No.026

G-11-8S-30E

30-005-10514-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Plugged Well Surface Restor	Maxey Brown	Yes	No	11/25/2009	iMGB0929632748
Comments on Inspection: DO NOT RELEASE. (RULE 19.15.25.8.). NEED TO INSTALL P/A MARKER. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.023

A-11-8S-30E

30-005-10523-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929633611
Violations Exceeded Allowable Inj. Pressures						

Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.). NEED TO REDUCE 1700 PSI TO PERMITTED 1220 PSI. THIS IS 1ST LETTER OF NON-COMPLIANCE.

CATO SAN ANDRES UNIT No.077

A-15-8S-30E

30-005-10532-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929558058
Violations Absent Well Identification Signs (Rule 103) Exceeded Allowable Inj. Pressures						

Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.) REDUCE TUBING PRESSURE FROM 1850 PSI TO PERMITTED 650 PSI. WELL SIGN (RULE 19.15.16.8.). NEED TO INSTALL WELL SIGN. THIS IS 1ST LETTER OF NON-COMPLIANCE.

CATO SAN ANDRES UNIT No.051

I-11-8S-30E

30-005-10539-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929635051
Violations Absent Well Identification Signs (Rule 103) Exceeded Allowable Inj. Pressures						

Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.). NEED TO REDUCE 1800 PSI TO PERMITTED 650 PSI. WELL SIGN. (RULE 19.15.16.8.). NEED TO INSTALL SIGN WITH CURRENT OPERATOR AND ALL REQUIRED INFORMATION. THIS IS 1ST LETTER OF NON-COMPLIANCE.

CATO SAN ANDRES UNIT No.079

C-14-8S-30E

30-005-10540-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Plugged Well Surface Restor	Maxey Brown	Yes	No	1/25/2010	iMGB0929560405
Comments on Inspection: DO NOT RELEASE. (RULE 19.15.25.8.). NEED TO REMOVE 2" STEEL FLOWLINE FROM LOCATION. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.055

N-11-8S-30E

30-005-10560-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	1/25/2010	iMGB0929623687
Violations Absent Well Identification Signs (Rule 103)						

Comments on Inspection: Well Sign (Rule 19.15.16.8.). NEED TO INSTALL CORRECT WELL. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.

CATO SAN ANDRES UNIT No.081

A-14-8S-30E

30-005-10572-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929625827
Violations Absent Well Identification Signs (Rule 103)						

Comments on Inspection: Well Sign (Rule 19.15.16.8.). NEED TO INSTALL CORRECT SIGN. THIS IS 1ST LETTER OF NON-COMPLIANCE

CATO SAN ANDRES UNIT No.056

M-11-8S-30E

30-005-10579-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929629010
Violations Exceeded Allowable Inj. Pressures						

Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.) NEED TO REDUCE 1800 PSI TO PERMITTED 650 PSI. THIS IS 1ST LETTER OF NON-COMPLIANCE.

CATO SAN ANDRES UNIT No.050J

J-11-8S-30E

30-005-10580-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Plugged Well Surface Restor	Maxey Brown	Yes	No	11/25/2009	iMGB0929631977
Comments on Inspection: DO NOT RELEASE. (RULE 19.15.25.8.). NEED TO INSTALL P/A MARKER. ALSO REMOVE PORTABLE CONCRETE PUMPING UNIT BASE FROM WESTSIDE OF LOCATION. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.078

D-14-8S-30E

30-005-10581-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Plugged Well Surface Restor Violations	Maxey Brown	Yes	No	1/25/2010	iMGB0929558911
Comments on Inspection: DO NOT RELEASE. (RULE 19.15.25.8.). NEED TO REMOVE FROM LOCATION, SIGN FRAME, 4 PIECES OF 2" PIPE BY MARKER, SHORT PIECES OF 2" POLYPIPE. MARKER IS OK. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.073

A-16-8S-30E

30-005-20017-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic Violations	Maxey Brown	Yes	No	1/25/2010	iMGB0929532363
Comments on Inspection: Absent Well Identification Signs (Rule 103) Well Sign (Rule 19.15.16.8). NEED TO CHANGE WELL SIGN, DOES NOT COMPLY. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.021

C-11-8S-30E

30-005-20069-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic Violations	Maxey Brown	Yes	No	11/25/2009	iMGB0929630238
Comments on Inspection: General Housekeeping (Rule 114) Exceeded Allowable Inj. Pressures Injection Pressure Over Limit. (Rule 19.15.26.10.). NEED TO REDUCE 1700 PSI TO PERMITTED 1365 PSI. ALSO REMOVE SURPLUS SANDLINE OR WIRE ROPE FROM LOCATION. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.						

CATO SAN ANDRES UNIT No.080

B-14-8S-30E

30-005-20124-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Plugged Well Surface Restor	Maxey Brown	Yes	No	11/25/2009	iMGB0929624930
Comments on Inspection: DO NOT RELEASE. (RULE 19.15.25.8.) NEED TO CORRECT P/A MARKER. MUST INCLUDE TOWNSHIP, RANGE, WELL NAME AND NUMBER, UNIT LETTER. ALSO REMOVE CONTROL PANEL, STUB POLE, FLOWLINE, WELLHEAD, SIGN, AND THREAD PROTECTORS. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.533

K-11-8S-30E

30-005-27985-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic Violations	Maxey Brown	Yes	No	11/25/2009	iMGB0929629344
Comments on Inspection: Exceeded Allowable Inj. Pressures Injection Pressure Over Limit. (Rule 19.15.26.10.). NEED TO REDUCE 1800 PSI TO PERMITTED 1380 PSI. ALSO NEED TO RE-INSTALL P/A MARKER ON 30-005-10517 #1 WELL THAT WAS REMOVED FOR THE DRILLING OF THE #533. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.						

CATO SAN ANDRES UNIT No.544

M-11-8S-30E

30-005-27986-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929626103
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: NO Well Sign (Rule 19.15.16.8). NEED TO INSTALL WELL SIGN. THIS IS 2ND LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.547

P-11-8S-30E

30-005-27988-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929634795
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: NO Well Sign (Rule 19.15.16.8). NEED TO INSTALL WELL SIGN. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.520

H-11-8S-30E

30-005-28027-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929633823
Violations Absent Well Identification Signs (Rule 103)						
Comments on Inspection: NO Well Sign (Rule 19.15.16.8). NEED TO INSTALL WELL SIGN. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.050

J-11-8S-30E

30-005-29021-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929632249
Violations Absent Well Identification Signs (Rule 103) Exceeded Allowable Inj Pressures						
Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.). NEED TO REDUCE 1800 PSI TO PERMITTED 850 PSI. NO WELL SIGN. (RULE 19.15.16.8.). NEED TO INSTALL WELL SIGN. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.822

B-11-8S-30E

30-005-29028-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929634049
Violations Exceeded Allowable Inj Pressures						
Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.). NEED TO REDUCE 1825 PSI TO PERMITTED 1370 PSI. THIS IS 1ST LETTER OF NON-COMPLIANCE.						

CATO SAN ANDRES UNIT No.827

F-11-8S-30E

30-005-29030-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929629887
Violations Absent Well Identification Signs (Rule 103) Drill Site/Roads (Rule 114)						
Comments on Inspection: NO Well Sign (Rule 19.15.16.8). NEED TO INSTALL WELL SIGN. ALSO NEED TO FILL IN MOUSE/RAT HOLE BESIDE WELL. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.						

CATO SAN ANDRES UNIT No.854

O-11-8S-30E

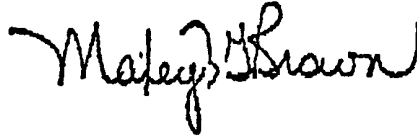
30-005-29031-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/22/2009	Routine/Periodic	Maxey Brown	Yes	No	11/25/2009	iMGB0929634613
Violations Exceeded Allowable Inj Pressures						

Comments on Inspection: Injection Pressure Over Limit. (Rule 19.15.26.10.). NEED TO REDUCE 1000 PSI TO PERMITTED 650 PSI. THIS IS 1ST LETTER OF NON-COMPLIANCE.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

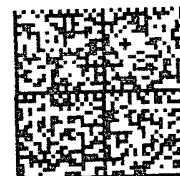


COMPLIANCE OFFICER

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER

017H15554612

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10/23/2009

Mailed From 88240

US POSTAGE

CANO PETRO OF NEW MEXICO, INC
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