



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"

28-Jan-10

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.087				E-14-8S-30E	30-005-10561-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
01/27/2010	Routine/Periodic	Maxey Brown	Yes	No	5/2/2010	iMGB1002748612	
		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 NOTICE OF NON-COMPLIANCE. 1ST NOTICE WAS VERBAL REQUEST TO BILLY VAUGHN ON 10-29-2009.					

CATO SAN ANDRES UNIT No.110				L-14-8S-30E	30-005-20015-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
01/27/2010	Routine/Periodic	Maxey Brown	Yes	No	5/2/2010	iMGB1002748000	
		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.117

M-14-8S-30E

30-005-20094-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/27/2010	Routine/Periodic	Maxey Brown	Yes	No	5/2/2010	iMGB1002747668
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-COMPLIAANCE. MGB.

CATO SAN ANDRES UNIT No.572

F-14-8S-30E

30-005-28015-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/27/2010	Plugged Well Surface Restor	Maxey Brown	Yes	No	5/2/2010	iMGB1002749461
Comments on Inspection: DO NOT RELEASE. RULE 19.15.25.8. MARKER IS INCORRECT. INSTALL MARKER WITH CORRECT WELL #, CORRECT API #, CORRECT SECTION-TOWNSHIP-RANGE. ALSO NEED TO CUT OFF AND REMOVE NORTHWEST AND SOUTHWEST ANCHORS. THIS IS 1ST LETTER OF NON-COMPLIANCE. MGB.						

CATO SAN ANDRES UNIT No.557Y

O-10-8S-30E

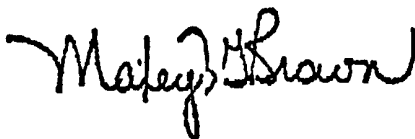
30-005-29051-00-00

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
01/27/2010	Routine/Periodic	Maxey Brown	Yes	No	5/2/2010	iMGB1002751599
Violations Absent Well Identification Signs (Rule 103)						

Comments on Inspection: NO WELL SIGN. RULE 19.15.16.8. NEED SIGN FOR THE 557Y WELL. ACTIVE ROD PUMPED WELL(CSAU 557Y). SIGN IS FOR THE WELL SETTING BY CONTROL PANEL (CSAU 557-O.) 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 Divison 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,

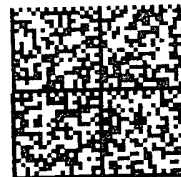


Hobbs OCD District Office

COMPLIANCE OFFICER

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

\$0.44⁰

01/28/2010

Mailed From 88240

US POSTAGE

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FORT WORTH, TEXAS 76102