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New Mexico Oil Conservation Division, District I 1625 N. French Drive

Hobbs, NM 88240 FORM APPROVED OM B No 1004-0137 Expires March 31, 2007 Form 3160-5 (April 2004) 28 2011 **UNITED STATES** DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Lease Senal No. NMNM82050X NOTICES AND REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals. 7 If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE- Other instructions on reverse side. Cato San Andres Unit 1. Type of Well Other Water injection well . Oıl Well∃ ⊑ Gas Well⊏⊏ 8. Well Name and No. CSAU #854 2. Name of Operator Cano Petro of New Mexico, Inc API Well No. 30-005-29031 3b. Phone No. (include area code) 3a. Address 801 Cherry St., Suite 3200, Fort Worth, TX 76102 817-698-0900 10. Field and Pool, or Exploratory Area Cato; San Andres 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 11. County or Parish, State 660' FSL & 1924' FEL, Section 11, T08S, R30E Chaves County, NM REPORT, OR OTHER DATA 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, TYPE OF SUBMISSION TYPE OF ACTION Acidize Water Shut-Off Production (Start/Resume) Deepen Notice of Intent ✓ Well Integrity Alter Casing Fracture Treat Reclamation Other Test tubing and Casing Repair New Construction Recomplete __Subsequent Report Change Plans Temporarily Abandon packer for leaks Plug and Abandon Final Abandonment Notice Water Disposal Convert to Injection Plug Back 13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.) MIRU pulling unit. Unset packer and POOH w/ tubing and packer. Inspect packer for damage. Test tubing as follows: RIH w/ bull plug on the end of tubing. Run 5 stands at a time, pressure testing tubing after each 5 stands to find leak. Replace bad tubing. RIH w/ tubing and packer to previous depth, within 100' of top perforation. Perform MIT. After well passes MIT, resume water injection.

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)	1		
Collin Strawn	Title Petroleum Engineer		
Signature Collin Show	Date	06/01/2010	THE WASHINGTON
THIS SPACE FOR FEDERAL OR STATE OFFICE USE			
ACCEPTED FOR RECORD 26/1	8-10	CO REPUBLIC	JUN 2 8 2010
Approved by /S/DAVID B-CLASS	Title	Date	
Conditions of approval, it and are attached Approval of Lasantico warran	in or		
certify that the applicant holds tegator aquitable wile to those rights in the subject le which would entitle the applicant to conduct operations thereon	ase Office		
which would entitle the applicant to conduct operations thereon	, ,		
Title 18 USC Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States any false, fictitious or frequency of the United States and False and Fals			
(Instructions on Page PDLEUM ENGINEER	•		

Condition of Approval: Notify OCD Hobbs office 24 hours prior to running MIT Test & Chart.