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COMMISSIONER

State of New Mexico
Commissioner of Public Lands

2015 MAR 17

COMMISSIONER'S OFFICE

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March 11, 2015

Cano Petroleum of New Mexico
823 South Detroit, Suite 300
Tulsa, OK 74120

Attn: Ms. Sandra Durazo

RE: Cato Unit,
Chaves County, New Mexico

Dear Ms. Durazo:

This office is in the process of reviewing all oil and gas units that contain New Mexico State Trust Lands. Our records reflect that Cano Petroleum of New Mexico is the current operator for the Cato Unit, and it has come to our attention that, in some cases, we are not receiving required unit information including current Plans of Development. Many 2015 Plans of Development are due to the OCD, the BLM, and this office in the near future, we would like to take this opportunity to remind you to submit them on a timely basis. Please refer to your Unit Agreement regarding the due dates for submittal of Plans of Development.

Your Unit Agreement may state that Plans of Development are to be filed from "time to time", or whenever a change in the current Plan of Development is necessary. If your Unit falls under this category please submit a current Plan of Development to this office by April 15, 2015.

In order to help you put together your 2015 Plan of Development, we have included a list of the information to be submitted to this office. We recognize the time involved in putting together the Unit Plans of Development and appreciate your cooperation in this matter.

Plans of Development

Please include the following when submitting current Plans of Development.

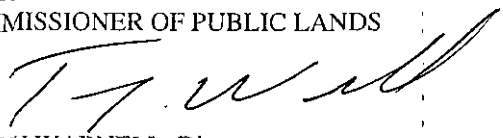
- 1.) A summary of the 2014 unit activities including new wells drilled, wells completed, wells shut in, dry holes, and wells converted to injection.
- 2.) If you have not submitted a Plan of Development within the past 12 months, please include a summary of unit activities since your last Plan of Development was approved by the Commissioner of Public Lands.
- 3.) A summary of the anticipated unit activity for 2015 including the wells to be drilled, worked over, shut in or converted to injection wells.
- 4.) A list of the wells in the unit indicating which ones are currently producing, shut in, or are injection wells. Please identify which wells are unit wells and which produce on a lease basis and the formation and pool from which they produce.
- 5.) The monthly production history of each well in the unit for the past two years. This may be a production decline graph or it may be in tabular form.

6.) Current copies of Exhibits A and B to the Unit Agreement and current maps of existing participating areas.

If you have any questions, please contact Mr. Pete Martinez at (505)-827-5791.

Very truly yours,

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS

BY: 
TERRY WARNELL, Director
Oil, Gas and Minerals Division

AD/TW/sk
xc: Reader File
OCD-Daniel Martinez
BLM - Attn: Ed Fernandez