



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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October 12, 2011

Linn Operating, Inc.
600 Travis Street, Suite 5100
Houston, Texas 77002

Attn: Mr. David Beathard

Re: Designation of Successor Unit Operator
East Hobbs San Andres Unit
Lea County, New Mexico

RECEIVED OCD
2011 OCT 19 P 2:17

Dear Mr. Beathard:

This office has been notified that Linn Operating, Inc. has been designated as the successor unit operator of the East Hobbs San Andres Unit, Lea County, New Mexico. Our records reflect that Arena Resources, Inc. is still the operator of record for this unit. Since a change of operator has not been approved by this office, Linn Operating, Inc. is operating the East Hobbs San Andres Unit without authority.

In view of the above, pursuant to articles 7 and 8 of the unit agreement please submit within (30) days, a resignation from Arena resources, Inc. and the designation of Linn Operating, Inc. as successor unit operator to this office for approval. Linn Operating, Inc. must also accept the duties and responsibilities as the successor unit operator in writing.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

By: *Larry J. Roybal*
LARRY J. ROYBAL, Director
Oil, Gas, and Minerals division
RP/LR/jm
xc: Reader File
OCD-Ed Martin