



PATRICK H. LYONS
COMMISSIONER

2007 JUN 4 PM 5:08

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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May 25, 2007

Cano Petroleum of New Mexico, Inc.

Attention: Mr. Phillip Feiner

801 Cherry Street, Suite 3200

Fort Worth, TX 76102

Attn: Mr. Phillip Feiner

Re: Designation of Successor Unit Operator

Cato San Andres Unit

Chaves County, New Mexico

NO
INFO?

Dear Mr. Feiner:

The Bureau of Land Management has notified this office that Cano Petroleum of New Mexico, Inc. has been designated as the successor unit operator of the Cato Unit, Chaves County, New Mexico. Our records reflect that UHC New Mexico Corporation is still the operator of record for this unit. Since a change of operator has not been approved by this office, Cano Petroleum is operating the Cato Unit without authority.

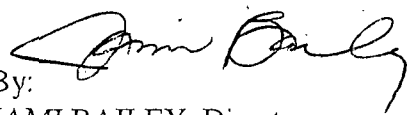
In view of the above, please submit within (30) days, a resignation from UHC New Mexico Corporation and the designation of Cano Petroleum of New Mexico, Inc. as successor unit operator to this office for approval. Cano Petroleum must also accept the duties and responsibilities as the successor unit operator in writing.

In addition please submit a \$20,000 surface improvement damage bond to this office.

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

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

By: 

JAMI BAILEY, Director
Oil, Gas and Minerals division
PL/JB/jm
xc: Reader File

OCD

BLM

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