October 29, 2007

This past year was dominated by a number of significant steps toward building the foundation for the profitable growth of the Company. Keeping the long term in focus in mind, I am acutely aware of the need for us to deliver significant production and share price growth during the next 12 months and you can rest assured that this is our absolute number one priority.

During the past 12 months we have:

- Implemented a number of facility upgrades in Louisiana and East Texas aimed at reducing operating costs as well as improved production regularity.

- Implemented a new operational model, using primarily staff personnel rather than contracting services in our field operations, aimed at better control, improved efficiency and lower operating costs.

- Acquired new leases in West Texas covering several more production zones and brought the previously in-active KWB field successfully into initial production, which will be followed by substantial further re-development. This project has attractive economics due to the fact that reserves can be brought into production more cost-effectively by using existing well bores rather than drilling new wells-even though several new drilling locations have been identified.

- Increased our proved oil and gas reserves with more than 30% such that the NPV10 value (Net Present Value using a 10% discount factor) of our proved reserves is now $45 Million. We expect that our probable reserves which are currently excluded form this total will yield significant additional potential.

- Concluded a new debt financing with Natural Gas Partners Capital Resources Company, to secure the necessary development funds for our current assets. The debt financing was done concurrently with an equity financing.

- Engaged a new auditing firm-Hein and Associates, which has a solid reputation and extensive Oil and Gas accounting experience.

- Moved our project in Jordan forward, and we are pleased to report that the Production Sharing Agreement covering the Azraq area is now officially signed by the King of Jordan, and that we have entered into a Joint Venture agreement with an international company allowing us to focus our management time and capital to our domestic operations while maintaining a future potential upside in the project.

- Moved our headquarters from Phoenix to Dallas to ensure proximity to our operations, to experienced Oil and Gas staff and to our important external service providers.

- Made a number of changes to the Board and Management Team were implemented to ensure that we have the highest quality Board and Management available to implement our growth strategy: Mr. Brad Farrow and Mr. Brian Rafferty joined the Board and a number of formal Board Committees were implemented - See “Corporate Governance” on our web page. Mr. Ralph Watkins replaced Bill McFie as Sr. VP Operations and Mr. Andrew Williams was appointed Sr. VP Finance and Chief Accounting Officer replacing Frank Smith. Subsequently Mr. Terry Whistler has been appointed VP Controller and Mr. John Ebner VP Land, Legal and Contracts.

The Board and Management of the Company believe that we are in a better position than ever to secure future growth, and we are convinced that you as a shareholder will see the results of this in terms of share price growth over the next 12 months.

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Our Plans for the next 12 months are as follows:

Corporate:

- To be listed on an appropriate national exchange
- To file our next annual report in compliance with Sarbanes-Oxley regulations
- To have sufficient financial flexibility to ensure funding of our capital program and to actively pursue at least one acquisition
- To continue lowering our operating costs

Exploitation & Production:

- To implement in a timely manner and within budgets our planned capital development program in excess of $13 Million. This program is targeted at:
- East Texas: Secure good steady production from our East Texas assets, mainly through surface facility upgrades and optimizing down hole pumps.
- West Texas: To re-complete and bring into production up to 15 additional wells in the productive Canyon sand and to drill 1-2 new wells to the same target.
- Louisiana: Bring into production 3-4 high impact wells. This program involves using a conventional drilling rig to re-construct the down hole completions and clean up the wells.
- Probable Reserves: To undertake detailed analyses of our probable reserves and test some of those potential production zones through re-completion and/or deepening existing well bores.
- Production Impact: The projected results of next year's capital program (consistent with our external reserves report) should yield a significant increase in production. We expect to reach a production level, within the next 12 months, in excess of 1,000 BOE per day from our proved reserves.

In the face of the challenges and opportunities Sonoran faces in the months and years ahead several Board Members and members of our management and technical staff have underlined their confidence in our prospects by making significant private cash investments (in excess of $750,000) into the company.

I wish all of you a successful and profitable future and I will do everything I can to ensure just that.

Peter Ostenfeld-Rosenthal
Chairman of the Board & CEO