

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT

CONTRACT VENDOR(S)

\*\*\*\*\*  
\* C O N T R A C T \*  
\*\*\*\*\*

WELL PLUGGING

( 2 )-5479194 505-327-4961  
KEY ENERGY SERVICES INC  
ATTN: NATHAN E CRAWFORD  
PO BOX 900  
FARMINGTON NM 87401-0000

CONTRACT NO: 10-521-07-07369  
COMMODITY 05478  
CODE(S):

TAX-ID NUMBER:

BUYER: KATHY SANCHEZ  
(505) 827-0487

SEALED BID OPENING \* FORMAL  
STATE PURCHASING AGENT'S OFFICE  
DATE: 05/29/01  
\*\*\*\*\*

PAYMENT TERMS: NET 30  
FOB: DESTINATION  
DELIVERY: AS REQUESTED

SHIP TO:  
OCD STATE LAND OFFICE BLDG, RM2  
1220 SOUTH ST. FRANCIS DR.

SANTA FE

NM 87505-0000

THIS CONTRACT IS MADE SUBJECT  
TO THE TERMS AND CONDITIONS SHOWN  
ON THE REVERSE SIDE OF THIS PAGE.

INVOICE/BILL TO:  
SAME AS "SHIP TO" ADDRESS

00000-0000

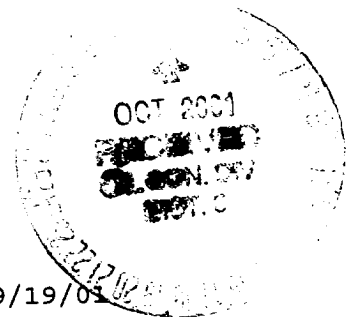
THE TERM OF THIS CONTRACT SHALL BE SEP 10, 2001 THRU SEP 09, 2002.

CONTACT PERSON FOR DELIVERY INSTRUCTIONS OF ITEM(S) ON THIS  
CONTRACT: DOROTHY PHILLIPS (505) 476-3461

ACCEPTED FOR THE STATE OF NEW MEXICO

*Louis J. Higgins*  
NEW MEXICO STATE PURCHASING AGENT

DATE: 09/19/01



PURCHASING DIVISION  
JOSEPH MONTROYA BLDG, RM. 2016  
1100 ST. FRANCIS DR. 87505  
P.O. BOX 26110  
SANTA FE, NEW MEXICO 87502-0110

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
PURCHASING DIVISION

GSD/PD 002-A (Rev. 10/97)

TERMS AND CONDITIONS UNLESS OTHERWISE SPECIFIED

1. **General:** When the State Purchasing Agent issues a purchase document in response to the Vendor's bid, a binding contract is created.
2. **Variation in Quantity:** No variation in the quantity of any item called for by this order will be accepted unless such variation has been caused by conditions of loading, shipping, packing or allowances in manufacturing process, and then only to the extent, if any, specified elsewhere in this order.
3. **Assignment:**
  - A. Neither the order, nor any interest therein, nor claim thereunder, shall be assigned or transferred by the Vendor, except as set forth in subparagraph 3B below or as expressly authorized in writing by the state purchasing agent's office. No such assignment or transfer shall relieve the Vendor from the obligations and liabilities under this order.
  - B. Vendor agrees that any and all claims for overcharge resulting from antitrust violations which are borne by the State as to goods, services, and materials purchased in connection with this bid are hereby assigned to the State.
4. **State Furnished Property:** State furnished property shall be returned to the State upon request in the same condition as received except for ordinary wear, tear and modifications ordered hereunder.
5. **Discounts:** Prompt payment discounts will not be considered in computing the low bid. Discounts for payment within 20 days will be considered after the award of the contract. Discounted time will be computed from the date of receipt of the merchandise or invoice, whichever is later.
6. **Inspection:** Final inspection and acceptance will be made at the destination. Supplies rejected at the destination for non-conformance with specifications shall be removed, at the Vendor's risk and expense, promptly after notice of rejection.
7. **Inspection of Plant:** The State Purchasing Agent may inspect, at any reasonable time, the part of the contractor's, or any subcontractor's plant or place of business, which is related to the performance of this contract.
8. **Commercial Warranty:** The Vendor agrees that the supplies or services furnished under this order shall be covered by the most favorable commercial warranties the Vendor gives to any customer for such supplies or services, and that the rights and remedies provided herein shall extend to the State and are in addition to and do not limit any rights afforded to the State by any other clause of this order. Vendor agrees not to disclaim warranties of fitness for a particular purpose of merchantability.
9. **Taxes:** The unit price shall exclude all State taxes.
10. **Packing, Shipping and Invoicing:**
  - A. The State's purchase document number and the Vendor's name, user's name and location shall be shown on each packing and delivery ticket, package, bill of lading and other correspondence in connection with the shipments. The user's count will be accepted by the Vendor as final and conclusive on all shipment not accompanied by a packing ticket.
  - B. The Vendor's invoice shall be submitted in triplicate, duly certified and shall contain the following information: order number, description of supplies or services, quantities, unit prices and extended totals. Separate invoices shall be rendered for each and every complete shipment.
  - C. Invoice must be submitted to the using agency and NOT THE STATE PURCHASING AGENT.
11. **Default:** The State reserves the right to cancel all or any part of this order without cost to the State, if the Vendor fails to meet the provisions of this order and, except as otherwise provided herein, to hold the Vendor liable for any excess cost occasioned by the State due to the Vendor's default. The Vendor shall not be liable for any excess costs if failure to perform the order arises out of causes beyond the control and without the fault or negligence of the Vendor: such causes include, but are not restricted to, acts of God or the public enemy, acts of the State or Federal Government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, unusually severe weather and defaults of subcontractors due to any of the above, unless the State shall determine that the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Vendor to meet the required delivery scheduled. The rights and remedies of the State provided in this paragraph shall not be exclusive and are in addition to any other rights now being provided by law or under this order.
12. **Non-collusion:** In signing this bid, the Vendor certifies he/she has not, either directly or indirectly, entered into action in restraint of free competitive bidding in connection with this offer submitted to the State Purchasing Agent.
13. **Non-discrimination:** Vendors doing business with the State of New Mexico must be in compliance with the Federal Civil Rights Act of 1964 and Title VII of the Act, (Rev., 1979), and the Americans with Disabilities Act of 1990, (Public Law 101-336).
14. **The Procurement Code:** Sections 13-1-28 through 13-1-99 NMSA 1978, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks.
15. All bid items are to be NEW and of most current production, unless otherwise specified.
16. **Payment for purchases:** Except as otherwise agreed to: Late payment charges may be assessed against the user state agency in the amount and under the conditions set forth in Section 13-1-158 NMSA 1978.
17. **Workers' Compensation:** The Contractor agrees to comply with state laws and rules pertaining to workers' compensation benefits for its employees. If the Contractor fails to comply with the Workers' Compensation Act and applicable rules when required to do so, this { Agreement } may be terminated by the contracting agency.
18. **ATTENTION:** Failure to complete all information on the bid envelope might necessitate the premature opening of the bid in order to identify the bid file. The bid number should be identified on the outside of the bid envelope.

**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
PURCHASING DIVISION**

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**CONTRACT****ARTICLE I - STATEMENT OF WORK**

Contract to provide requirements as indicated in specifications

**ARTICLE II - TERM**

The term of this Contract will be as indicated in specifications

**ARTICLE III - TERMINATION**

This Contract may be terminated by either signing party upon written notice by either party to the other at least thirty (30) days in advance of the date of termination. Termination of this contract, however, shall not affect any outstanding orders. This provision is not exclusive and shall not waive other rights and remedies afforded either party in the event of breach of contract or default. In such instances the contract may be cancelled effective immediately.

**ARTICLE IV - AMENDMENT**

This Contract may be amended by mutual agreement of the NM State Purchasing Agent and the contractor upon written notice by either party to the other. An amendment to this Contract **SHALL NOT AFFECT ANY OUTSTANDING ORDERS** issued prior to the effective date of the amendment as mutually agreed upon, and as published by the NM State Purchasing Agent. Amendments affecting price adjustments and/or extension of contract expiration are not allowed unless specifically provided for in bid and contract documents.

**ARTICLE V - PRICE SCHEDULE**

Price(s) as listed are firm.

**ARTICLE VI - INDEMNITY CLAUSE**

Contractor shall indemnify and hold harmless the State, its officers and employees, against liability, claims, damages, losses or expenses arising out of bodily injury to persons or damage to property caused by, or resulting from, contractor's and/or its employees, own negligent act(s) or omissions(s) while contractor, and/or its employees, perform(s) or fails to perform its obligations and duties under the terms and conditions of this agreement. This save harmless and indemnification clause is subject to the immunities, provisions, and limitations of the tort claims act (41-4-1, et seq., N.M.S.A. 1978 comp.) and section 57-7-1 N.M.S.A. 1978 comp. and any amendments thereto.

It is specifically agreed between the parties executing this agreement that it is not intended by any of the provisions of any part of the agreement to create the public or any member thereof a third party beneficiary or to authorize anyone not a party to the agreement to maintain a suit(s) for wrongful death(s) bodily and/or personal injury(ies) to person(s), damage(s) to property(ies) and/or any other claims(s) whatsoever pursuant to the provisions of this agreement.

Vendor shall provide all insurance necessary to employees on the work site, including but not limited to worker's compensation.

**ARTICLE VII - CONTRACTOR AGREEMENT**

Contractor agrees to:

- A. Furnish all equipment, material, labor and tools, required to perform the work specified.
- B. Provide competent supervision and skilled personnel to perform all work in progress.
- C. Comply with all local, state, and federal laws governing safety, health and sanitation. The contractor shall provide all safeguards, safety devices and protective equipment, and take any other needed actions necessary to protect the life and health of employees on the job and the safety of the public, and to protect the property of the state of New Mexico in connection with the performance of the work covered by this contract.
- D. Provide the workers adequate insurance, including but not limited to worker's compensation.
- E. Make necessary arrangements for storage of his/her tools and/or equipment. The state agency will not be responsible for any lost or stolen property.
- F. Be responsible for all cleanup work on the project site and at the equipment storage area (s) prior to final inspection and acceptance.
- G. Comply with all applicable codes for this type of work.
- H. Be held liable for any damages which occur because of his/her negligence or that of his/her employees.

CONTRACTOR LICENSE NUMBER (IF APPLICABLE) \_\_\_\_\_ CLASSIFICATION:

\_\_\_\_\_

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
PURCHASING DIVISION

10-521-07-07369

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\*\*\*\*\*  
ITEM \* QTY \* UNIT \* ARTICLE \* UNIT \* TOTAL  
\* \* \* AND DESCRIPTION \* PRICE \* PRICE  
\*\*\*\*\*

0001 - TOTAL TURNKEY BID

29,004.900000 ( 2)

\*\*\*\* 1 ITEM(S), 1 AWARDED

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

WELL/WELL SITE PLUGGING/REMEDATION/RESTORATION PLUGGING CONTRACT

THIS AGREEMENT is made and entered into by and between the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, hereinafter referred to as "EMNRD-OCD", and **Key Energy Services, Inc.**, hereinafter referred to as the "Contractor".

IT IS MUTUALLY AGREED BETWEEN THE PARTIES:

**1 Scope of Services**

**1.1** The Contractor shall perform the work necessary to properly plug/remediate/restore in accordance with the Rules and Regulations of the EMNRD-OCD pursuant to the plugging/remediation/restoration procedures attached hereto as Exhibit "A" the following well(s)/well site(s):

OPERATOR	WELL NAME	LOCATION	COUNTY
Joseph P.Driscoll dba Southwest Production Company	Fannie Ward Well No. 1	K-18-T-30N-R-11W	San Juan

This contract is entered into pursuant to **IFB No. 10-521-07-07369** by the State Purchasing Division. The terms and conditions of that IFB are incorporated herein by reference and made a part hereof.

**1.2** The work shall be performed under the supervision of an EMNRD-OCD representative who shall be on site during the course of performance of the contract. EMNRD-OCD, through its on-site representative or the responsible District Supervisor, shall have the sole authority to approve any changes to the Scope of Work, including the authority to proceed under an hourly rate, and to approve the Contractor's final work product.

**1.3** Upon receiving the written Notice to Proceed, the Contractor shall move in and rig up on location and commence work within the time frame specified in the Notice to Proceed. The EMNRD-OCD may grant the Contractor additional time in which to move in upon a showing by the Contractor that the equipment was not available due to unavoidable delays on other work, or if weather conditions make it impractical to move in on location. Prior to commencement of work, the Contractor shall obtain all necessary permits required for this work.

**1.4** All equipment, material, trash and junk shall be removed from the location and disposed of in accordance with applicable law and regulations.

**2 Compensation**

**2.1** EMNRD-OCD shall pay to the Contractor in full payment for services rendered the sum of **Twenty-Nine Thousand Four Dollars and 90 Cents (\$29,004.90)** except as provided herein for payment under Supplemental Rate Schedule (attached as **Exhibit "B"**).

**2.2** If downhole problems are encountered which could not be reasonably foreseen by a review of the Division records and an on-site inspection, and the Contractor has made a reasonable and good faith effort to resolve these problems under the turnkey provisions, and the EMNRD-OCD onsite representative has approved such action, compensation in addition to the turnkey price may be charged and the contract will be amended to include the total of such amount. The number of units charged under such rates will be approved by the Division on site representative.

**2.3** The New Mexico Gross Receipts Tax levied on the amounts payable under this Agreement shall be paid by the Contractor out of the sum set forth in section 2.1 above.

**2.4** Payment shall be made upon receipt of a detailed invoice, after the plugging operation has been approved by the responsible EMNRD-OCD District Office, or after termination by the EMNRD-OCD for reasons of Contractor inability to successfully complete the plugging/remediation/restoration due to conditions beyond the control of Contractor or EMNRD-OCD, with the concurrence of the EMNRD-OCD.

### **3 Term**

THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL APPROVED IN WRITING BY EMNRD-OCD AND STAMPED BY THE STATE PURCHASING DIVISION and shall terminate **one year** after such time, unless terminated pursuant to paragraphs 4 or 9, infra.

### **4 Termination**

**4.1** EMNRD-OCD may, by written order, terminate this Agreement or any portion thereof after determining that, for reasons beyond either EMNRD-OCD's or the Contractor's control, the Contractor is prevented from proceeding with or completing the work as originally assigned, and that termination would therefore be in the public interest. Such reasons for termination may include, but need not be limited to, orders from duly constituted authorities relating to energy conservation, restraining orders or injunctions obtained by third-party citizen action resulting from national or local environmental protection laws or where the issuance of such order or injunction is primarily caused by acts or omissions of persons or agencies other than the Contractor or conditions in the well which make completion of the work impossible or impractical.

**4.1.1** If EMNRD-OCD orders termination of this Agreement effective on a certain date, payment will be made for the actual number of units or items of work completed at the contract unit price, or as mutually agreed for items of work partially completed or not started.

**4.1.2** Acceptable materials, obtained by the Contractor for the work but which have not been incorporated therein, may, at the option of EMNRD-OCD, be purchased from the Contractor at actual cost, delivered to a prescribed location, or otherwise disposed of as mutually agreed.

**4.1.3** After receipt of notice of termination from EMNRD-OCD, the Contractor may submit a claim for additional damages or costs not covered above or elsewhere. Such claim may include such cost items as reasonable idle equipment time, mobilization efforts, overhead expenses attributable to the project terminated, legal and accounting charges involved in claim preparation, subcontractor costs not otherwise paid for, actual idle labor costs if work is stopped in advance of termination date, guaranteed payments for private land usage as part of the original contract, and any other cost or damage item for which the Contractor feels reimbursement should be made. In no event, however, will loss of anticipated profits be considered as part of any settlement.

**4.1.4** The Contractor agrees to make all cost records available to the extent necessary to determine the validity and amount of each item claimed.

**4.1.5** Termination of a contract or portion thereof shall not relieve the Contractor of any contractual responsibilities for the work completed.

**4.2** In the event the Contractor defaults on its obligations hereunder, as more specifically defined herein, EMNRD-OCD will give notice in writing to the Contractor of such default and will specify those provisions which have been violated and the corrective measures to be taken. If the Contractor, within a period of ten (10) working days after such notice, does not proceed in accordance therewith, then EMNRD-OCD may terminate this contract for breach and pursue any or all of the remedies contained herein.

**4.2.1** EMNRD-OCD will have full power and authority without violating this Agreement to take the prosecution of the work out of the hands of the Contractor. EMNRD-OCD may appropriate or use any or all equipment and materials on the grounds as may be suitable and acceptable and may enter into an agreement for the completion of this Agreement according to the terms and provisions thereof or use such other methods as in the opinion of EMNRD-OCD will be required for the completion of this Agreement in an acceptable manner.

**4.2.2** All costs and charges incurred by EMNRD-OCD together with the cost of completing the work under contract will be deducted from any monies due or which may become due the Contractor. If such expense exceeds the sum which would have been payable under this Agreement, then the Contractor shall be liable and shall pay EMNRD-OCD the amount of such excess.

**4.2.3** The Contractor will be deemed in default if it:

- 4.2.3.1** Fails to begin the work under the contract within the time specified in the Notice to Proceed, or
- 4.2.3.2** Fails to perform the work with sufficient workers and equipment or with sufficient materials to assure the prompt completion of said work, or
- 4.2.3.3** Performs the work unsuitably or neglects or refuses to remove materials or to perform anew such work as may be rejected as unacceptable and unsuitable, or
- 4.2.3.4** Discontinues the prosecution of the work and fails to resume work which has been discontinued within a reasonable time after notice to do so, or
- 4.2.3.5** Becomes insolvent or is declared bankrupt or commits any acts of bankruptcy or insolvency, or
- 4.2.3.6** Allows a final judgement, in a suit filed in connection with this contract, to stand against the Contractor unsatisfied for a period of thirty (30) working days, or
- 4.2.3.7** Makes an assignment, in connection with this contract, for the benefit of creditors, or
- 4.2.3.8** For any cause, except as provided in this contract, fails to perform the obligations under this contract to the satisfaction of the EMNRD-OCD.

## **5 Status of the Contractor**

The Contractor and the Contractor's agents and employees are independent contractors performing well and/or well site plugging/remediation/restoration services for EMNRD-OCD and are not employees of the State of New Mexico. The Contractor and the Contractor's agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles, or any other benefits afforded to employees of the state of New Mexico as a result of this Agreement.

## **6 Assignment**

The Contractor shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without the prior written approval of EMNRD-OCD.

## **7 Subcontracting**

The Contractor shall not subcontract any portion of the services to be performed under this Agreement nor obligate itself in any manner to any third party, with respect to any rights or responsibilities under this Agreement, without the prior written approval of EMNRD-OCD.

## **8 Records and Audit**

The Contractor shall maintain detailed time records which indicate the date, time, and nature of services rendered. These records shall be subject to inspection by EMNRD-OCD, the Department of Finance and Administration, and the State Auditor for three (3) years after final payment has been made and all matters relating to performance under this Agreement have been settled. EMNRD-OCD shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose the right of EMNRD-OCD to recover excessive, illegal, or incorrect payments.

## **9 Appropriations**

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made, this Agreement shall terminate upon written notice being given by EMNRD-OCD to the Contractor. EMNRD-OCD's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final.

## **10 Release**

The Contractor, upon final payment of the amount due under this Agreement, releases EMNRD-OCD, its officers and employees, and the state of New Mexico from all liabilities, claims, and obligations whatsoever arising from or under this Agreement. The Contractor agrees not to purport to bind the state of New Mexico to any obligation not assumed herein by the state of New Mexico unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

## **11 Confidentiality**

Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of EMNRD-OCD.

## **12 Conflict of Interest**

Contractor warrants that it presently has no interest in and that it shall not acquire any interest, direct or indirect, which would conflict in any manner with the performance of this Agreement. The Contractor certifies that the requirements of the Governmental Conduct Act, NMSA 1978, Section 10-16-1 through 10-16-17, regarding contracting with a public officer or state employee have been followed.



### **13 Amendment**

This Agreement shall not be altered, changed, or amended except by instrument in writing executed by the parties hereto.

### **14 Scope of Agreement**

This Agreement incorporates all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such agreements, covenants, and understandings have been merged into this written Agreement. No prior agreements or understandings, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

### **15 Civil and Criminal Liability Notice**

The Procurement Code, NMSA 1978, Sections 13-1-28 through 13-1-199 imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for illegal bribes, gratuities, and kickbacks.

### **16 Equal Opportunity Compliance**

The Contractor agrees to abide by all federal and state laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, the Contractor agrees to assure that no person in the United States shall, on the grounds of race, color, national origin, sex, age, or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If the Contractor is found to be not in compliance with these requirements during the life of this Agreement, the Contractor agrees to take appropriate steps to correct those deficiencies.

### **17 Applicable Law**

This Agreement shall be governed by the laws of the State of New Mexico.

### **18 Waiver**

No waiver of any of the terms or conditions of this Agreement shall be valid or binding unless it is in writing and signed by the party having granted the waiver.

### **19 Notices**

**19.1** Unless EMNRD-OCD shall specify otherwise in writing, notices and all other matters concerning the work to be performed hereunder shall be addressed to EMNRD-OCD as follows:

Contract Monitor:  
Contracting Division:

**Charlie Perrin**  
Oil Conservation Division  
State of New Mexico  
**Aztec District Office**  
**1000 Rio Brazos Rd**  
**Aztec, NM 87410**  
**Telephone (505) 334-6178**

**19.2** Unless the Contractor shall specify otherwise in writing, notices and all other matters concerning the work to be performed hereunder shall be addressed to the Contractor as follows:

**Nathan Crawford**

Key Energy Services, Inc.  
PO Box 900  
Farmington, NM 87401-0000  
(505) 327-4961

**19.3** Any and all notices or other communications required or permitted by this Agreement or by law to be served or given to either party hereto by the other party hereto shall be in writing and shall be deemed duly served and given upon actual receipt by three (3) working days subsequent to certified mailing to the party to whom it is directed.

## **20 Indemnification**

The Contractor shall indemnify and forever hold and save EMNRD-OCD, the State of New Mexico, its officers, and employees harmless against any and all suits, causes of action, claims, liabilities, damages, losses, and attorney's fees and all other expenses of any kind from any source which may arise out of this Agreement or any amendment hereto if caused by the tortious act or omission of the Contractor, its officers, employees, servants, or agents. Nothing in this Agreement shall be construed to waive or limit any defense at law to which EMNRD-OCD is entitled.

## **21 Duty to Insure**

**21.1** In respect solely to the work occasioned by this Agreement, the Contractor shall obtain and maintain at all times during the term of this Agreement, and any extension thereof, insurance of the kind and in the amounts herein specified. Such insurance shall be provided by insurance companies authorized to do business in New Mexico and shall name the "State of New Mexico, Energy, Minerals and Natural Resources Department - Oil Conservation Division, and its agents and employees thereof" as either "Additional Insured", "Co-insured", or "Certificate Holder".

**21.1.1** Comprehensive public liability including general liability, bodily injury liability and property damage liability insurance and automobile liability insurance covering the ownership, operation, and maintenance of owned, non-owned, and hired vehicles in amounts not less than the amounts specified in the New Mexico Tort Claims Act, NMSA 1978, Sections 41-4-1 through 41-4-27.

**21.1.2** Worker's Compensation. The Contractor shall comply fully with the provisions of the New Mexico Worker's Compensation Act, NMSA 1978, Sections 52-1-1 through 52-1-70.

**21.2** The Contractor shall furnish EMNRD-OCD with written evidence of the insurance coverage required, including copies of all policies, prior to commencing work under this Agreement. The insurance coverage shall not be changed, canceled, or allowed to lapse without giving EMNRD-OCD thirty (30) working days prior written notice.

## **22 Disputes**

Subject to any other provisions of this Agreement, the means, ordered steps, and time frames for handling disputes between EMNRD-OCD and the Contractor are as follows:

**22.1** A dispute arises if EMNRD-OCD's Contract Monitor and the Contractor cannot resolve by ordinary communications and negotiations a question of fact arising under this Agreement and the aggrieved party

delivers to the other party a written Statement of Dispute including proposed terms for relief. If the dispute remains unresolved ten (10) working days after delivery of the written Statement of Dispute, EMNRD-OCD's Contract Monitor shall prepare a written decision including the reasons thereof which shall be delivered via certified mail to the Contractor within twenty (20) working days of the delivery of the initial written Statement of Dispute. The decision of EMNRD-OCD's Contract Monitor shall be final and conclusive unless, within ten (10) working days from the date of delivery of said decision, EMNRD-OCD receives from the Contractor a written request for appeal of said decision, and the reasons therefor, addressed to the Director of the Oil Conservation Division.

**22.2** The Director of the Oil Conservation Division shall inquire into the facts concerning the dispute and shall render a written decision which shall be delivered via certified mail to the Contractor within ten (10) working days of receipt of the Contractor's appeal. The decision of the Director shall be final and conclusive unless, within ten (10) working days of the delivery of the Director's written decision, EMNRD-OCD receives from the Contractor a written request for appeal of said decision, and the reasons therefor, addressed to the Secretary of Energy, Minerals and Natural Resources Department.

**22.3** Upon receipt of the Contractor's request for an appeal, the Secretary or an authorized representative shall make prompt arrangements to meet with the Contractor to review the material considered by the Director of the Oil Conservation Division in reaching a final decision. The Secretary's final decision shall be delivered by certified mail within ten (10) working days after such meeting. The decision of the Secretary shall be final.

**22.4** The disputes procedures outlined in this clause do not preclude either party hereto appealing to a court of competent jurisdiction; provided, however, the parties hereto shall abide by the procedures provided for in this clause.

## **23 Attorney's Fees and Costs**

If the Contractor is found by a court of competent jurisdiction to have breached this Agreement, or any amendments hereto, or to have committed any tortious act relating to the scope of this Agreement, the state of New Mexico may recover from the Contractor actual attorney's fees and costs in connection with litigation brought to obtain such judicial determination or in which EMNRD-OCD is otherwise obliged to undertake legal action.

## **24 Suspension of Work**

A Suspension of Work Notice may be issued by the on-site EMNRD-OCD Representative if the EMNRD-OCD Representative has any reasonable basis to believe that any action of the Contractor is contrary to the intent of this Agreement or if any health or safety standard is violated after verbal or written notice to cease such activities has gone unheeded. No work performed after documentation of issuance of a Suspension of Work Notice shall be eligible for payment while such notice is in effect. No work shall proceed until such notice is vacated by the EMNRD-OCD Director.

**25 Signatures**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written below.

**FOR:**

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL  
RESOURCES DEPARTMENT**

By: 

Cabinet Secretary

Date: 5-29-01

**FOR:**

**KEY ENERGY SERVICES, INC.  
(Contractor)  
Federal ID # 223530274**

By: 

Title

Date: 5-16-01

**FOR:**

**STATE OF NEW MEXICO TAXATION AND  
REVENUE DEPARTMENT**

Key Energy Services, Inc.

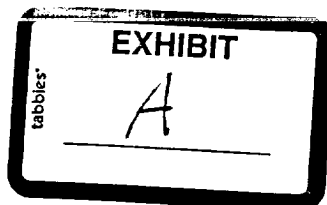
I.D. NO.: 02344577007

Contract No. 02-521-25-048

By: M. D. J. M

Date: 8/16/01

January 9, 1997



Page 1

Fannie Ward #1  
Unit K, Sec.18, T30N, R11W  
San Juan County, New Mexico

Plug & Abandonment Procedure:

1. MIRUSU. Comply with all NMOC, PMCI and Southwest Production safety rules and regulations.
2. Blow well down, kill with water if necessary. ND wellhead and NU BOP and stripping head; test BOP.
3. POH and visually inspect and tally 2 3/8" tubing.
4. RIH to 6384', circulate water and spot cement Plug #1 from 6284' to 6384' with 11 sxs Class B cement (DK top 6334'). POH to 5522' and circulate hole clean.
5. Spot cement Plug #2 from 5422' to 5522' with 11 sxs Class B cement (GL to 5472'). POH 5 stands to 5212' and circulate hole clean. POH.
6. Rig up and perforate 4 holes at 3490' (MV top 3440'). PU 4 1/2" cement retainer and RIH, set at 3390'; establish rate into perfs. Plug #3 from 3390' to 3490' with 55 sxs Class B cement, squeeze 39 sxs outside casing and 11 sxs inside. Pull out of CR and spot 5 sxs cement on top of CR. POH 5 stands to 3080' and circulate hole clean. POH.
7. Rig up and perforate 4 holes at 1923' (PC top 1873'). PU 4 1/2" cement retainer and RIH, set at 1823'; establish rate into perfs. Plug #4 from 1823' to 1923' with 55 sxs Class B cement, squeeze 39 sxs outside casing and 11 sxs inside. Pull out of CR and spot 5 sxs cement on top of CR. POH 5 stands to 1513' and circulate hole clean. POH.
8. Rig up and perforate 4 holes at 1571' (FT top 1521'). PU 4 1/2" cement retainer and RIH, set at 1471'; establish rate into perfs. Plug #5 from 1471' to 1571' with 55 sxs Class B cement, squeeze 39 sxs outside casing and 11 sxs inside. Pull out of CR and spot 5 sxs on top of CR. POH 5 stands to 1161' and circulate hole clean. POH.
- 9a. Rig up and perforate 4 holes at 545' (50' below Kirt top and 214' below casing at 331'). Establish circulation out bradenhead; Plug #6 from 545' to surface with approximately 250 sxs Class B cement, circulate good cement to surface; shut in well; WOC.
- 9b. If circulation through bradenhead cannot be established in 9a, then pump 46 sxs Class B cement followed by 4 BW then 10 sxs Class B cement to establish an inside/outside plug

# EXISTING WELL

Fannie Ward #1  
Unit K, Sec.18, T30N, R11W  
San Juan County, New Mexico

10 3/4" CSG 3275# @ 331'  
(444' Cmt 70% EFF)



FT 1521'

PC 1873'

MV 3440'



TOC 4832'  
(70% EFF)

GL 5472'

DK 6334'

DK Perts: 6334'- 6504'

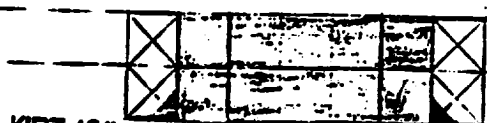
Tubing @ 6480'

4 1/2" Csg 11.6# 6600'  
7 7/8" HOLE

# PLUGGED WELL

Fannie Ward #1  
Unit K, Sec.18, T30N, R11W  
San Juan County, New Mexico

10 3/4" CSG 3275# @ 331'  
(444' Cmt 70% EFF)



KIRT 481'

Perf squeeze hole @ 545'

Plug #6 545'- 0'  
40 sxs inside  
210 sxs outside

FT 1521'

CR @ 1471'  
Perf squeeze hole @ 1571'

Plug #5 Inside 1403'- 1571'  
5 sxs above & 11 sxs below CR  
Outside 1471'-1571'  
39 sxs

PC 1873'

CR @ 1823'  
Perf squeeze hole @ 1923'

Plug #4 Inside 1755'- 1923'  
5 sxs above & 11 sxs below CR  
Outside 1823'-1923'  
39 sxs

MV 3440'

CR @ 3390'  
Perf squeeze hole @ 3490'

Plug #3 Inside 3322'- 3490'  
5 sxs above & 11 sxs below CR  
Outside 3390'-3490'  
39 sxs

GL 5472'

TOC 4932'  
(70% EFF)

Plug #2 5422'- 5522'  
11 sxs inside

DK 6334'

DK Perfs: 6334'- 6504'

Plug #1 6284'- 6384'  
11 sxs inside

4 1/2" Csg 11.6# 6800'  
7 7/8" HOLE



**Fannie Ward #1  
Unit K, Sec. 18, T-30N, R-11W  
San Juan County, New Mexico**

**Environmental Clean-up procedures:**

- 1. Remove all surface equipment, tank and two treater/separator units.**
- 2. Open two old pits, one by the tank and one by the wellhead.**
- 3. Move 20 yards of soil.**
- 4. Take two samples of BTEX/TPH.**

**BID FORM (Page 1)**

**NEW MEXICO OIL CONSERVATION DIVISION**

**Plugging/Remediating/Restoring Well/Well Site**

Mail sealed bid to: Purchasing Division  
Rm. 2016, Joseph M. Montoya Bldg.  
1100 St. Francis Drive  
Santa Fe, NM 87503  
Phone 505-827-0472

Bid Identification Number: 10-521-07-07369

Bid Opening Date and Time: MAY 29, 2001 @ 2:00 P.M.

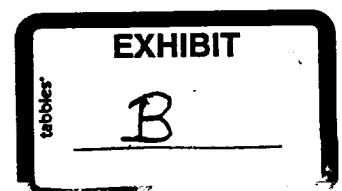
<b>BIDDER MUST COMPLETE AND SIGN</b>			
- Bidder Name KEY ENERGY SERVICES, INC.			
- Street Address P.O. BOX 900, 5651 US 64			
- City	FARMINGTON	- State	NM
		- Zip	87401
- Telephone 505-327-4961 ex 175			

**Failure to fill out all applicable blanks and manually sign this bid submission will disqualify the bid.**

**BIDDER'S SIGNATURE ON THIS FORM BINDS BIDDER TO ALL TERMS AND CONDITIONS IN THE INVITATION FOR BIDS.**

Show bid opening date and identification number in lower left hand corner of sealed bid envelope.

This bid form must include: (1) this BID FORM, (2) the SUPPLEMENTAL BID RATE SHEET and (3) the LIST OF SUBCONTRACTORS AND EQUIPMENT.



The bidder identified herein submits this bid in response to the referenced Invitation for Bids and agrees to abide by all the terms and conditions contained therein. Bidder further certifies that it is fully qualified to perform the work in accordance with those terms. The offer represented by this bid shall remain open for a period of ninety (90) days.

TOTAL TURNKEY BID \$: 29,004.90 \_\_\_\_\_

5-25-01 NEC

Bid Form (Page 1A)

BID PER WELL/WELL SITE (if more than one well/site)      BID      WELL/WELL  
SITE

\$ 29,004.90      FANNIE WARD #1

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\*NOTE: WORK INCLUDES EXCAVATION OF TWO (2) PITS AND ON-SITE LANDFARMING,  
ENVIRONMENTAL SAMPLING (2) BTEX AND (2) TPH LABRATORY ANALYSIS  
AS DISCUSSED DURING THE ONSITE MEETING.

SHOULD ADDITIONAL WORK BE REQUIRED, ABOVE THE 20 CUBIC YARDS  
EXPECTED TO BE REMOVED FOR REMEDIATION SEE DAY RATE/ SUPPLEMENTAL  
RATE SHEET.

BID FORM (Page 2)

NEW MEXICO OIL CONSERVATION DIVISION  
SUPPLEMENTAL BID RATE SHEET

(To be filled out by bidder and returned with bid)

SUPPLEMENTAL BID RATES

Bid Identification Number: 10-521-07-07369

Bidder: KEY ENERGY SERVICE, INC.

Supplemental Bid Rates are to be applicable if charges are made in addition to or in lieu of turnkey bid. Switching to hourly rate or other implementation of Supplementary Bid Rates must be approved by the EMNRD-OCD Representative on-site or by the District Supervisor of the appropriate District Office. The turnkey bid will not be accepted unless all Supplemental Bid Data is furnished. The Supplemental Bid Rates listed below will be considered firm bids.

TPH ANALYSIS

BTEX ANALYSIS

ENVIRONMENTAL SCIENTIST W/ SUPPORT PICKUP

\$80.00 / EACH

\$80.00 / EACH

\$74.50 / HOUR

DESCRIPTION OF SERVICE	RATE PER	UNIT
Rig equipped to perform all work set out in Plugging/Remediation/Restoration Procedures	\$ 258.00	hour
Cement pumping	\$ 100.00	plug
Cement to include any blending and any transportation costs	\$ 10.00	sack
Perforating to include ten holes per run and set-up charges	\$ 500.00	run
Move-in, move-out charges	\$ 600.00	well
Water truck - Capacity <u>70</u> barrels	\$ 60.00	hour
Welder - Minimum hours if applicable: <u>4</u>	\$ 52.00	hour
Backhoe - Minimum hours if applicable: <u>4</u>	\$ 59.50	hour
Dozer - Minimum hours if applicable: <u>4</u>	\$ 120.00	hour
Furnished tubular goods - Description: <u>2 3/8" eue 8rd, blue band</u>	\$ .25	foot

BID FORM (Page 3)  
LIST OF SUBCONTRACTORS AND EQUIPMENT  
To be filled out by the bidder and returned with bid.

Bid Number: 10-521-07-07369

Bidder: KEY ENERGY SERVICE, INC.

Subcontractors List

Any person submitting a bid shall in the bid set forth the name and location of the place of business of each subcontractor under subcontract to the contractor who will perform work or labor or render services to the contractor in or about construction of the public works construction project in excess of the listing threshold of five thousand (\$5,000.00) dollars; and the nature of the work which will be done by each subcontractor under the New Mexico Subcontractors Fair Practices Act, Section 13-4-34, N.M.S.A. 1978. The contractor shall list only one subcontractor for each category as defined by the contractor in this bid. If no subcontractors, indicate such. Do not include suppliers.

WORK	COMPANY	ADDRESS	PHONE
SET RIG ANCHOR DIG?FILL PIT	L&R SERVICES	519 E. ANIMAS	325-1922
REMEDIATION	ENVIROTECH INC.	5786 US HWY 64	632-0615

EQUIPMENT LIST

Please list all major equipment to be used in performing this contract.

TYPE	MANUFACTURER	MODEL	CAPACITY	COND
Rig	IDECO	3085 DD RAMBLER	160,000#	GOOD
Pump	SELF MADE	DIESEL POWERED	2000 PSI	GOOD
BOP	OIL COUNTRY	7 1/16"	3000 PSI	GOOD
WIRELINER	GMC	8.2T DIESEL	9000'	GOOD
SUBCONTRACTORS- ALL EQUIPMENT TO PERFORM WORK AS STATED IN THE SCOPE OF WORK DESCRIPTION IN THE IFB.				

**ACORD****CERTIFICATE OF LIABILITY INSURANCE**DATE (MM/DD/YY)  
4/17/01

PRODUCER

The InWest Group, Inc.  
110 N. Marienfeld, Ste 330  
Midland, Texas 79701

915/570-3456

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION  
ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE  
HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR  
ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

## COMPANIES AFFORDING COVERAGE

COMPANY A	CGU (Burnett & Company)
COMPANY B	Highlands Insurance Company
COMPANY C	CGU/ILU Companies/Lloyds(Burn)
COMPANY D	

INSURED

KEY ENERGY SERVICES, INC.  
See Attached Named Insureds  
6 Desta Drive, Ste. 4400  
Midland TX 79705THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD  
INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS  
CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS,  
EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS																								
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT <input checked="" type="checkbox"/> Time Element Pollution	800P22343	6/01/00	6/01/01	<table border="1"><tr><td>GENERAL AGGREGATE</td><td>\$</td><td>2000000</td></tr><tr><td>PRODUCTS - COMFOP AGG</td><td>\$</td><td>1000000</td></tr><tr><td>PERSONAL &amp; ADV INJURY</td><td>\$</td><td>1000000</td></tr><tr><td>EACH OCCURRENCE</td><td>\$</td><td>1000000</td></tr><tr><td>FIRE DAMAGE (Any one fire)</td><td>\$</td><td>EXCLUDED</td></tr><tr><td>MED EXP (Any one person)</td><td>\$</td><td>EXCLUDED</td></tr></table>	GENERAL AGGREGATE	\$	2000000	PRODUCTS - COMFOP AGG	\$	1000000	PERSONAL & ADV INJURY	\$	1000000	EACH OCCURRENCE	\$	1000000	FIRE DAMAGE (Any one fire)	\$	EXCLUDED	MED EXP (Any one person)	\$	EXCLUDED						
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MED EXP (Any one person)	\$	EXCLUDED																											
B	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	DTA0210002-Texas DBA0210001-All Other States	8/01/00	8/01/01	<table border="1"><tr><td>COMBINED SINGLE LIMIT</td><td>\$</td><td>1000000</td></tr><tr><td>BODILY INJURY (Per person)</td><td>\$</td><td></td></tr><tr><td>BODILY INJURY (Per accident)</td><td>\$</td><td></td></tr><tr><td>PROPERTY DAMAGE</td><td>\$</td><td></td></tr><tr><td>AUTO ONLY - EA ACCIDENT</td><td>\$</td><td></td></tr><tr><td>OTHER THAN AUTO ONLY:</td><td></td><td></td></tr><tr><td>EACH ACCIDENT</td><td>\$</td><td></td></tr><tr><td>AGGREGATE</td><td>\$</td><td></td></tr></table>	COMBINED SINGLE LIMIT	\$	1000000	BODILY INJURY (Per person)	\$		BODILY INJURY (Per accident)	\$		PROPERTY DAMAGE	\$		AUTO ONLY - EA ACCIDENT	\$		OTHER THAN AUTO ONLY:			EACH ACCIDENT	\$		AGGREGATE	\$	
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C	<b>EXCESS LIABILITY</b> <input checked="" type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM	800P22343	6/01/00	6/01/01	<table border="1"><tr><td>EACH OCCURRENCE</td><td>\$</td><td>5000000</td></tr><tr><td>AGGREGATE</td><td>\$</td><td></td></tr></table>	EACH OCCURRENCE	\$	5000000	AGGREGATE	\$																			
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AGGREGATE	\$																												
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE <input type="checkbox"/> INCL <input type="checkbox"/> EXCL OTHER				<table border="1"><tr><td>WC STATU- TORY LIMITS</td><td>OTH- ER</td></tr><tr><td>EL EACH ACCIDENT</td><td>\$</td><td></td></tr><tr><td>EL DISEASE - POLICY LIMIT</td><td>\$</td><td></td></tr><tr><td>EL DISEASE - EA EMPLOYEE</td><td>\$</td><td></td></tr></table>	WC STATU- TORY LIMITS	OTH- ER	EL EACH ACCIDENT	\$		EL DISEASE - POLICY LIMIT	\$		EL DISEASE - EA EMPLOYEE	\$														
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EL DISEASE - EA EMPLOYEE	\$																												

## DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

State of New Mexico & OCD Oil Conservation Division are named as  
Additional insured on all policies except WC in favor of the cert  
holder as required by written contract.

STATE OF NEW MEXICO

State Bid Project

1000 Rio Brazos Rd.

Aztec, NM 87410

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE  
EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL  
10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT,  
BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY  
OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

ACORD 200 1/00

ACORD CORPORATION 1989

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
PURCHASING DIVISION

Page 2

**CONTRACT****ARTICLE I - STATEMENT OF WORK**

Contract to provide requirements as indicated in specifications

**ARTICLE II - TERM**

The term of this Contract will be as indicated in specifications

**ARTICLE III - TERMINATION**

This Contract may be terminated by either signing party upon written notice by either party to the other at least thirty (30) days in advance of the date of termination. Termination of this contract, however, shall not affect any outstanding orders. This provision is not exclusive and shall not waive other rights and remedies afforded either party in the event of breach of contract or default. In such instances the contract may be cancelled effective immediately.

**ARTICLE IV - AMENDMENT**

This Contract may be amended by mutual agreement of the NM State Purchasing Agent and the contractor upon written notice by either party to the other. An amendment to this Contract **SHALL NOT AFFECT ANY OUTSTANDING ORDERS** issued prior to the effective date of the amendment as mutually agreed upon, and as published by the NM State Purchasing Agent. Amendments affecting price adjustments and/or extension of contract expiration are not allowed unless specifically provided for in bid and contract documents.

**ARTICLE V - PRICE SCHEDULE**

Price(s) as listed are firm.

**ARTICLE VI - INDEMNITY CLAUSE**

Contractor shall indemnify and hold harmless the State, its officers and employees, against liability, claims, damages, losses or expenses arising out of bodily injury to persons or damage to property caused by, or resulting from, contractor's and/or its employees, own negligent act(s) or omissions(s) while contractor, and/or its employees, perform(s) or fails to perform its obligations and duties under the terms and conditions of this agreement. This save harmless and indemnification clause is subject to the immunities, provisions, and limitations of the tort claims act (41-4-1, et seq., N.M.S.A. 1978 comp.) and section 57-7-1 N.M.S.A. 1978 comp. and any amendments thereto.

It is specifically agreed between the parties executing this agreement that it is not intended by any of the provisions of any part of the agreement to create the public or any member thereof a third party beneficiary or to authorize anyone not a party to the agreement to maintain a suit(s) for wrongful death(s) bodily and/or personal injury(ies) to person(s), damage(s) to property(ies) and/or any other claims(s) whatsoever pursuant to the provisions of this agreement.

Vendor shall provide all insurance necessary to employees on the work site, including but not limited to worker's compensation.

**ARTICLE VII - CONTRACTOR AGREEMENT**

Contractor agrees to:

- A. Furnish all equipment, material, labor and tools, required to perform the work specified.
- B. Provide competent supervision and skilled personnel to perform all work in progress.
- C. Comply with all local, state, and federal laws governing safety, health and sanitation. The contractor shall provide all safeguards, safety devices and protective equipment, and take any other needed actions necessary to protect the life and health of employees on the job and the safety of the public, and to protect the property of the state of New Mexico in connection with the performance of the work covered by this contract.
- D. Provide the workers adequate insurance, including but not limited to worker's compensation.
- E. Make necessary arrangements for storage of his/her tools and/or equipment. The state agency will not be responsible for any lost or stolen property.
- F. Be responsible for all cleanup work on the project site and at the equipment storage area (s) prior to final inspection and acceptance.
- G. Comply with all applicable codes for this type of work.
- H. Be held liable for any damages which occur because of his/her negligence or that of his/her employees.

CONTRACTOR LICENSE NUMBER (IF APPLICABLE) \_\_\_\_\_ CLASSIFICATION:

\_\_\_\_\_



STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
PURCHASING DIVISION

10-521-07-07369

PAGE 3

\*\*\*\*\*  
ITEM \*APPROX\* UNIT \* ARTICLE \* UNIT  
\* QTY \* AND DESCRIPTION \* PRICE  
\*\*\*\*\*

0001 - TOTAL TURNKEY BID

\$29,004.90

\*\*\*\*\* 1 TOTAL ITEM(S) \*\*\*\*\*

# Performance Bond

Conforms with the American Institute of Architects, AIA Document A312.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

**CONTRACTOR (Name and Address):**

Key Energy Services, Inc.  
6 Desta Drive, Suite 4400  
Midland, TX 79705

**SURETY (Name and Principal Place of Business):**

Hartford Casualty Insurance Company  
P. O. Box 927  
Dallas, TX 75221

**OWNER (Name and Address):**

State of New Mexico-Energy, Minerals and Natural Resources  
Department Oil Conservation Division - 1000 Rio Brazos Road  
Aztec, NM 87410

**CONSTRUCTION CONTRACT**

Date: August 24, 2001

Amount: Twenty nine thousand, four & 90/100  
(\$29,004.90)

Description (Name and Location): Fannie Ward Well No. 1. K-18-T-30N-R-11W, San Juan County

**BOND**

Date (Not earlier than Construction Contract Date): August 24, 2001

Amount: Twenty nine thousand, four & 90/100  
(\$29,004.90)

Modifications to this Bond:

☒ None

☐ See Page 2

**CONTRACTOR AS PRINCIPAL**

Company: Key Energy Services, Inc.  
6 Desta Drive, Suite 4400  
Midland, TX 79705

(Corporate Seal)

Signature: Nathan E. Crawford

Name and Title: Nathan E. Crawford P.H. Supervisor  
(Any additional signatures appear on page 2.)

(FOR INFORMATION ONLY - Name, Address and  
Telephone) AGENT or BROKER: Gallagher - Inwest

P. O. Box 53910 - Lubbock, TX 79453 806/785-1988

**SURETY**

Company: Hartford Casualty Insurance Company (Corporate Seal)

P. O. Box 927  
Dallas, TX 75221

Signature: Cara Hancock  
Name and Title: Cara Hancock, Attorney-in-Fact

**OWNER'S REPRESENTATIVE (Architect, Engineer or other party):**

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the performance of the Construction Contract, which is incorporated herein by reference.

2 If the Contractor performs the Construction Contract, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Subparagraph 3.1.

3 If there is no Owner Default, the Surety's obligation under this Bond shall arise after:

3.1 The Owner has notified the Contractor and the Surety at its address described in Paragraph 10 below that the Owner is considering declaring a Contractor Default and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen days after receipt of such notice to discuss methods of performing the Construction Contract. If the Owner, the Contractor and the Surety agree, the Contractor shall be allowed a reasonable time to

perform the Construction Contract, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor Default; and

3.2 The Owner has declared a Contractor Default and formally terminated the Contractor's right to complete the contract. Such Contractor Default shall not be declared earlier than twenty days after the Contractor and the Surety have received notice as provided in Subparagraph 3.1; and

3.3 The Owner has agreed to pay the Balance of the Contract Price to the Surety in accordance with the terms of the Construction Contract or to a contractor selected to perform the Construction Contract in accordance with the terms of the contract with the Owner.

4 When the Owner has satisfied the conditions of Paragraph 3, the Surety shall promptly and at the Surety's expense take one of the following actions:

4.1 Arrange for the Contractor, with consent of the Owner, to perform and complete the Construction Contract; or

4.2 Undertake to perform and complete the Construction Contract itself, through its agents or through independent contractors; or

4.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Construction Contract, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Construction Contract, and pay to the Owner the amount of damages as described in Paragraph 6 in excess of the Balance of the Contract Price incurred by the Owner resulting from the Contractor's default; or

4.4 Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:

- .1 After investigation, determine the amount for which it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or
- .2 Deny liability in whole or in part and notify the Owner citing reasons therefor.

5 If the Surety does not proceed as provided in Paragraph 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Subparagraph 4.4, and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.

6 After the Owner has terminated the Contractor's right to complete the Construction Contract, and if the Surety elects to act under Subparagraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Construction Contract, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Construction Contract. To the limit of the amount of this Bond, but subject to commitment by the Owner of the Balance of the Contract Price to mitigation of costs and damages on the Construction Contract, the Surety is obligated without duplication for:

6.1 The responsibilities of the Contractor for correction of defective work and completion of the Construction Contract;

6.2 Additional legal, design professional and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Paragraph 4; and

6.3 Liquidated damages, or if no liquidated damages are specified in the Construction Contract, actual damages caused by delayed performance or non-performance of the Contractor.

7 The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Construction Contract, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators Or successors.

8 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

9 Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the work or part of the work is located and shall be instituted within two years after Contractor Default or within two years after the Contractor ceased working or within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

10 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page.

11 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

## 12 DEFINITIONS

12.1 Balance of the Contract Price: The total amount payable by the Owner to the Contractor under the Construction Contract after all proper adjustments have been made, including allowance to the Contractor of any amounts received or to be received by the Owner in settlement of insurance or other claims for damages to which the Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Construction Contract.

12.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

12.3 Contractor Default: Failure of the Contractor, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Construction Contract.

12.4 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

## MODIFICATIONS TO THIS BOND ARE AS FOLLOWS:

N/A

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL

Company:

(Corporate Seal)

SURETY

Company: N/A

(Corporate Seal)

Signature: \_\_\_\_\_

Name and Title: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

Name and Title: \_\_\_\_\_

Address: \_\_\_\_\_

# THE HARTFORD

HARTFORD PLAZA  
HARTFORD, CONNECTICUT 06115

- ☒ Hartford Fire Insurance Company  
☒ Hartford Casualty Insurance Company  
☐ Hartford Accident and Indemnity Company  
☐ Hartford Underwriters Insurance Company

- Twin City Fire Insurance Company ☐  
Hartford Insurance Company of Illinois ☐  
Hartford Insurance Company of the Midwest ☐  
Hartford Insurance Company of the Southeast ☐

KNOW ALL PERSONS BY THESE PRESENTS THAT the *Hartford Fire Insurance Company*, *Hartford Accident and Indemnity Company* and *Hartford Underwriters Insurance Company*, corporations duly organized under the laws of the State of Connecticut; *Hartford Insurance Company of Illinois*, a corporation duly organized under the laws of the State of Illinois; *Hartford Casualty Insurance Company*, *Twin City Fire Insurance Company* and *Hartford Insurance Company of the Midwest*, corporations duly organized under the laws of the State of Indiana; and *Hartford Insurance Company of the Southeast*, a corporation duly organized under the laws of the State of Florida; having their home office in Hartford, Connecticut, (hereinafter collectively referred to as the "Companies") do hereby make, constitute and appoint, up to the amount of unlimited:

Kevin Dunn, Fred Davis, Cara Hancock  
of  
Lubbock, TX

their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety(ies) only as delineated above by ☒, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof, on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, and as authorized by a Resolution of the Board of Directors of the Companies on September 12th, 2000, the Companies have caused these presents to be signed by its Assistant Vice President and its corporate seals to be hereto affixed, duly attested by its Assistant Secretary. Further, pursuant to Resolution of the Board of Directors of the Companies, the Companies hereby unambiguously affirm that they are and will be bound by any mechanically applied signatures applied to this Power of Attorney.



*Paul A. Bergenholz*

Paul A. Bergenholz, Assistant Secretary

*John P. Hyland*

John P. Hyland, Assistant Vice President

STATE OF CONNECTICUT

COUNTY OF HARTFORD

ss. Hartford

On this 19<sup>th</sup> day of September, 2000, before me personally came John P. Hyland, to me known, who being by me duly sworn, did depose and say: that he resides in the County of Hartford, State of Connecticut; that he is the Assistant Vice President of the Companies, the corporations described in and which executed the above instrument; that he knows the seals of the said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed by authority of the Boards of Directors of said corporations and that he signed his name thereto by like authority.



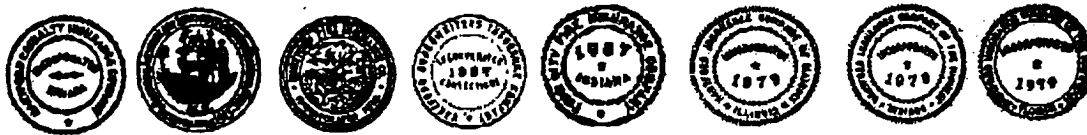
CERTIFICATE

*Jean H. Worniak*

Jean H. Worniak  
Notary Public  
My Commission Expires June 30, 2004

I, the undersigned, Assistant Vice President of the Companies, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force effective as of August 24, 2001

Signed and sealed at the City of Hartford.



*Colleen Mastrolanni*

Colleen Mastrolanni, Assistant Vice President

# Payment Bond

Conforms with the American Institute of Architects, AIA Document A312.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

**CONTRACTOR (Name and Address):**

Key Energy Services, Inc.  
6 Desta Drive, Suite 4400  
Midland, TX 79705

**SURETY (Name and Principal Place of Business):**

Hartford Casualty Insurance Company  
P. O. Box 927  
Dallas, TX 75221

**OWNER (Name and Address):** State of New Mexico-Energy, Minerals and Natural Resources  
Department Oil Conservation Division - 1000 Rio Brazos Road  
Aztec, NM 87410

**CONSTRUCTION CONTRACT**

Date: August 24, 2001

Amount: Twenty nine thousand, four & 90/100  
(\$29,004.90)

Description (Name and Location): Fannie Ward Well No. 1. K-18-T-30N-R-11W, San Juan County

**BOND**

Date (Not earlier than Construction Contract Date): August 24, 2001

Amount: Twenty nine thousand, four & 90/100  
(\$29,004.90)

Modifications to this Bond:

☒ None

☐ See Page 2

**CONTRACTOR AS PRINCIPAL**

Company: Key Energy Services, Inc. (Corporate Seal)  
6 Desta Drive, Suite 4400  
Midland, TX 79705

Signature: Nathan E. Chambers  
Name and Title: Nathan E. Chambers, P.H.S. President  
(Any additional signatures appear on page 2.)

(FOR INFORMATION ONLY - Name, Address and Telephone) AGENT or BROKER: Gallagher - Inwest  
P. O. Box 53910 - Lubbock, TX 79453 806/785-1988

**SURETY**

Company: Hartford Casualty Insurance Company (Corporate Seal)  
P. O. Box 927  
Dallas, TX 75221

Signature: Cara Hancock  
Name and Title: Cara Hancock, Attorney-In-Fact

**OWNER'S REPRESENTATIVE (Architect, Engineer or other party):**

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference.

2 With respect to the Owner, this obligation shall be null and void if the Contractor:

2.1 Promptly makes payment, directly or indirectly, for all sums due Claimants, and

2.2 Defends, indemnifies and holds harmless the Owner from claims, demands, liens or suits by any person or entity whose claim, demand, lien or suit is for the payment for labor, materials or equipment furnished for use in the performance of the Construction Contract, provided the Owner has promptly notified the Contractor and the Surety (at the address described in Paragraph 12) of any claims, demands, liens or suits and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety, and provided there is no Owner Default.

3 With respect to Claimants, this obligation shall be null and void if the Contractor promptly makes payment, directly or indirectly, for all sums due.

4 The Surety shall have no obligation to Claimants under this Bond until:

4.1 Claimants who are employed by or have a direct contract with the Contractor have given notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner, stating that a claim is being made under this Bond and, with substantial accuracy, the amount of the claim.

4.2 Claimants who do not have a direct contract with the Contractor:

.1 Have furnished written notice to the Contractor and sent a copy, or notice thereof, to the Owner, within 90 days after having last performed labor or last furnished materials or equipment included in the claim stating, with substantial accuracy, the amount of the claim and the name of the party to whom the materials were furnished or supplied or for whom the labor was done or performed; and

## **IMPORTANT NOTICE**

To obtain information or make a complaint:

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

**1-800-252-3439**

You may write the Texas Department of Insurance:

**P.O. Box 149104  
Austin, TX 78714-9104  
FAX # (512)475-1771**

### **PREMIUM OR CLAIM DISPUTES:**

Should you have a dispute concerning your premium or about a claim you should contact the agent or the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

### **ATTACH THIS NOTICE TO YOUR POLICY:**

This notice is for information only and does not become a part or condition of the attached document.

<b>ACORD CERTIFICATE OF LIABILITY INSURANCE</b>		DATE (MM/DD/YY) 08/22/2001
PRODUCER (915)570-3456 FAX (915)570-3450 The InWest Group, Inc. 110 N. Marienfeld St. Suite 330 Midland, TX 79701		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
INSURED Key Energy Services, Inc. See Attached Named Insureds 6 Desta Drive, Ste. 4400 Midland, TX 79705		
INSURERS AFFORDING COVERAGE		
INSURER A: Liberty Mutual Insurance Co.		
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ FIRE DAMAGE (Any one fire) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	AS2-691-004145-071	08/01/2001	12/01/2002	COMBINED SINGLE LIMIT (Ea accident) \$ <b>1,000,000</b> BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY EA ACC \$ AGG \$
	<b>EXCESS LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>				WC STATUTORY LIMITS <input type="checkbox"/> OTHER <input type="checkbox"/> E L EACH ACCIDENT \$ E L DISEASE - EA EMPLOYEE \$ E L DISEASE - POLICY LIMIT \$
	<b>OTHER</b>				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS  
 Additional Insured on Automobile as required by written contract.

<b>CERTIFICATE HOLDER</b>  STATE OF NEW MEXICO STATE BID PROJECT 1000 Rio Brazos Road Aztec, NM 87410	<b>ADDITIONAL INSURED; INSURER LETTER</b>	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL <u>10</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.  AUTHORIZED REPRESENTATIVE Ron Stroman, CIC/CFR
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<b>ACORD - CERTIFICATE OF LIABILITY INSURANCE</b>						DATE(MM/DD/YY) 08/22/01		
<b>PRODUCER</b> Aon Risk Services Texas, Inc. CityPlace Center East 2711 North Haskell Avenue Suite 800 Dallas TX 75204				THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.  <b>COMPANIES AFFORDING COVERAGE</b> <div style="border: 1px solid black; padding: 2px;">COMPANY A      Underwriters at Lloyds</div> <div style="border: 1px solid black; padding: 2px;">COMPANY B</div> <div style="border: 1px solid black; padding: 2px;">COMPANY C</div> <div style="border: 1px solid black; padding: 2px;">COMPANY D</div>				
<b>INSURED</b> Key Energy Services Inc KEY ENERGY DRILLING INC. 6 DESTA DRIVE SUITE 4400 MIDLAND TX 79705 USA								
<b>COVERAGES</b> THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.								
CO LITE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS			
A	<b>GENERAL LIABILITY</b>	801P22348	06/01/01	06/01/02	GENERAL AGGREGATE	\$2,000,000		
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG	\$1,000,000		
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY	\$1,000,000		
	<input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE	\$1,000,000		
					FIRE DAMAGE(Any one fire)			
					MED EXP (Any one person)			
	<b>AUTOMOBILE LIABILITY</b>				COMBINED SINGLE LIMIT			
	<input type="checkbox"/> ANY AUTO							
	<input type="checkbox"/> ALL OWNED AUTOS							
	<input type="checkbox"/> SCHEDULED AUTOS							
<input type="checkbox"/> HIRED AUTOS								
<input type="checkbox"/> NON-OWNED AUTOS								
<b>GARAGE LIABILITY</b>			AUTO ONLY - EA ACCIDENT					
<input type="checkbox"/> ANY AUTO			OTHER THAN AUTO ONLY:					
			EACH ACCIDENT					
			AGGREGATE					
A	<b>EXCESS LIABILITY</b>	801P22348	06/01/01	06/01/02	EACH OCCURRENCE	\$5,000,000		
	<input checked="" type="checkbox"/> UMBRELLA FORM				AGGREGATE	\$5,000,000		
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM							
<b>WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY</b>					<input type="checkbox"/> WC STATUTORY LIMITS	<input type="checkbox"/> OTHER		
THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE <input type="checkbox"/> INCL <input type="checkbox"/> EXCL					EL EACH ACCIDENT			
					EL DISEASE-POLICY LIMIT			
					EL DISEASE-EA EMPLOYEE			
<b>DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS</b> WAIVER OF SUBROGATION & ADDITIONAL INSURED WORDING INCLUDED TO THE EXTENT REQUIRED IN WRITTEN CONTRACT. AON'S PHONE NO. 214.989.0000 - FAX NO. 214.989.2150 COVERAGES CONTAINED IN THE INSURANCE POLICIES ARE LIMITED TO THE SPECIFIC RISKS & LIABILITIES ASSUMED IN THE MSA.								
<b>CERTIFICATE HOLDER</b> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> State of New Mexico  State Bid Project  Attn: Nathan  1000 Rio Brazos Road  Aztec NM 87410 USA </div> <div style="width: 50%;"> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.   AUTHORIZED REPRESENTATIVE <i>Joseph A. [Signature]</i> </div> </div>								



**INSURED**

Key Energy Services Inc  
KEY ENERGY DRILLING INC.  
6 DESTA DRIVE SUITE 4400  
MIDLAND TX 79705 USA

**Named Insureds**

Key Energy Services, Inc.  
Named Insureds

**1. California**

Key Energy Services - California, Inc., d/b/a/ Key Energy Services,  
Inc. - California Division (Delaware Corporation)

**2. Four Corners**

Key Four Corners, Inc., d/b/a Key Energy Services, Inc.  
Four Corners Division (Delaware Corporation)

**3. Rocky Mountain**

Key Rocky Mountain, Inc., d/b/a Key Energy Services, Inc.  
Rocky Mountain Division (Delaware Corporation)

**4. Eastern - (Michigan/WV)**

WellTech Eastern, Inc., d/b/a Key Energy Services, Inc.  
Eastern Division

**5. Mid-Continent (includes AR, LA & TX)**

WellTech Mid-Continent, Inc., d/b/a/ Key Energy Services, Inc.  
Mid-Continent Division

**6. Permian Basin (West Texas, SENM, Not Drilling)**

Yale E. Key, Inc., d/b/a/ Key Energy Services, Inc.  
Permian Basin Division

**7. Drilling (West Texas)**

Key Energy Drilling, Inc. (Delaware Corporation)

**8. Gulf Coast (Coastal Bend, South Texas, Southern Louisiana)**

Brooks Well Servicing, Inc., d/b/a Key Energy Services, Inc.  
Gulf Coast Division

**9. Kenting Drilling (Argentina), Inc.****10. Odessa Exploration Incorporated (Delaware Corporation)**