

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

FOR CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. 588074
AMOUNT OF BOND \$7,500.00
COUNTY Lea

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, i.e., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet, and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 2040 So. Pacheco, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That Texland Petroleum, Inc., (An individual) (a partnership)
(a corporation organized in the State of Texas, with its principal office in the city
of Fort Worth, State of Texas, and authorized to do business
in the State of New Mexico), as PRINCIPAL, and Gulf Insurance Company,
a corporation organized and existing under the laws of the State of
Missouri, and authorized to do business in the State of New
Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil
Conservation Division of New Mexico pursuant to Section 70-2-12, New Mexico Statutes Annotated, 1978
Compilation, as amended, in the sum of Seven Thousand Five Hundred Dollars lawful money of the United
States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind
themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas lease, or carbon
dioxide (CO₂) gas leases, or helium gas leases, or brine mineral leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon
dioxide (CO₂) gas leases, or helium gas leases, or brine mineral leases on lands patented by the United
States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has
commenced or may commence the drilling of one well not to exceed a depth of ten thousand
feet, to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or
may acquire, own or operate such well, or such well started by others on land embraced in said State oil
and gas leases, or carbon dioxide (CO₂) leases, or helium gas leases, or brine minerals, and on land
patented by the United States of America to private individuals, and on land otherwise owned by private
individuals, the identification and location of said well being being
Davis #1, 920'/SL 350'/EL Lot 4, Section 29, Township T18 South(North)(South)

(Here state exact legal footage description)

Range 39E (East)(West), N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, If the above bounden principal or surety or either of them or their successors or
assigns, or any of them, shall plug said well when dry or when abandoned in accordance with the rules,
regulations, and orders of the Oil Conservation Division of New Mexico in such way as to confine the oil,
gas, brine, and water in the strata in which they are found, and to prevent them from escaping into other
strata;

THEN, THEREFORE, This obligation shall be null and void; otherwise and in default of complete
compliance with any and all of said obligations, the same shall remain in full force and effect.

Texland Petroleum, Inc.
PRINCIPAL
500 Throckmorton St, #3100
Ft. Worth, TX. 76102

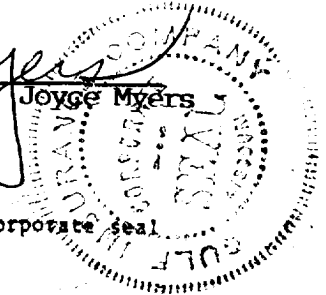
Address
By ME Chapman
Signature
Vice President, Finance
Title

(Note: Principal, if corporation, affix corporate seal here.)

Gulf Insurance Company
SURETY
P.O. Box 131771
Dallas, TX. 75313

Address
Joyce Myers
Attorney-in-Fact
Joyce Myers

(Note: Corporate surety affix corporate seal here.)



ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

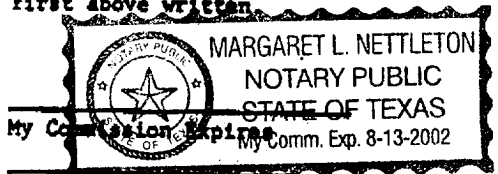
My Commission Expires _____

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF Texas)
COUNTY OF Tarrant) ss.

On this 29 day of February, 2000, before me personally appeared M. Chapman, to me personally known who, being by me duly sworn, did say that he is Vice President, Finance of Texland Petroleum Inc and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.



Margaret L. Nettleton
Notary Public

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF Texas)
COUNTY OF Tarrant) ss.

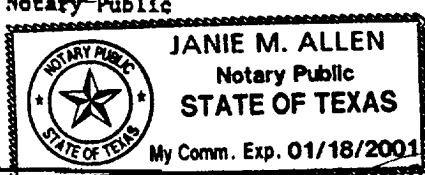
On this 29th day of February, 2000 before me appeared Joyce Myers, to me personally known, who, being by me duly sworn, did say that he is Attorney in Fact of Gulf Insurance Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

1/18/2001
My Commission Expires

Janie M. Allen
Notary Public

(Note: Corporate surety attach power of attorney.)



APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By: _____

Date: _____

