

#4

Teresa Wright

From: Teresa Wright [Teresa@McDonnold.net]
Sent: Tuesday, May 17, 2011 2:37 PM
To: 'dorothy.phillips@state.nm.us'
Subject: Bonds

Ms. Phillips,

Pursuant to our discussion a few minutes ago, please release the liens on CDs for the following wells:

1. Citgo State #1 acct. 7808899392
2. Citgo State #2 acct. 7808899384
3. Litie Woolworth #4 acct. 7808899376
4. State Co. #1 acct. 7808899350

Also, as discussed, our intention is to release these liens on the properties that no longer require it. Once released, I then submit form SCB to file liens on different wells requiring such.

Please let me know if I have gotten that wrong.

Thank you for your assistance.

Teresa Wright
McDonnold Operating, Inc.
(432) 682-3499
Teresa@mcdonnold.net



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



May 18, 2011

Ms. Teresa Wright
McDonnold Operating, Inc.
505 N. Big Spring, Suite 204
Midland, Texas 79701

Re: \$9,844 Single-Well Cash Bond
McDonnold Operating, Inc., Principal
Wells Fargo Bank – Midland – Depository – Account No. **7808899350**
API 30-041-20325
State Co. No. 1
1980' FSL and 660' FWL
Section 16, Township 8 South, Range 38 East
Roosevelt County, New Mexico
Bond No. OCD-911

Dear Sir/Madam:

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-captioned single-well cash bond and releases and reassigns to McDonnold Operating, Inc., its right, title and interest in and to the referenced deposit account.

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Hobbs, NM

Wells Fargo Bank, N.A.
500 W. Texas
Midland, TX 79701





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Jami Bailey
Division Director
Oil Conservation Division



May 18, 2011

Ms. Teresa Wright
McDonnold Operating, Inc.
505 N. Big Spring, Suite 204
Midland, Texas 79701

Re: \$9,825 Single-Well Cash Bond
McDonnold Operating, Inc., Principal
Wells Fargo Bank – Midland – Depository – Account No. **7808899392**
API 30-041-20349
Citgo State No. 1 – 766' FSL and 554' FWL
Section 16, Township 8 South, Range 38 East
Roosevelt County, New Mexico
Bond No. OCD-907

Dear Sir/Madam:

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-captioned single-well cash bond and releases and reassigns to McDonnold Operating, Inc., its right, title and interest in and to the referenced deposit account.

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Hobbs, NM

Wells Fargo Bank, N.A.
500 W. Texas
Midland, TX 79701





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Jami Bailey
Division Director
Oil Conservation Division



May 18, 2011

Ms. Teresa Wright
McDonnold Operating, Inc.
505 N. Big Spring, Suite 204
Midland, Texas 79701

Re: \$9,845 Single-Well Cash Bond
McDonnold Operating, Inc., Principal
Wells Fargo Bank – Midland – Depository – Account No. **7808899384**
API 30-041-20467
Citgo State No. 2
2130' FSL and 467' FEL
Section 16, Township 8 South, Range 38 East
Roosevelt County, New Mexico
Bond No. OCD-908

Dear Sir/Madam:

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-captioned single-well cash bond and releases and reassigns to McDonnold Operating, Inc., its right, title and interest in and to the referenced deposit account.

Sincerely,

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Hobbs, NM

Wells Fargo Bank, N.A.
500 W. Texas
Midland, TX 79701



COPY

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department
Oil Conservation Division

ASSIGNMENT OF CASH COLLATERAL DEPOSIT

McDonnold Operating, Inc. ("OPERATOR") of 505 N. Big Spring, Suite 204, Midland, Tx 79701 (address) has deposited with Wells Fargo (name of federally insured state or national bank or savings association in the State of New Mexico) of 500 W. Texas, 3rd fl., Midland, Tx 79701, attn: David Hurta (address) (FINANCIAL INSTITUTION), the sum of Eight thousand six hundred dollars (\$8650.00) in Certificate of Deposit or Savings Account No. 7808899350 (FUND). fifty

To comply with NMSA 1978, Section 70-2-14, as amended, and NMOCD Rules 8.9 and 8.11 [19.15.8.9 and 19.15.8.11 NMAC] OPERATOR hereby assigns all right, title and interest in the FUND, except as herein otherwise provided, to the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) of the State of New Mexico (the DIVISION).

OPERATOR AND FINANCIAL INSTITUTION agree that as to the FUND:

- a. The DIVISION acquires by this assignment the entire beneficial interest in the FUND with the right to order the FINANCIAL INSTITUTION in writing to distribute the FUND to persons determined by the DIVISION to be entitled thereto, including the DIVISION itself, in amounts determined by the DIVISION, without further consent by the OPERATOR. FINANCIAL INSTITUTION hereby acknowledges that the DIVISION is FINANCIAL INSTITUTION'S customer with respect to the FUND.
- b. OPERATOR retains no legal or beneficial interest in the FUND except the right to interest, if any, thereon, and to return of the FUND upon written order of the DIVISION following final disposition, or plugging and abandonment in accordance with all rules and orders of the DIVISION, of all wells in the State of New Mexico for which this Assignment now or hereafter serves as financial assurance.
- c. FINANCIAL INSTITUTION agrees that the FUND may not be assigned, transferred, pledged or distributed except upon written order of the DIVISION or of a court order entered in a proceeding to which the DIVISION is a party. FINANCIAL INSTITUTION hereby waives all statutory or common law liens or rights of set-off or recoupment against the FUND by reason of any indebtedness or obligation of OPERATOR to FINANCIAL INSTITUTION now existing or hereafter incurred.
- d. OPERATOR agrees that FINANCIAL INSTITUTION may deduct, solely from interest due OPERATOR, any costs or attorney fees incurred by FINANCIAL INSTITUTION by reason of any claim or demand via writ, summons or other process made upon FINANCIAL INSTITUTION arising from OPERATOR'S business. FINANCIAL INSTITUTION agrees that no such costs or fees shall be deducted from the principal of the FUND prior to final release thereof to OPERATOR by the DIVISION.

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

McDonnold Operating, Inc.
Operator
By: C. M. McDonnold
(Signature of Individual Operator)
Craig M. McDonnold
President
Title

Financial Institution
By: _____
(Signature of Authorized Officer of Financial Institution)
Title

NOTE: If the officer executing this instrument on behalf of the Financial Institution is not the President, a Vice President or a branch manager, attach a copy of certified resolution of the Board of Directors evidencing such officer's authority.

INDIVIDUAL ACKNOWLEDGMENT: (If individual is dba, must read - Example: John Doe dba ABC Services)

State of New Mexico
County of _____

This instrument was acknowledged before me on this _____ day of _____ 20____,

by _____
(Individual Operator)

(Notary Public)

SEAL

My Commission Expires:

ACKNOWLEDGMENT FOR PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY:

Texas
State of ~~New Mexico~~
County of Midland

This instrument was acknowledged before me on this 1st day of June 2011,

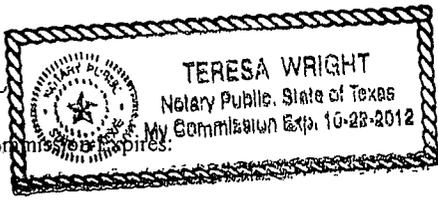
by Craig M. McDonnold
(Name of Person(s) Signing)

as President of McDonnold Operating, Inc.
(Capacity, e.g., Partner, President, etc.) (Name of Operator)

a Texas corporation
(Partnership, Corporation or Limited Liability Company)

Teresa Wright
(Notary Public)

SEAL



My Commission Expires:

FINANCIAL INSTITUTION ACKNOWLEDGMENT:

State of New Mexico
County of _____

This Instrument was acknowledged before me on this _____ day of _____ 20____,

by _____
(Name of Officer)

as _____ of _____
(Title) (Name of Financial Institution)

(Notary Public)

SEAL

My Commission Expires.

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department
Oil Conservation Division

BOND NO. _____
(Issued by OCD)
WELL DEPTH 3650
AMOUNT OF BOND \$ 8650.00

Note: Bond Amount is \$5,000 plus \$1.00 per foot of projected depth for a proposed well or the measured depth of an existing well for Chaves, Eddy, Lea, McKinley, Rio Arriba, Roosevelt, Sandoval and San Juan counties ONLY. For ALL OTHER counties, the amount is \$10,000 plus \$1.00 per foot.

SINGLE-WELL CASH PLUGGING BOND

McDonnold Operating, Inc. ("OPERATOR"), a(n)
(Name of Operator)

Texas corporation organized in the State of
(Individual (If dba, must read - Example: John Doe dba ABC Services), Corporation, Partnership, Limited Liability Company,
Etc.) Texas, and authorized to do business in the State of New Mexico, whose mailing address is
505 N. Big Spring, Suite 204, Midland, TX 79701 is hereby firmly bound to the Oil Conservation
Division of the Energy, Minerals and Natural Resources Department (or successor agency) of the State of New Mexico
("the DIVISION"), in the sum of eight thousand six hundred fifty Dollars (\$ 8650) upon the following conditions

OPERATOR desires to drill a well, or to acquire or operate an existing well, or does own or operate an existing well the depth of which does not exceed 3650 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals or an injection or other service well in the State of New Mexico, the particular identification and footage location of said well being as follows

State A 16 #001 (well name), API No. 30-0 25-24814, located 330 feet
from the South (North/South) line and 660 feet from the West (East/West) line in
Section 16, Township 24S, Range 37E, NMPM, Lea County, New Mexico

OPERATOR has deposited on behalf of the DIVISION the sum of 8650.00 Dollars
(~~\$8650.00~~), with Wells Fargo ("FINANCIAL INSTITUTION") in account no.
7808899350, subject to the terms of the Assignment attached to this bond. OPERATOR pledges this sum as financial assurance that it or its successors or personal representatives will cause the above-described well to be properly plugged and abandoned if dry, or when no longer productive or useful for other beneficial purpose, in accordance with all applicable rules and orders of the DIVISION, including but not limited to Division Rules 8.9 [19.1589 NMAC] and 25.10 [19.1525 10 NMAC], as the same now exist or may be hereafter amended. If OPERATOR does not properly plug and abandon said well, upon order of the DIVISION after notice and hearing, this bond may be forfeited to the DIVISION, as provided in NMSA 1978 Section 70-2-14.B, as amended. If the principal sum of this bond is less than the actual cost incurred by the DIVISION in plugging and abandoning said well in accordance with Rules 8.9 and 25.10 and any other applicable rules or orders, OPERATOR, its successors, heirs or personal representatives, shall be liable under the provisions of NMSA 1978, Sections 70-2-14 or 70-2-38, as amended, (as applicable) for such deficiency, and the DIVISION may initiate action as provided in said statutes to recover the same.

If OPERATOR or its successors, heirs, personal representatives or assigns shall cause the above-described well to be properly plugged and abandoned in accordance with all applicable rules and orders of the DIVISION, as above described, this obligation shall be null and void, and the principal sum of the deposit securing this bond shall be released to OPERATOR or to its successors, heirs, or personal representatives, upon written request.

McDonnold Operating, Inc.
Craig M. McDonnold
PRINCIPAL

Return to: Oil Conservation Division
1220 South Saint Francis
Santa Fe, NM 87505

By Craig M. McDonnold
Signature
President
Title

INDIVIDUAL ACKNOWLEDGMENT:

(If dba, must read - Example: John Doe dba ABC Services)

State of New Mexico

County of _____.

This instrument was acknowledged before me on this _____ day of _____,

20____, by _____.

(Individual Operator)

Notary Public

SEAL

My Commission Expires:

ACKNOWLEDGMENT FOR CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY:

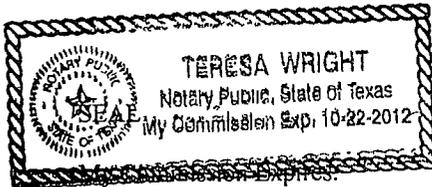
State of Texas
~~New Mexico~~
County of Midland.

This instrument was acknowledged before me on this 1st day of June, 2011,

by Craig M. McDonnold, President
(Name of Person Signing Document) (Title)

McDonnold Operating, Inc.
(Name of Operator)

Teresa Wright
Notary Public



APPROVED BY:

Oil Conservation Division of New Mexico

By _____

Date _____



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

John H. Bemis

Cabinet Secretary-Designate

Brett F. Woods, Ph.D.

Deputy Cabinet Secretary

Jami Bailey

Division Director

Oil Conservation Division



June 17, 2011

Ms. Teresa Wright
McDonnold Operating, Inc.
505 N. Big Spring, Suite 204
Midland, Texas 79701

Re: \$8,650 Single-Well Cash Bond
McDonnold Operating, Inc., Principal
Wells Fargo Bank – Midland – Depository – Account No. **7808899350**
API 30-025-24814
State A 16 No. 1
330' FSL and 660' FWL
Section 16, Township 24 South, Range 37 East
Lea County, New Mexico
Bond No. OCD-997

Dear Sir/Madam:

The New Mexico Oil Conservation Division hereby approves the above-captioned single-well cash bond.

Sincerely,

A handwritten signature in cursive script that reads "David K. Brooks".

DAVID K. BROOKS
Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Hobbs, NM

Wells Fargo Bank, N.A.
500 W. Texas
Midland, TX 79701

